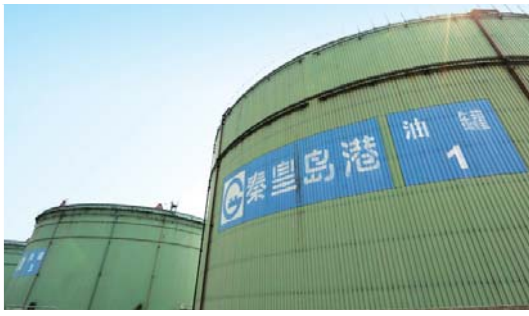
秦皇岛港股份有限公司
QINHUANGDAO PORT CO.,LTD.*

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

Stock code: 3369

GLOBAL OFFERING







Joint Sponsors and Joint Global Coordinators

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* For identification purposes only

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



秦皇島港股份有限公司
QINHUANGDAO PORT CO., LTD.*

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**829,853,000 H Shares (comprising 754,412,000 H Shares to be offered by the Company and 75,441,000 Sale Shares to be offered by the Selling Shareholders, subject to the Over-allotment Option)**
Number of International Offer Shares	**:**	**746,867,000 H Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	**:**	**82,986,000 H Shares (subject to adjustment)**
Maximum Offer Price	**:**	**HK$6.70 per H Share payable in full on application subject to refund on final pricing, plus brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%**
Nominal Value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**3369**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VIII — Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or for any other document referred to above.

The Offer Price is expected to be determined by an agreement between us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or about December 5, 2013 (Hong Kong Time) and, in any event, not later than December 10, 2013 (Hong Kong Time). The Offer Price will be not more than HK$6.70 and is expected to be not less than HK$5.25 per Offer Share unless otherwise announced. ***The Joint Global Coordinators (for themselves and on behalf of the Underwriters, and with our consent) may reduce the number of Offer Shares stated in this prospectus and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering in which case, notice of such reduction will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and will be posted on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.portqhd.com). Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus.***

If, for whatever reason, the Offer Price is not agreed between us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before December 10, 2013 (Hong Kong Time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

We were incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong, and the fact that there are different risks relating to investment in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong, and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set forth in the sections headed "Risk Factors", "Regulations", "Appendix V — Summary of Principal Legal and Regulatory Provisions" and "Appendix VI — Summary of Articles of Association" to this prospectus.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States, except that the Offer Shares may be offered, sold and delivered in the United States to QIBs pursuant to Rule 144A or another exemption from registration under the U.S. Securities Act, or outside the United States in reliance on Regulation S.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, Hong Kong Public Offer Shares are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), if certain grounds arise at or prior to 8:00 a.m. (Hong Kong time) on the day dealings in the H Shares first commence on The Stock Exchange of Hong Kong Limited (such first dealing date is currently expected to be December 12, 2013). Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

* *For identification purposes only.*

November 29, 2013

We will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offering.

Application lists of the Hong Kong Public Offering open[2]	11:45 a.m. on December 4, 2013
Latest time to:	
• complete electronic applications under the **White Form eIPO** service through the designated website, www.eipo.com.hk[3]	11:30 a.m. on December 4, 2013
• lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on December 4, 2013
• complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on December 4, 2013
• give electronic application instructions to HKSCC[4]	12:00 noon on December 4, 2013
Application lists of the Hong Kong Public Offering close	12:00 noon on December 4, 2013
Expected Price Determination Date[11]	December 5, 2013
Announcement of	
• the Offer Price;	
• the level of indications of interest in the International Offering;	
• the level of applications in the Hong Kong Public Offering; and	
• the basis of allotment of the Hong Kong Public Offer Shares to be published in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese), on the website of our Company at **www.portqhd.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** on or before	December 11, 2013
Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.portqhd.com** (please see paragraph headed "Publication of Results, Dispatch/ Collection of Share Certificates and Refund Monies" in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus) on	December 11, 2013
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function	December 11, 2013
H Share certificates in respect of wholly or partially successful applications will be dispatched or deposited into CCASS on or before[5] to [10]	December 11, 2013

Dispatch of White Form e-Refund payment instructions/refund cheques (if applicable) in respect of wholly or partially unsuccessful applications on or before[6] to [10]	December 11, 2013
Dealings in H Shares on the Hong Kong Stock Exchange expected to commence on	December 12, 2013

Notes:

(1) All dates and times refer to Hong Kong local dates and times, except otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on December 4, 2013, the application lists will not open on that day. Please refer to the sub-section headed "How to Apply for Hong Kong Public Offer Shares — Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(3) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(4) Applicants who apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the sub-section headed "How to Apply for Hong Kong Public Offer Shares — Applying by Giving **Electronic application instructions** to HKSCC via CCASS" in this prospectus.

(5) **H Share certificates will only become valid certificates of title if the Global Offering has become unconditional and if neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.**

(6) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application. Part of your Hong Kong identity card number or passport number or, if you are joint applicants, part of the Hong Kong identity card or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number or passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to a delay in encashment or may invalidate your refund cheque.

(7) Applicants who apply on **WHITE** Application Forms for 1,000,000 H Shares or more under the Hong Kong Public Offering and have provided all required information may collect (where applicable) share certificates and (where applicable) refund cheques in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on December 11, 2013. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporations chop. Both individuals and authorized representatives (if applicable) must produce at the time of collection, evidence of identity acceptable to our H Share Registrar.

(8) Applicants who apply on **YELLOW** Application Forms for 1,000,000 H Shares or more under the Hong Kong Public Offering and have provided all required information may collect refund cheques (where relevant) in person but may not elect to collect their H Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for H Shares is the same as that for **WHITE** Application Form applicants.

(9) Applicants who apply for 1,000,000 Hong Kong Public Offer Shares or more through the **White Form eIPO** service by submitting an electronic application through the designated website at **www.eipo.com.hk** and whose applications are wholly or partially successful, may collect H Share certificate(s) in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on December 11, 2013, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of H Share certificates/e-Refund payment instructions/refund cheques. Identification and (where applicable) authorization documents acceptable to our H Share Registrar must be produced at the time of collection.

For applicants who apply for less than 1,000,000 Hong Kong Offering Offer Shares, H Share certificate(s) will be sent to the address specified in the applicant's application instructions through the designated website at **www.eipo.com.hk** on December 11, 2013, by ordinary post and at the applicant's own risk. Applicants who paid the application monies from a single bank account may have e-Refund payment instructions (if any) dispatched to the application payment bank account on December 11, 2013. Applicants who used multiple bank accounts to pay the application monies may have refund cheques (if any) dispatched to the applicants on December 11, 2013.

(10) Uncollected H Share certificates and refund cheques will be dispatched by ordinary post at the applicant's own risk to the addresses specified in the relevant Application Forms. Further information is set out in the paragraph headed "How to Apply for Hong Kong Public Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus.

(11) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around December 5, 2013, and in any event not later than December 10, 2013. If, for any reason, the Offer Price is not agreed by the Company (for itself and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus for details relating to the structure and conditions of the Global Offering, how to apply for Hong Kong Public Offer Shares and the expected timetable, including, among other things, conditions, effect of bad weather and the dispatch of refund cheques and share certificates.

We will publish an announcement in the event that there is any change in the expected timetable of the Hong Kong Public Offering as described above.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Qinhuangdao Port Co., Ltd. solely in connection with the Hong Kong Public Offering and the Hong Kong Public Offer Shares. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Public Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdictions or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made in this prospectus must not be relied upon by you as having been authorized by us, the Selling Shareholders, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, affiliates, agents, representatives or advisors, or any other person or party involved in the Global Offering. Information contained in our website, located at www.portqhd.com, does not form part of this prospectus.

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our Offer Shares. Information contained in our website, located at www.portqhd.com, does not form part of this prospectus.

There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our Offer Shares.

OVERVIEW

We are the world's largest independent port operator for major dry bulk cargo in terms of throughput in 2012, according to Drewry. We operate Qinhuangdao Port, the world's largest coal port by throughput in 2012, which accounted for approximately 31.9% of the total volume of seaborne coal loaded by the coastal ports in China in the same year, according to Drewry. We are also one of the most important ore port operators in the Bohai Rim of China. We believe that we will grow into one of the leading integrated port operators in China in the next five years. Through increasing investment in port facilities and equipment to continually expand our throughput capacity, we are able to provide high-quality and highly efficient integrated port services, including stevedoring, stacking, warehousing, transportation and logistics, and handle various types of cargo including coal, metal ores, oil and liquefied chemicals, containers and general cargo.

We operate Qinhuangdao Port, terminals in Caofeidian Port through an associate company and terminals in Huanghua Port, all of which are located in the Bohai Rim. Qinhuangdao Port has over 100 years of operating history, while Caofeidian Port and Huanghua Port are undergoing significant development and experiencing rapid growth. We and our associate company operate a total of 62 berths and achieved total throughput of 309.94 million tonnes, 349.56 million tonnes, 336.07 million tonnes and 182.56 million tonnes, respectively, for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013. Building upon our extensive experience in port operations and successful consolidation of port resources in the Bohai Rim, we believe we are well positioned to benefit from the strong growth of the Chinese economy and, in particular, the economy of the Bohai Rim.

Qinhuangdao Port is the most important port-of-call for China's domestic coal trade and plays a pivotal role in coal transportation in China. China's coal resources are mainly located in north and west China, such as Inner Mongolia, Shanxi and Shaanxi provinces and mainly consumed in the economically developed coastal provinces in the south and east China. Generally speaking, coal produced in north and west China is first transported west to east by rail from coal mines to coastal ports and then north to south by sea to the southern regions. The Daqin Line is the most important railway line in China carrying coal from the western region to eastern region. Qinhuangdao Port is strategically located at the east end of, and is directly connected to, the Daqin Line, and therefore is the main port-of-call for coal transported through the Daqin Line. The port is also endowed with advantageous natural and geographical attributes. It is a natural deepwater port, ice-free and silt-free and is connected to several national highways.

Caofeidian Port is connected to the Daqin Line through the Qiancao Line. Tangshan Port (comprised of Jingtang Port and Caofeidian Port) is the second largest port-of-call for coal transported through the Daqin Line following Qinhuangdao Port. After the completion of the construction of the Mengji Line in 2014, Caofeidian Port is expected to be directly connected with Inner Mongolia, an important coal producing region in north China. The Mengji Line is expected to become one of the three major transportation arteries for the west-to-east coal transfer in China and thereby further consolidate the strategic position occupied by Caofeidian Port in the transportation of

coal for domestic trade in China. Furthermore, Hebei Province is the largest iron and steel manufacturing base in China and accounted for approximately 24.8% of China's crude steel production in 2012, according to China Iron and Steel Association. The hinterland of Caofeidian Port is home to many leading steel producers in China. As such, Caofeidian Port is well positioned to benefit from the robust local demand for imported iron ore.

Huanghua Port is strategically located in close proximity to the economic hinterland comprising of central and south Hebei Province and northwest Shandong Province and is the preferred port-of-call for seaborne trade in the regions. It is also one of the most convenient and cost efficient sea access points in central and south Hebei Province and is expected to be developed into a major port-of-call for iron ores imported by steel producers in these regions, including Cangzhou, Xingtai and Handan in Hebei Province, among other places, and to become a major ore port in the Bohai Rim. The Hanhuang Line, currently under construction, is expected to be completed by 2014 and to directly connect Huanghua Port to coal mines and steel manufacturing bases in its hinterland and hence expected to bring a significant volume of coal and iron cargoes to Huanghua Port. In addition, Cangzhou is an important chemical production base in the Bohai Rim, which has a high demand for oil products. We plan to develop Huanghua Port into one of the largest integrated ports in the Bohai Rim.

We offer comprehensive and integrated port services to our customers to effectively meet their diverse transportation needs. We have highly efficient operations benefiting from our extensive experience in port operation and management and world-class port facilities and equipment. We also work closely with relevant railways, maritime bureaus and maritime pilot departments. Such integration promotes efficiency in operational control and allows seamless intermodal transits. We also offer value-added services, such as coal blending and providing an coal trading service platform, to further promote our capabilities in offering integrated and comprehensive services for coal transport. Our Qinhuangdao Coal Market is a comprehensive coal trading service platform and coal supply chain management service provider that integrates information exchange and logistics management with a focus on coal trading. The "Bohai-Rim Steam-Coal Price Index" reported by the Qinhuangdao Coal Market has served as a benchmark for price-setting in domestic coal trading in China and is becoming an important reference for international coal trading, according to Drewry. The coal spot trading service platform developed by the Qinhuangdao Coal Market is now an important service platform for coal trading among coastal ports for seaborne coal, according to Drewry, and has established a solid foundation for future integration of coal spot and futures trading and trading of related derivative products and the establishment of a market model integrating spot and futures trading.

We maintain long-term relationships with our major customers, which include Shenhua Group, China Coal Group, Datong Mine, Yitai Group, China Guodian Corporation, Zheneng Fuxing and Datang Group among other customers. We also jointly develop and operate terminals with certain major customers, thereby strengthening our relationship with them and securing stable supplies of cargo to such terminals from these customers. We also provide dedicated facilities such as stacking space, berths and related port facilities to certain major customers with whom we have long-term contracts to promote customer satisfaction and operational efficiency. Moreover, our existing shareholders include some of our important customers including Datong Mine and Shougang Group, as well as our key partners, Daqin Railway and China Shipping. We believe the fact that our important customers and partners have invested in and with us is an affirmation of our achievements and demonstrates their strong faith in our success and future growth.

We have achieved stable growth in the Track Record Period and plan to further consolidate our position as the largest independent port operator for major dry bulk cargo in the world. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our total revenue was RMB5.11 billion, RMB5.73 billion, RMB6.25 billion and RMB3.39 billion, respectively. Our profit attributable to shareholders for the same periods was RMB1.10 billion, RMB1.06 billion,

RMB1.40 billion and RMB1.20 billion, respectively. In January 2013, we received RMB294.84 million of government grant from the Cangzhou government as compensation for the business tax and surcharges and stamp duty paid by us in connection with the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai to Cangzhou Port Group Ltd., a company affiliated with Cangzhou government, which tax and surcharges and stamp duty were incurred and recognized in November 2011 and February 2012, respectively. Such grant increased our other income and gains in our total income and consequently our profit attributable to shareholders for the six months ended June 30, 2013. Given its extraordinary and nonrecurring nature, the positive effect on our financial results for the six months ended June 30, 2013 may not be indicative of our future performance. See "Financial Information—Prepayments, Deposits, and Other Receivables" for more details.

SUMMARY FINANCIAL INFORMATION

The following summary historical consolidated statements of comprehensive income for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, and the summary historical consolidated statements of financial position as of December 31, 2010, 2011 and 2012 and June 30, 2013 set forth below have been derived from our consolidated financial statements set forth in the Accountants' Report included in Appendix I to this prospectus. You should read the summary historical financial information below in conjunction with our consolidated financial statements included in "Appendix I—Accountants' Report." Our consolidated financial statements have been prepared in accordance with IFRS.

Summary Consolidated Statements of Comprehensive Income

The table below sets forth is extracted from our consolidated statements of comprehensive income for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5,109,548	5,734,310	6,250,162	3,020,374	3,386,526
Cost of sales	(3,158,540)	(3,254,410)	(3,536,081)	(1,623,184)	(1,860,196)
Gross profit	**1,951,008**	**2,479,900**	**2,714,081**	**1,397,190**	**1,526,330**
Other income and gains	19,344	56,354	125,416	120,001	369,477
Selling and distribution expenses	(896)	(1,941)	(496)	(24)	(15)
Administrative expenses	(543,843)	(605,462)	(741,148)	(336,201)	(359,700)
Other expenses	(18,062)	(400,416)	(168,466)	(154,277)	(25,432)
Finance costs	(156,459)	(208,906)	(259,209)	(117,974)	(144,514)
Share of profits and losses of:					
Associates	171,102	168,139	154,622	56,744	63,385
Joint Ventures	494	313	565	320	(46)
PROFIT BEFORE TAX	**1,422,688**	**1,487,981**	**1,825,365**	**965,779**	**1,429,485**
Income tax expense	(326,088)	(427,332)	(428,069)	(236,310)	(227,273)
PROFIT FOR THE YEAR/PERIOD	**1,096,600**	**1,060,649**	**1,397,296**	**729,469**	**1,202,212**

Revenue and throughput by Cargo Type

The following tables set forth the revenue and throughput generated from each type of cargo we serviced for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,	
	2010		2011		2012		2013	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Dry bulk[1]	4,485,781	87.79	5,111,270	89.13	5,580,911	89.29	3,067,769	90.59
Coal	4,278,900	83.74	5,003,611	87.25	5,310,414	84.96	2,669,601	78.83
Metal ore	206,881	4.05	107,659	1.88	270,497	4.33	398,168	11.76
Oil and liquefied chemicals	119,065	2.33	143,097	2.50	142,822	2.29	59,551	1.76
Container	61,546	1.20	85,720	1.49	77,429	1.24	41,743	1.23
General and other cargoes[3]	165,384	3.24	146,786	2.56	183,080	2.93	91,074	2.69
Others	277,772	5.44	247,437	4.32	265,920	4.25	126,389	3.73
Total	5,109,548	100.00	5,734,310	100.00	6,250,162	100.00	3,386,526	100.00

	Year Ended December 31,						Six Months Ended June 30,	
	2010		2011		2012		2013	
	Throughput	Percentage of Total Throughput	Throughput	Percentage of Total Throughput	Throughput	Percentage of Total Throughput	Throughput	Percentage of Total Throughput
	(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)
Dry bulk[1]	290.80	93.82	329.16	94.17	314.84	93.69	171.09	93.72
Coal	226.33	73.02	254.65	72.85	239.40	71.24	120.01	65.74
Metal ore	64.47	20.80	74.51	21.32	75.44	22.45	51.08	27.98
Oil and liquefied chemicals	8.48	2.74	9.20	2.63	9.07	2.70	3.98	2.18
Container[2]	4.85	1.56	6.41	1.83	5.56	1.65	3.73	2.04
General and other cargoes[3]	5.81	1.88	4.79	1.37	6.60	1.96	3.76	2.06
Total[4, 5]	309.94	100.00	349.56	100.00	336.07	100.00	182.56	100.00

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

2 Using "TEU" as the measuring unit, our throughput of containers are 340,000 TEUs, 430,000 TEUs, 394,000 TEUs and 264,000 TEUs for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

3 Other cargoes include grain, fertilizer and other general cargoes.

4 Throughput includes that of Caofeidian Shiye Port Company which is a non-consolidated associate company of, and 35% owned by, our Company. Our Company is the largest shareholder of Caofeidian Shiye Port Company. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the throughput of terminals operated by Caofeidian Shiye Port Company in Caofeidian Port was 53.75 million tonnes, 70.10 million tonnes, 66.23 million tonnes and 36.32 million tonnes, respectively, in total; including 2.39 million tonnes, 1.98 million tonnes, 2.11 million tonnes and 1.41 million tonnes, respectively, for coal, 51.04 million tonnes, 67.64 million tonnes, 63.50 million tonnes and 34.91 million tonnes, respectively, for metal ores and 0.32 million tonnes, 0.48 million tonnes, 0.62 million tonnes and nil tonnes, respectively, for general cargo.

5 Our total throughput includes throughput of our subsidiary, Cangzhou Bohai, from October 1, 2012.

Revenue, Gross Profit and Throughput by Port

The following table sets forth the revenue and gross profit generated from each of Qinhuangdao Port and Huanghua Port for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	Revenue	Gross Profit	Revenue	Gross Profit	Revenue	Gross Profit	Revenue	Gross Profit	Revenue	Gross Profit
					(RMB'000)		(unaudited)			
Qinhuangdao Port	5,109,548	1,951,008	5,731,168	2,477,623	6,059,156	2,655,550	2,964,568	1,363,427	2,980,680	1,337,402
Huanghua Port	—	—	3,142	2,277	191,006	58,531	55,806	33,763	405,846	188,928
Total	5,109,548	1,951,008	5,734,310	2,479,900	6,250,162	2,714,081	3,020,374	1,397,190	3,386,526	1,526,330

We began to generate revenue from terminals in Huanghua Port through Cangzhou Bohai from October 2012. Before October 2012, our revenue from Huanghua Port was mainly derived from cargo tallying business operated by Cangzhou OSTC.

All of the terminals of Caofeidian Coal, our only consolidated subsidiary in Caofeidian Port, were under construction during the Track Record Period. Therefore, we did not generate any revenue from Caofeidian Port during the Track Record Period. Our income from Caofeidian Port during the Track Record Period was mainly derived from Caofeidian Shiye Port Company, our associate company in which we hold 35% equity interest as its largest shareholder. Our share of profits from Caofeidian Shiye Port Company was RMB170.12 million, RMB166.47 million and RMB154.27 million, respectively, for the years ended December 31, 2010, 2011 and 2012. For the six months ended June 30, 2013, our share of profits from Caofeidian Shiye Port Company was RMB63.31 million.

The following table sets forth the throughput generated from each of Qinhuangdao Port, Caofeidian Port and Huanghua Port for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,	
	2010		2011		2012		2013	
	Throughput	Percentage of Throughput	Throughput	Percentage of Throughput	Throughput	Percentage of Throughput	Throughput	Percentage of Throughput
	(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)
Qinhuangdao Port[1]	256.19	82.66	279.46	79.95	262.59	78.13	130.20	71.32
Caofeidian Port[2]	53.75	17.34	70.10	20.05	66.23	19.71	36.32	19.89
Huanghua Port[3]	—	—	—	—	7.25	2.16	16.04	8.79
Total	309.94	100.00	349.56	100.00	336.07	100.00	182.56	100.00

1. Includes container throughput. Using "TEU" as the measuring unit, our throughput of containers in Qinhuangdao Port are 340,000 TEUs, 430,000 TEUs, 344,000 TEUs and 173,000 TEUs for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

2. Representing throughput from Caofeidian Shiye Port Company, our associate company in which we hold 35% equity interest as its largest shareholder.

3. Includes container throughput. Using "TEU" as the measuring unit, our throughput of containers in Huanghua Port are 50,000 TEUs and 91,000 TEUs for the year ended December 31, 2012 and the six months ended June 30, 2013, respectively. Our throughput also includes throughput of our subsidiary, Cangzhou Bohai, from October 1, 2012.

Summary Consolidated Statements of Financial Position

The table below sets forth is extracted from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
		(RMB'000)		
Assets				
Non-current assets	19,884,362	16,029,725	19,012,115	20,266,099
Current assets	1,570,506	7,740,424	4,191,953	3,186,701
Total assets	21,454,868	23,770,149	23,204,068	23,452,800
Equity and liabilities				
Non-current liabilities	6,723,445	6,749,083	7,580,620	7,866,566
Current liabilities	6,830,863	7,611,282	5,193,923	5,044,622
Total equity	7,900,560	9,409,784	10,429,525	10,541,612
Equity attributable to owners of the parent	7,182,771	8,269,897	9,273,713	9,370,893
Non-controlling interests	717,789	1,139,887	1,155,812	1,170,719
Total equity and liabilities	21,454,868	23,770,149	23,204,068	23,452,800

Summary Consolidated Statements of Cash Flows

The table below sets forth is extracted from our consolidated statements of cash flows for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)	*(unaudited)*	
Net cash generated from operating activities	2,182,984	2,366,767	2,171,665	939,096	1,402,568
Net cash (used in)/generated from investing activities	(3,393,095)	838,370	(2,470,774)	(1,323,816)	(1,170,696)
Net cash generated from/(used in) financing activities	801,760	1,212,562	(1,870,275)	(1,613,470)	(1,180,949)
Net (decrease)/increase in cash and cash equivalents	(408,351)	4,417,699	(2,169,384)	(1,998,190)	(949,077)
Cash and cash equivalents at the beginning of the year/period	1,496,923	1,088,572	5,506,271	5,506,271	3,336,887
Cash and cash equivalents at the end of the year/period	1,088,572	5,506,271	3,336,887	3,508,081	2,387,810

Net Current Liabilities, Indebtedness and Gearing Ratio

As of December 31, 2010, 2011 and 2012 and June 30, 2013, we recorded net current liabilities of RMB5,260.36 million, net current assets of RMB129.14 million, net current liabilities of RMB1,001.97 million and net current liabilities of RMB1,857.92 million, respectively. Our net current liabilities as of December 31, 2010 and 2012 and June 30, 2013 were mainly attributable to our development projects in Huanghua Port and Caofeidian Port, which reduced our cash and cash equivalents, increased our bank borrowings and our payables in connection with these development projects, and declarations of cash dividends during the relevant periods. See also "Financial Information—Current Assets/Liabilities and Working Capital" for detailed information of the net current liabilities and assets positions during the Track Record Period.

We had high levels of indebtedness during the Track Record Period primarily due to the construction projects in Huanghua Port and Caofeidian Port. As of December 31, 2010, 2011 and 2012 and June 30, 2013, the balance of our total interest bearing borrowings was RMB9,216.50 million, RMB10,716.73 million, RMB9,919.61 million and RMB10,127.30 million, respectively, and our gearing ratio, which represents the result of total borrowings divided by total equity at the end of the respective period, was 116.66%, 113.89%, 95.11% and 96.07%, respectively.

The following table sets forth the effective interest rate range of our bank borrowings during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2010	2011	2012	2013
Effective interest rate range (%)	4.44 to 5.76	4.13 to 7.59	4.86 to 7.59	5.40 to 7.05

Significant Non-Recurring Items

Construction Projects in Huanghua Port and Caofeidian Port

We incurred significant capital expenditures in connection with our construction projects in Huanghua Port and Caofeidian Port during the Track Record Period, which represent the cash amounts we paid for the acquisition of property, plant and equipment and intangible assets after deducting capitalized interests. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we incurred capital expenditure of RMB1,974.25 million, RMB1,578.51 million, RMB2,122.87 million and RMB710.22 million, respectively, for the construction in Huanghua Port, including the Huanghua Port public infrastructure and bulk, general bulk and multi-purpose terminals, other equipments and intangible assets, which were all investments by Cangzhou Bohai. We began to generate revenue from terminals in Huanghua Port from October 2012.

We have five coal berths under construction in Caofeidian Port coal terminal, which were investments by Caofeidian Coal, and the construction is expected to be completed in 2014. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we incurred capital expenditure of RMB937.28 million, RMB1,011.30 million, RMB861.37 million and RMB125.82 million, respectively, for the Caofeidian Port coal terminal and the related equipments and intangible assets.

We plan to develop two ore berths in the Huanghua Port ore terminal, which are investments by Cangzhou Mineral, and the construction is expected to be completed in 2014. We have begun the preparation work for the construction of the Huanghua Port ore terminal, and incurred capital expenditure of RMB185.51 million and RMB742.45 million, respectively, for the year ended December 31, 2012 and the six months ended June 30, 2013.

Estimated Expenditure of Planned Construction and Renovation Projects

The total amount of capital expenditure we expect to incur after the Latest Practicable Date for our ongoing and currently planned construction and renovation projects in Qinhuangdao Port, Huanghua Port and Caofeidian Port was approximately RMB6.36 billion, which we expect to fund with cash generated from our operating activities, bank borrowings and the net proceeds received by us from the Global Offering.

2013 Government Grant

In January 2013, we received a government grant of RMB294.84 million from the Cangzhou government as its compensation to us for the business tax and surcharges of RMB292.23 million and

the stamp duty of RMB2.61 million paid by us in connection with the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai to Cangzhou Port Group Ltd., a company affiliated with Cangzhou government, which tax and surcharges and stamp duty were not covered in the transfer proceeds payable by Cangzhou Port Group Ltd. The grant is unconditional and we are not aware of any events or conditions that may cause us to return such grant. We deem such government grant as one-off income and do not expect to receive government grants in the same or similar nature in the future. See "Financial Information — Prepayments, Deposits, and Other Receivables" for more details of the transfer of the Huanghua Port public infrastructure.

Transfer of the Huanghua Port Public Infrastructure

In April 2011, Cangzhou Bohai entered into an agreement with Cangzhou Port Group Company Ltd., a company affiliated with Cangzhou government, in connection with the transfer of the Huanghua Port public infrastructure, which was constructed by Cangzhou Bohai and had a carrying amount of RMB5,218.45 million, to Cangzhou Port Group Company Ltd. for a total consideration of RMB5,218.45 million based on the carrying value of the asset. The Group transferred the ownership of the Huanghua Port public infrastructure to Cangzhou Port Group Company Ltd. pursuant to the relevant government policies to build Huanghua Port into a landlord port with respect to which the local port authority acts as the regulatory body and landlord, while port operations, especially cargo handling, are carried out by the Group. The transfer was recorded as a disposal of items of property, plant and equipment in 2011. In addition, the Group made a provision of RMB292.23 million for applicable business tax and surcharges on the proceeds from transfer of Huanghua Port public infrastructure, which was recorded in the loss on disposal of items of property, plant and equipment in 2011 as these taxes and surcharges were not covered by the transfer proceeds from Cangzhou Port Group Ltd. Such business tax and surcharges were fully paid in 2012.

In 2012, we paid dredging costs of RMB150.00 million and stamp duty of RMB2.61 million in connection with the transfer of Huanghua Port public infrastructure to Cangzhou Port Group Company Ltd., which was recorded as a loss on disposal of items of property, plant and equipment in 2012 as such payment was also not covered by the transfer proceeds paid to us by Cangzhou Port Group Company Ltd.

In January 2013, we received a government grant of RMB294.84 million from the Cangzhou government as compensation for the business tax and surcharges of RMB292.23 million and the stamp duty of RMB2.61 million paid by us in connection with the transfer of the Huanghua Port public infrastructure to Cangzhou Port Group Company Ltd., which was recorded as other income for the six months ended June 30, 2013.

All the transfer proceeds were settled in cash by Cangzhou Port Group Company Ltd. over time and have been fully settled as of June 30, 2013. See "Financial Information — Prepayments, Deposits, and Other Receivables" for more details of the transfer of the Huanghua Port public infrastructure.

2013 Environmental Protection Plan

We incurred RMB13.99 million, RMB41.79 million, RMB52.55 million and RMB7.53 million as environmental protection expenditures in each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. We plan to increase our environmental protection expenditure to approximately RMB158 million under our 2013 environmental protection plan. We do not expect our planned expenditure for environmental protection for 2013, which is to be funded with cash generated from our operating activities and special grants for environmental protection provided by the Qinhuangdao City government, to have a material impact on our operations or financial conditions. If we are to apply for special grants from Qinhuangdao City government for certain projects, according to the applicable regulations and requirements, the following main conditions and procedures apply to such grants: (1) the project is designed for pollution control (such as dust-proof environmental protection construction) and is included in the

capital investment plans of the Company; (2) the implementation plan of the project shall be submitted to the Environmental Protection Bureau of Qinhuangdao City and the preliminary approval regarding selected environmental protection funds shall be received by applicant; (3) all financial documents, accounts and contracts of the proposed project required for approval are complete; (4) after completion, the settlement report of the applicable construction project shall be submitted to Environmental Protection Bureau of Qinhuangdao City and the project shall subsequently pass the assessment conducted by professional agents assigned by the government authority; (5) the project has further passed the inspection jointly conducted by the Environmental Protection Bureau and Financial Bureau of Qinhuangdao City. Regarding those projects for which we have submitted applications of special grants in accordance with the above conditions, we believe we have satisfied or shall satisfy all of the conditions and expect to receive special grants from Qinhuangdao government in the amount of approximately RMB20 million by the end of 2013, subject to the government's final approval.

COMPETITIVE STRENGTHS

We believe that our historical success and future prospects are attributable to the following competitive strengths:

- Being the world's largest coal port and the major hub connecting China's most important coal transportation arteries, Qinhuangdao Port is of strategic importance to the nation's economy.
- We have successfully consolidated port resources in the Bohai Rim, which has enabled us to expand our hinterland, realize synergies across ports and diversify our cargo mix and is expected to drive our future growth.
- We believe we will continue to benefit from the fast growth of the China's economy and the economy of the Bohai Rim.
- Our ports are endowed with advantageous natural and geographical attributes and enjoy high accessibility.
- We have established long-term relationships with our major customers.
- We have specialized and efficient business management and operating systems.
- We offer integrated and comprehensive port services and other value-added services to our customers.
- We have an experienced and stable management team and well-trained employees.

BUSINESS STRATEGIES

- Develop our Group into a world leading integrated port operator and strengthen our leading position as the world's largest independent port operator for major dry bulk cargo.
- Continue to enhance our port logistical service capabilities and develop our Group into a world leading provider of comprehensive logistical services.
- Develop a comprehensive and specialized nationwide bulk commodity trading platform focused on coal and ore.
- Continue to strengthen relationships with our customers and partners to achieve mutual development.

- Continue to focus on research and development and human resource development to enhance our operational efficiency and core competitive strengths.

- Building upon our operations in the Bohai Rim, pursue suitable acquisition opportunities in China and abroad to extend our leading competitive operation.

- Continue to promote our international brand name.

COMPETITION

As inland transportation costs represent a significant portion of the total transportation costs of dry bulk cargoes, the main type of cargo handled by us, customers are highly sensitive to such costs and tend to transit their cargo at the port that is closest in distance to the originating place or destination of their cargo. Therefore, our competition tends to arise from the other port operators in the Bohai Rim. The other important factors considered by the customers in making choices among ports that are in close proximity to one another include throughput capacity, service quality and efficiency as well as natural characteristics such as the ability to berth vessels of required sizes.

Qinhuangdao Port, which we operate, is the world's largest coal port by throughput in 2012, according to Drewry. We are also constructing five coal berths in Caofeidian Port. Our main competitors for coal cargo are operators of coal terminals in Huanghua Port, Tangshan Port and Tianjin Port. We believe that our position as the market leader in coal handling services is not easily challenged given our distinct competitive advantage in scale.

Even though there are a number of ore terminals in the Bohai Rim, our main competitors are the neighboring ore terminal operators due to the fact that inland transportation distance and costs are key factors considered by steel producers in choosing the port for transiting imported ore cargo. The main competitors for our ore operations in Qinhuangdao Port and Caofeidian Port are operators of Tianjin Port and Jingtang Port and other operators in Caofeidian Port. The main competitors for our ore operations in Huanghua Port are operators of Qingdao Port, Rizhao Port and Tianjin Port. Caofeidian Shiye Port Company is the largest operator of iron ore terminals in Caofeidian Port by throughput in 2012, according to Drewry. We believe that once our ore berths in Huanghua Port are completed and commence operations, we will be able to further attract ore cargo flow from Cangzhou and central and south Hebei Province and obtain a leading position in ore service in the Bohai Rim.

The major oil and liquefied chemical ports in the Bohai Rim are Dalian Port, Qingdao Port and Tianjin Port. We operate the oil and liquefied chemical terminals in Qinhuangdao Port. Our pipelines are directly connected to the pipelines of Daqing Oilfield, the largest oilfield in China and our major customer for oil and liquefied chemicals. As oil and liquefied chemicals are transported via pipelines, the opportunity costs for customers to switch to another port are relatively high, and the customer base in this field tends to be relatively stable. We enjoy long and stable relationships with our customers for oil and liquefied chemicals. We plan to further develop integrated port facilities for handling oil and liquefied cargoes and promote our competitiveness in handling liquid bulk cargo.

The major container ports in the Bohai Rim include Qingdao Port, Tianjin Port, Dalian Port and Yingkou Port. Although containers currently account for a relatively small portion of our cargo handling services, we plan to rapidly grow our container business and grow our Group into a major container port operator in the Bohai Rim.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering is completed and 829,853,000 H Shares are issued and sold in the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) 5,029,412,000 Shares are issued and outstanding following the completion of the Global Offering:

	Based on an Indicative Offer Price of HK$5.25 per H Share	Based on an Indicative Offer Price of HK$6.70 per H Share
Market capitalization of the Shares (in millions)	HK$26,404.41	HK$33,697.06
Unaudited pro forma adjusted consolidated net tangible assets per Share	HK$ 3.07	HK$ 3.28

USE OF PROCEEDS

We estimate that the net proceeds we will receive from the Global Offering (after deducting the underwriting commissions, fees and anticipated expenses in connection with the Global Offering) will be approximately HK$4,257.32 million, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the Offer Price range of HK$5.25 to HK$6.70 per H Share as stated in this prospectus. We will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders.

We currently intend to apply these net proceeds to the following purposes, assuming the Over-allotment Option is not exercised:

- approximately HK$51.24 million to the procurement of stackers for coal handling services in Qinhuangdao Port;
- approximately HK$11.39 million to the procurement of diesel locomotives; and
- the remainder of the net proceeds as follows (the "Remaining Proceed Uses"):
  - approximately 65%, or HK$2,726.55 million, to the construction of two 200,000 tonne-level ore berths in the bulk cargo area of Huanghua Port. The total expected expenditure for the project is approximately RMB5.25 billion. We have begun the preparation work of this project, and the project is expected to be completed by 2014;
  - approximately 25%, or HK$1,048.67 million, to repayment of bank loans; and
  - approximately 10%, or HK$419.47 million, to working capital and other general corporate purposes.

As of the date of this prospectus, the interest rates applicable to the bank loans to be repaid range from 5.40% to 6%. After giving effect to the repayment of RMB828.45 million (HK$1,048.67 million) of our bank loans as indicated above, we would have RMB9,298.85 million of bank loans outstanding. We intend to first repay loans that have earlier maturities.

If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK$652.96 million (after deducting underwriting commissions, fees and other relevant expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the Offer Price range of HK$5.25 to HK$6.70 per H Share.

If the Offer Price is set at HK$6.70 per H Share (being the high end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering will increase by approximately HK$524.12 million. If the Offer Price is set at HK$5.25 per H Share

(being the low end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering will decrease by approximately HK$531.40 million.

We will adjust the allocation of the net proceeds among the Remaining Proceed Uses on a pro rata basis should the amount of proceeds received differ from the estimated amount due to the Offer Price being different from the estimate and/or the exercise of any Over-allotment Option.

To the extent that the net proceeds are not immediately applied to the above purposes, we intend to place the funds into short-term deposits with banks or financial institutions in Hong Kong or the PRC as permitted by the relevant laws and regulations. We will comply with the PRC laws relating to foreign exchange registration and proceeds remittance.

For details of our future plans and use of proceeds, see the section headed "Future Plans and Use of Proceeds" in this prospectus.

DIVIDEND POLICY AND DISTRIBUTION PRIOR TO THE LISTING

We may declare and pay dividends in cash or by other means that we consider appropriate in the future. Distribution of dividends shall be formulated by our Board at their discretion and will be subject to Shareholders' approval. For the three years ended December 31, 2010, 2011 and 2012, the dividends distributed by us were RMB601.49 million, RMB405.34 million and RMB2,180.26 million, respectively. We did not distribute any dividend for the six months ended June 30, 2013. In the future, we expect to distribute no less than 40% of our annual distributable net profits as dividends. There is, however, no assurance that we will be able to distribute dividends of such amount or any amount each year or in any year. In addition, declaration and/or payment of dividends may be limited by legal restrictions and/or by financing arrangements that we may enter into in the future. Please refer to the sub-section headed "Financial Information — Dividend Policy" in this prospectus for further details.

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, HPG, the principal Promoter of our Company, is interested in approximately 73.94% of our issued share capital. Immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, HPG will be interested in approximately 61.72% of our enlarged issued share capital (or 60.20% if the Over-allotment Option is fully exercised). As a result, HPG will continue to be the Controlling Shareholder after completion of the Global Offering.

Our Company was established on March 31, 2008, pursuant to the approvals issued by the People's Government of Hebei Province on February 28, 2008 and Hebei SASAC on March 26, 2008, respectively. QPG, the principal Promoter, was authorized to establish our Company by way of injection of its core port business and assets together with nine other Promoters, namely, Qinhuangdao Industrial, Hebei Communications, Daqin Railway, China Shipping, China Life Investment, Shougang Group, Beijing Enterprises, Datong Mine and Hebei SA Holdings by way of capital injection. At the time of our establishment, the registered capital of our Company was RMB4.275 billion, consisting of 4,275,000,000 Shares with a nominal value of RMB1.00 each. QPG, Qinhuangdao Industrial, Hebei Construction and Hebei SA Holdings held approximately 82.75%, 5.63%, 5.06% and 0.56% equity interest in our Company, respectively and the other six Shareholders, namely, Daqin Railway, China Shipping, China Life Investment, Shougang Group, Beijing Enterprises and Datong Mine, each held 1% equity interest in our Company. For further details, please refer to the section headed "History, Reorganization and Corporate Structure — Background of and Changes Relating to Our Existing Shareholders" in this prospectus.

Upon completion of the Reorganization, other than the interest in our Group and the Excluded Business Interests (for the definition of the Excluded Business Interest, please refer to the section headed "Relationship with the Controlling Shareholder — Excluded Business Interests" in this

prospectus), QPG, the Controlling Shareholder, retained all other assets which are not material to our Core Business. For details of the principal businesses of the Controlling Shareholder, please refer to "Relationship with the Controlling Shareholder — Delineation of Business — The Principal Business of the Controlling Shareholder".

As the scope of business between our Core Business and that of the Controlling Shareholder are different (except for the Excluded Business Interests which, in our Directors' view, does not compete with us), there is no other material business retained or operated by the Controlling Shareholder, which competes or is likely to compete with our Core Business.

Our Group has entered into certain continuing connected transactions with the Controlling Shareholder. Despite the continuation of the connected transactions, we have been and will continue to function and operate independently from the Controlling Shareholder and/or its subsidiaries for the reasons set out in "Relationship with the Controlling Shareholder — Independence from the Controlling Shareholder".

In addition, under the Non-Competition Agreement and Undertaking, the Controlling Shareholder has agreed not to engage in any other new business that competes, or is likely to compete, directly or indirectly, with our Core Business. We were also granted options for new business opportunities relating to any of our Core Business, as well as options and pre-emptive rights to acquire new business opportunities by the Controlling Shareholder. For details, please see "Relationship with the Controlling Shareholder — Non-Competition Agreement and Undertaking by the Controlling Shareholder."

RISK FACTORS

There are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and our industry, including without limitation, risk that any significant decrease in demand for domestically produced coal may have a material adverse impact on our business operations and financial position; (ii) risks relating to doing business in the PRC, including without limitation, risk that any changes in the economic, political or social conditions in the PRC and policies adopted by the PRC government could materially and adversely affect our business; and (iii) risks relating to the Global Offering. Potential investors in our H Shares should consider carefully all the information set forth in this prospectus and, in particular, the section headed "Risk Factors" in connection with an investment in us. For more details regarding the risks involved, please refer to the section headed "Risk Factors" in this prospectus.

QINHUANGDAO PORT WESTERN ZONE RELOCATION

As part of city planning, the governments of Hebei Province and Qinhuangdao City are in the process of adopting measures to upgrade the shoreline of Qinhuangdao City. According to the governments of Hebei Province and Qinhuangdao City, one of the structural changes to Qinhuangdao City under the plan involves the relocation of our port operations in the western zone of Qinhuangdao Port and the subsequent construction of new berths in the eastern zone of Qinhuangdao Port. The relocation is not a standalone project, and is closely connected to the overall city planning and development timeline. Hence, the relocation is scheduled for completion by 2020. In connection with the relocation plans, three of our coal berths in the western zone have stopped ship loading operations as of the Latest Practicable Date.

Only our coal berths in the western zone have ceased operation, and our general cargo berths and container berths are still operating. The operations in other berths in the western zone are expected to relocate only after the completion of the construction of the new port area in the eastern zone. Our operation in Qinhuangdao Port is concentrated in the eastern zone, and our operations in the western zone had a throughput of 17.73 million tonnes for 2012, accounting for only 5.28% of the total throughput for the year. Given that some of the basic infrastructure in the western zone has become obsolete and the physical constraints the western zone faces for further development, we believe that the relocation, which could have a short-term impact on our business, is beneficial to our long-term development. See also "Business — Qinhuangdao Port — Western Zone Relocation."

OUR TRADE RECEIVABLES

We are not aware of any of our customers that are experiencing financing difficulties subsequent to the Track Record Period. Moreover, up to the Latest Practicable Date, we have not experienced any general slowdown in the settlement of trade receivables. Our trade receivables decreased by RMB15.60 million from RMB218.23 million as of June 30, 2013 to RMB202.63 million as of the Indebtedness Date as one customer with whom we have outstanding trade receivables paid us RMB40 million in the form of bank's acceptance bill, resulting in an increase in our bill receivable and a corresponding decrease in our trade receivable, which was partially offset by new trade receivables incurred in connection with our normal settlement process in our operations. Please refer to "Financial Information — Current Assets/Liabilities and Working Capital" for further details of our current assets and current liabilities.

To ensure collectability of our trade receivables, we have implemented the following measures:

- Perform aging analysis of the trade receivables accounts;
- Hold periodic review meetings to review the trade receivables accounts; and
- Assign dedicated account managers to follow each top trade receivables account.

See also "Risk Factor — If we are unable to collect a large amount of other receivables or accounts receivables, our business operations may be adversely affect."

LISTING EXPENSES

We did not incur any listing expenses during the Track Record Period. We expect to incur listing expenses (including underwriting commissions and fees) amounting to approximately HK$254.07 million, assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the stated range of the Offer Price of between HK$5.25 per H Share and HK$6.70 per H Share, in the second half of 2013. See "Underwriting — Underwriting Arrangements and Expenses." Our Directors do not expect such expenses to have a material adverse effect on our financial results for the year ending December 31, 2013.

RECENT DEVELOPMENTS

Based on our unaudited management accounts, as of September 30, 2013, we had total current assets of RMB3,517.18 million and total current liabilities of RMB6,447.65 million. Our net current liabilities increased from RMB1,857.92 million as of June 30, 2013 to RMB2,930.46 million as of the Indebtedness Date, mainly attributable to an increase in our short-term bank borrowings by RMB1,057.20 million from June 30, 2013 to the Indebtedness Date. The proceeds from such additional short-term borrowings were intended to be used for working capital or replacing existing loans. Our prepayments, deposits and other receivables decreased from RMB191.68 million as of June 30, 2013 to RMB68.90 million as of the Indebtedness Date mainly because we received a dividend of RMB133 million from our associate company, Caofeidian Shiye Port Company, resulting in a corresponding decrease in dividend receivables. Our trade receivables decreased by RMB15.60 million from RMB218.23 million as of June 30, 2013 to RMB202.63 million as of the Indebtedness Date as one customer with whom we have outstanding trade receivables paid us RMB40 million in the form of bank's acceptance bill, resulting in an increase in our bill receivable and a corresponding decrease in our trade receivable, which was partially offset by new trade receivables incurred in connection with our normal settlement process in our operations. Please refer to "Financial Information — Current Assets/Liabilities and Working Capital" for further details of our current assets and current liabilities.

As of the Latest Practicable Date, there had been no material adverse change in our financial or trading position, gross profit margin, revenue or throughput since June 30, 2013 and no event had occurred since June 30, 2013 that would materially and adversely affect the information in Accountants' Report set out in Appendix I.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms."

"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of our Company adopted on July 11, 2013, as amended from time to time, a summary of which is set out in "Appendix VI — Summary of Articles of Association" to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Auditor(s)", "Reporting Accountant(s)"	Ernst & Young (安永會計師事務所)
"Beijing Enterprises"	Beijing Enterprises Group Company Limited (北京控股集團有限公司), a company incorporated in the PRC with limited liability on January 18, 2005, and wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會), and owns 1% of our Company's equity interest
"Beitongpu Line" (北同蒲綫)	railroad that runs from Datong Station in Shanxi Province to Taiyuan Station in Shanxi Province
"Board of Directors" or "Board"	the board of directors of our Company
"Bohai Rim"	the economic hinterland surrounding the Bohai Sea, which includes Beijing, Tianjin, Hebei Province, Liaoning Province and Shandong Province
"business day"	any day (other than a Saturday, Sunday or public holiday) in Hong Kong on which banks in Hong Kong are generally open for normal banking business
"CAGR"	compound annual growth rate
"Cangzhou Bohai"	Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司), a company incorporated in the PRC with limited liability on October 31, 2007, with 95.93% of its equity interest held by our Company
"Cangzhou Mineral"	Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司), a company incorporated in the PRC with limited liability on April 10, 2012, with 96.76% of its equity interest held by our Company
"Cangzhou OSTC"	Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司), a company incorporated in the PRC with limited liability on August 30, 2011, with 33% and 23%, of its equity interest being held by Cangzhou Bohai and Qinhuangdao OSTC, which are our Company's subsidiaries, respectively

"Cangzhou Steel Logistics"	Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司), a company incorporated in the PRC with limited liability on March 15, 2012, with 30% of its equity interest held by our Company
"Caofeidian Coal"	Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司), a company incorporated in the PRC with limited liability on October 29, 2009, with 51% of its equity interest held by our Company
"Caofeidian Port"	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
"Caofeidian Shiye Port Company"	Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司), a company incorporated in the PRC with limited liability on September 4, 2002, with 35% of its equity interest held by our Company
"Capital Settlement Center"	Capital Settlement Center of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司資金結算中心), a branch of our Company established on December 29, 2008
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China Coal Group"	China National Coal Group Corp. (中國中煤能源集團有限公司) and, except where the context otherwise requires, all of its associates, all of which are Independent Third Parties
"China Goudian Corporation"	China Goudian Corporation (中國國電集團公司) and, except where the context otherwise requires, all of its associates, all of which are Independent Third Parties
"China Huaneng Group"	China Huaneng Group (中國華能集團公司) and, except where the context otherwise requires, all of its associates, all of which are Independent Third Parties
"China Life Investment"	China Life Investment Holding Company Limited (國壽投資控股有限公司), a company incorporated in the PRC with limited liability on June 1, 1994, wholly-owned by the China Life Insurance (Group) Company (中國人壽保險(集團)公司), and owns 1% of our Company's equity interest

"China Shipping"	China Shipping (Group) Company (中國海運（集團）總公司), a company incorporated in the PRC with limited liability on October 7, 1997, wholly-owned by the SASAC, and owns 1% of our Company's equity interest
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our 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 March 31, 2008
"Company Law" or "PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented and otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto in the Hong Kong Listing Rules
"Controlling Shareholder" or "our Controlling Shareholder"	has the meaning ascribed thereto in the Hong Kong Listing Rules and also refers to "HPG" or its predecessor, QPG. Please refer to the section headed "Relationship with the Controlling Shareholder"
"Cornerstone Investors"	the cornerstone investors as described in the section headed "Our Cornerstone Investors" in this prospectus
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Daqin Line" (大秦綫)	railroad that runs from Hanjialing Railway Station, Datong City, Shanxi Province to Liucun South Station, Qinhuangdao, Hebei Province
"Daqin Railway"	Daqin Railway Co., Ltd. (大秦鐵路股份有限公司), a joint stock company incorporated in the PRC with limited liability on October 28, 2004, with its 61.70% equity interests held by the Taiyuan Railway Administration and owns 1% of our Company's equity interest
"Datang Group"	China Datang Corporation (中國大唐集團公司) and, except where the context otherwise requires, all of its associates, all of which are Independent Third Parties
"Datong Mine"	Datong Coal Mine Group Co., Ltd. (大同煤礦集團有限責任公司) , a company incorporated in the PRC with limited liability on August 4, 1985, with its 65.71% equity interests being held by the State-owned Assets Supervision and Administration Commission of Shanxi Provincial Government (山西省人民政府國有資產監督管理委員會) and owns 1% of our Company's equity interest

"Director(s)"	director(s) of our Company
"Domestic Share(s)"	ordinary share(s) of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are Shares which are currently not listed or traded on any stock exchange
"Drewry"	Drewry Maritime Service (Asia) Pte Ltd, an independent industry advisor
"Eighth Port Branch"	Eighth Port Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司第八港務分公司), a branch of our Company established on May 30, 2008, which was deregistered on December 17, 2012 as a result of the Company's business integration decision
"First Port Branch"	First Port Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司第一港務分公司), a branch of our Company established on May 30, 2008
"GDP"	gross domestic product; except as otherwise specified, all references to GDP growth rates are to real as opposed to nominal rates of GDP growth
"General Cargo Port Branch"	General Cargo Port Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司雜貨港務分公司), a branch of our Company established on May 30, 2008
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GREEN Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "Our Group", "us" or "we"	the Company and all of its subsidiaries
"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 to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of listing and permission to deal in, on the Hong Kong Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hebei AIC"	Hebei Administration for Industry & Commerce (河北省工商行政管理局)
"Hebei Communications"	Hebei Construction & Investment Communications Investment Co., Ltd. (河北建投交通投資有限責任公司), a company incorporated in the PRC with limited liability on June 26, 2007,

	which is majority-owned by Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司) and owns 5.06% of our Company's equity interest
"Hebei Port and Shipping Bureau"	Hebei Port and Shipping Bureau of Transportation Department (河北省交通運輸廳港航管理局)
"Hebei Port Group" or "HPG"	Hebei Port Group Co., Ltd. (河北港口集團有限公司), previously named Qinhuangdao Port Group Co., Ltd. (秦皇島港務集團有限公司), holds 73.94% of our equity interest and is our Controlling Shareholder
"Hebei SA Holdings"	Hebei State-owned Assets Holdings & Operation Co., Ltd. (河北省國有資產控股運營有限公司), a company incorporated in the PRC with limited liability on July 20, 2004, a Promoter of our Company
"Hebei SASAC"	State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province (河北省人民政府國有資產監督管理委員會)
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKIAC"	Hong Kong International Arbitration Centre
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
"Hong Kong Public Offer Share(s)"	the H Share(s) offered in the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer by our Company of initially 82,986,000 H Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering") for cash at the Offer Price (plus brokerage fee of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%) and on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 28, 2013 relating to the Hong Kong Public Offering entered into between,

	among others, us and the Hong Kong Underwriters, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement" in this prospectus
"Honggang Services"	Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司), a company incorporated in the PRC with limited liability on March 26, 2008, with 35% of its equity interest held by our Company
"Huanghua Port"	Huanghua Port in Cangzhou City, Hebei Province
"Huazheng Inspection"	Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行), formed in the PRC on September 27, 2002, with 40% of its equity interest held by our Company
"IFRS"	International Financial Reporting Standards, which include the International Accounting Standards, amendments and interpretations issued by the International Accounting Standards Board
"Indebtedness Date"	September 30, 2013
"Independent Third Party(ies)"	company(ies) or individual(s) not connected with (within the meaning of the Hong Kong Listing Rules) any of the Directors, Supervisors, chief executive, or Substantial Shareholders of our Company or with any of its subsidiaries or their respective associates
"Inner Mongolia"	Inner Mongolia Autonomous Region of the PRC
"International Offering"	the offer by the Company and the Selling Shareholders for sale of initially 746,867,000 H Shares, subject to the Over-allotment Option, for subscription by professional, institutional and other investors, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Offer Share(s)"	the H Share(s) offered in the International Offering
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and to be entered into between, among others, us, the Selling Shareholders and the International Underwriters on or around December 5, 2013, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — International Offering" in this prospectus
"Joint Bookrunners"	in respect of the Hong Kong Public Offering, Citigroup Global Markets Asia Limited, China International Capital Corporation

	Hong Kong Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG, Hong Kong Branch, J.P. Morgan Securities (Asia Pacific) Limited, China Merchants Securities (HK) Co., Limited and BOCOM International Securities Limited; in respect of the International Offering, Citigroup Global Markets Limited, China International Capital Corporation Hong Kong Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG, Hong Kong Branch, J.P. Morgan Securities plc, China Merchants Securities (HK) Co., Limited and BOCOM International Securities Limited
"Joint Global Coordinators"	Citigroup Global Markets Asia Limited, China International Capital Corporation Hong Kong Securities Limited and The Hongkong and Shanghai Banking Corporation Limited
"Joint Lead Managers"	in respect of the Hong Kong Public Offering, Citigroup Global Markets Asia Limited, China International Capital Corporation Hong Kong Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG, Hong Kong Branch, J.P. Morgan Securities (Asia Pacific) Limited, China Merchants Securities (HK) Co., Limited, BOCOM International Securities Limited and Industrial Securities (Hong Kong) Capital Limited; in respect of the International Offering, Citigroup Global Markets Limited, China International Capital Corporation Hong Kong Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG, Hong Kong Branch, J.P. Morgan Securities plc, China Merchants Securities (HK) Co., Limited, BOCOM International Securities Limited and Industrial Securities (Hong Kong) Capital Limited
"Joint Sponsors"	Citigroup Global Markets Asia Limited, China International Capital Corporation Hong Kong Securities Limited and HSBC Corporate Finance (Hong Kong) Limited
"Labor Service Branch"	Labor Service Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司勞務分公司), a branch of our Company established on May 30, 2008
"Latest Practicable Date"	November 19, 2013, the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
"Listing"	listing of our H Shares on the Hong Kong Stock Exchange
"Listing Committee"	the Listing Committee of the Main Board of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about December 12, 2013, on which our Offer Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Logistics Branch"	Logistics Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司物流分公司), a branch of our Company established on May 30, 2008

"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and former State Council Office for Restructuring the Economic System on August 27, 1994, as amended, supplemented or otherwise modified from time to time
"Material Supply Center"	Material Supply Center of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司物資供應中心), a branch of our Company established on December 29, 2008
"Mengji Line" (蒙冀綫)	railroad that runs from Ordos, Inner Mongolia to Caofeidian Port, Tangshan City, Hebei Province
"Mobile Machinery Branch"	Mobile Machinery Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司流動機械分公司), a branch of our Company established on May 30, 2008
"MOF" or "Ministry of Finance"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM" or "Ministry of Commerce"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOT"	Ministry of Transport of the PRC (中華人民共和國交通運輸部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Ninth Port Branch"	Ninth Port Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司第九港務分公司), a branch of our Company established on May 30, 2008
"Non-Competition Agreement and Undertakings"	the non-competition agreement dated December 25, 2008, entered into between the Controlling Shareholder (namely QPG at the time) and our Company, which was re-entered on September 12, 2010 between the Controlling Shareholder, (which changed its name from QPG to HPG), and our Company, and was further amended on July 11, 2013, and the non-competition undertakings issued by HPG on September 25, 2010, as further described in the section headed "Relationship with the Controlling Shareholder" in this prospectus
"NPC"	the National People's Congress (全國人民代表大會) of the PRC
"NSSF"	National Council for Social Security Fund of the PRC (中華人民共和國全國社會保障基金理事會), an organization authorized by the State Council which is responsible for the administration of the PRC's national social security funds
"Offer Price"	the final Hong Kong dollar price per Hong Kong Public Offer Share (exclusive of the brokerage, Hong Kong Stock Exchange

	trading fee and SFC transaction levy) at which the Hong Kong Public Offer Shares are to be subscribed for under the Hong Kong Public Offering, to be determined as further described in the section headed "Structure of Global Offering"
"Offer Share(s)"	the H Share(s) offered in the Global Offering, where relevant, including any additional H Shares issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option granted by the Company and the Selling Shareholders to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, at any time from the date of the International Underwriting Agreement until 30 days from the last day for lodging applications under the Hong Kong Public Offering, to require our Company and the Selling Shareholders to issue or to sell up to an aggregate of 124,477,000 additional H Shares, representing approximately 15% of the initial number of the Offer Shares at the Offer Price to cover, among other things, the over allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering"
"PBOC rate"	the exchange rate for foreign exchange transactions set daily by the People's Bank of China based on the previous day's interbank foreign exchange rate in China and with reference to prevailing exchange rates of the global financial markets
"Power Branch"	Power Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司電力分公司), a branch of our Company established on May 30, 2008
"PRC" or "China" or "People's Republic of China"	the People's Republic of China which, for the purpose of this prospectus, excludes Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
"PRC Government"	the government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
"PRC laws"	the publicly available laws, governmental rules and regulations of the PRC
"Price Determination Date"	the date, expected to be on or around December 5, 2013 and, in any event, not later than December 10, 2013, on which the Offer Price is to be fixed by agreement between our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)
"Promoter(s)"	the promoters of our Company, namely our Controlling Shareholder, Daqin Railway, Datong Mine, China Shipping, China Life Investment, Shougang Group, Beijing Enterprises,

	Qinhuangdao Industrial, Hebei Communications and Hebei SA Holdings
"Province" or "province"	a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
"Qiancao Line" (遷曹綫)	railroad that runs from Qian'an North Railway Station, Hebei Province to Caofeidian South Railway Station, Hebei Province and Jingtang Port, Hebei Province
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Qinhuangdao AIC"	Qinhuangdao Administration for Industry and Commerce (秦皇島市工商行政管理局)
"Qinhuangdao Coal Market"	Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司), a company incorporated in the PRC with limited liability on April 26, 2007, with 68% of its equity interest held by our Company
"Qinhuangdao Development Zone Company"	Qinhuangdao Development Zone State-owned Assets Management Co., Ltd. (秦皇島開發區國有資產經營有限公司), a limited liability company incorporated under the laws of the PRC
"Qinhuangdao Industrial"	Qinhuangdao Industrial State-owned Assets Management Co., Ltd. (秦皇島市工業國有資產經營有限公司), a company incorporated in the PRC with limited liability on September 17, 2002 and wholly-owned by Qinhuangdao SASAC, a Promoter of our Company
"Qinhuangdao OSTC"	Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司), a company incorporated in the PRC with limited liability on June 10, 2008, with 84% of its equity interest held by our Company
"Qinhuangdao Port"	Qinhuangdao Port in Qinhuangdao City, Hebei Province
"Qinhuangdao SASAC"	State-owned Assets Supervision and Administration Commission of the People's Government of Qinhuangdao City (秦皇島市人民政府國有資產監督管理委員會)
"Qinyun Energy"	Qinhuangdao Qinyun Energy Development Co., Ltd. (秦皇島秦雲能源開發有限公司), a company incorporated in the PRC with limited liability on February 20, 1998, and subsequently deregistered on December 24, 2012
"QPG"	Qinhuangdao Port Group Co., Ltd. (秦皇島港務集團有限公司) which name was changed to Hebei Port Group Co., Ltd. (河北港口集團有限公司) on July 6, 2009
"QPG Seaman Labor Committee"	Hebei Port Group Co., Ltd. Committee of China Seaman Labor Union (中國海員工會河北港口集團有限公司委員會)
"R&D"	research and development

"Rail Transportation Branch"	Rail Transportation Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司鐵路運輸分公司), a branch of our Company established on May 30, 2008
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization arrangements undergone by our Group as described in the section headed "History, Reorganization and Corporate Structure — Reorganization" of this prospectus
"Reorganization Agreement"	the reorganization agreement entered into between our Controlling Shareholder and our Company on December 25, 2008
"Reorganization Plan"	the reorganization and listing plan approved by the People's Government of Hebei Province according to the Approval of the Reorganization and Listing Plan of Qinhuangdao Port Group Co., Ltd. (Ji Zheng Han [2008] No.15) dated February 28, 2008
"RMB" or "Renminbi"	the lawful currency of the PRC
"Ruigang Logistics"	Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司), a company incorporated in the PRC with limited liability on December 19, 2011, with 17% of its equity interest held by our Company
"Ruigang Tech"	Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司), a company incorporated in the PRC with limited liability on March 22, 2006, which is a wholly owned subsidiary of our Company
"Rule 144A"	Rule 144A under the U.S. Securities Act
"S&EP Center"	Sanitation and Environmental Protection Center of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司衛生環保中心), a branch of our Company established on December 29, 2008
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"Sale Shares"	the 75,441,000 H Shares to be converted from an equal number of Domestic Shares with a nominal value of RMB1.00 each held by the Selling Shareholders to be offered for sale by the Selling Shareholders as part of the Global Offering at the Offer Price, subject to any adjustment as mentioned in "Structure of the Global Offering" in this prospectus and, where relevant, any additional H Shares which may be sold pursuant to the exercise of the Over-allotment Option, and references to "Sale Shares" shall include, where the context requires, the Domestic Shares from which the Sale Shares are converted
"SAIC"	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SASAC"	Stated-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)

"SDIC Caofeidian Port Company"	SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司), a company incorporated in the PRC with limited liability on June 1, 2005, with 15% of its equity interest held by our Company
"Second Port Branch"	Second Port Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司第二港務分公司), a branch of our Company established on May 30, 2008
"Securities Law"	Securities Law of the PRC (中華人民共和國證券法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented and otherwise modified from time to time
"Security Center"	Security Center of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司安保中心), a branch of our Company established on December 29, 2008
"Selling Shareholders"	our Controlling Shareholder, Qinhuangdao SASAC, Hebei Communications, China Shipping, China Life Investment, Shougang Group, Beijing Enterprises and Datong Mine, which will be selling the Sale Shares in the Global Offering as further described in "Structure of the Global Offering — The Selling Shareholders" in this prospectus
"Seventh Port Branch"	Seventh Port Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司第七港務分公司), a branch of our Company established on May 30, 2008
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance
"Shanhaiguan Terminal"	Qinhuangdao Port Group Shanhaiguan Terminal Co., Ltd. (秦皇島港務集團山海關碼頭有限公司), a company incorporated in the PRC with limited liability on May 25, 2007
"Share(s)"	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of our Shares
"Shenhua Group"	Shenhua Group Co., Ltd. (神華集團有限責任公司) and, except where the context otherwise requires, all of its associates
"Ship Branch"	Ship Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司船舶分公司), a branch of our Company established on May 30, 2008
"Shougang Group"	Shougang Group (首鋼總公司), a company incorporated in the PRC on May 13, 1981 and wholly-owned by the Beijing State-owned Capital Operation and Administration Center (北京國有資本經營管理中心), and, except where the context

	otherwise requires, all of its associates, and owns 1% of our Company's equity interest
"Sixth Port Branch"	Sixth Port Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司第六港務分公司), a branch of our Company established on May 30, 2008
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《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》), promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time
"Stabilizing Manager"	Citigroup Global Markets Asia Limited or its affiliates or any person acting for it
"State Council"	State Council of the PRC (中華人民共和國國務院)
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed in the Hong Kong Listing Rules
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	our supervisory committee established pursuant to the Company Law, as described in the section headed "Director, Supervisors, Senior Management and Employees"
"Tangshan Jingtang Railway"	Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司), a company incorporated in the PRC with limited liability on March 7, 2013, with 20% of its equity interest held by our Company
"Technique Center"	Technique Center of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司技術中心), a branch of our Company established on May 30, 2008
"Third Port Branch"	Third Port Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司第三港務分公司), a branch of our Company established on May 30, 2008
"Track Record Period"	the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013
"Twelfth Five-Year Plan"	the Twelfth Five-Year Plan for National Economic and Social Development (2011-2015) approved by the Eleventh NPC in 2011
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Underwriters"	the Hong Kong Underwriters and the International Underwriters

"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"White Form eIPO"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the White Form eIPO Service Provider, www.eipo.com.hk
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Xin'gangwan Container Company"	Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司), a company incorporated in the PRC with limited liability on October 30, 2007, with 55% of its equity interest held by our Company
"Xing'ao Qin'gang"	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), a company incorporated in the PRC with limited liability on November 24, 2008, with 40% of its equity interest held by our Company
"Yitai Group"	Inner Mongolia Yitai Group (內蒙古伊泰集團) and, except where the context otherwise requires, all of its associates, all of which are Independent Third Parties
"Zhangcao Line" (張曹綫)	railroad that runs from Zhangjiakou, Hebei Province to Caofeidian, Hebei Province, and is a part of the Mengji Line.
"Zheneng Fuxing"	Zhejiang Zheneng Fuxing Fuel Co., Ltd. (浙江浙能富興燃料有限公司) and, except where the context otherwise requires, all of its associates, all of which are Independent Third Parties

In this prospectus, if there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.

In this prospectus, unless otherwise specified, references to the business data or information such as throughput and stacking capacity of the Group shall be taken to mean the aggregate of such relevant business data or information of the Group and Caofeidian Shiye Port Company (an associate company of and 35% owned by the Company), without regard to the proportion of interest held by the Company in Caofeidian Shiye Port Company.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this prospectus as they relate to us and as they are used in this prospectus in connection with our business or us. These terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"berth"	area for mooring of vessels on the shoreline. A berth means one designated place for a vessel to moor
"bulk cargo"	loose commodity cargo (dry or liquid) that is transported in volume or size
"channel"	a route for sailing of vessels with standardized sizes in rivers, lakes, reservoirs, channels or harbors
"coastline"	the area where land meets the sea or ocean, a broad sense of seashore
"containerizable cargo"	cargoes that can be transported by containers
"conveyor belt"	a type of equipment used for transporting cargoes inside the port
"crude oil"	oil extracted from the earth or sea floor without any refinement
"dedicated port operator"	an operator of ports for private use
"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
"dumper"	a type of large mechanical equipment used mainly for dumping railcars carrying coal
"economic hinterland" or "hinterland"	the inland region connected with a port via transportation links to regions of cargo demand or supply
"gantry crane"	a jib crane installed on a gate-shaped stand which can move along tracks
"general cargo"	cargo of various types, qualities and forms of packaging
"harbor"	a port of haven where ships may anchor
"independent port operator"	an operator of ports for public use that typically offers comprehensive service offerings
"reclaimer"	a large feeding machine used for recovering and transporting bulk material from a stockpile to vessels or truck through conveyor belt
"shiploader"	a machine used for loading cargoes onto ships
"stacker"	a machine designed to pile bulk material onto a stockpile

"stacking yard"	a yard used for stockpiling, storage and delivery of cargoes
"terminal"	a major construction of a harbor which is designed 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 20 feet in length, eight feet 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.
"tugboat"	a vessel used to tow or guide other vessels or assist such vessel in berthing and unberthing at a terminal

This prospectus contains forward-looking statements that are not historical facts, but relate to our plans, intentions, beliefs, expectations and predictions for the future, particularly under the sections headed "Summary", "Risk Factors", "Industry Overview", "History, Reorganization and Corporate Structure", "Business", "Regulations", "Relationship with the Controlling Shareholder", "Connected Transactions", "Financial Information" and "Future Plans and Use of Proceeds." By their nature, these forward-looking statements are subject to risks and uncertainties.

These forward-looking statements in this prospectus include, without limitation, statements relating to:

- the competition in the market in which we operate;
- our operations and business strategies;
- general domestic and global economic conditions, including those related specifically to China;
- changes in the regulatory policies of the PRC government and other relevant government authorities relating to the industries discussed herein and their potential impact on our business;
- the effects of domestic and overseas competition in our industry and their potential impact on our business;
- changes in pricing for our services;
- changes in the availability of, or requirements for, financing;
- changes in regulations and restrictions;
- our ability to expand and manage our business and to introduce new services;
- future development, trends and conditions in the industry in which we operate;
- changes in political, economic, legal and social conditions in the PRC, including specifically, the PRC government's policies with respect to economic growth, inflation and foreign exchange;
- macroeconomic measures taken by the PRC government to manage economic growth;
- changes in restrictions on foreign currency convertibility and remittance abroad;
- fluctuations in exchange rates and interest rates;
- our financial condition and performance;
- our ability to implement our business strategy, plans, objectives and goals;
- our expansion and capital expenditure plans;
- our dividend policy;
- certain statements in the sections headed "Business" and "Financial Information" in this prospectus with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical facts.

In addition, statements regarding our future financial position, strategy, projected costs and the plans and the objectives of our management for future operations are forward-looking statements. In some cases, we use words such as "aim", "continue", "predict", "propose", "believe", "seek", "intend", "anticipate", "estimate", "project", "forecast", "target", "plan", "potential", "will", "would", "may", "could", "should" and "expect", and the negatives of these words and other similar expressions, to identify forward-looking statements.

These forward-looking statements reflect our current views on future events but are not assurance of future performance, and will be affected by certain risks, uncertainties and assumptions, including the risk factors mentioned in this prospectus. The possible occurrence of one or more relevant risk factors or uncertainties, or the potential inaccuracy of the relevant assumptions, may cause actual results, performance or effects or industry results to differ materially from any future results, performance or presentation indicated expressly or implicitly in the forward-looking statements.

These forward-looking statements are based on current plans and estimates, and speak only as at the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise, except as required by law and the Hong Kong Listing Rules. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. You should pay particular attention to the fact that we are a PRC company, that most of our business is conducted in the PRC and that we are governed by a legal and regulatory environment which in some respects may differ from those in other countries. There are risks associated with investing in our H Shares not typical of investment in the capital stock of companies incorporated and/or engaging business in Hong Kong or the United States. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our H Shares could decline owing to any of these risks, and you may lose all or part of your investment. For more information concerning the PRC and certain related matters discussed below, please see "Regulations" and "Appendix V — Summary of Principal Legal and Regulatory Provisions" to this prospectus. Additional risks and uncertainties not presently known to us or which we currently deem immaterial may arise or become material in the future and may have a material adverse effect on us. You should also refer to other information contained in this prospectus, including the financial statements and the related notes.

This prospectus also contains forward-looking statements that identify certain risks and uncertainties. For further details, please refer to the section headed "Forward-looking Statements."

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

A significant decrease in domestic coal consumption within the PRC may have a material adverse effect on our business operations and financial position.

Coal is the main type of cargo we handle and accounted for 73.02%, 72.85%, 71.24% and 65.74% of our total throughput during 2010, 2011, 2012 and the six months ended June 30, 2013, respectively. Our principal port of operation, Qinhuangdao Port, is the world's largest coal port as measured by throughput in 2012, according to Drewry.

Any decrease in Chinese coal consumption may have a material adverse effect on our business. Such decrease could result from a number of factors, such as a general economic slowdown in China, any major fluctuations in domestic coal prices, the development of new technologies or the discovery or increasing adoption of alternative energy sources, such as natural gas, nuclear power, hydropower and solar power, a general decrease in domestic electricity consumption or any promulgation of laws or regulations in China that limit the usage of coal.

The growth of the domestic demand for coal has slowed down significantly in recent years. The coal industry has experienced a substantial decline in prices and an increase in coal inventories since 2012. According to the National Bureau of Statistics of China, the CAGR of China's coal production declined from 10.1% between 2003 and 2007 to 6.9% between 2008 and 2012. If the demand for coal were to decrease, it might adversely affect our business operations.

If domestic coal consumption in PRC decreases, our coal throughput would likely be affected and, unless we are able to effectively replace the lost throughput with alternative types of cargo, these losses could materially and adversely affect our business operations and financial positions.

If PRC domestic coal users start to use a large amount of imported coal in substitution for domestic coal in the long term, our business and operations may be adversely affected.

Our business operations are closely tied to the demand in south and east China for coal produced in Shanxi Province, west Inner Mongolia and Shaanxi Province. Currently, coal consumers in the coastal areas of south and east China also purchase coal imported from other countries such as Australia and Indonesia. In 2012, China imported 289 million tonnes of coal, a 58.8% increase from 2011. In 2012, imported coal was 8.2% of the total domestic coal consumption in China. If there is a

significant increase in the volume of coal imported into China that results in a large decline in the market share of and demand for domestic coal, and in particular, coal produced in Shanxi Province, west Inner Mongolia and Shaanxi Province, our business and operations may be adversely affected.

Competition from nearby ports and other port operators may have an adverse impact on our business and operations.

We and our associate company, Caofeidian Shiye Port Company, operate Qinhuangdao Port and terminals in Caofeidian Port and Huanghua Port, which are located in the Bohai Rim. Other than Qinhuangdao Port, Caofeidian Port and Huanghua Port, the cluster of large- and medium-sized ports in the Bohai Rim also include Tianjin Port, Tangshan Port, Yingkou Port, Rizhao Port, Jinzhou Port and Dalian Port. We also face competition from other port operators in Caofeidian Port and Huanghua Port. As these ports share a fairly large area of overlapping hinterlands and attract similar types of customers, we face competition from neighboring ports and port operators.

As historically our focus has been on coal handling services, some of the port operators in the Bohai Rim may have more experience in processing and handling non-coal cargo than we currently do. Furthermore, if our competitors in the Bohai Rim develop advanced technologies, employ advanced equipment or management techniques in processing and handling various types of cargo, enjoy greater inland accessibility provided by newly developed transportation networks or reduce fee rates, we may not be able to compete successfully, which could have a material adverse effect on the development of our operations and business.

Our business is dependent on other means of transportation, especially the Daqin Line, and any significant disruptions to or changes in the operations of these transportation means could adversely affect our operations and financial position.

Our business and operation is largely affected by various means of transportation through which cargo arrives at and departs from our ports, including road, railway and water transportation, among other things, which may affect the timing and volume of our cargo flow. In particular, substantially all of the coal that transits through us is delivered along the Daqin Line to Qinhuangdao Port to be shipped to other parts of China. A disruption to or delay of operations of the Daqin Line or reduction of its carrying capacity due to scheduled maintenance or otherwise would directly affect the arrival or volume of coal cargo at Qinhuangdao Port, which would in turn affect our coal handling services and could have an adverse effect on our business operations. Furthermore, natural disasters, terrorist attacks, accidents, adjustments to train schedules or capacity, inclement weather, dramatic and unexpected changes in transportation costs or other circumstances affecting the Daqin Line could in turn affect the timing and volume of cargo arriving at and departing from ports, and have a material adverse impact on our business operations and our financial position.

Cargoes are also transported to and from our ports by trucks, railway lines other than Daqin Line or other branch lines connected to the Daqin Line, and other means of transportation. If circumstances or incidents, such as inclement weather, natural disasters, terrorist attacks, large and unexpected changes in transportation costs and accidents, affect any of these transportation methods, we may experience a reduction in business volume, which could adversely affect our business operations and our financial position.

Adverse changes in China's economic conditions and, in particular, the economic conditions of our hinterland could have a material adverse impact on our results of operations and financial condition.

As a result of the port industry's essential role in serving a number of pillar industries in the national economy, its development is closely related to macroeconomic conditions. Therefore, the health of the overall global economy, especially China's national economy, is a significant factor in our business performance. Each of the three ports that we and our associate company, Caofeidian Shiye

Port Company, have operations in plays an important role in energy and other cargo transportation in China and are therefore affected by macroeconomic fluctuations that affect the demand for coal, metal ores and other cargoes that we handle. Recently, China's economic growth has slowed down. The growth rate of China's real GDP during 2010, 2011 and 2012 were 10.4%, 9.3% and 7.8%, respectively, according to the National Bureau of Statistics of China. Should China's economic growth further slow down, either as a result of global or domestic factors, demand in China for goods such as coal and ore may further decline, as may the demand for the services we offer, which could materially and adversely affect our business operations.

In addition, changes in economic conditions of our hinterland could have a material adverse impact on our results of operations and financial condition. Qinhuangdao Port, Caofeidian Port and Huanghua Port are located in east Hebei Province at the heart of the Bohai Rim, which is the intersection of China's northeastern and northern regions. The hinterland regions served by our ports include most of the provinces in north, northeast and northwest of China, including certain major production bases of China's coal, steel and petrochemical industries. Adverse changes to the economic conditions of these regions, or to the industries that significantly support the economies of these regions, could have a material and adverse effect on our business operations.

Our operations in the western zone of Qinhuangdao Port will be relocated as part of a city development project, which could have an adverse effect on our business operations.

As part of city planning, the governments of Hebei Province and Qinhuangdao City are in the process of adopting measures to upgrade the shoreline of Qinhuangdao City. According to the governments of Hebei Province and Qinhuangdao City, one of the structural changes to Qinhuangdao city under the city planning involves the relocation of our port operations in the western zone of Qinhuangdao Port and the subsequent construction of new berths in the eastern zone of Qinhuangdao. The relocation is not a standalone project, and is closely connected to the overall city planning and development timeline. Hence, the relocation, which is expected to involve the ceasing of operation of our coal berths in the western zone of Qinhuangdao Port, the removal or destruction of certain facilities and railways in the western zone of Qinhuangdao Port, the construction of various berths in the eastern zone of Qinhuangdao Port and the transfer of our port operations to the eastern zone of Qinhuangdao Port, is scheduled for completion by 2020. As of the Latest Practicable Date, three of our coal berths in the western zone have terminated ship loading operations. Besides the cessation of the three coal berths, the rest of the relocation plan is still at a preliminary planning stage, and thus we have yet to apply for the applicable construction and operation permits. In 2012, the western zone of Qinhuangdao Port had a throughput of 17.73 million, accounting for 5.28% of our total throughput for the year.

During the relocation process, cargo redirected to our eastern zone of Qinhuangdao Port might not fully compensate for the loss of cargo throughput in the western zone due to suspension and closure of our port terminals in the western zone. Furthermore, we cannot assure you that we will be able to obtain the applicable construction and operation permits in time for us to complete our construction and commence operation of the berths in the eastern zone as planned. Moreover, the relocation process presents a number of logistical and management challenges, such as making arrangements for our employees in the western zone, the movement and reassembly of heavy equipment and the redirection of cargo flow that, if not properly addressed, could have an adverse effect on our business operations. In addition, we may incur additional costs in connection with the relocation such as employee-related costs and costs for replacing and moving certain equipment, which could have an adverse effect on our financial position.

Competition from alternative sources of energy may have an adverse impact on our business and operations.

Total domestic demand for electricity and overall energy consumption in China continues to grow and coal remains the primary source of energy in China, accounting for approximately 70% of the

total energy production in China during 2012, according to the National Bureau of Statistics of China. However, other sources of energies, such as natural gas, nuclear power, hydropower, solar power and wind power, are developing rapidly. In particular, the market shares of natural gas and hydropower have been steadily increasing in China, and during 2010, 2011 and 2012, the total market share as measured by energy consumption was 4.2%, 4.3% and 4.4% for natural gas, and 7.8%, 7.0% and 9.0% for hydropower, respectively, according to the National Bureau of Statistics of China. As these alternative energies continue to develop, China's domestic demand for coal may be adversely affected, which could have a material adverse impact on our business operations.

In addition, the national plan for west-to-east transfers of electricity (西電東送計劃) is expected to help to alleviate electricity shortages in south and east China, which could reduce the demand for coal in such regions. As a result, our coal cargo volume derived from some of our customers based in south and east China may decrease accordingly, which could have a material adverse impact on our business operations.

Natural, weather and climatic changes may adversely affect our business.

Port operation is highly reliant on natural conditions. Abnormal changes to the weather, hydrology, terrain, geology and other natural conditions such as earthquakes, storm tides, tsunami and silt accumulation, may limit the use of some maritime navigational routes towards our port terminals and make certain channels leading to our port terminals impassible, which could cause a decrease in the use of our port services. In addition, cold weathers could result in frozen coal, which may reduce our coal handling efficiency. As a result, adverse changes in natural, weather and climatic conditions could materially and adversely affect our business operations.

Our largest five customers accounted for a significant portion of our revenue during the Track Record Period, and if our relationship with these customers were to deteriorate or terminate, our business could be harmed.

Our customer base is mainly comprised of coal and power companies. For the year ended December 31, 2010, 2011 and 2012, our five largest customers were China Coal Energy Company Limited, China Shenhua Energy Company Limited, Zheneng Fuxing, China Electric Power Fuel Co., Ltd and Huaneng International Power Fuel Company Limited, and for the six months ended June 30, 2013, our five largest customers were China Shenhua Energy Company Limited, China Coal Energy Company Limited, Zheneng Fuxing, Huaneng International Power Fuel Company Limited and Datong Mine. During each of 2010, 2011 and 2012 and the six months ended June 30, 2013, our five largest customers in the aggregate contributed to more than 40% of our revenue. Should any of these customers significantly reduce the amount of business they provide us, or the terms of our contractual arrangements with them change in a manner that is unfavorable to us, or if they terminate their relationships with us, our business results and financial conditions may be materially and adversely affected.

Our future development will require substantial investment in the construction of port infrastructure, which may adversely affect our profitability.

In order to expand our operations and capture new growth opportunities, we intend to invest heavily in the construction of our port infrastructure. We currently have a total of five berths under construction in Caofeidian Port and are planning to develop two 200,000-tonne level ore berths in Huanghua Port. For further details, please refer to the sections under the heading ''Business — Our Facilities" and "Future Plans and Use of Proceeds." Upon completion of these construction projects, the new fixed assets will cause us to incur depreciation expenses which may in turn negatively affect our profitability. Moreover, our ability to complete construction of new berths or develop new projects on budget and on schedule depends on a number of factors, including but not limited to our ability to control construction costs, the ability of contractors to perform under their construction contracts,

weather conditions, supply of labor or materials, our ability to obtain necessary governmental authorizations and other unforeseen problems and delays. As a result of these and other factors, we cannot assure you that we will not experience increased construction costs or that we will be able to construct our current or any future projects as originally planned. In addition, our current and any future major development projects could involve a significant commitment of capital with no revenues associated with such projects during construction and may not be able to generate the expected returns upon completion or the increased capacity from such construction projects may be underutilized, which could have a material adverse effect on our results of operations and financial conditions.

Any reduction in our operation capacity or interruption to our operations due to equipment replacement, remodeling or upgrade and any significant costs associated with replacing failed, aging or obsolete equipment could have a material adverse effect on our results of operations.

Our port services rely on the proper functioning of critical pieces of complex equipment such as rotary dumpers, stackers and reclaimers. Such equipment may require replacement, remodeling or upgrading as they age or experience unanticipated failures, any of which could result in reducing our cargo handling capacity or efficiency. In 2013, our cargo handling capability was temporarily affected by an overhaul of three rotary dumpers. We cannot assure that we will not experience any material shutdowns or periods of material reductions in our cargo handling capacity due to equipment failures. Any such reduction in our capacity or interruption to our operation could have a material adverse effect on our business and results of operations.

Moreover, if our equipment ages, fails or becomes obsolete, we may incur additional costs to maintain, repair or replace such equipment. The cost of replacing with new equipment could also increase due to any number of factors beyond our control. Any of these factors could cause our operating margins to decline.

If we are unable to accurately estimate or control our project costs, including those for which we intend to use the proceeds from the Global Offering, we may incur additional expenses, which could have an adverse impact on our business operations.

The proceeds from the Global Offering will be used for ore terminal construction in the bulk cargo area in Huanghua Port, among other things. See "Future Plans and Use of Proceeds." We have carefully considered and calculated the expected economic benefits and expenses of these projects and believe that they will generate a sound return on investment. However, because the completion and eventual operation of these projects is subject to various factors, we may have to adjust our plans for investing the proceeds from the Global Offering for reasons that are beyond our control, such as changes to government regulations and policies, shortages or delays in the supply of labor, materials and equipment, cost overruns, natural disasters, accidents or other unforeseen circumstances. We therefore cannot guarantee you that these projects will be completed on schedule or within the current estimated budget. We also cannot assure you that the revenues we may generate from our new projects will be sufficient to cover the costs associated with their construction. See also "— Our future development will require substantial investment in the construction of port infrastructure, which may adversely affect our profitability."

As new terminals and berths require large-scale investments and a long time to construct and develop after construction, a number of events could potentially prevent the projects for which we will use the proceeds of the Global Offering from reaching their full economic potential, including many of the factors addressed in this "Risk Factors" section of the prospectus.

Our leverage may affect our ability to expand, and any increase in interest rates may increase our financing costs, which may adversely impact our business and operations.

In order to implement our cross-port development strategy, we are making significant efforts to promote development of our berths in Huanghua Port and Caofeidian Port. As a result, these efforts

required large capital expenditures in recent years. As at December 31, 2010, 2011, 2012, and June 30, 2013, our gearing ratio, calculated based on total borrowings divided by total equity of the respective period, was 116.66%, 113.89%, 95.11% and 96.07%, respectively, and our asset-liability ratio on a consolidated basis was 63.18%, 60.41%, 55.05% and 55.05%, respectively. Servicing the debt will require large principal repayments and interest payments over an extended period of time in the future, which may put a strain on our cash flow.

Although as of the Latest Practicable Date, interests on our outstanding bank loans were at, or 5% or 10% lower than, the applicable benchmark lending interest rate set by PBOC and none of our outstanding debts is secured or guaranteed, as our current bank loans expire, if the interest rates on our borrowings were to increase, or if we were unable to replace them with new financings on terms that are at least as favorable as our current bank loans, including but not limited to interest rates and any requirement for security and guarantee, our financial condition and business operations could be materially and adversely affected. Besides, we are subject to a number of restricted covenants under our loan agreements with commercial banks in China. For example, we shall obtain prior written consent from the banks before we dispose of any material assets or conduct any corporate restructurings, and any loan amount used in development projects shall be in proportion to our capital investment and the construction progress of the project.

In order to continue expanding our operation, we may require additional financing in the future. Some of our future debts may be at floating interest rates that are tied to various market indices, and changes in those indices may increase the amount of total interest we will have to pay on the debt, which could further strain our cash flow. Moreover, some of our future debts may be secured by certain of our fixed assets or be subject to other contractual restrictions. If we were unable to pay the interest and principal when due, our creditors may obtain certain rights over these assets, including the right to sell the assets to third parties in order to repay the outstanding debt. Were any of these events to take place, our financial condition and business operations could be materially and adversely affected.

We had net current liabilities as of December 31, 2010 and 2012, and June 30, 2013, and may be exposed to liquidity risks.

We have relied on a combination of funds generated from our operations and bank loans for our working capital requirements and other capital requirements. We had net current liabilities of RMB5,260.36 million as of December 31, 2010, net current assets of RMB129.14 million as of December 31, 2011, net current liabilities of RMB1,001.97 million as of December 31, 2012, and net current liabilities of RMB1,857.92 million as of June 30, 2013. Our quick ratio was 0.20, 0.99, 0.77 and 0.59 as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. Our high level of indebtedness could materially and adversely affect our liquidity. For example, it could:

- require us to allocate a higher portion of our cash flow from operations to fund repayments of principal and interest on our borrowings, thus reducing the amount of our cash available to fund working capital, capital expenditures and other general corporate purposes;
- increase our vulnerability to adverse economic or industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business or in the industry in which we operate; and
- increase our exposure to interest rate fluctuations.

Net current liabilities also expose us to liquidity risks. Our future liquidity, the payment of trade and other payables and the repayment of our outstanding debt obligations as and when they become due will primarily depend on our ability to generate adequate cash from operating activities and obtain adequate external financing.

We intend to apply approximately 10% of the remaining net proceeds of the Global Offering as our working capital, after deducting approximately HK$51.24 million for the procurement of stackers for coal handling services in Qinhuangdao Port and approximately HK$11.39 million for the procurement of diesel locomotives. However, this amount of funding may not be sufficient for our future operations and we may still need to obtain loan financing from financial institutions or other parties and therefore, we may have net current liabilities and high gearing ratio in the future, which may limit the amount of our working capital available for operations or capital available for our development projects and could materially and adversely affect our business, financial condition and results of operations.

HPG, our Controlling Shareholder, will be able to exert significant influence over our Company and management after listing.

As of the date of this prospectus, HPG, our Controlling Shareholder, beneficially owned 73.94% of our outstanding shares. Upon the completion of the Global Offering, HPG will beneficially own approximately 61.72% of our outstanding shares, assuming the Over-allotment Option is not exercised, and 60.20% of our outstanding shares, assuming the Over-allotment Option is exercised in full, giving it significant power over our Company in terms of appointing directors, making operating decisions, investment decisions and deciding other important matters.

Our Controlling Shareholder's interests may, on occasions, differ from the interests of either our Company and other shareholders. In particular, our Controlling Shareholder may use its controlling position to force us to make decisions that may prejudice the interests of minority shareholders and may not necessarily be in the best interests of our Company and other shareholders.

Changes to port handling fees may have an adverse effect on our business and operations.

The main source of revenue for port operators is port handling fees charged to customers. Rates of port fees and charges for many types of cargoes are set or heavily regulated by the PRC government. However, the port handling fees for non-containerized cargoes of domestic trade from which we derive most of our revenues do not fall under the government-regulated categories. During the Track Record Period, we raised our handling fees based largely on increases in operating costs and the rates charged by neighboring ports. For example, we raised the lump sum handling fee for domestic trade coal by RMB3 per tonne and by RMB2 per tonne in October 2011 and June 2013, respectively. Such fee increases were one of the main factors contributing to our revenue and profit growth during the Track Record Period. If we fail to raise our fees and charges in response to any increase in costs, or if we increase our handling fees more than our competitors and as a result, our customers decide to use our competitors' services instead, our profit may reduce and we may lose customers and revenues, which could have a material adverse effect on our business operations.

In addition, our port handling fees and charges for containers are regulated largely by the Port Charge Rules (Foreign Trade) of the Ministry of Transport of the People's Republic of China (《中華人民共和國交通部港口收費規則(外貿部分)》), the Port Charge Rules of the People's Republic of China (Domestic Trade) (《中華人民共和國港口收費規則(內貿部分)》) and the Measures for the Collection of Port Fees on Containers Carried by Inland Maritime Transport (《國內水路集裝箱港口收費辦法》). See "Regulations — Laws and regulations for port charges." If the PRC government adjusts fee standards in the future in ways that are adverse to our business interests or if there is any change to the current system regulating port fees and we are not able to effectively adapt to the new system, our business operations could be adversely affected.

If we are unable to collect a large amount of other receivables or accounts receivables, our business operations may be adversely impacted.

On August 27, 2010, we entered into an equity transfer agreement with Qinhuangdao Development Zone Company, pursuant to which we transferred our 60% equity interest in Shanhaiguan Terminal to the Qinhuangdao Development Zone Company for RMB120 million.

Shanhaiguan Terminal has already completed the registration regarding such transfer and, as a result, we no longer hold any equity interest in Shanhaiguan Terminal from September 16, 2010. As of June 30, 2013, RMB56 million of the equity transfer consideration had not been collected. We have already set aside RMB16.8 million as a provision for bad debt, which represented 30% of the uncollected amount of the above consideration as of June 30, 2013. If we were unable to collect the outstanding amount in the future, we will incur a loss recorded for bad debt. Any loss for bad debt under this arrangement or any future arrangement could adversely affect our financial position and business operations. Moreover, our accounts receivable balances are determined to be past due when the amount is overdue based on the contractual terms with the customer. We maintain an allowance for doubtful accounts to reflect the expected inability to collect accounts receivable based on past collection history and specific risks identified among uncollected accounts. Accounts receivables are written off against the allowance for doubtful accounts when we have determined that the receivable will not be collected. As of June 30, 2013, we maintained an allowance of RMB17.5 million in the aggregate. If accounts receivable from any major customers or a significant number of our customers is to increase or if we are unable to collect our accounts receivable on a timely basis, our financial position and business operations could be materially and adversely affected.

We lease a significant portion of the properties that are important to our business from the Controlling Shareholder.

As of the Latest Practicable Date, approximately 48.7% of our properties, as measured by total gross floor area (including owned and leased buildings), were leased from the Controlling Shareholder. If our Controlling Shareholder becomes unwilling to continue to lease these properties to us and if we are unable to lease other similar properties on similar commercial terms, our business operations may be adversely affected. See "Connected Transactions — Non-exempt Continuing Connected Transactions — Lease Agreement" and "Relationship with the Controlling Shareholder — Independence from the Controlling Shareholder."

In addition, as of the Latest Practicable Date, our Controlling Shareholder did not possess title certificates for approximately 48.3% of the total gross floor area of the properties that they lease to us, which accounted for approximately 23.5% of the total area of the properties we occupy. Such properties are mainly for port operations, warehousing and office space. These title defects may adversely affect our rights as lessees and we may be subject to disputes or other actions taken against us or lose the rights to continue to operate on these properties, which could materially and adversely affect our business operations.

Any changes to laws, regulations or government policies governing the port industry in the PRC may have a material adverse effect on our business and operations.

The PRC government attaches great importance to developing the port industry and has listed the industry as a priority for development. The government also works to establish a sound policy environment for those operating in the port industry. The Twelfth Five-Year Plan for National Economic and Social Development of China and the Twelfth Five-Year Plan for Transportation both require active promotion of the development of waterway transportation and improvement of the layout of sea ports and inland ports in the country.

Because of the importance that the PRC government places on the port industry, it has promulgated a number of industry regulations that affect our operations. Port operators are required to obtain licenses and to comply with stringent regulations regarding, among other things, operational management, supervision, inspection and the loading, unloading and storage of hazardous goods. If the Ministry of Transport or any other competent authority issues new regulations or implements policies that require us to adjust our operations, our business and operations could be adversely affected.

Furthermore, as a result of increased terrorist activities and security concerns, there is a global move towards stringent inspection procedures and tighter import and export controls and safety regulations. Although there are currently no specific regulations or compliance procedures that affect us in this regard, we cannot assure you that such regulations or procedures will not be introduced in the future. If any additional compliance costs we may incur in connection with any new regulations or procedures cannot be recovered through higher port fees and charges, our operating margins may be adversely affected.

Any changes to laws, regulations or government policies governing the energy industry in the PRC may have a material adverse effect on our business and operations.

We derive a majority of our revenues from transportation of coal. Coal is currently the primary source of energy in China, and therefore the coal industry is heavily regulated. As a result, any change in China's national energy polices may affect the coal industry, and hence our business.

China has been found to possess "abundant coal, insufficient oil and little gas," and thus, for the foreseeable future, coal will continue to dominate as the main energy source in China, according to Drewry. However, alternative energy sources, such as nuclear, water, solar and wind energy are developing rapidly, and the PRC government has made it a matter of national policy to conserve energy and reduce emissions. As a result, PRC's domestic demand for coal may decrease in the future. If demand for coal decreases and, as a result, our revenues derived from servicing the transportation of coal decrease, it may be difficult for us to replace these revenues with revenues derived from servicing other industries and products, and our financial position and business prospects could be materially and adversely affected.

Compliance with environmental laws and regulations may require additional capital expenditure associated with goods handled by us that could result in spills and other environmental damage.

The handling of our coal cargo may cause dust pollution, and any mishandling of oil, liquefied chemicals and other inflammables and explosives may also present certain environmental risks or damage, which could potentially subject us to administrative actions by environmental protection authorities or civil lawsuits. In addition, the construction of our port facilities may have an adverse environmental impact on the surrounding sea areas and thus subject us to more stringent governmental surveillance, inspections and regulations. For instance, we have entered into an agreement to pay a compensation of RMB11.44 million in total for potential adverse effects on fishery resources our planned construction of ore berths in the bulk cargo area in Huanghua Port might cause. Please refer to "Business — Environmental Protection" for further details.

Given the increasingly stringent environmental protection laws and regulations in the PRC and the rising environmental protection standards, we may have to make additional expenditures in order to further enhance our environmental pollution prevention, which may have an adverse effect on our financial position and business operations.

Certain types of cargo we handle in our facilities could expose us to safety and operating risks that could adversely affect our business operations and financial positions.

As some of the cargo that we handle contains dangerous chemical products, any mismanagement or improper handling of these chemicals in the course of loading, unloading, transporting and storing them could result in leaks, fires, explosions or a number of other potential safety incidents. In addition, coal, which accounted for 71.2% of the cargo we handled in 2012 by throughput, is also susceptible to spontaneous combustion and collapse risks due to differences in quality, stockpiling time, ambient temperature and extremely harsh weather, among other factors. We cannot assure you that future incidents of spontaneous combustion, or other safety-related incidents, will not cause severe damage to our operations or financial conditions. Furthermore, any improper

operating procedure, machinery breakdown or other incident in the course of terminal operations may result in accidents, which may involve serious injuries, or even death, to our employees and/or the employees of our service providers. If we fail to exercise sufficient caution on safety matters, it could have a material and adverse effect upon our business operations. On August 22, 2012, one death resulted from an accident due to the improper operation by an employee of our associate company, Honggang Services, of which we hold 35% equity interest. Qinhuangdao Safety Production Supervision and Management Bureau (秦皇島市安全生產監督管理局) investigated the case and determined that the primary cause of the accident was failure to follow operational procedures by the employee of Honggang Services who caused the accident. Honggang Services and our Company were each determined to bear secondary or indirect responsibilities in the case, and each was fined RMB150,000, which have been paid in full as of the Latest Practicable Date. On December 1, 2012, an employee of a third party service provider to one of our subsidiaries, Xin'gangwan Container Co., was killed in the process of ship loading and unloading operations. Xin'gangwan Container Co. was determined to bear secondary or indirect responsibilities in the case and fined RMB150,000, which has been paid in full as of the Latest Practicable Date.

Our operations are also subject to a number of operational risks, some of which may be beyond our control. These operating risks include unscheduled machinery maintenance and critical equipment failures, which may occur from time to time to machinery and equipment that is essential to our operations such as loading and unloading equipment, mobile machineries, conveyor systems and lifting gears, as well as damages to our storage facilities caused by natural disasters and inclement weather conditions such as rain storms. Should we experience machinery and equipment damage or failure and if we are unable to make the necessary repairs or replacements in a timely manner, our operations may be temporarily disrupted or suspended, which would lead to an increase in our labor costs or result in property damage or personal injuries and harm our reputation.

Seasonal fluctuations of the coal industry may adversely affect our business.

Our results of operations are affected by the seasonal fluctuations of the coal industry. In particular, as coal consumed by our major customers is commonly used for power generation in south and east China, where electricity usage is usually highest in summer, demand for coal is normally greater during the summer months. However, as some of our operating costs are fixed in nature, our profit margins may fluctuate significantly due to seasonality and comparisons of operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and may not be relied upon as indications of our overall performance.

We may not have sufficient insurance coverage against potential operational risks.

Our business operations involve operational risks and risks of occupational hazards that may lead to damage to or destruction of our properties or facilities, environmental damage, personal injuries and fatalities and legal expenses. As of the Latest Practicable Date, we have insurance coverage with respect to certain properties and fixed assets, third-party liabilities, vehicles, transportation and electricity supply. However, our business and results of operations may be materially and adversely affected by any potential claims that are not sufficiently covered by insurance.

We cannot guarantee that the occurrence of and the consequence resulting from any aforementioned risk or hazard can be covered adequately, or at all, by our insurance policies. If our insurance coverage does not cover adequately any loss or compensation payments we are forced to make, our financial condition may be adversely affected. Moreover, no assurance can be given that insurance to cover the risks to which our activities will be subject will continue to be available at all or at acceptable terms to us.

We may face labor shortages, increases in labor costs and labor disputes, which may materially and adversely affect our growth and results of operations

Certain aspects of our port operations are labor-intensive and our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees. If we face labor shortages or significant increases in labor costs as a result of changes to labor laws and regulations, increasing competition for employees, higher employee turnover rates, increases in wages or other employee benefit costs, our operating costs could increase and our results of operations may be materially and adversely affected.

In addition, in recent years there have been incidents of labor disruptions in the PRC. We cannot assure you that future labor disputes or incidents will not occur between us and our employees. If such disputes or incidents do occur, the relevant governmental authorities may assess fines against us or we may incur settlement costs in order to resolve labor disputes and become subject to higher labor costs in the future when recruiting new employees due to the reputational damage caused by labor disputes. Should this occur, it could disrupt our operations, harm our reputation and divert our management's attention, which may have a materially adverse effect on our business operations and financial condition.

Part of our net profit is derived from our associate companies or joint ventures, which are not under our control and may not take all actions that would benefit us in the future.

During the years ended December 31, 2010, 2011 and 2012, and six months ended June 30, 2013, we derived 15.65%, 15.88%, 11.11% and 5.27% of our net profit from our associate companies and joint ventures, respectively. We do not have operational control over these associate companies or joint ventures and we may not be able to control or influence their respective management and business development plans. These associate companies and joint ventures may from time to time take actions that are not consistent with our best interest or they may be operated in an ineffective or unproductive manner or managed poorly, any of which could adversely and materially affect our financial condition and business operations.

We rely on security procedures at other port facilities and by shipping companies, which may expose us to third party liabilities that are beyond our control.

We rely upon the security procedures implemented by other shipping companies and the gateway container ports to supplement our own inspection to varying degrees regarding the cargo to be transhipped. However, there can be no assurance that the cargo that passes through our port will not be affected by breaches in security or acts of terrorism, either directly or indirectly, in other areas of the supply chain. Any security breach or act of terrorism that occurs at one or more of the facilities, or at a shipping line or other port facility that has handled cargo prior to the cargo arriving at our port facilities, could subject us to significant liability, including the risk of litigation and loss of goodwill.

In addition, any major security breach or act of terrorism that occurs at our facilities or at the facilities of other port operators may result in a temporary shutdown of the port terminals and/or the introduction of additional or more stringent security measures and other regulations affecting the port industry. The costs associated with any such outcome could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are currently subject to customs standards, which may be modified, and any failure by us to meet applicable requirements could harm our business.

We are required to comply with the relevant customs standards at our facilities. When any transport vehicle, including vessels, transports imported or exported cargo for international trade, such cargo needs to clear customs, and the person in charge of the vehicle must make an accurate declaration to the customs office, submit the required paperwork for examination and accept control

and examination by the customs office. The vehicle for transporting imported or exported cargo for international trade may not be released from the custody of the customs office without the office's permit. Both importers and exporters must make an accurate declaration and submit the import or export licensing documents and the relevant paperwork to the customs officials for examination. In the absence of import or export licensing documents, goods subject to import or export restrictions by the PRC government will not be released. If we were to release one of these vessels or cargo before fulfilling these requirements, a penalty may be imposed upon us, and we may be subject to the confiscation of income, if any, from these illegal actions. Were we to incur such a penalty, our business, financial condition and results of operations may be harmed. Any failure by us in managing the costs involved in complying with these requirements could also have a material adverse effect on our financial condition and business operations.

If we are unable to obtain or renew our port operating permits or if any of our permits are revoked, it may adversely affect us.

In the PRC, conducting port operations requires approvals from the PRC government. Our operations are pursuant to the port operation permits issued by the relevant port authorities which will expire between 2014 and 2016. The Port Law of the PRC and other relevant regulations authorize the port authorities to impose penalties or even revoke the port operation permits if the port operator fails to fulfill certain specified requirements. We are subject to the risk that our port operating permits may be revoked or rejected for renewal by the PRC government due to various reasons. Moreover, certain of our terminals in Huanghua Port are still undergoing trial operations and we also have certain berths under construction or to be constructed. There can be no assurance that we will be able to obtain the requisite permits to operate those terminals upon completion. If we fail to obtain or renew permits required to operate these terminals, our results of operations and financial conditions may be adversely affected.

Our success significantly relies on key management members and their ability to attract and retain additional qualified management members.

The effective operation of our business depends largely upon the experience and continual efforts of our key management members. If we lose any of our key management personnel and are not able to replace them on a timely basis, or if we fail to attract and/or retain additional key personnel, our business may be disrupted and the efficiency of our operation may be adversely affected.

We are subject to litigation risk.

As of the Latest Practicable Date, we had not been involved in any litigations, arbitrations or claims of material importance save for the claim filed against our Controlling Shareholder and our Company, by the Port Construction Command of Shanxi Province in Qinhuangdao ("Shanxi Port Construction Command") (山西省駐秦皇島建港指揮部) in April 2011. In respect of this claim, our Controlling Shareholder issued an undertaking to us on April 16, 2012 confirming that it will indemnify us against any liabilities arising from the matter. See "Business — Regulatory Compliance and Legal Proceedings." However, should our Controlling Shareholder fail or be unable to perform its undertaking, we may need to bear the full claim amount of RMB144,884,000 and other relevant expenses. In such an event, our reputation and financial condition could be adversely affected.

Power shortages in the PRC could adversely affect our business operations.

Our terminals consume substantial amounts of electricity. Certain parts of the PRC have been subject to power shortages. As of the Latest Practicable Date, our terminals have not experienced any serious power shortages. Nevertheless, there is no assurance that our terminals will not experience any power shortages in the future. Any power shortage, brownout or blackout for a significant period of time may have an adverse impact on our business operations.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Currently, substantially all of our assets are located in the PRC and substantially all of our revenue is derived from the PRC. Hence, our business operations and prospects are to a large extent affected by the economic, political, social and legal conditions and developments in the PRC.

Changes in the economic, political or social conditions in the PRC and policies adopted by the PRC government could materially and adversely affect our business.

Substantially all of our assets are located in and substantially all of our revenue is derived from the PRC. As a result, our financial condition and results of operations are to a large extent influenced by the economic, political and social conditions and development and the government policies of the PRC. Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for more than three decades, certain portion of assets are still owned or controlled by state-owned enterprises or the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling foreign exchange, setting monetary policy and providing preferential treatments to particular industries or companies. In recent years, the PRC government has implemented economic reform measures emphasizing the use of market forces to drive economic development. These economic reform measures may be adjusted, modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, some of these measures may benefit the overall PRC economy, but some of them may have negative effect on the industries in which we and our clients operate and subsequently our business. The PRC economy has been one of the world's fastest growing, as measured by GDP growth in recent years. However, there can be no assurance that the PRC economy will be able to sustain such growth rate, and the PRC GDP growth has experienced a slowdown in recent years. In 2008, the PRC economy experienced a slowdown in growth primarily as a result of the global financial crisis and economic downturn. To stimulate the growth of the PRC economy, the PRC government implemented various monetary and other economic measures to expand investment in infrastructure, increase liquidity in the credit markets and create more employment opportunities. However, there is no assurance that another financial crisis or economic downturn will not occur. Substantially all of our revenue during the Track Record Period was attributable to sales made within the PRC. As such, our future success is substantially dependent on economic, political and social conditions in the PRC. Any adverse changes in the PRC's political and social conditions and any slowdown or recession of the PRC economy could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We face foreign exchange risk, and fluctuations in exchange rates could have a material and adverse effect on our business and investors' investment.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in PRC and international political and economic conditions and the PRC government's fiscal, monetary and currency policies. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 10, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On July 21, 2005, the PRC government adopted a more flexibly managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand and reference to a basket of currencies. From July 21, 2005 to December 31, 2009, the value of the Renminbi appreciated by approximately 21.2% against the U.S. dollar. In August 2008, the PRC revised the PRC Foreign Exchange Administration Regulations to promote the reform of its exchange rate regime. On June 19, 2010, the PBOC announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate.

The recent change in the PRC currency policy has resulted in the appreciation of the Renminbi against the U.S. dollar from approximately RMB6.83 to US$1 on December 31, 2008 to approximately

RMB6.29 to US$1 on December 31, 2012. We cannot assure you that such exchange rate will remain stable against the U.S. dollar or other foreign currencies.

The fluctuations in the Renminbi exchange rate against other currencies could have a material impact on our results of operations. A depreciation of Renminbi could increase our costs of purchasing imported equipment and components, as such depreciation would require us to convert more Renminbi to obtain the equivalent foreign currency necessary to tender payment. On the other hand, an appreciation of Renminbi may cause the prices of our services denominated in other currencies to increase and may affect our strategy to market our services overseas.

Moreover, we will need to convert part of the proceeds denominated in foreign currencies from the Global Offering into Renminbi. The appreciation of the Renminbi against the Hong Kong dollar could reduce the amount of Renminbi that would be available for our use upon conversion of such proceeds to Renminbi. We cannot predict how the Renminbi will fluctuate in the future. As a result, the fluctuation in the exchange rate between the Renminbi and other currencies could have a material and adverse effect on our business, financial condition and results of operations.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our H Shares.

Currently, Renminbi still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange laws and regulations which would affect exchange rates and our foreign exchange transactions. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require prior approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange onshore banks that have the licenses to carry out foreign exchange business. As a result, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. Our foreign exchange transactions under the capital account, however, must be approved in advance by the SAFE.

There can be no assurance that the policies regarding foreign exchange transactions under the current account and the capital account will continue in the future. In addition, these foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an effect on our foreign exchange transactions and the fulfillment of our other foreign exchange requirements. If there are changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in foreign exchange policies resulting in insufficient foreign exchange, our payment of dividends in foreign currencies may be affected. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for foreign exchange transactions, our capital expenditure plans, and even our business, financial condition and results of operations, may be adversely affected.

Payment of dividends is subject to restrictions under PRC laws.

Under PRC laws, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our shareholders in the future, including periods for which our financial statements indicate that our operations have been unprofitable. Any distributable profits that are not distributed in a given year may be used in other operational purposes or retained and available for distribution in subsequent years. Under the current PRC tax laws, regulations and applicable tax treaties, the payment of dividends to a non-PRC resident shareholder is subject to withholding tax.

The PRC legal system is still evolving and there are inherent uncertainties as to interpretation and implementation of laws, which could limit legal protections available to us and to our Shareholders.

Our Company and all of our operating subsidiaries are incorporated in the PRC, and substantially all of our business is operated in the PRC. These entities and operations must therefore comply with the applicable PRC laws. The PRC legal system is based on written statutes and various administrative regulations and policy decrees. Prior court decisions or rulings may be cited for reference in courts and administrative proceedings but have limited precedential value. Since the 1970s, the PRC government has been committed to developing and refining its legal system and has achieved significant progress in its laws and regulations governing economic matters such as shareholders' rights, foreign investment, company organization and management, business, taxation and trade. However, PRC laws and regulations are still evolving, and because of the limited number and non-binding nature of published cases, there exist uncertainties about the interpretation and implementation of PRC laws and regulations. Depending on the government authority or how an application or case is presented to such authority, we may receive less favorable interpretations of laws and regulations than our competitors, or we may receive interpretations that are inconsistent with our interpretations. These uncertainties may impede our ability to enforce the contracts we have entered into with our clients, suppliers and other business partners. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the conflicts of local regulations and national laws. These uncertainties may limit legal protections available to us. In addition, any litigation in the PRC may be protracted, thus resulting in substantial costs and diversion of resources and management attention and having a material adverse effect on our business, prospects, financial condition and results of operations.

It may be difficult to effect service of process upon, or to enforce any judgments obtained outside the PRC against us, our Directors, or our senior management members who reside in the PRC.

Except for one non-executive independent Director, all of our existing Directors and senior management members reside in the PRC and substantially all of our assets and the assets of such persons are located in the PRC. Accordingly, it may be difficult for investors to effect service of process from other countries or territories upon us or those persons in the PRC. In addition, the enforcement of foreign judgments in the PRC involves uncertainty. If there exists a treaty providing for the reciprocal enforcement of judgment of courts between an overseas jurisdiction and the PRC, or a similar judgment made by a foreign court has been recognized in the PRC before, the judgment made in the foreign jurisdiction might be recognized and enforced in the PRC. However, recognition and enforcement in the PRC of judgments of certain overseas courts in relation to any matter not subject to a binding jurisdiction provision may be difficult or impossible.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares. The trading volume and market price of the H Shares following the Global Offering may be volatile.

Prior to the Global Offering, there was no public market for our H Shares. The initial offer price range to the public for our H Shares was the result of negotiations between us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), and the market price for our H Shares following the Global Offering may differ significantly from the Offer Price. We have applied to list and deal in our H Shares on the Hong Kong Stock Exchange. However, the Global Offering does not guarantee that an active liquid public trading market for our H Shares will develop. In addition, the price and trading volumes of the H Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows or any other developments of our Company may affect the volume and price at which the H Shares will be traded.

Future sales or perceived sales of substantial amounts of our securities in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future.

The market price of our H Shares could decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market. Future sales, or perceived sales, of substantial amounts of our securities could also materially and adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate.

A certain amount of our Shares currently outstanding will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Global Offering. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules." After these restrictions lapse or if they are waived or breached, future sales, or perceived sales, of substantial amounts of our Shares, or the possibility of such sales could negatively impact the market price of our H Shares and our ability to raise equity capital in the future.

Our Domestic Shares immediately after the Global Offering will amount to 4,199,559,000 Shares, representing approximately 83.50% of our total issued share capital assuming the Over-allotment Option is not exercised (or approximately 4,188,243,000 Shares, representing approximately 81.44% of our total issued share capital assuming the Over-allotment Option is exercised in full). The H Shares issued and sold under the Global Offering will amount to 829,853,000 H Shares, representing approximately 16.5% of our total issued share capital assuming the Over-allotment Option is not exercised (or 954,330,000 H Shares, representing approximately 18.56% of our total issued share capital assuming the Over-allotment Option is exercised in full). The H Shares to be converted from Domestic Shares and sold by the Selling Shareholders under the Global Offering will amount to 75,441,000 H Shares, representing approximately 1.50% of our total issued share capital assuming the Over-allotment Option is not exercised (or approximately 86,757,000 H Shares, representing approximately 1.69% of our total issued share capital assuming the Over-allotment Option is exercised in full).

In addition, subject to the approval of the State Council securities regulatory authority, our Domestic Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. No class shareholder voting is required for the listing and trading of the converted Shares on an overseas stock exchange. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon obtaining the requisite approval, shares currently held on our Domestic Share register may be traded, after the conversion, in the form of H Shares on the Hong Kong Stock Exchange after one year of the Global Offering, which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

Future issuance of new H Shares or issuance of securities in other public markets could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future, and may result in dilution of your shareholdings.

Our Shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings. We submitted to the CSRC an application for the initial public offering of the Company's A shares in the PRC in September 2010 and submitted an application with the CSRC to suspend the review of our A share offering process in September 2013 in light of this Global Offering. We will comply with the Hong Kong Listing Rules and will not issue A shares or any other securities of the Company within the six months following the Global Offering. The market price of our H Shares could decline as a result of future issuance of additional H Shares or other securities, or the

perception that such sales or issuances may occur. In addition, our shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings.

We may experience a decrease in our net return on equity as a result of the Global Offering.

Following the completion of the Global Offering, the amount of net assets that we carry on our balance sheet will increase dramatically. It may take a significant period of time before the projects for which we intend to use the proceeds from the Global Offering are completed, operational and begin generating revenues. Therefore, our net return on equity may decrease following the Global Offering.

There can be no assurance if and when we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be formulated by our Board at their discretion and will be subject to shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payments of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, although we have paid dividends in the past, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information — Dividend Policy" for more details of our dividend policy.

Because the Offer Price per H Share is higher than the net tangible book value per H Share, purchasers of our H Shares in the Global Offering will experience immediate dilution.

The Offer Price of our H Shares is higher than the net tangible book value per Share of our H Shares immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma net tangible assets value of HK$2.80 per H Share (assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of our Offer Price range of HK$5.25 to HK$6.70 per H Share, and no exercise of the Over-allotment Option) and existing Shareholders will receive an increase in the net tangible book value per share of their H Shares. If we issue additional H Shares in the future, purchasers of our H Shares may experience further dilution.

Our H Shares may be subject to cancellation or disciplinary proceedings if there is a breach by us of the Hong Kong Listing Rules or any undertakings which may have been given in favor of the Hong Kong Stock Exchange.

Upon the Listing, we will be required to comply with applicable laws and regulations in Hong Kong (including the Hong Kong Listing Rules) and any other undertakings which have been given in favor of the Hong Kong Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of, or any circumstance which causes us to breach, the Hong Kong Listing Rules or such other undertakings which may have been given in favor of the Hong Kong Stock Exchange from time to time, the Listing Committee may instigate cancellation or disciplinary proceedings in accordance with the Hong Kong Listing Rules.

Investors should not rely on any information contained in press articles or other media regarding us and the Global Offering.

Prior to the publication of this prospectus, there may be press and media coverage regarding our Company and the Global Offering. Such press and media coverage may include references to certain

events or information that do not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We will not authorize the disclosure of any such information in the press or media nor will we accept responsibility for any such press or media coverage or the accuracy or completeness of any such information. We will make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we will disclaim responsibility for them.

Accordingly, prospective investors should not rely on any such information and should only rely on information included in this prospectus in making any decision as to whether to purchase our H Shares.

The industry statistics and forward-looking information contained in this prospectus may not be accurate, reliable or fair.

Statistical and other information relating to the PRC and our industry contained in the section headed "Industry Overview" in this prospectus have been compiled partly from various publicly available PRC official government publications as well as industry report we commissioned from independent industry advisor. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality of such source materials. Moreover, statistics derived from multiple sources may not be prepared on a comparable basis. Neither the Underwriters nor any of their affiliates or advisers, nor we or any of our affiliates or advisers have verified the accuracy of the information contained in such sources. We make no representation as to the accuracy of the information contained in such sources, which may not be consistent with other information compiled within or outside the PRC. Accordingly, the industry information and statistics contained herein may not be accurate and should not be unduly relied upon for your investment in our Company or otherwise.

This prospectus contains certain forward-looking statements and information relating to us and the subsidiaries comprising our Group that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "anticipate," "believe," "could," "estimate," "expect," "going forward", "future", "prospective", "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company's management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known or unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our future debt levels and capital needs;
- future developments, trends and conditions in the industries and markets in which we operate;
- our strategy, plans, objectives and goals;
- general economic conditions;
- changes to regulatory and operating conditions in the industries and markets in which we operate;

- our ability to reduce costs;
- our dividend policy;
- projects under construction or planning;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in the section headed "Financial Information" in this prospectus with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

Subject to the requirements of the Hong Kong Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules:

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Hong Kong Listing Rules, our Company must have sufficient management presence in Hong Kong. This usually means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Hong Kong Listing Rules states that the requirement under Rule 8.12 of the Listing Rules applies to a new applicant incorporated in the PRC, but also provides that the requirement may be waived by the Hong Kong Stock Exchange in its discretion.

Our headquarters and substantially all of our business operations are based, managed and conducted in the PRC. As the executive Directors play very important roles in our Company's business operations, it is in our best interests for them to be based in or be near the places where our Group has significant operations. Therefore, our Company currently does not, and in the foreseeable future will not, have executive Directors who are ordinarily resident in Hong Kong. Currently, our four executive Directors are ordinarily resident in the PRC.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Hong Kong Listing Rules. We have made the following arrangements in order to maintain effective communication with the Hong Kong Stock Exchange:

- we have appointed Mr. MA Xiping, our executive Director and Ms. KWONG Yin Ping, Yvonne, one of joint company secretaries of our Company, as our authorized representatives, and they will serve as our Company's principal channel of communication with the Hong Kong Stock Exchange and would be readily contactable by the Hong Kong Stock Exchange, and if required, will be able to meet with the Hong Kong Stock Exchange to discuss any matters in relation to our Company on short notice;

- we have provided the authorized representatives and the Hong Kong Stock Exchange with the contact details of each Director, including mobile phone numbers, office phone numbers, email addresses and fax numbers. Both of our authorized representatives have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors for any reason;

- each of the Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong to meet with the Hong Kong Stock Exchange within a reasonable period of time when requested by the Hong Kong Stock Exchange; and

- we have appointed Citigroup Global Markets Asia Limited as our compliance advisor who will serve as an additional channel of communication of our Company with the Hong Kong Stock Exchange from the Listing Date to the date when our Company distributes our annual report to our Shareholders for the first full financial year immediately after the listing of our H Shares.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Hong Kong Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Hong Kong Listing Rules. According to Rule 3.28 of the Hong Kong Listing Rules, we must appoint as our company secretary an individual who, by virtue of his educational or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Hong Kong Listing Rules sets out the educational and professional qualifications considered to be acceptable by the Hong Kong Stock Exchange:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Hong Kong Listing Rules sets out the factors that the Hong Kong Stock Exchange considers when assessing an individual's "relevant experience":

(a) length of employment with the issuer and other issuers and the roles he played;

(b) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, and the Codes on Takeovers and Mergers and Share Purchases;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. ZHANG Nan as our joint company secretary. He joined our Company in 2002 and has more than 11 years of experience in law, securities business and corporate risk management with sound understanding of the operations of our Board and our Company. Mr. ZHANG Nan, however, does not possess the specified qualifications required by Rule 3.28 of the Hong Kong Listing Rules. Given the important role of the company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the Hong Kong Listing Rules and other relevant laws and regulations, we have made the following arrangements:

- Mr. ZHANG Nan will endeavor to attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Hong Kong Listing Rules organized by the Company's Hong Kong legal advisors on an invitation basis and seminars organized by the Hong Kong Stock Exchange for PRC issuers from time to time, in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules;

- we have appointed Ms. KWONG Yin Ping, Yvonne, who meets the requirements under Note 1 to Rule 3.28 of the Hong Kong Listing Rules, as a joint company secretary to work closely with and to provide assistance to Mr. ZHANG Nan in the discharge of his duties as a company secretary for an initial period of three years commencing from the Listing Date so as to enable Mr. ZHANG Nan to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Hong Kong Listing Rules) to discharge the duties and responsibilities as company secretary; and

- upon expiry of the three-year period, the qualifications and experience of Mr. ZHANG Nan will be re-evaluated. Mr. ZHANG Nan is expected to demonstrate to the Hong Kong Stock Exchange's satisfaction that he, having had the benefit of Ms. KWONG Yin Ping, Yvonne's assistance for three years, would then have acquired the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 3.28 and Rule 8.17 of the

Hong Kong Listing Rules. Upon expiry of the initial three-year period, the qualifications of Mr. ZHANG Nan will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Hong Kong Listing Rules can be satisfied. In the event that Mr. ZHANG Nan has obtained relevant experience under Note 2 to Rule 3.28 of the Hong Kong Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement would no longer be necessary.

CONNECTED TRANSACTIONS

Members of our Group have entered into, and are expected to continue after the listing of our H Shares, certain connected transactions, which will constitute non-exempt continuing connected transactions under the Hong Kong Listing Rules upon the listing of our H Shares. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver pursuant to Rule 14A.42(3) of the Hong Kong Listing Rules from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The details of such waiver are set out in "Connected Transactions" in this prospectus.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) and (b) of Listing Rules require that there shall be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities shall be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by public (listed on all regulated market(s) including the Hong Kong Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital and must have an expected market capitalization at the time of listing of not less than HK$50 million.

Based on the enlarged issued capital of 5,029,412,000 shares and the offer price of HK$5.98 (being the approximate mid-point of the Offer Price range), and assuming the Over-allotment Option is not exercised, our Company expect that our market capitalization will not fall below HK$30,075.88 million. Our Company has applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(d) of the Listing Rules, pursuant to which, the public float of the Company may fall below 25% of the issued share capital of the Company (assuming the Over-allotment Option is not exercised) or such higher percentage of shares held by the public (if the Over-allotment Option is fully or partially exercised).

In support of such application, our Company has confirmed to the Hong Kong Stock Exchange that:

(a) our Company will maintain the minimum percentage of public float of at least 15% of the issued share capital (assuming the Over-allotment Option is not exercised) or such higher percentage of shares held by the public (if the Over-allotment is fully or partially exercised);

(b) our Company will make appropriate disclosure of the lower percentage of public float required by the Hong Kong Stock Exchange in this prospectus;

(c) our Company will as soon as practicable announce the percentage of Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to the Company;

(d) our Company will confirm sufficiency of public float in its successive annual reports after the Listing;

(e) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Hong Kong Stock Exchange; and

(f) our Company will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules.

SUBSCRIPTION OF H SHARES BY AFFILIATES OF OUR MINORITY SHAREHOLDERS AS ORDINARY PLACEES IN THE INTERNATIONAL OFFERING

Pursuant to Rule 10.04 of the Listing Rules, a person who is an existing Shareholder may only subscribe for or purchase any H Shares which are being marketed by or on behalf of our Company either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled, that is, that no H Shares are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of securities and the minimum public float in our H Shares is achieved.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Listing Rules so as to permit the affiliates of our minority Shareholders to subscribe for H Shares as ordinary placees, in the International Offering.

Such waiver has been granted on the following conditions:

(a) none of the affiliates will have influence over the terms of the subscription or share allocation process or have any representation at the Board;

(b) the affiliates confirming that they are not connected persons to the Company, and will not become connected persons to the Company upon the completion of the Global Offering;

(c) no preferential treatment will be given to the affiliates in the allocation of H Shares to them under the International Offering;

(d) full compliance with the minimum public float requirement of 15% (or a higher percentage following the exercise of the Over-allotment Option) should be achieved; and

(e) information on the amount of H Shares allocated to the affiliates would be disclosed in the allotment results announcement and the placee lists to be submitted to the Hong Kong Stock Exchange before Listing.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars in detail given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong and the Hong Kong Listing Rules for the purpose of giving our information to the public with regard to the Group. Our Directors, having made all reasonable enquiries confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this prospectus or any statement herein misleading.

APPROVAL OF THE CSRC

The CSRC issued an approval letter on October 29, 2013 for the submission of the application to list our H Shares on the Hong Kong Stock Exchange and for the Global Offering. In granting such approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus or on the Application Forms.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 82,986,000 H Shares and the International Offering of initially 746,867,000 H Shares (subject, in each case, to reallocation on the basis under the section headed "Structure of the Global Offering" in this prospectus).

The listing of our H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us. The International Underwriting Agreement is expected to be entered into on or about December 5, 2013, subject to agreement on the Offer Price between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders). Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

The H Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for our H Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms.

DETERMINATION OF THE OFFER PRICE

The H Shares are being offered at the Offer Price which will be determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) on or around December 5, 2013 and in any event no later than December 10, 2013. If the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholders) are unable to reach an agreement on the Offer Price on such date, the Global Offering will not proceed.

RESTRICTIONS ON OFFER AND SALE OF THE H SHARES

No action has been taken to permit a public offering of the H Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation for subscription in any jurisdiction or in any circumstances in which such an offer or invitation for subscription is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sales of the H Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the H Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of the H Shares to confirm, that he is aware of the restrictions on offers and sales of the H Shares in this prospectus. In particular, the H Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares, including any H Shares which may be issued or sold pursuant to the Global Offering and upon the exercise of the Over-allotment Option. Our Domestic Shares may be converted to H Shares after obtaining the approval of the CSRC or the authorized approval authorities of the State Council.

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on December 12, 2013. Except for our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or loan capital is listed on or dealt in on any other stock exchange.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

COMPLIANCE WITH THE HONG KONG LISTING RULES

We will comply with applicable laws and regulations in Hong Kong (including the Hong Kong Listing Rules) and any other undertakings which have been given in favor of the Hong Kong Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of the Hong Kong Listing Rules or such other undertakings which may have been given in favor of the Hong Kong Stock Exchange from time to time, the Listing Committee may instigate cancellation or disciplinary proceedings in accordance with the Hong Kong Listing Rules.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the

holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(a) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Company Law, the Special Regulations and our Articles of Association;

(b) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(c) agrees with us and each our Shareholders that our H Shares are freely transferable by the holders of our H Shares; and

(d) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. It is emphasized that none of us, the Selling Shareholders, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out under the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURES FOR APPLICATION FOR THE H SHARES

The procedures for applying for the H Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in the prospectus and on the Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

H SHARE REGISTER AND STAMP DUTY

All the H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the H Share register of members of our Company

maintained in Hong Kong. We will maintain the Company's principal register of members at our current registered place in the PRC.

Dealings in the H Shares registered in the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders listed on the H Share register of members of our Company in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of the Company.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Hong Kong Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on such date or any other date. Unless indicated otherwise, (i) the translations between Renminbi and Hong Kong dollars were made at the rate of RMB0.79 to HK$1.00 being the PBOC rate prevailing on November 15, 2013, (ii) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.09 to US$1.00, being the exchange rate on November 15, 2013 set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States (the "Federal Reserve Board"), and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.75 to US$1.00, being the exchange rate on November 15, 2013 set forth in the H.10 statistical release of the Federal Reserve Board. Further information on exchange rates is set forth in "Appendix IV — Taxation and Foreign Exchange" to this prospectus.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the translated English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentages figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies between totals and sums of amounts listed in any table are due to rounding.

DIRECTORS

Executive Directors and Non-executive Directors

Name	Residential Address	Nationality
XING Luzhen (邢錄珍)	Room 301, Unit 2, Building 59, Yufengli, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
ZHAO Ke (趙克)	Room 47, Unit 4, Building 12, Wenmingli, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
HE Shanqi (何善琦)	Room 5, Unit 3, Building 76, Qinhuang Community, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
WANG Lubiao (王錄彪)	Room 2, 13th Floor, Building 1, Qingyunli, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
MA Xiping (馬喜平)	Room 123, Jiangang Building, Haibin Road, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
ZHENG Yunming (鄭雲明)	Room 12, Unit 2, Building 20, Zone A, Bi Shui Hua Ting, Economy and Technology Development District, Qinhuangdao, Hebei Province, PRC	Chinese
DUAN Gaosheng (段高升)	Room 602, Unit 2, Building 3, No.13 Changfeng Road, Qiaoxi District, Shijiazhuang, Hebei Province, PRC	Chinese

Independent Non-executive Directors

Name	Residential Address	Nationality
HONG Shanxiang (洪善祥)	Room 301, Unit 3, Building 24, Fahuasi Nanli, Chongwen District, Beijing, PRC	Chinese
SHI Rongyao (師榮耀)	Room 911 and 918, Building 8, Fuxingmen Wai Street, Xicheng District, Beijing, PRC	Chinese
YU Shulian (余恕蓮)	Room 10B01, Xin De Jia Yuan, No. 66 Yard, Minzu University West Road, Haidian District, Beijing, PRC	Chinese
LI Man Choi (李文才)	Flat D, 30th Floor, Block 3, Hilltop Gardens, 33 Fung Shing Street, Hammer Hill, Kowloon, Hong Kong	British

SUPERVISORS

Name	Residential Address	Nationality
GE Ying (葛瑛)	Room 301, Unit 1, Building 26, Xinwenli, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
NING Zhongyou (寧中友)	Room 301, Unit 3, Building 9, Hejianli, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
CHEN Shaojun (陳少軍)	Room 13, Unit 2, Building 4, Qingyunli, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
CAO Dong (曹棟)	Room 10, Unit 3, Building 104, Qinhuang Community, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese
YANG Jun (楊軍)	Room 3, Unit 3, Building 5, Coal Factory, Haigang District, Qinhuangdao, Hebei Province, PRC	Chinese

Further information about the Directors, Supervisors and other senior management members are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Party	Name and Address
Joint Sponsors	**Citigroup Global Markets Asia Limited** 50th Floor, Citibank Tower, Citibank Plaza 3 Garden Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong **HSBC Corporate Finance (Hong Kong) Limited** 1 Queen's Road Central Hong Kong

Party	Name and Address
Joint Global Coordinators	**Citigroup Global Markets Asia Limited** 50th Floor, Citibank Tower, Citibank Plaza 3 Garden Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong **The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong
Joint Bookrunners	***Hong Kong Public Offering*** **Citigroup Global Markets Asia Limited** 50th Floor, Citibank Tower, Citibank Plaza 3 Garden Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong **The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong **UBS AG, Hong Kong Branch** 2 International Finance Centre 52/F, 8 Finance Street Central, Hong Kong **J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong

Party	Name and Address
	China Merchants Securities (HK) Co., Limited 48/F., One Exchange Square Central, Hong Kong
	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
	International Offering **Citigroup Global Markets Limited** Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB United Kingdom
	China International Capital Corporation Hong Kong Securities Limited 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	UBS AG, Hong Kong Branch 2 International Finance Centre 52/F, 8 Finance Street Central, Hong Kong
	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom
	China Merchants Securities (HK) Co., Limited 48/F., One Exchange Square Central, Hong Kong
	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong

Party	Name and Address
Joint Lead Managers	***Hong Kong Public Offering*** **Citigroup Global Markets Asia Limited** 50th Floor, Citibank Tower, Citibank Plaza 3 Garden Road Central, Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong **The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong **UBS AG, Hong Kong Branch** 2 International Finance Centre 52/F, 8 Finance Street Central, Hong Kong **J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong **China Merchants Securities (HK) Co., Limited** 48/F., One Exchange Square Central, Hong Kong **BOCOM International Securities Limited** 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong **Industrial Securities (Hong Kong) Capital Limited** Unit 3201, 32/F Infinitus Plaza 199 Des Voeux Road Central Hong Kong ***International Offering*** **Citigroup Global Markets Limited** Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB United Kingdom

Party	Name and Address
	China International Capital Corporation Hong Kong Securities Limited 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	UBS AG, Hong Kong Branch 2 International Finance Centre 52/F, 8 Finance Street Central, Hong Kong
	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom
	China Merchants Securities (HK) Co., Limited 48/F., One Exchange Square Central, Hong Kong
	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
	Industrial Securities (Hong Kong) Capital Limited Unit 3201, 32/F Infinitus Plaza 199 Des Voeux Road Central Hong Kong
Co-Lead Manager (for International Offering only)	**Guotai Junan Securities (Hong Kong) Limited** 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Co-Managers	**First Shanghai Securities Limited** 19/F, Wing On House 71 Des Voeux Road Central Hong Kong
	Sun Hung Kai Investment Services Limited 42/F, The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong

Party	Name and Address
Auditors and Reporting Accountants	**Ernst & Young** Certified Public Accountants 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Legal Advisors to the Company	*as to Hong Kong and U.S. laws:* **Kirkland & Ellis** 26th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *as to PRC laws:* **King & Wood Mallesons Lawyers** 20/F, East Tower, World Financial Center 1 Dongsanhuan Zhonglu Chaoyang District Beijing PRC
Legal Advisors to the Underwriters	*as to Hong Kong law:* **Li & Partners** 22/F, World-Wide House 19 Des Voeux Road Central Central, Hong Kong *as to U.S. law:* **Skadden, Arps, Slate, Meagher & Flom LLP** 42th Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *as to PRC laws:* **Commerce & Finance Law Offices** 6/F NCI Tower A12 Jianguomenwai Avenue Beijing PRC
Property Valuer and Consultant	**Savills Valuation and Professional Services Limited** 23/F, Two Exchange Square Central Hong Kong

Party	Name and Address
Receiving Banks	**Bank of Communications Co., Ltd. Hong Kong Branch** No. 20 Pedder Street Central Hong Kong **Standard Chartered Bank (Hong Kong) Limited** 15/F Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong
Industry Advisor	**Drewry Maritime Service (Asia) Pte Ltd** 15 Hoe Chiang Road #13-02 Tower Fifteen Singapore

Registered Address	35 Haibin Road Qinhuangdao Hebei Province PRC
Headquarters and Principal Place of Business	35 Haibin Road Qinhuangdao Hebei Province PRC
Place of Business in Hong Kong	Room 3907-08, 39th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Company Website	www.portqhd.com
Legal Representative	XING Luzhen (邢錄珍)
Joint Company Secretaries	ZHANG Nan (張楠) Room 603 Xinhua Street 28, Haigang District Qinhuangdao Hebei Province PRC KWONG Yin Ping Yvonne (鄺燕萍) Flat A, 15th Floor, Block 2 7 Tai Hang Road Causeway Bay Hong Kong
Authorized Representatives	MA Xiping (馬喜平) Room 123, Jiangang Building Haibin Road, Haigang District Qinhuangdao, Hebei Province PRC KWONG Yin Ping, Yvonne (鄺燕萍) Flat A, 15th Floor, Block 2 7 Tai Hang Road Causeway Bay Hong Kong
Members of the Audit Committee	YU Shulian (余恕蓮) (Chairman) DUAN Gaosheng (段高升) LI Man Choi (李文才)
Members of the Remuneration Committee	SHI Rongyao (師榮耀) (Chairman) YU Shulian (余恕蓮) HE Shanqi (何善琦)
Members of the Nomination Committee	HONG Shanxiang (洪善祥) (Chairman) YU Shulian (余恕蓮) ZHENG Yunming (鄭雲明)

Members of the Strategy Committee	XING Luzhen (邢錄珍) (Chairman) HE Shanqi (何善琦) HONG Shanxiang (洪善祥) DUAN Gaosheng (段高升) SHI Rongyao (師榮耀)
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor, Hopewell Center 183 Queen's Road East Wanchai Hong Kong
Compliance Advisor	**Citigroup Global Markets Asia Limited** 50th Floor, Citibank Tower, Citibank Plaza 3 Garden Road Central Hong Kong
Principal Bankers	**Industrial and Commercial Bank of China Limited (Qinhuangdao Haibin Road Branch)** 29 Haibin Road Qinhuangdao, Haigang District Hebei Province PRC **Bank of Communications Co., Limited (Cangzhou Branch)** 13th Floor, Yihe Plaza Jiefang West Road, Yunhe District Cangzhou Hebei Province PRC **China Minsheng Banking Corp., Limited (Cangzhou Branch)** 106, Tower C, Yihe Guoji Jiefang West Road, Yunhe District Cangzhou Hebei Province PRC **Bank of China Limited (Tangshan Branch)** 67 Xinhua West Road Tangshan Hebei Province PRC

Except as otherwise provided in this prospectus, the information and statistics set out in this section have been extracted from various official government publications and other publications as well as an industry report we commissioned from our independent industry advisor, Drewry. We believe that the sources of such information are appropriate sources for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted rendering such information false or misleading in any material respect. The information has not been independently verified by us, the Selling Shareholders, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, representatives, affiliates or other advisers or any other persons involved in the Global Offering, and no representation is given as to its accuracy. The Company has engaged Drewry to prepare the report for use in whole or in part in this prospectus.

OVERVIEW OF THE GLOBAL PORT INDUSTRY

Introduction

The maritime industry provides a vital link in international trade, with oceangoing vessels representing one of the most efficient and cost-effective means of transporting large volumes of raw materials and finished products. Seaborne cargo can be categorized as dry bulk, liquid bulk, container and general cargo. Dry bulk consists of major dry bulk including coal, metal ore and grain, and other dry bulk (sugar, cement, fertilizer, etc.). Liquid bulk includes crude oil and refined petroleum products (including gasoline, diesel, kerosene and fuel oil, etc.) which are transported in oil tankers, and bulk liquid chemicals and liquefied gases which are transported in specialized tankers. Container cargo includes industrial and consumer products and other containerizable cargo. General cargo consists of a wide variety of cargoes that are not transported in containers or in bulk such as bagged cargo, barrels, crates, and cars. Cargoes are loaded onto ships at ports and transported by sea or along rivers from regions of supply to regions of demand. Consequently, ports are critical supply links supporting trade and the port industry plays an important role in the macroeconomic development of a country.

The development and operations of ports are increasingly specialized and ports have transformed from simple transit points linking land and sea transport segments to comprehensive logistic service providers offering stevedoring, stacking, warehousing, transportation, distribution and logistics services. They have become a vital and irreplaceable part of the entire value chain for transportation.

Development of World Seaborne Trade

The following table sets forth the development of world seaborne trade by major cargo types from 2002 to 2012:

	2002 (actual)	2003 (actual)	2004 (actual)	2005 (actual)	2006 (actual)	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2002-12 CAGR
						(million tonnes)						
Metal ore[1]	651	687	770	864	921	1,010	1,082	1,130	1,263	1,378	1,457	8.4%
Coal	590	619	650	675	769	833	830	784	885	897	1,028	5.7%
Grain	210	211	207	212	221	228	235	235	243	247	269	2.5%
Others	912	958	1,033	1,094	1,177	1,240	1,191	1,044	1,187	1,256	1,108	2.0%
Total dry bulk	**2,363**	**2,475**	**2,660**	**2,845**	**3,088**	**3,311**	**3,338**	**3,193**	**3,578**	**3,778**	**3,862**	**5.0%**
Total liquid bulk	**2,681**	**2,855**	**3,002**	**3,115**	**3,183**	**3,215**	**3,286**	**3,244**	**3,374**	**3,409**	**3,491**	**2.7%**
Total other cargo[2]	**1,067**	**1,103**	**1,253**	**1,389**	**1,423**	**1,641**	**1,646**	**1,446**	**1,600**	**1,813**	**1,942**	**6.2%**
of which container (million TEUs)	*82*	*93*	*105*	*115*	*125*	*139*	*144*	*131*	*151*	*163*	*170*	*7.6%*
World seaborne trade	**6,111**	**6,433**	**6,915**	**7,349**	**7,694**	**8,167**	**8,270**	**7,883**	**8,552**	**9,000**	**9,295**	**4.3%**

Note: 1. Metal ore is defined to include iron ore, bauxite, nickel ore, copper ore, zinc ore, chrome ore and manganese ore.

2. Other cargo includes container, general cargo and other cargo.

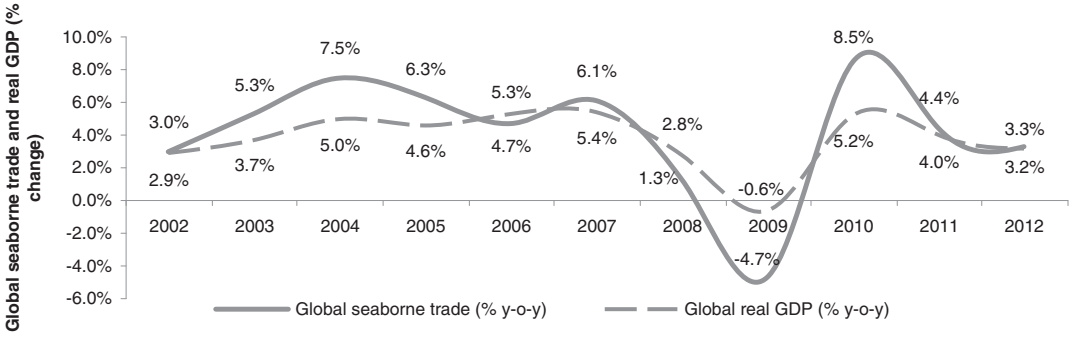
Source: Drewry

World seaborne trade grew from 6.1 billion tonnes in 2002 to 9.3 billion tonnes in 2012, representing a CAGR of 4.3%. Seaborne trade has grown steadily on the back of rising demand for commodities from rapidly growing economies like China, India and Latin America, and increasing trade of manufactured products between developing and developed countries or regions. 2009 was an exceptional year where global seaborne trade declined due to the global financial crisis. In the near term, continued concerns relating to Eurozone and US economies are expected to exert pressure on trade from developing to developed countries or regions, which are largely transported by containers. Demand for bulk commodities such as coal and metal ore from developing countries or regions is expected to remain strong due to continued economic development in these countries and regions.

The growth in seaborne trade of dry bulk commodities has been primarily driven by coal and metal ores, which recorded CAGR of 5.7% and 8.4% from 2002 to 2012, respectively. This growth has largely been led by the economic growth and rapid industrialization in China and India, which has and is expected to continue to benefit the dry bulk cargo port industry in these regions.

Growth Drivers

The most important factor affecting trade and port throughput is economic growth. Economic growth drives the demand for raw materials and trade in manufactured goods. Over the past decade, there has been a strong correlation between economic growth and seaborne trade. To a large extent, economic cycles are mirrored by seaborne trade cycles and vice-versa. The following chart illustrates this relationship and sets forth the global real GDP growth rate and annual growth in global seaborne trade from 2002 to 2012:



Source: Drewry

Trade and port throughput for individual dry bulk commodities are closely tied to underlying industries that drive its demand, which are set forth in the table below:

Commodity	Driving Industry
Iron ore, coking coal, iron and scrap steel, other ores	Steel manufacturing
Thermal coal, petroleum coke	Power generation
Grains and other agricultural products	Food processing for human and livestock
Fertilizers and fertilizer raw materials	Agriculture
Steel, cement, wood products and other construction materials	Construction and infrastructure
Bauxite/Alumina	Aluminum manufacturing

Major Participants in the Global Dry Bulk Port Industry

Major participants in the global dry bulk port industry include independent port operators and dedicated port operators (such as port operating entities of mining conglomerates). Ports owned by dedicated port operators are often used exclusively and limited in terms of comprehensiveness of service offerings. In contrast, the ports owned by independent port operators are for public use and have comprehensive service offerings.

Our Group is the largest independent major dry bulk port operator in the world. Vale S.A., a leading global mining conglomerate, is the largest major dry bulk port operator in the world that operates ports to service its own mining operations.

The following table sets forth the five largest major dry bulk port operators in the world in 2012:

Rank	Operator	Type	2012 Major Dry Bulk[1] Throughput (million tonnes)
1	Vale S.A.	Dedicated port operator	313
2	Our Group[2]	Independent port operator	282
3	BHP Billiton	Dedicated port operator	228
4	Rio Tinto	Dedicated port operator	192
5	Tianjin Port Holding Co., Ltd.[3]	Independent port operator	180

Note: 1. Major dry bulk is defined to include coal, metal ore and grain. Throughput of port operators have been estimated based on their equity in respective ports, terminals and berths.

2. Our Group's throughput is provided by the Company.

3. Tianjin Port Holding Co., Ltd.'s throughput is based on estimates.

Source: Drewry, Listed Company Annual Reports

The following table sets forth the ten largest major dry bulk ports in the world in 2012:

Rank	Port	2012 Major Dry Bulk[1] Throughput (million tonnes)
1	Tangshan Port (comprised of Caofeidian Port and Jingtang Port)	297
2	Ningbo-Zhoushan Port	282
3	Port Hedland	254
4	Qinhuangdao Port	247[2]
5	Tianjin Port	197
6	Shanghai Port	196
7	Rizhao Port	180
8	Qingdao Port	155
9	Dampier Port	145
10	Huanghua Port	122

Note: 1. Major dry bulk is defined to include metal ore, coal and grain; grain throughput for Chinese ports has been estimated and major dry bulk throughput for Ningbo-Zhoushan Port and Shanghai Port has been estimated.

2. Contains approximately 1 million tonnes of coal and 1 million tonnes of metal ore that is handled by other small third-party terminal operators in Qinhuangdao Port, according to Drewry.

Source: Drewry

The following table sets forth the ten largest coal ports in the world in 2012:

Rank	Port	2012 Coal Throughput (million tonnes)
1	Qinhuangdao Port	238[1]
2	Tangshan Port (comprised of Jingtang Port and Caofeidian Port)	145
3	Port of Newcastle	119
4	Huanghua Port	104
5	Suzhou Port	104
6	Shanghai Port	101
7	Ningbo-Zhoushan Port	98
8	Tianjin Port	94
9	Port of Hay Point	84
10	Guangzhou Port	78

Note: 1. Contains approximately 1 million tonnes of coal that is handled by other small third-party terminal operators in Qinhuangdao Port, according to Drewry.

Source: Drewry, Listed Company Annual Reports, MOT

OVERVIEW OF PORT INDUSTRY IN CHINA

Development of China's Port Industry

The Chinese economy has witnessed high growth in the past two decades that has led to significant growth in Chinese port throughput. Throughput of China's coastal ports grew from 1.7 billion tonnes in 2002 to 6.7 billion tonnes in 2012, representing a CAGR of 14.9%.

China's port throughput growth has been driven by growth in both foreign and domestic trade in China. Foreign trade throughput has experienced strong growth before 2008. After the global economic crisis in 2008, China's throughput continued to grow steadily on the back of growth in the domestic trade, which was less affected by the global environment, albeit at a slower pace.

The following table sets forth throughput of China's coastal ports from 2002 to 2012:

	2002 (actual)	2003 (actual)	2004 (actual)	2005 (actual)	2006 (actual)	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2002-12 CAGR
						(million tonnes)						
Foreign trade	711	877	1,047	1,242	1,458	1,656	1,783	1,979	2,288	2,508	2,762	14.5%
Growth	*18.5%*	*23.3%*	*19.4%*	*18.6%*	*17.4%*	*13.6%*	*7.7%*	*11.0%*	*15.6%*	*9.6%*	*10.1%*	
Domestic trade	955	1,134	1,414	1,686	1,964	2,226	2,513	2,776	3,196	3,655	3,891	15.1%
Growth	*15.6%*	*18.7%*	*24.7%*	*19.2%*	*16.5%*	*13.3%*	*12.9%*	*10.5%*	*15.1%*	*14.4%*	*6.5%*	
China coastal port throughput	1,666	2,011	2,461	2,928	3,422	3,882	4,296	4,755	5,484	6,163	6,653	14.9%
Growth	*16.8%*	*20.7%*	*22.4%*	*19.0%*	*16.9%*	*13.4%*	*10.7%*	*10.7%*	*15.3%*	*12.4%*	*8.0%*	

Source: MOT

Apart from the continued growth in throughput, the following are key trends in the China port industry:

- *Development of large-scale hub ports.* With the accelerated integration of regional economies and the continual development of the transport technology, large-scale ports in China have maintained steady growth. China's ports are utilizing world-class modern port

equipment and facilities to achieve world leading efficiency. Benefitting from strategic geographical location and ideal natural characteristics, large hub ports are playing an increasingly important role in regional economic activities. The number of ports in China with throughput over 100 million tonnes has increased from seven in 2002 to 29 in 2012, of which 13 are ports with throughput over 200 million tonnes. Aggregated volume handled by large ports with throughput above 100 million tonnes as a percentage of total throughput handled by China's coastal ports has increased from 37.3% in 2002 to 83.7% in 2012.

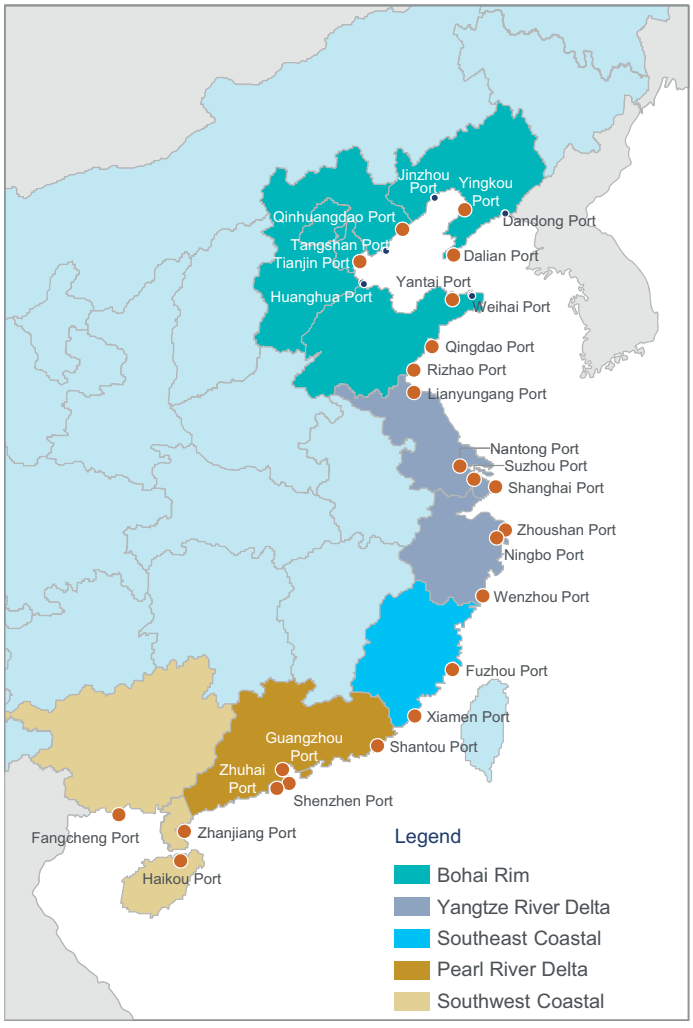
- *Development of deepwater berths and modern port facilities.* The global shipping industry has been moving toward larger vessels, which increase the operational efficiency and overall competitiveness of shipping companies. In response to this, Chinese ports are making efforts to develop deeper-water berths that can accommodate larger vessels and modernize port facilities such as channels, terminals, yards, as well as port machinery.

- *Development of port-centric logistics.* Comprehensive and integrated port services are an integral part of a modern port. Chinese ports have begun their transformation from pure port operators to comprehensive logistic service providers. Modern ports provide customers with one-stop-shop, tailored and value-added solutions that simplify their supply management processes. Certain modern ports have expanded their scope of operations beyond port areas to cover the connecting logistics service network, thereby providing a seamless and efficient transportation solution for their customers.

Coastal Port Regions in China

China's coastal ports are categorized into five regions based on the characteristics of different regions such as regional economic development, regional port characteristics, transportation linkages among ports and economic rationale for the transportation for key cargo types, namely Bohai Rim, Yangtze River Delta, Pearl River Delta, Southeast Coastal and Southwest Coastal regions. Bohai Rim, Yangtze River Delta and Pearl River Delta are the most important port regions, accounting for 89.6% of total throughput for coastal ports in 2012.

The following map sets forth key ports across the five coastal port regions in China:



Source: Drewry

China's real GDP has rapidly grown with a CAGR of 10.5% from 2002 to 2012, according to the National Bureau of Statistics of China. The Bohai Rim and its hinterland has outpaced growth in the Yangtze River Delta and Pearl River Delta. Real GDP of the Bohai Rim and northeast China region and northwest China region grew at a CAGR of 10.6% and 11.8%, respectively, from 2002 to 2012, compared to 9.9% and 9.1% for the Yangtze River Delta and Pearl River Delta, respectively. Real GDP of the Bohai Rim and its hinterland (including Bohai Rim and northeast China region and northwest China region) represented 42.9% of China's real GDP in 2012.

Bohai Rim is the largest coastal port region in China. Benefitting from its large hinterland stretching into northeast and northwest China, Bohai Rim contributed 45.4% of the total throughput of coastal ports in China in 2012, compared to 31.2% for the Yangtze River Delta and 13.0% for the Pearl River Delta. Bohai Rim's share of throughput has increased steadily from 39.3% in 2002 to 45.4% in 2012, while the share of throughput from the Yangtze River Delta and Pearl River Delta has been gradually decreasing.

The following table sets forth real GDP of China's coastal port and other regions from 2002 to 2012:

	2002 (actual)	2003 (actual)	2004 (actual)	2005 (actual)	2006 (actual)	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2002-12 CAGR
						(RMB billion)						
Bohai Rim and northeast China	2,154	2,362	2,616	2,959	3,341	3,802	4,210	4,595	5,021	5,457	5,881	10.6%
Yangtze River Delta	1,423	1,594	1,757	1,945	2,178	2,470	2,651	2,894	3,193	3,436	3,641	9.9%
Pearl River Delta	689	771	839	941	1,070	1,215	1,294	1,384	1,489	1,577	1,649	9.1%
Northwest China	416	465	518	578	657	754	851	898	1,033	1,161	1,269	11.8%
Central west China	791	851	930	1,013	1,134	1,313	1,466	1,652	1,865	2,103	2,324	11.4%
Southeast Coastal	353	379	410	444	499	575	626	697	782	867	944	10.3%
Southwest Coastal	340	362	398	433	488	564	625	684	758	855	953	10.9%
China	**6,166**	**6,784**	**7,468**	**8,313**	**9,367**	**10,693**	**11,723**	**12,804**	**14,141**	**15,456**	**16,661**	**10.5%**

Note: Bohai Rim and northeast China is defined to include Beijing, Tianjin, Hebei Province, Henan Province, Shandong Province, Liaoning Province, Jilin Province and Heilongjiang Province. Northwest China includes Shanxi Province, Shaanxi Province, Ningxia Autonomous Region, Qinghai Province, Gansu Province, Xinjiang Autonomous Region and Inner Mongolia. Yangtze River Delta includes Shanghai, Jiangsu Province, Zhejiang Province, and Anhui Province. Central west China includes Hubei Province, Hunan Province, Sichuan Province, Chongqing, and Tibet Autonomous Region. Southeast Coastal includes Fujian Province and Jiangxi Province. Pearl River Delta refers to Guangdong Province. Southwest Coastal includes Yunnan Province, Guizhou Province, Guangxi Autonomous Region and Hainan Province.

Source: National Bureau of Statistics of China, International Monetary Fund

The following table sets forth throughput of China's five coastal port regions from 2002 to 2012:

	2002 (actual)	2003 (actual)	2004 (actual)	2005 (actual)	2006 (actual)	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2002-12 CAGR
						(million tonnes)						
Bohai Rim	654	785	958	1,152	1,363	1,652	1,871	2,087	2,446	2,763	3,020	16.5%
Yangtze River Delta	592	728	885	1,056	1,171	1,280	1,401	1,521	1,736	1,957	2,073	13.4%
Pearl River Delta	290	343	422	479	573	642	673	688	795	845	866	11.6%
Southeast Coastal	100	122	153	188	250	238	273	318	342	407	482	17.0%
Southwest Coastal	30	33	43	53	65	70	78	141	165	191	212	21.6%
Total	**1,666**	**2,011**	**2,461**	**2,928**	**3,422**	**3,882**	**4,296**	**4,755**	**5,484**	**6,163**	**6,653**	**14.9%**

Note: Regional throughput is estimated based on market share of coastal ports in the period.

Source: MOT, Drewry

Development of China's Port Throughput by Cargo Type

The following table sets forth throughput of China's coastal ports by cargo types from 2002 to 2012:

	2002 (actual)	2003 (actual)	2004 (actual)	2005 (actual)	2006 (actual)	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2002-12 CAGR
						(million tonnes)						
Coal	403	469	571	635	705	819	889	949	1,163	1,370	1,381	13.1%
Metal ore	182	243	318	420	513	580	676	866	931	1,015	1,110	19.8%
Oil and liquefied chemicals	258	304	351	376	397	417	450	527	608	640	632	9.4%
Container[1]	344	454	576	713	874	995	1,147	1,144	1,371	1,580	1,760	17.7%
Container (million TEUs)	*34*	*45*	*57*	*70*	*86*	*105*	*117*	*110*	*131*	*146*	*158*	16.6%
Others	479	541	645	784	933	1,071	1,134	1,269	1,411	1,558	1,770	14.0%
Total	**1,666**	**2,011**	**2,461**	**2,928**	**3,422**	**3,882**	**4,296**	**4,755**	**5,484**	**6,163**	**6,653**	**14.9%**

Note: 1. Container throughput from 2002 to 2006 have been converted from TEU to tonnes based on the average tonnes/TEU ratio for 2007 to 2011.

Source: MOT, Drewry

Chinese port performance in the past decade has been characterized by the impressive increase in container, coal and metal ore throughput. In 2012, throughput of container, coal and metal ore represented 26.5%, 20.8% and 16.7% of throughput for coastal ports in China, respectively.

China's container throughput for coastal ports grew from 34 million TEUs in 2002 to 158 million TEUs in 2012, representing a CAGR of 16.6%. The key drivers for container trade growth have been increasing containerization and development of China's manufacturing industry, which is in turn driven by US and Europe demand for Chinese manufactured goods. In the near term, uncertainties surrounding the US and Eurozone economies will put pressure on the growth of China's export-driven container trade. Consequently, domestic container trade will be a primary driver of China's container throughput growth.

China's coal throughput for coastal ports grew from 403 million tonnes in 2002 to 1,381 million tonnes in 2012, representing a CAGR of 13.1%. Coal is China's main energy resource for power generation and industrial use, and its growth is primarily driven by domestic demand.

China's metal ore throughput for coastal ports grew from 182 million tonnes in 2002 to 1,110 million tonnes in 2012, representing a CAGR of 19.8%. Continued urbanization and infrastructure development in China have triggered the demand for imported iron ore for domestic steel production.

Coal

Overview

China's coal resources are mainly located in north and west China, including Inner Mongolia, Shanxi and Shaanxi provinces and consumed by power plants and industrial facilities in China's coastal provinces in south and east China. Coal is first transported from west to east from coal mines in north and west China to coastal ports by rail and then from north to south by sea to southern regions in China. Qinhuangdao Port, Tangshan Port, Huanghua Port and Tianjin Port in the Bohai Rim are strategically located at the east end of the west-to-east coal transportation routes, and are the most important loading ports for domestic seaborne coal in China.

More than half of China's domestic railway cargo traffic was for coal transportation. According to the Former Ministry of Railways of the PRC, China's railways transported a total of 3.8 billion tonnes

of cargoes, of which 2.2 billion tonnes was coal in 2012. The most important railway carrying coal from west to east is the Daqin Line, which stretches from Datong in Shanxi Province to Qinhuangdao Port and has an overall length of 658 kilometers. Shuohuang Line, connecting Shaanxi Province and Tianjin Port and Huanghua Port, is also an important rail connection for west-to-east coal transportation, and is undergoing capacity expansion.

Three additional railways for west-to-east coal transportation are currently under construction. The Mengji Line will connect Inner Mongolia to Caofeidian Port and upon completion will become one of the three major railway lines (namely Daqin Line, Shuohuang Line, and Mengji Line) for the west-to-east coal transport in China. The Central and South Shanxi Line will connect Lvliang of Shanxi Province to Rizhao Port. Another railway line will connect east Inner Mongolia to ports in Liaoning Province, such as Huludao Port, Jinzhou Port and Yingkou Port.

The table below sets forth the information on the aforementioned five coal railway lines carrying coal from west to east in China:

Route	Main Railway	Coal Origin	Key Ports	Status
1st corridor	Daqin Line	Shanxi, west Inner Mongolia	Qinhuangdao	Operational
2nd corridor	Shuohuang Line	Shanxi, Shaanxi and west Inner Mongolia	Huanghua, Tianjin	Under expansion
3rd corridor	Mengji Line	Inner Mongolia	Caofeidian	Under construction
4th corridor	Central and South Shanxi Line	Central and west Shanxi	Rizhao	Under construction
5th corridor	East Inner Mongolia-Liaoning	East Inner Mongolia	Huludao, Jinzhou, Yingkou	Under construction

Source: Former Ministry of Railways of the PRC.

China Coal Production, Consumption and International Trade

The table below sets forth China's coal production, consumption, imports and exports for 2002 to 2012.

	2002 (actual)	2003 (actual)	2004 (actual)	2005 (actual)	2006 (actual)	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2002-12 CAGR
	(million tonnes)											
Domestic Production	1,550	1,835	2,123	2,350	2,529	2,692	2,802	2,973	3,235	3,516	3,660	9.0%
Domestic Consumption	1,523	1,806	2,076	2,319	2,551	2,728	2,811	2,958	3,122	3,430	3,511	8.7%
Imports	11	11	19	26	38	51	40	126	163	182	289	38.7%
Exports	84	94	87	72	63	53	45	22	19	15	9	-20.0%

Source: National Bureau of Statistics of China

China is the largest coal producer in the world, representing approximately half of the global coal production. From 2002 to 2012, China's coal output increased from 1.6 billion tonnes to 3.7 billion tonnes, representing a CAGR of 9.0%. According to the 12th Five Year Plan (2011-15), China's coal production capacity is targeted to reach four billion tonnes per year by 2015. The government aims at removing inefficient production capacity and consolidating the coal industry by building up ten coal mining companies each with annual production over 100 million tonnes, and in aggregate represent 25% of China's total coal production capacity.

China's coal reserves are mostly located in Inner Mongolia, Shanxi Province and Shaanxi Province in north and west China. In 2012, these three provinces accounted for 67.0% of China's total coal production. The following table sets forth coal production of the five largest coal producing provinces in China and China as a whole from 2002 and 2012:

	2002 (actual)	2003 (actual)	2004 (actual)	2005 (actual)	2006 (actual)	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2002-2012 CAGR
	(million tonnes)											
Inner Mongolia	89	120	212	256	298	354	502	601	787	980	1,080	28.4%
Shanxi	244	295	484	554	581	630	645	594	741	872	911	14.1%
Shaanxi	59	74	131	152	183	204	242	296	362	411	463	22.9%
Henan	99	119	168	188	195	193	213	230	224	210	148	4.1%
Shandong	131	147	148	140	141	145	137	144	157	161	177	3.1%
China	**1,550**	**1,835**	**2,123**	**2,350**	**2,529**	**2,692**	**2,802**	**2,973**	**3,235**	**3,516**	**3,660**	**9.0%**

Source: National Bureau of Statistics of China

Coal is the primary energy resource in China, which accounts for approximately 70% of China's energy consumption. Thermal coal is the major energy source used in China's electricity generation as more than 80% of electricity was generated from thermal coal. Thermal coal is also used in the production of cement and chemical products and other industrial applications. Coking coal is one of the major feedstocks for iron and steel production.

China's coal consumption is largely driven by China's growing power generation and industrial needs, which is in turn driven by domestic infrastructure development and urbanization. According to the National Bureau of Statistics of China, China's coal consumption has grown from 1.5 billion tonnes in 2002 to 3.5 billion tonnes in 2012, representing a CAGR of 8.7%.

China's coal consumption and port throughput have been adversely affected by the recent slowdown of the Chinese and international economy. China's coal consumption and coastal port coal throughput grew by 2.4% and 0.8% in 2012 compared to 9.9% and 17.8% in 2011, respectively. The faltering global demand and low freight rate have contributed to a larger supply and lower price of international coal, which has led to falling domestic coal prices and a slowdown in the domestic coal industry. The Chinese economy has shown recent signs of recovery, bolstered by policymakers' series of measures aimed at stabilizing the economy. In parallel, coal usage has rebounded from recent lows as power generation and industrial outputs are starting to pick up. Given the coal industry's importance to China's national energy strategy, the Chinese government also recently announced initiatives to restrict coal imports of low calorific value and high sulfur content, including a 3% import tax on lignite since end August 2013, to help the domestic coal industry in the face of foreign competition. Nevertheless, in light of a slowing Chinese economy and competition from imported coal and renewable energy, China's domestic coal industry is expected to grow more moderately going forward. According to the US Energy Information Administration, coal consumption in China is expected to grow at an approximately 4% CAGR for the next five years. We believe a slowdown in the coal industry could have an adverse impact on coal ports in the Bohai Rim. However, ports that are connected to and fed by the major coal transportation railways, such as the Daqin Line and Qiancao Line, are in general more resilient to fluctuations in coal demand.

According to China's 12th Five Year Plan (2011-15), the PRC government has plans to develop renewable energy resources in China such as wind, nuclear, solar, and hydro power and reduce China's reliance on coal-fired electricity. While renewable energy resources will become increasingly important in China's energy supply mix, coal is expected to remain the most important source for power generation for the foreseeable future.

China has vast domestic coal resources and used to be a major coal exporting nation. However, with the country's ever increasing demand for energy and larger scale of steel manufacturing, China has become a net coal importer since 2009. Furthermore, with increased consolidation and streamlining in the coal mining industry, more small-scale and inefficient mines in China are being forced to close. With

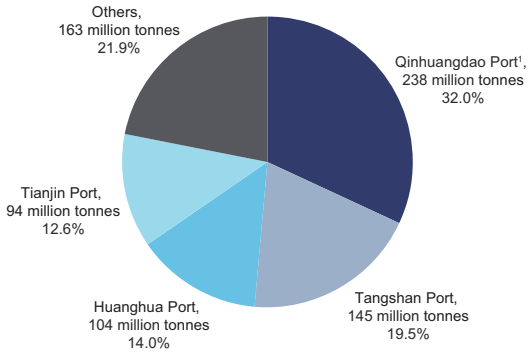
this capacity being gradually controlled, the gap between domestic production and demand will be filled by coal imports.

Australia and Indonesia are the two largest sources of coal imports to China, representing close to 80% of China's coal imports. China imported 182 million tonnes of coal in 2011, surpassing Japan to become world's largest coal importer. In 2012, China's demand for imported coal continued to grow, reaching 289 million tonnes. The growth of imported coal to China is driven in part by lower imported coal prices. Nevertheless, coal imports comprised only 8.2% of China's domestic coal consumption. Domestic production will still remain the primary source of coal in China in the future.

Major Coal Handling Ports in the Bohai Rim

Bohai Rim is the largest coal port region in China, which accounted for 53.9% of China's coastal port coal throughput in 2012. Qinhuangdao Port and Tangshan Port (comprised of Jingtang Port and Caofeidian Port), the most important coal ports in the Bohai Rim, are also the largest and second largest coal ports in the world, respectively. Other important coal handling ports in this region include Tianjin Port and Huanghua Port.

The following pie chart sets forth the major coal handling ports' share of 2012 coal throughput in the Bohai Rim:



Note: 1. Contains approximately 1 million tonnes of coal that is handled by other small third-party terminal operators in Qinhuangdao Port, according to Drewry.

Source: Drewry, China Ports Year Book

Metal Ore

Overview

Metal ore is mainly comprised of iron ore, bauxite, nickel ore, copper ore, zinc ore, chrome ore and manganese ore. Iron ore accounts for the large majority of metal ore demand and supply in China and represents approximately 90% of imported metal ore and more than 95% of domestic production.

China's demand for iron ore is largely driven by the domestic steel manufacturing industry, which is in turn driven by China's continued infrastructure development and urbanization. China lacks high-quality iron ore resources and domestic production has not been able to meet burgeoning domestic demand for iron ore. Consequently, there has been a growing demand for imported iron ore, which contributed approximately 71.4% of China's iron ore consumption in 2012.

Iron ore is mainly transported by sea to China's coastal ports and then transported by rail or road to inland steel manufacturing plants. China's iron ore are mainly imported from Australia, Brazil, Indonesia and South Africa, which cumulatively accounted for over 70% of China's iron ore imports in

2012. China's steel manufacturing plants are mainly located in north, east and central China, particularly in the Bohai Rim and Jiangsu Province. Consequently, the major ports that handle iron ore are located in the Bohai Rim and Yangtze River Delta. Hebei Province is the largest steel manufacturing base in China and accounted for approximately 24.8% of China's crude steel production volume in 2012, according to the China Iron and Steel Association.

The map below sets forth the location of the major steel manufacturing plants in China:



Source: Drewry

China Iron Ore Production, Consumption and International Trade

The table below sets forth China's iron ore production, consumption, imports and exports from 2002 to 2012:

	2002 (actual)	2003 (actual)	2004 (actual)	2005 (actual)	2006 (actual)	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2002-12 CAGR
						(million tonnes)						
Domestic production	160	191	192	272	330	373	323	274	326	338	299	6.5%
Domestic consumption	271	339	400	547	657	757	767	903	945	1,024	1,044	14.4%
Imports	111	148	208	275	326	384	444	628	619	687	745	21.0%
Exports	0	0	0	0	0	0	0	0	0	0	0	—

Source: Drewry, Global Trade Information Services

China's iron ore consumption has grown from 271 million tonnes in 2002 to 1,044 million tonnes in 2012, representing a CAGR of 14.4%. This has spurred the growth of iron ore imports, which have grown from 111 million tonnes in 2002 to 745 million tonnes in 2012, representing a CAGR of 21.0%. In contrast, China's domestic iron ore production has only grown from 160 million tonnes in 2002 to 299 million tonnes in 2012, representing a CAGR of 6.5%, largely due to the low and declining grades of domestically produced iron ore.

China's iron ore consumption has been adversely affected by the weakened demand for steel driven by the recent slowdown in the Chinese and international economy. China's iron ore consumption grew by 2.0% in 2012 compared to 8.4% in 2011. While China's metal ore coastal port throughput grew steadily by 9.4% in 2012 compared to 9.0% in 2011, this was primarily due to restocking of inventory by Chinese steel mills. China's policymakers have recently introduced measures aimed at stabilizing the economy. These measures are expected to bolster steel consumption, and their effects have begun to emerge. China's medium- to long-term iron ore demand outlook is expected to remain healthy on the back of China's continued urbanization and infrastructure development, which will drive port throughput for iron ores.

Major Iron Ore Handling Ports in the Bohai Rim

The Bohai Rim is an important steel manufacturing and industrial base in China. Metal ore handling ports in the region are a conduit for imported iron ore to steel manufacturers in its hinterland. Major metal ore ports in the Bohai Rim include Tangshan Port (comprised of Caofeidian Port and Jingtang Port), Rizhao Port, Qingdao Port, Tianjin Port and Yingkou Port.

Tangshan Port (comprised of Caofeidian Port and Jingtang Port) surpassed Rizhao Port in 2012 to become the largest metal ore handling port in the Bohai Rim, with metal ore throughput of 152 million tonnes in 2012. Metal ore handling capacity and throughput in Tangshan Port has developed rapidly in recent years, supported by the relocation of Shougang Group to Hebei Province and the location of Tanggang Steel and other steel mills in northeast Hebei Province.

Rizhao Port and Qingdao Port are both located in Shandong Province and compete for cargoes in Shandong Province, south Hebei Province and north Henan Province. Tianjin Port and Huanghua Port are located in close proximity and compete for cargoes in the central and south Hebei Province. Tianjin Port is located in close proximity to the heavily populated areas of Beijing, Tianjin and Hebei Province, where there is limited growth potential for steel manufacturing capacity expansion and metal ore handling services. Huanghua Port is one of the most convenient and cost-efficient sea access points for central-south Hebei Province, north Shandong Province and north Henan Province. It is located in close proximity to Cangzhou, Xingtai and Handan, which are major steel manufacturing bases in Hebei Province. Huanghua Port is expanding its metal ore handling capacity and is expected to develop into a major metal ore port in the region.

The table below sets forth metal ore throughput for major metal ore handling ports in Bohai Rim from 2007 to 2012:

	2007 (actual)	2008 (actual)	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2007-12 CAGR
	(million tonnes)						
Tangshan Port	36	51	91	96	120	152	33.4%
Rizhao Port	76	82	107	127	133	138	12.7%
Qingdao Port	82	95	101	124	114	133	10.2%
Tianjin Port	54	66	94	79	87	98	12.7%
Yingkou Port	24	29	33	38	39	37	9.0%
Dalian Port	12	14	28	29	28	22	12.9%
Huanghua Port	0	0	3	4	14	18	—

Source: China Port Year Book

Oil and Liquefied Chemicals

Oil and liquefied chemicals is comprised of crude oil and refined petroleum products such as gasoline, diesel, kerosene and fuel oil. Crude oil represents a majority of oil and liquefied chemicals throughput and is the second largest energy source after coal in China. Oil and liquefied chemicals accounted for 9.5% of China's total coastal ports' throughput in 2012.

China's demand for oil and liquefied chemicals is largely driven by the automotive, textile and manufacturing industries, which is in turn driven by China's continued economic development and urbanization. China's oil and liquefied chemicals throughput for coastal ports has grown from 258 million tonnes in 2002 to 632 million tonnes in 2012, representing a CAGR of 9.4%.

Container

Containerization enables faster and more flexible cargo movements, standardized loading and discharging, better security and lower costs, which has contributed to the significant growth in the container shipping industry since its introduction. Key drivers for the development of China's container trade include increasing containerization and the development of China's manufacturing industry, which is in turn driven by US and Europe demand for Chinese manufactured goods. China's container throughput for coastal ports has grown from 34 million TEUs in 2002 to 158 million TEUs in 2012, representing a CAGR of 16.6%. Growth of container throughput for coastal ports experienced a slowdown in 2009 due to the global financial crisis. In recent years, the Chinese government has been boosting domestic consumption, which has provided support for container throughput volumes. In the near term, uncertainties surrounding the Eurozone and U.S. economies will put pressure on the growth of China's export-driven international container trade.

Major Ports in China and Bohai Rim

China

The large-scale coastal ports in China are primarily located in the Bohai Rim, Yangtze River Delta and Pearl River Delta. Ports in the Bohai Rim have developed rapidly and are amongst the largest ports in China. In 2012, seven of the ten largest coastal ports in China were located in the Bohai Rim, compared to four in 2002. Of China's top ten ports, Qinhuangdao Port and Tangshan Port are the largest dry bulk-focused ports. Other large ports in China are mainly container-focused or integrated ports.

Bohai Rim

The map below shows major ports in the Bohai Rim:



Source: Drewry

Ports in Bohai Rim include Tianjin Port; Qinhuangdao Port, Tangshan Port and Huanghua Port in Hebei Province; Dalian Port, Yingkou Port, Dandong Port and Jinzhou Port in Liaoning Province; and Qingdao Port, Yantai Port, Rizhao Port and Weihai Port in Shandong Province.

For further details relating to the competition we face, please refer to "Business — Competition."

In close proximity to the coal resources in Inner Mongolia, Shanxi and Shaanxi Provinces as well as large steel manufacturing bases via railway lines, the Bohai Rim is home to many large coal and metal ore handling ports. Tangshan Port (comprised of Jingtang Port and Caofeidian Port) and Qinhuangdao Port are the largest and second largest dry bulk ports in the Bohai Rim, accounting for 20.8% and 17.3% of major dry bulk throughput in the region, respectively. Huanghua Port is planning to construct ore berths, and is expected to become another important port in the Bohai Rim.

Going forward, there is an opportunity for the continued growth of coal and metal ore throughput in the Bohai Rim, spurred by China's growing economy and infrastructure development. Furthermore, the fast-growing economy in the Bohai Rim and its hinterland is expected to drive regional trade and port throughput across all cargo types in the region.

The table below shows coal, metal ore, grain and major dry bulk throughput of key dry bulk ports in Bohai Rim for 2012:

	Coal	Metal Ore	Grain[1]	Major Dry Bulk
	(million tonnes)			
Tangshan Port	145	152	0	297
Qinhuangdao Port	238[2]	7[3]	2	247
Tianjin Port	94	98	5	197
Rizhao Port	34	138	8	180
Qingdao Port	17	133	5	155
Huanghua Port	104	18	0	122
Yingkou Port	38	37	8	83
Dalian Port	14	22	17	53
Yantai Port	27	19	2	48
Jinzhou Port	15	5	5	25
Dandong Port	14	0	2	16
Weihai Port	4	0	0	4

Note: 1. Grain throughput has been estimated.

2. Contains approximately 1 million tonnes of coal that is handled by other small third-party terminal operators in Qinhuangdao Port, according to Drewry.

3. Contains approximately 1 million tonnes of metal ore that is handled by other small third-party terminal operators in Qinhuangdao Port, according to Drewry.

Source: China Ports Year Book, Drewry

BARRIERS TO ENTRY

There are several barriers of entry to the development of a dry bulk port:

- *Inland accessibility and hinterland economy.* Dry bulk ports must be easily accessible (in particular by rail, highway and inland waterways) and in close proximity to major customers to provide stable cargo volumes. As inland transportation costs represent a significant proportion of the total transportation costs of dry bulk cargoes, cargo owners or shippers are highly sensitive to such costs and tend to call at the port that offers the lowest-cost connection to the inland cargo source or destination. For outgoing cargoes, proximity of the ports to the source, such as mines, is important. For incoming cargoes, proximity of the port to the destination, such as steel manufacturing plants or power plants, is important;

- *Favorable natural conditions.* Ports must be endowed with favorable natural conditions such as appropriate geological characteristics, sufficient berth depth and favorable weather conditions in order to develop and scale;

- *Long-term customer relationships and partnerships.* Dry bulk port operators typically rely on a small number of customers that operate facilities such as power plants, steel manufacturing plants or mines that they serve. Cargo owners (including dry bulk cargo owners) often invest in ownership stakes of terminals that are located along their transportation chain to ensure greater control over their cargo logistics and achieve vertical integration. Terminal operators participate in such arrangements to guarantee stable cargo volumes which in turn will support the long-term sustainability of the port. Establishing long-term relationships and partnerships with these customers is vital to the long-term viability of a dry bulk port;

- *Government support.* Port infrastructure and the provision of high-quality port services are essential to the development of the regional economy and the well being of its surrounding

communities. Therefore, the development and operation of ports are closely supervised and regulated by the government and are conditional upon successfully obtaining the required government support and approvals; and

- *Capital intensive nature.* Ports require large capital investments that typically involve payback periods of ten years or more and substantial capital strength is necessary for an entrant. Furthermore, coastal ports are moving towards deeper-water berths to support larger vessels and the construction environment is becoming increasingly complex, driving up the capital investments required for the construction of ports.

REPORT COMMISSIONED FROM DREWRY AND USE OF INFORMATION

We commissioned Drewry, an independent industry advisor, to conduct an analysis of, and to report on, the global and PRC port industry. Drewry is the specialist research and advisory organization for the maritime sector and an independent third party.

Investors should note that Drewry was engaged to prepare the port industry markets report, for use in whole or in part in this prospectus.

All the information and data presented in this section has been provided by Drewry. Drewry has advised that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, Drewry has advised that:

- Certain information in Drewry's database is derived from estimates or subjective judgment based on sample information from and interviews with port and shipping companies, government agencies and other industry consultants, and is prepared primarily as a marketing research tool;

- The information in the databases of other maritime data collection agencies may differ from the information in Drewry's database;

- While Drewry has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures;

- This section also contains forward-looking statements which are based on simplifying assumptions and current and expected market dynamics. The actual figures may vary as the market dynamics are ever changing. Drewry cannot be held liable for the realization of its forecasts; and

- Drewry's methodology for information and data collection, and therefore the information discussed in this section, may differ from those of other sources.

Investors should also note that no independent verification has been carried out on any facts or statistics that are directly or indirectly derived from official government publications, other publications as well as industry report we commissioned from Drewry. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any part has been omitted that would render such information false or misleading in any material respect. We, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, representatives, affiliates or other advisors or any other persons or parties involved in the Global Offering make no representation as to the accuracy of the information that is directly or indirectly derived from official government publications, other publications as well as industry report we commissioned from Drewry. Such information may not be

consistent with other information compiled within or outside the PRC. Accordingly, such information may not be accurate and should not be unduly relied upon.

The Company paid an aggregate amount of US$96,000 to Drewry for the preparation and updating of this report.

Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the report prepared by Drewry which may qualify, contradict or have an impact on the information set out in this section.

OUR HISTORY

Our Company was established on March 31, 2008, pursuant to the approvals issued by the People's Government of Hebei Province on February 28, 2008 and Hebei SASAC on March 26, 2008, respectively. QPG, the principal Promoter, was authorized to establish our Company by way of injection of its core port business and assets together with nine other Promoters, namely, Qinhuangdao Industrial, Hebei Communications, Daqin Railway, China Shipping, China Life Investment, Shougang Group, Beijing Enterprises, Datong Mine and Hebei SA Holdings by way of capital injection. At the time of our establishment, the registered capital of our Company was RMB4.275 billion, consisting of 4,275,000,000 Shares with a nominal value of RMB1.00 per Share. QPG, Qinhuangdao Industrial, Hebei Communications and Hebei SA Holdings held approximately 82.75%, 5.63%, 5.06% and 0.56% equity interest in our Company, respectively, and the other six Shareholders, namely, Daqin Railway, China Shipping, China Life Investment, Shougang Group, Beijing Enterprises and Datong Mine, each held 1% equity interest in our Company. For further details, please refer to the sub-section headed "Background of and Changes Relating to Our Existing Shareholders" in this prospectus.

Pursuant to the Reorganization Plan and the Reorganization Agreement, QPG undertook a reorganization in respect of its port business and transferred its core port business into our Company, which formed the core business of our Company (the "**Reorganization**"). For further details, please refer to the sub-section headed "Reorganization" in this section of the prospectus.

OUR MILESTONES

We operate Qinhuangdao Port, terminals in Caofeidian Port through an associate company, and terminals in Huanghua Port. Qinhuangdao Port has over 100 years of operating history while Caofeidian Port and Huanghua Port are newly developed ports in Bohai Rim which are expected to become the main driver of our future growth. Milestones of the core business of our Group and its predecessor are as follows:

Year	Event
1898	Qinhuangdao Port commenced operations as a commercial and trading port.
1974	The throughput of Qinhuangdao Port exceeded 10 million tonnes for the first time, ranking third among coastal ports in China.
1985	The throughput of Qinhuangdao Port exceeded 40 million tonnes, ranking second among coastal ports in China.
2001	The throughput of Qinhuangdao Port exceeded 100 million tonnes for the first time, becoming one of the largest ports with hundred million tonnes of annual throughput.
2002	According to the reform of the port administration system of the State Council, Qinhuangdao Port Bureau (秦皇島港務局) was assigned under the administration of Hebei Province instead of the central government and was restructured as QPG.
	QPG started to participate in the development and construction of Caofeidian Port in Tangshan, marking a milestone for the commencement of the cross port business expansion.
2006	The total throughput of Qinhuangdao Port exceeded 200 million tonnes for the first time.
2007	The coal throughput of Qinhuangdao Port exceeded 200 million tonnes for the first time.
	With the development of Huanghua Port in Cangzhou, the foundation of our current footprint covering Qinhuangdao, Tangshan and Cangzhou was initially established.
2008	Our Company was established by QPG, the principal Promoter, together with nine other Promoters with a registered capital of RMB4.275 billion.

Year	Event
2010	Qinhuangdao Coal Market released Bohai-Rim Steam-Coal Price Index.
2011	The total throughput of Qinhuangdao Port hit a record high of 279 million tonnes, among which the coal throughput hit the record high of 253 million tonnes.

REORGANIZATION

In December 2008, QPG, the then Controlling Shareholder of our Company injected its core port business and assets into our Company as its capital injection, which formed the core business of our Company upon its establishment. Pursuant to the Reorganization Agreement entered into between QPG and our Company on December 25, 2008, QPG injected its core port business which were operated through Qinhuangdao Port and other ports, including stevedoring, stacking, storage and transportation of port cargoes such as coal, oil and liquefied chemicals, ore and other bulk cargo as well as containers; and port ancillary services, which are closely related to our principal businesses, including towing and railway transportation services, together with the relevant assets (including cash) and liabilities of QPG and 14 branch companies, the entire equity interests in five subsidiaries and four companies with equity participation (the "**Core Business**") into our Company. The Reorganization Agreement has also clearly set out the provisions in relation to each party's rights and obligations applicable to the Reorganization.

Our PRC legal advisor confirmed that, as at the Latest Practicable Date, we had obtained the necessary approvals from the relevant government authorities with respect to the Reorganization and all procedures required for the Reorganization had been completed.

Pursuant to the Reorganization, the following assets, equity interests, land use rights and buildings as well as personnel and liabilities relating to our Core Business were injected into our Company by QPG:

1. Assets injected into our Company

Assets relating to the Core Business of our Company held by QPG:

- Assets of the following eight branches which engage in businesses in relation to coal, oil and liquefied chemicals as well as other cargoes: First Port Branch, Second Port Branch, Third Port Branch, General Cargo Port Branch, Sixth Port Branch, Seventh Port Branch, Eighth Port Branch and Ninth Port Branch; and
- Assets of the following six branches which engage in ancillary port businesses closely relating to the Core Business of our Company: Rail Transportation Branch, Mobile Machinery Branch, Logistics Branch, Ship Branch, Labor Service Branch and Power Branch.

2. Equity interests injected into our Company

The entire equity interests held by QPG in the following nine companies:

- 55% equity interest in Xin'gangwan Container Company;
- 90% equity interest in Cangzhou Bohai;
- 60% equity interest in Shanhaiguan Terminal;
- 35% equity interest in Caofeidian Shiye Port Company;
- 15% equity interest in SDIC Caofeidian Port Company;
- 90% equity interest in Ruigang Tech;
- 80% equity interest in Qinyun Energy;

- 40% equity interest in Huazheng Inspection; and
- 40% equity interest in Qinhuangdao Coal Market.

For further details of the abovementioned companies and the changes of our equity interests in some of these companies subsequent to the Reorganization, please refer to the sub-section headed "Our Principal Subsidiaries".

3. Land use rights and buildings injected into our Company

Pursuant to the Reorganization Plan and the Reorganization Agreement, our Company obtained land use rights with a total area of 6,169,743.09 square meters through land grants or acquisitions, and obtained relevant operational facilities and buildings in relation to our Core Business as injected by QPG, with the exception of the operational facilities and properties which QPG decided to retain for the reasons that the legal titles of some properties were defective, or it was anticipated that our Company's relevant business operations would eventually be relocated from the western zone to the eastern zone of Qinhuangdao Port. It was agreed that our Company could lease such retained operational facilities and properties from QPG in accordance with our operational needs. Our Company entered into a lease agreement ("Lease Agreement") and a general services agreement ("General Services Agreement") with QPG in December 2008. After QPG was renamed to HPG, our Company renewed the Lease Agreement and the General Services Agreement with HPG on March 28, 2011 and entered into the supplemental agreements to these two agreements on July 11, 2013. Please refer to the sections headed "Business — Leased Buildings", "Connected Transactions — Lease Agreement" and "Connected Transactions — General Services Agreement" for further details.

4. Employees transferred into our Company

Pursuant to the Reorganization Plan and the Reorganization Agreement, the management team, technical support staff and other employees involved in the operation of our business were also transferred into our Company from QPG based on the principle of "Transfer of Employees with the Assets" (人員隨資產走) and become the employees of our Company.

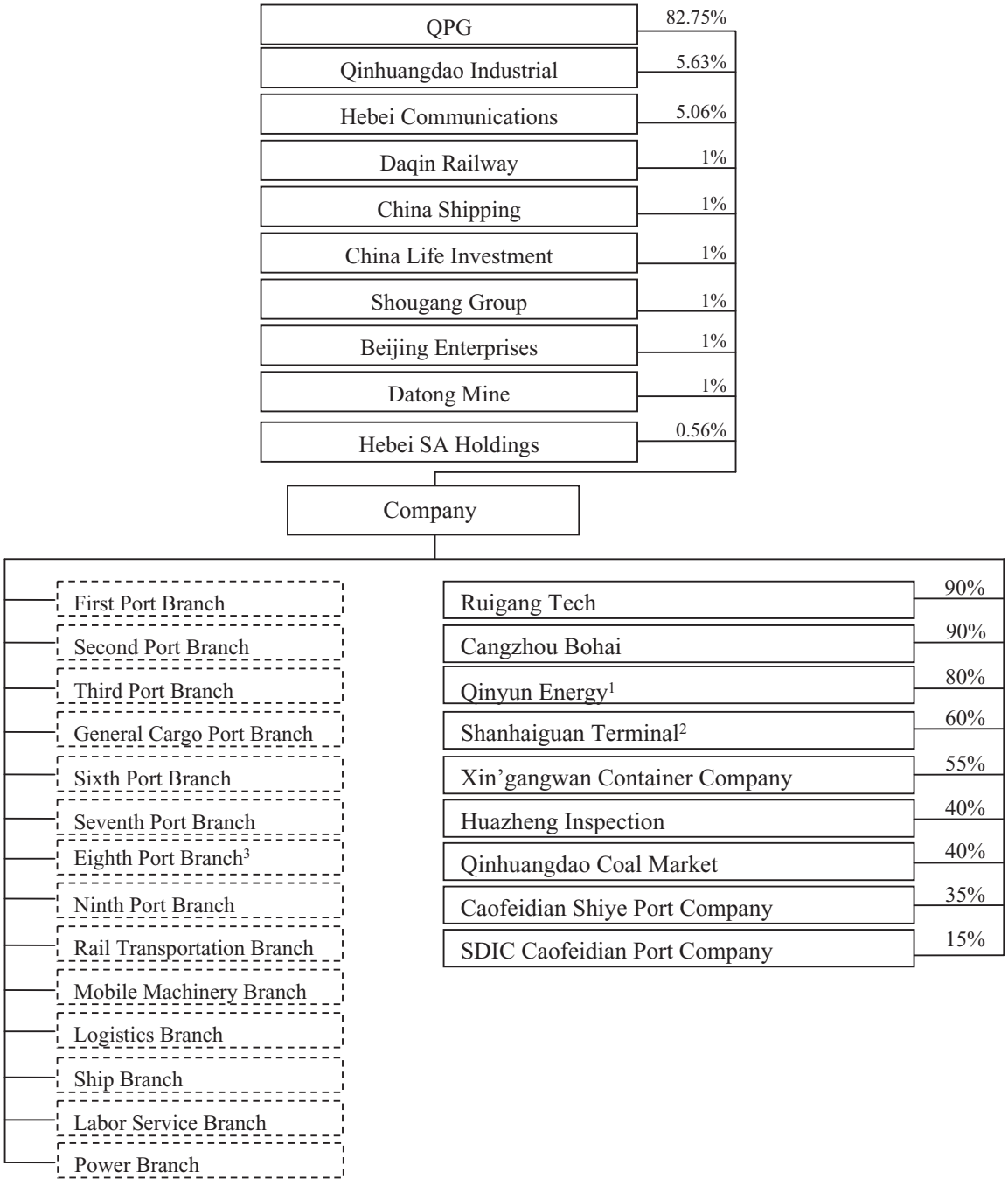
5. Liabilities injected into our Company

Pursuant to the Reorganization Plan and the Reorganization Agreement, QPG injected liabilities relating to the Core Business and assets into our Company, while other liabilities shall be borne by QPG.

In order to keep a clear delineation of business between that of our Group and that of QPG after the Reorganization, QPG decided to focus on its non-port core businesses (the "**Retained Business**") going forward and as such, retained the relevant assets held by QPG relating to the Retained Business, the equity interests in the companies which engage in the Retained Business, the departments or branch companies which provide administrative and societal services, as well as buildings, infrastructure (such as roads, bridges, pipelines, storing houses) and machinery.

As a result of the Reorganization, our Core Business and the Retained Business are distinctive from each other and have different focuses. Save for the Excluded Business Interests (for the definition of the Excluded Business Interests, please refer to the section headed "Relationship with the Controlling Shareholder — Excluded Business Interests" in this prospectus), we believe that the business which would continue to be undertaken by QPG does not, or is not likely to compete, directly or indirectly with our Core Business. For further details, please refer to the section headed "Relationship with the Controlling Shareholder — Delineation of Business" in this prospectus. In addition, we entered into a non-competition agreement ("Non-Competition Agreement") with QPG on December 25, 2008. After QPG was renamed to HPG, we re-entered into the Non- Competition Agreement with HPG on September 12, 2010, and further amended on July 11, 2013. For further details, please refer to the section headed "Relationship with the Controlling Shareholder — Non-Competition Agreement and Undertakings by the Controlling Shareholder" in this prospectus.

The following chart sets out the equity interests and corporate structure of our Group immediately upon completion of the Reorganization (the entities shown in dotted lines below are the branches of the Company):



Note: 1. Qinyun Energy, established on February 20, 1998, was one of the nine companies transferred into our Company pursuant to the Reorganization Agreement. Due to the expiration of the joint venture agreement between our Company and Datong Railway Wantong Industrial Corporation Limited (大同鐵路萬通實業有限責任公司) (**"Wantong Industrial"**), Wantong Industrial and our Company agreed to liquidate Qinyun Energy pursuant to the shareholders' resolutions dated March 25, 2010. The liquidation was completed and Qinyun Energy was deregistered on December 24, 2012.

2. Shanhaiguan Terminal, established on May 25, 2007, was one of the nine companies transferred into our Company pursuant to the Reorganization Agreement. Immediately upon completion of the transfer, we held 60% equity interest in Shanhaiguan Terminal, and Qinhuangdao Development Zone Company, the non-controlling shareholder of

Shanhaiguan Terminal, held the remaining 40% interest. Due to changes in the development environment of Shanhaiguan port zone and the Qinhuangdao Development Zone Company deciding not to continue sharing the ownership in Shanhaiguan Terminal with us, we decided to transfer our entire interest in Shanhaiguan Terminal to Qinhuangdao Development Zone Company. Pursuant to our Board resolutions dated June 28, 2010 and the approval issued by Hebei SASAC dated August 6, 2010, we entered into an equity transfer agreement dated August 27, 2010 with Qinhuangdao Development Zone Company to transfer our 60% interest in Shanhaiguan Terminal to Qinhuangdao Development Zone Company for a consideration of RMB120,000,600. Such consideration was based upon the valuation conducted by Qinhuangdao Zhengyuan Assets Appraisal Co., Ltd. (秦皇島正源資產評估有限責任公司), an Independent Third Party. Following completion of the registration with the relevant bureau of administration for industry and commerce regarding such transfer on September 16, 2010, we no longer held any interest in Shanhaiguan Terminal. As of June 30, 2013, RMB56 million of the said consideration had not been collected. Please refer to "Risk Factors" section for details. Other than the uncollected consideration, the transfer of Shanhaiguan Terminal had no material effect our Company's businesses.

3. Eighth Port Branch was deregistered on December 17, 2012 as a result of the Company's business integration.

BACKGROUND OF AND CHANGES TO OUR EXISTING SHAREHOLDERS

HPG

HPG is the Controlling Shareholder of our Company. The origin of HPG can be traced back to the Port Authority of Qinhuangdao of the Ministry of Transport (交通部秦皇島港務局). The commencement of port operation of Qinhuangdao can be traced back to 1898. After the establishment of the PRC, the construction of Qinhuangdao Port was funded directly by the Ministry of Transport. China Central Work Committee for Large-Sized Enterprises (中央大型企業工委) decentralized the management of Qinhuangdao Port to Hebei provincial authorities in 2002, and pursuant to the approval of Hebei People's Government, QPG was established in August 2002. From June 2006, QPG was held as to 50% by Qinhuangdao SASAC, as to 45% by Hebei Construction & Investment Group Co., Ltd. and as to 5% by Hebei SA Holdings. Pursuant to the approval issued by Hebei People's Government dated June 29, 2009, QPG changed its name to HPG, and became a wholly state-owned company directly under Hebei SASAC. The registered and paid up capital of HPG was RMB8 billion.

Pursuant to the approval issued by Hebei SASAC dated June 8, 2013, Hebei SA Holdings transferred its 24,057,073 Shares representing approximately 0.56% interest in our Company to HPG at nil consideration. Upon completion of the transfer, HPG holds 73.94% interest in our Company, and Hebei SA Holdings ceased to hold any interest in our Company.

Qinhuangdao SASAC

Qinhuangdao SASAC was formed in March 2004 and is mainly responsible for promoting state-owned enterprise reform and implementing the supervision of state-owned assets.

Pursuant to the approval issued by Hebei SASAC dated December 4, 2009, (i) HPG transferred its 400,567,500 Shares representing approximately 9.37% interest in our Company to Qinhuangdao SASAC at nil consideration, and (ii) Qinhuangdao Industrial transferred its 240,570,734 Shares representing approximately 5.63% interest in our Company to Qinhuangdao SASAC at nil consideration, respectively. Upon completion of these transfers, Qinhuangdao SASAC held 15% interest in our Company, and Qinhuangdao Industrial ceased to hold any interest in our Company.

Hebei Communications

Hebei Communications was established on June 26, 2007, with a registered capital of approximately RMB10.61 billion as at the Latest Practicable Date, and is principally engaged in the business of investment in railways, ports, highways and aviation and related consultancy business in Hebei Province. Hebei Communications is majority-owned by Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司).

Daqin Railway

Daqin Railway was established on October 28, 2004, with a registered capital of approximately RMB14.87 billion as at the Latest Practicable Date, and is principally engaged in the business of railway transportation (including Daqin Line), manufacturing, installation and maintenance of railway transport equipment and facilities and related management services. Daqin Railway is majority-owned by the Taiyuan Railway Administration (太原鐵路局).

China Shipping

China Shipping was established on October 7, 1997, with a registered capital of approximately RMB6.92 billion as at the Latest Practicable Date, and is principally engaged in the business of shipping, cargo and container transport, import and export operations, international freight agent business, vessel chartering and maintenance and related consultancy business. China Shipping is wholly-owned by the SASAC.

China Life Investment

China Life Investment was established on June 1, 1994, with a registered capital of approximately RMB134 million, and is principally engaged in the business of investment and investment management, asset management. China Life Investment is wholly-owned by the China Life Insurance (Group) Company (中國人壽保險(集團)公司).

Shougang Group

Shougang Group was established on May 13, 1981, with a registered capital of approximately RMB7.26 billion, and is engaged in a wide range of businesses involving industrial business, construction, geological exploration, transportation and logistics, foreign trade, telecommunications, finance, insurance, scientific research and comprehensive technological services and property development. Shougang Group is wholly-owned by the Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心).

Beijing Enterprises

Beijing Enterprises was established on January 18, 2005 with a registered capital of approximately RMB8.22 billion, and is principally engaged in investment and investment management. Beijing Enterprises is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會).

Datong Mine

Datong Mine was established on August 4, 1985 with a registered capital of approximately RMB17.03 billion, and is engaged in a wide range of businesses involving production and processing of coal, machinery manufacturing, engineering construction, industrial equipment installation, leasing, and building materials production**.** Datong Mine is majority-owned by the State-owned Assets Supervision and Administration Commission of People's Government of Shanxi Province (山西省人民政府國有資產監督管理委員會).

As at the Latest Practicable Date, HPG, Qinhuangdao SASAC and Hebei Communications hold approximately 73.94%, 15% and 5.06% interest in our Company, respectively and the other six Shareholders, namely, Daqin Railway, China Shipping, China Life Investment, Shougang Group, Beijing Enterprises and Datong Mine, each holds 1% equity interest in our Company.

OUR PRINCIPAL SUBSIDIARIES

1. Ruigang Tech

Ruigang Tech was established on March 22, 2006, with a registered capital of RMB10 million. Its main business scope includes sales of shipping equipment, vessel parts, electronic equipment and parts and communications equipment. Pursuant to the Reorganization Agreement, 90% interest in Ruigang Tech was injected by QPG to our Company. According to the share transfer agreement dated July 2, 2009, QPG Seaman Labor Committee agreed to transfer its 10% interest in Ruigang Tech to our Company for a consideration of RMB979,400, which was settled by our Company on October 10, 2009. Such consideration was based upon the valuation conducted by Beijing Jianhexin Asset Appraisal Co., Ltd. (北京建和信資產評估有限責任公司), an Independent Third Party. As a result of the transfer, Ruigang Tech became our direct, wholly-owned subsidiary.

2. Cangzhou Bohai

Cangzhou Bohai was established on October 31, 2007, with a registered capital of RMB500 million. Its business scope includes integrated port construction, engineering, stevedoring, storage, mechanics maintenance, warehousing, trade and logistics related businesses. QPG injected its 90% interest in Cangzhou Bohai into our Company pursuant to the Reorganization Agreement.

Pursuant to the shareholders' resolution of Cangzhou Bohai dated July 16, 2009, our Company and Hebei Bohai Investment Co., Ltd. (河北渤海投資有限公司) (its name was subsequently changed to Hebei Bohai Investment Group Co., Ltd. (河北渤海投資集團有限公司), "Hebei Bohai Investment"), as Cangzhou Bohai's shareholders, decided to adjust their respective proportion of the capital contribution. Following the adjustment, Cangzhou Bohai's capital contributed by our Company and Hebei Bohai Investment amounted to RMB400 million and RMB100 million, respectively and as such, Cangzhou Bohai is held as to 80% by us and 20% by Hebei Bohai Investment. Hebei Bohai Investment is an Independent Third Party (apart from its interest in Cangzhou Bohai).

Pursuant to the resolution of Cangzhou Bohai's shareholders meeting dated December 12, 2011, we decided to increase the registered capital of Cangzhou Bohai from RMB500 million to RMB2.3 billion through a capital injection of RMB1.8 billion, solely contributed by our Company. Following our capital injection, our capital contribution in Cangzhou Bohai amounted to RMB2.2 billion, representing an interest of approximately 95.65%, and the capital contribution of Hebei Bohai Investment, remained at RMB100 million, representing an interest of approximately 4.35%.

Pursuant to the resolution of Cangzhou Bohai's shareholders meeting dated December 11, 2012, we decided to further increase the registered capital of Cangzhou Bohai from RMB2.3 billion to RMB2.46 billion through a capital injection of RMB0.16 billion, solely contributed by our Company. Following our capital injection, our capital contribution in Cangzhou Bohai amounted to RMB2.36 billion, representing an interest of approximately 95.93%, and the capital contribution of Hebei Bohai Investment remained at RMB100 million, representing an interest of approximately 4.07%.

3. Qinhuangdao OSTC

Qinhuangdao OSTC was established on June 10, 2008, with a registered capital of RMB6,740,400. Its business scope includes provision of agency service for vessels, freight forwarding, port cargo handling operations and cargo weighing operations. QPG agreed to transfer its 84% interest in Qinhuangdao OSTC to our Company for a consideration of RMB6,550,200 pursuant to a share transfer agreement dated December 15, 2008. Our Company settled the payment on January 5, 2009. The consideration was determined based on the appraisal conducted by Hebei Hengxin Asset Appraisal Co., Ltd. (河北衡信資產評估有限公司), an Independent Third Party. Our

Company currently holds 84% interest in Qinhuangdao OSTC, and the remaining 16% interest is held by China Ocean Shipping Tally Company (中國外輪理貨總公司), an Independent Third Party (apart from its interest in Qinhuangdao OSTC).

4. Cangzhou Mineral

Cangzhou Mineral was established on April 10, 2012, with a registered capital of RMB100 million. Its business scope includes integrated port construction and project construction, loading and unloading cargo, stockpiling, mechanics maintenance, storage and port related operations. At that time, our Company held 70% interest in Cangzhou Mineral, and the remaining 30% interest was held by Hebei Iron & Steel Group International Logistics Co., Ltd. (河北鋼鐵集團國際物流有限公司), an Independent Third Party (apart from its interest in Cangzhou Mineral).

Pursuant to the resolution of Cangzhou Mineral's shareholders meeting dated June 29, 2013, the shareholders of Cangzhou Mineral decided to increase the registered capital of Cangzhou Mineral from RMB100 million to RMB925 million through a capital injection of RMB825 million, solely contributed by our Company. Following our capital injection, our capital contribution in Cangzhou Mineral amounted to RMB895 million, representing an interest of approximately 96.76%, and the capital contribution of Hebei Iron & Steel Group International Logistics Co., Ltd., remained at RMB30 million, representing an interest of approximately 3.24%.

5. Qinhuangdao Coal Market

Qinhuangdao Coal Market was established on April 26, 2007, with an initial registered capital of RMB2 million upon establishment. Its business scope includes coal information consulting, design, production, publication of various forms of domestic advertising, computer software development, convention and exhibition services. QPG injected its 40% interest in Qinhuangdao Coal Market into our Company pursuant to the Reorganization Agreement. In February, 2012, our Company, by way of sole capital injection, increased the registered capital of Qinhuangdao Coal Market to RMB3.75 million, following which our shareholding in Qinhuangdao Coal Market increased from 40% to 68%. As of the Latest Practicable Date, the remaining 32% interest is held as to 8% each by Taiyuan Railway Auxiliaries State-owned Assets Management Center (太原鐵路輔業國有資產管理中心), China Shipping Bulk Carrier Co., Ltd. (中海散貨運輸有限公司), China Coal Transport and Marketing Association (中國煤炭運銷協會) and Zhong Neng Power Industry Fuel Co., Ltd. (中能電力工業燃料公司), all of which are Independent Third Parties (apart from its interest in Qinhuangdao Coal Market).

6. Xin'gangwan Container Company

Xin'gangwan Container Company was established on October 30, 2007, with a registered capital of RMB400 million. Its business scope includes stevedoring and storage services for containers. QPG injected its 55% interest in Xin'gangwan Container Company into our Company pursuant to the Reorganization Agreement. Our Company currently owns 55% interest in Xin'gangwan Container Company, and the remaining 45% interest is held as to 30% by China Shipping Terminal Development Co., Ltd. (中海碼頭發展有限公司), which is the indirect subsidiary of China Shipping, one of our existing Shareholders, and as to 15% by Dalian Port Shipping Container Development Company Limited (大連港集裝箱發展有限公司), an Independent Third Parties (apart from its interest in Xin'gangwan Container Company).

7. Caofeidian Coal

Caofeidian Coal was established on October 29, 2009, with a registered capital of RMB1.8 billion. Its business scope includes investment and construction of port development engineering projects. Our Company currently holds 51% equity interest in Caofeidian Coal, and the remaining 49% interest is held as to 21% by Tangshan Caofeidian Port Co., Ltd. (唐山曹妃甸港口有限公司), as to 7% by China Huaneng Group, as to 6% by Hebei Communications, as to 5% by China Coal Energy Co., Ltd.

(中國中煤能源股份有限公司), as to 5% by Datong Mine, as to 4% by Inner Mongolia Yitai Coal Co., Ltd. (內蒙古伊泰煤炭股份有限公司), and as to 1% by SDIC Communications Company (國投交通公司). Apart from Hebei Communications and Datong Mine, being two of our Shareholders, all the other shareholders of Caofeidian Coal are Independent Third Parties (apart from their respective interests in Caofeidian Coal).

8. Cangzhou OSTC

Cangzhou OSTC was established on August 30, 2011, with a registered capital of RMB1 million. Its business scope includes cargo and container handling, cargo measuring, loading and unloading inspection, cargo damage survey and inspection. Cangzhou OSTC is held as to 33% by Cangzhou Bohai, 23% by Qinhuangdao OSTC, 22% by China Ocean Shipping Tally Company (中國外輪理貨總公司) and 22% by Huanghua Port Qinyu Labor Service Co., Ltd. (黃驊港勤裕勞動服務有限公司). Apart from Cangzhou Bohai and Qinhuangdao OSTC, which are both non-wholly owned subsidiaries of our Company, the other two shareholders of Cangzhou OSTC are Independent Third Parties (apart from their respective interests in Cangzhou OSTC and/or Qinhuangdao OSTC).

OUR PRINCIPAL BRANCHES

As of the Latest Practicable Date, the Company has 18 branches. Set out below are seven principal branches, which primarily engage in the stevedoring, stacking, storage and transport of cargoes such as coal, oil and liquefied chemicals, ores and other general cargoes. The other 11 branches include Rail Transportation Branch, Logistics Branch, Mobile Machinery Branch, Ship Branch, Labor Service Branch, Power Branch, Technique Center, Capital Settlement Center, Security Center, S&EP Center and Material Supply Center. These branches mainly engage in port ancillary services, such as ship towing, railway transportation services and material supply, which are closely related to our principal businesses.

1. First Port Branch

First Port Branch was established on May 30, 2008. The major cargo type handled by it is oil. Its business scope includes cargo loading and unloading and warehousing operations; leasing and maintenance of port machineries, facilities and equipment.

2. Second Port Branch

Second Port Branch was established on May 30, 2008. The major cargo type handled by it is coal. Its business scope includes provision of port facilities to vessels; provision of cargo loading and unloading, warehousing operations, lease and maintenance of port facilities and equipment as well as port machineries; provision of electricity to vessels, crew transfer and collection of wastage services.

3. Third Port Branch

Third Port Branch was established on May 30, 2008. The major cargo type handled by it is coal. Its business scope includes cargo loading and unloading and warehousing operations; lease and maintenance of port machineries, facilities and equipment; port services to vessels and other businesses. Pursuant to the requirements of the government and in line with the overall planning of relocating our Company's relevant operations from the western zone to the eastern zone of Qinhuangdao Port, the ship loading operation of the three coal berths of Third Port Branch has stopped. Please see the section headed "Risk Factors" for details.

4. General Cargo Port Branch

General Cargo Port Branch was established on May 30, 2008. The major cargo type handled by it is general cargoes. Its business scope includes cargo loading and unloading and warehousing operations; lease of port machineries, facilities and equipment and other related businesses.

5. Sixth Port Branch

Sixth Port Branch was established on May 30, 2008. The major cargo type handled by it is coal. Its business scope includes the provision of port facilities to vessels; provision of cargo loading and unloading and warehousing operations; lease and maintenance of port machineries, facilities and equipment; provision of electricity to vessels, crew transfer and collection of wastage services.

6. Seventh Port Branch

Seventh Port Branch was established on May 30, 2008. The major cargo type handled by it is coal. Its business scope includes the provision of port facilities services to vessels; provision of cargo loading and unloading and warehousing operations; lease and maintenance of port machineries, facilities and equipment; provision of electricity to vessels, crew transfer and collection of wastage services.

7. Ninth Port Branch

Ninth Port Branch was established on May 30, 2008. The major cargo type handled by it is coal. Its business scope includes cargo loading and unloading and warehousing operations; lease and maintenance of port machineries, facilities and equipment; port services for vessels.

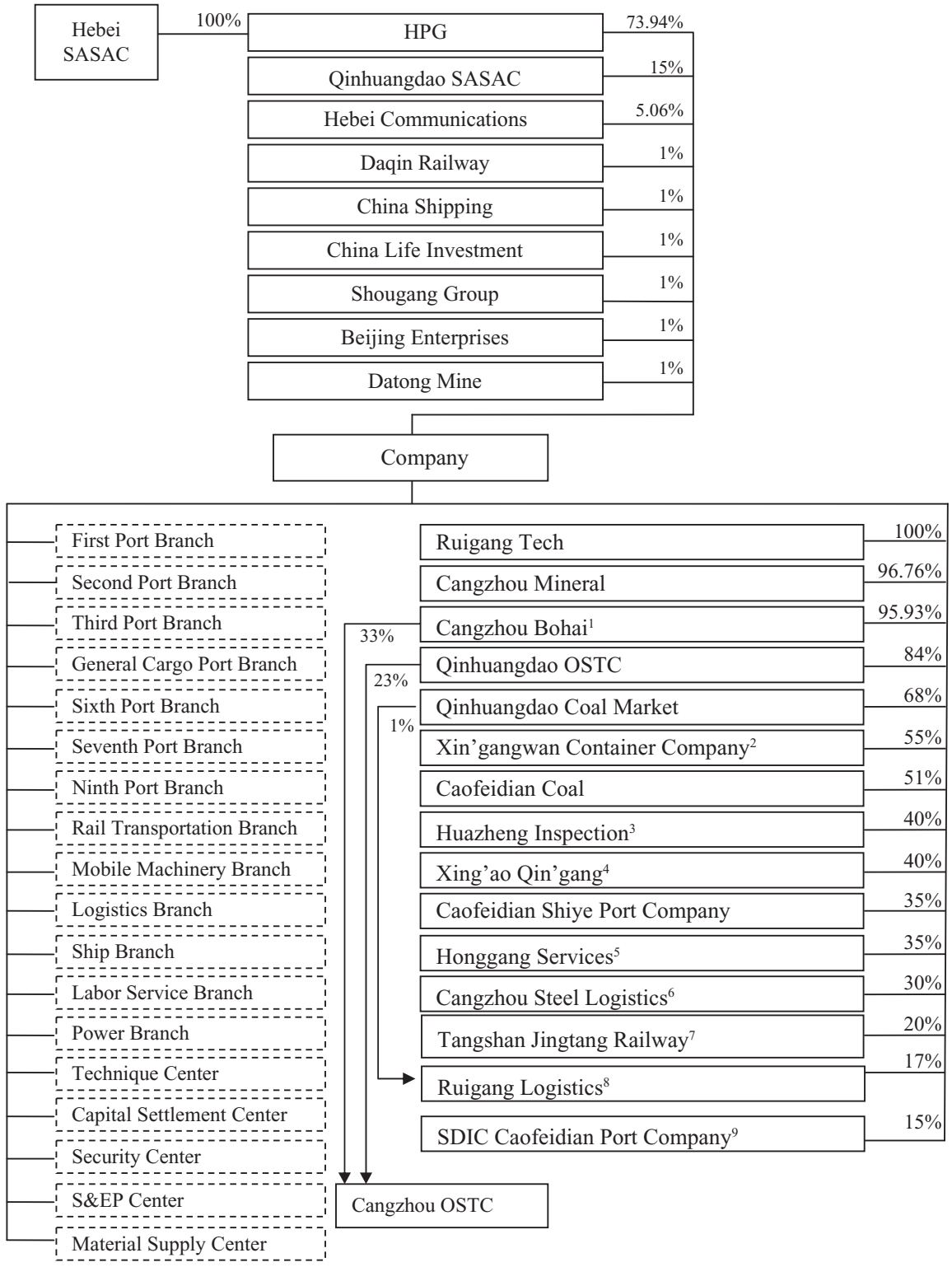
OUR PRINCIPAL ASSOCIATE COMPANY

Caofeidian Shiye Port Company

Caofeidian Shiye Port Company was established on September 4, 2002, with a registered capital of RMB2,000 million. Its business scope includes port operations, land development, investment in infrastructure and property leasing. Pursuant to the Reorganization Agreement, its 35% equity interest held by QPG was injected into the Company. The remaining 30%, 15%, 10% and 10% equity interests were held by Shougang Group, Tangshan Iron and Steel Co., Ltd. (唐山鋼鐵集團有限責任公司), Hebei Communications and Tangshan Port Industrial Co., Ltd. (唐山港口實業集團有限公司), respectively. Apart from Shougang Group and Hebei Communications, being two of our existing Shareholders, all other shareholders are Independent Third Parties (apart from their respective interests in Caofeidian Shiye Port Company).

CORPORATE STRUCTURE

The following chart sets out our equity interests and corporate structure as at the Latest Practicable Date (the entities shown in dotted lines below are the branches of the Company):



Note: 1. During the Track Record Period, Cangzhou Bohai had two wholly-owned subsidiaries, namely Cangzhou Bohai Mineral Terminal Co., Ltd. (滄州渤海礦石碼頭有限公司) ("**Bohai Mineral**") and Cangzhou Bohai Container Terminal Co., Ltd. (滄州渤海集運碼頭有限公司) ("**Bohai Shipping**"). Bohai Mineral was established on September 12, 2008 and its scope of business mainly includes integrated port construction and port stevedoring. Pursuant to the shareholder resolution on July 18, 2011, Cangzhou Bohai decided to deregister Bohai Mineral, and the deregistration was completed on November 16, 2011. Bohai Shipping was established on March 11, 2009 and its scope of business mainly includes port stevedoring of containers. Pursuant to the shareholder resolution on March 5, 2012, Cangzhou Bohai decided to deregister Bohai Shipping, and the deregistration was completed on May 23, 2012.

In addition, Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司), an associate of our Company, is held as to 20% by Cangzhou Bohai. The other equity interest is held as to 60% by HPG, as to 10% each by Handan Transportation Construction Co., Ltd. (邯鄲市交通建設有限公司) and Handan Hanshan Investment Co., Ltd. (邯鄲市邯山投資有限公司). Apart from HPG being one of our Existing Shareholders, the others are Independent Third Parties. Handan International Land Port Co., Ltd. is principally engaged in cargo handling and weighing, steel storage, dispatch, import and export and real estate.

2. Xin'gangwan Container Company owns 49% equity interest in Qinhuangdao Wanhui Logistics Co., Ltd. (秦皇島萬匯物流有限公司) which is a joint venture of our Company. The remaining 51% interest of Qinhuangdao Wanhui Logistics Co., Ltd is held by China Shipping Group Logistics Co., Ltd. (中海集團物流有限公司), which is a subsidiary of China Shipping, one of our existing Shareholders. Qinhuangdao Wanhui Logistics Co., Ltd. is principally engaged in provision of logistic services.

3. Huazheng Inspection is held as to 40% by our Company and as to 30% each by Energy Quality Supervision and Inspection Institute of Shaanxi Province (陝西省能源質量監督檢驗所) and Zhong Neng Power Industry Fuel Co. (中能電力工業燃料公司), both of which are Independent Third Parties. Huazheng Inspection is principally engaged in the examination and inspection of energy products, such as coal and its add-ons.

4. Xing'ao Qin'gang is held as to 40% by our Company and 60% by Qinhuangdao Dongao Fuel Sales Co., Ltd. (秦皇島東奧燃料銷售有限公司) which is an Independent Third Party. Xing'ao Qin'gang is principally engaged in the sale of steel and construction materials.

5. Honggang Services is held as to 35% by our Company, as to 60% by the Tenth Construction and Engineering Co., Ltd. of Qinhuangdao Haigang District (秦皇島市海港區第十建築工程公司) and as to 5% by Qinhuangdao Lijia Human Resources Service Co., Ltd. (秦皇島力佳人力資源服務有限公司), both of which are Independent Third Parties. Honggang Services is principally engaged in labor dispatch and cargo loading and unloading services.

6. Cangzhou Steel Logistics is held as to 30% by our Company and 70% by Hebei Iron & Steel Group International Logistics Co., Ltd. (河北鋼鐵集團國際物流有限公司), an Independent Third Party. Cangzhou Steel Logistics is principally engaged in general cargo services, cargo import and export, warehousing, sale of mineral products, and the development and construction of port, railway and related facilities.

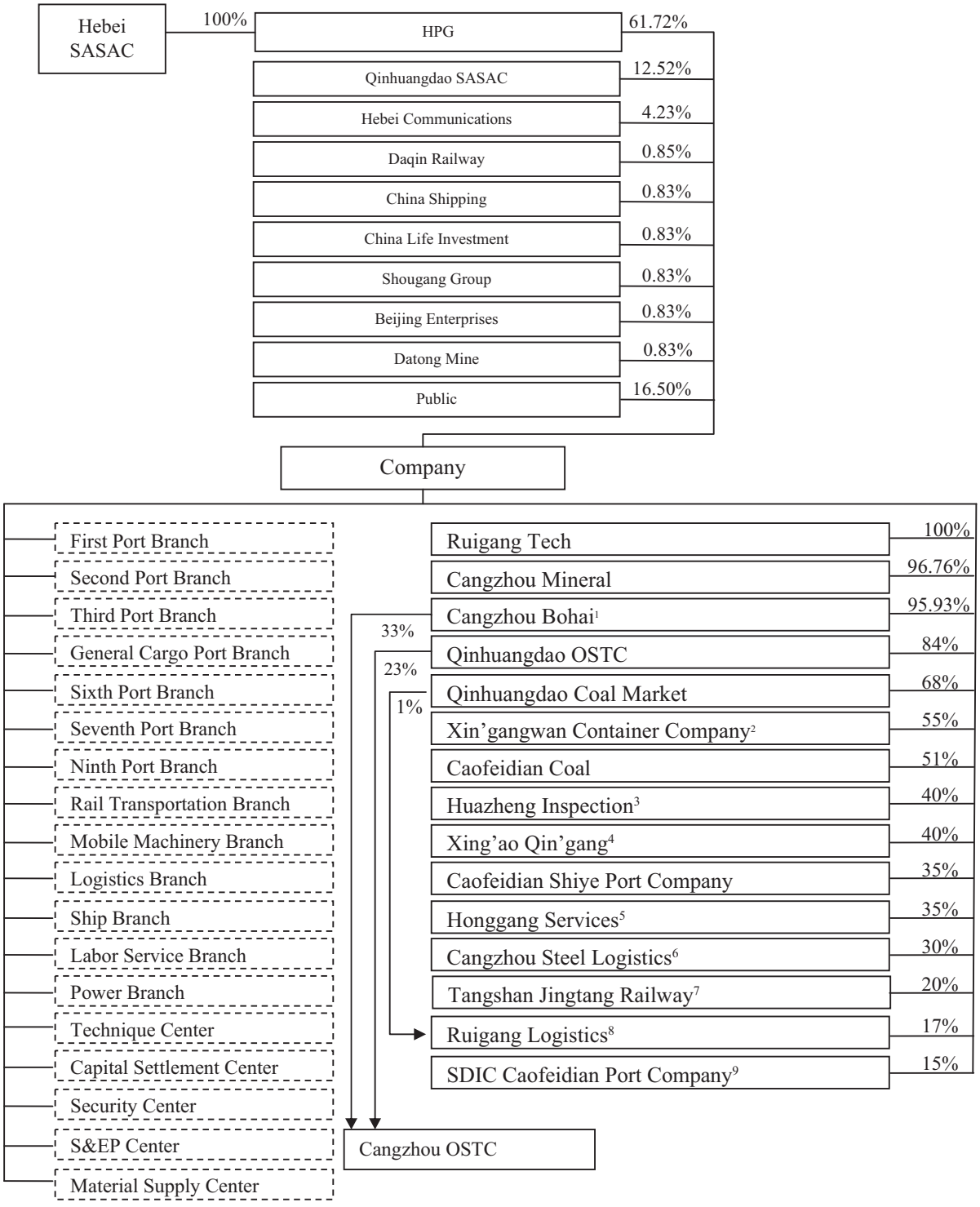
7. Tangshan Jingtang Railway, established on March 7, 2013, is held as to 20% by our Company and 80% by Beijing Shougang Resource Recycling Technology Co., Ltd. (北京首鋼資源再利用科技有限公司), an Independent Third Party. Tangshan Jingtang Railway is principally engaged in the railway investment and construction.

8. Ruigang Logistics is held as to 17% by our Company, as to 51% by HPG, and as to 10% each by China Guodian Corporation Fuel Co., Ltd. (國電燃料有限公司), China Huaneng Group Fuel Co., Ltd. (中國華能集團燃料有限公司) and Shanxi Coal International Energy Group Co., Ltd. (山煤國際能源集團股份有限公司), respectively, and as to 1% each by Qinhuangdao Coal Market and Zhonglian Coal Sales Co., Ltd. (中聯煤炭銷售有限責任公司), respectively. Ruigang Logistics is principally engaged in coal wholesale, transportation, freight forwarding, cargo storage and logistics information management and consulting. Apart from HPG and Qinhuangdao Coal Market, being our Controlling Shareholder and our 68% subsidiary, respectively, all the other shareholders of Ruigang Logistics are Independent Third Parties.

9. SDIC Caofeidian Port Company is held as to 15% by our Company, as to 51% by SDIC Communications Company (國投交通公司), as to 20% by Hebei Communications, as to 10% by Shenzhen Zhujiang Port Development Co., Ltd. (深圳珠江港口發展有限公司) and as to 4% by Tangshan Construction & Investment Co., Ltd. (唐山建設投資有限責任公司). SDIC Caofeidian Port Company is engaged in the business of providing terminal facilities services for vessels, cargo loading and unloading, cargo storage, investment and construction of harbor engineering development projects, towing services and property management. Apart from Hebei Communications, being one of our existing Shareholders, all the other shareholders of SDIC Caofeidian Port Company are Independent Third Parties.

CORPORATE STRUCTURE

The following chart sets out our equity interests and corporate structure immediately after the Global Offering (assuming the Over-allotment Option is not exercised) (the entities shown in dotted lines below are the branches of the Company):



Note: 1. For notes 1 to 9, please refer to the notes 1 to 9 stated in "Our equity interests and corporate structure as at the Latest Practicable Date" of this prospectus.

THE CORNERSTONE PLACING

We have entered into cornerstone investor agreements with seven cornerstone investors (the "**Cornerstone Investors**") who have agreed to subscribe for such number of our Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of US$240 million (or approximately HK$1,860 million).

Assuming an Offer Price of HK$5.25 (being at the low end of the Offer Price range set out in this prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 354,284,500, representing approximately (i) 42.7% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 7.0% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 6.9% of the Shares in issue assuming that the Over-allotment Option is fully exercised. Assuming an Offer Price of HK$5.98 (being at the approximate mid-point of the Offer Price range set out in this prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 311,035,500, representing approximately (i) 37.5% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 6.2% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 6.0% of the Shares in issue assuming that the Over-allotment Option is fully exercised. Assuming an Offer Price of HK$6.70 (being at the high end of the Offer Price range set out in this prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 277,609,000, representing approximately (i) 33.5% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 5.5% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 5.4% of the Shares in issue assuming that the Over-allotment Option is fully exercised.

Each of the Cornerstone Investors is an Independent Third Party and is not our connected person. The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will have any representation on the Board or be a substantial Shareholder of our Company and will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investor agreements referred to below.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around December 11, 2013.

OUR CORNERSTONE INVESTORS

We set out below a brief description of our Cornerstone Investors:

Zhongrong International Trust Co., Ltd.

Zhongrong International Trust Co., Ltd. ("**Zhongrong Trust**") has agreed to subscribe, through a qualified domestic institutional investment fund, for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of US$50 million at the Offer Price. Assuming the Offer Price of HK$5.25, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that Zhongrong Trust would subscribe for would be 73,809,500, representing approximately 1.5% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not

exercised. Assuming the Offer Price of HK$5.98, being the approximate mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that Zhongrong Trust would subscribe for would be 64,799,000, representing approximately 1.3% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$6.70, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that Zhongrong Trust would subscribe for would be 57,835,500, representing approximately 1.1% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

Zhongrong Trust, formerly known as Harbin International Trust and Investment Corporation, was established in 1987. Zhongrong Trust's main shareholders include Jingwei Textile Machinery Co., Ltd., Zhongzhi Enterprise Group and Harbin Investment Group Co., Ltd. Its principal engagements include real estate trust, bank-trust cooperation, securities investment trust, equity income trust, infrastructure investment and financing trusts, private equity investment trusts, mining and energy trusts and alternative innovative businesses. Jingwei Textile Machinery Co., Ltd. is listed on the Hong Kong Stock Exchange (stock code: 0350) and the Shenzhen Stock Exchange (stock code: 000666).

China Coal Hong Kong Limited

China Coal Hong Kong Limited ("**China Coal HK**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of US$40 million at the Offer Price. Assuming the Offer Price of HK$5.25, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that China Coal HK would subscribe for would be 59,047,500, representing approximately 1.2% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$5.98, being the approximate mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that China Coal HK would subscribe for would be 51,839,000, representing approximately 1.0% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$6.70, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that China Coal HK would subscribe for would be 46,268,500, representing approximately 0.9% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

China Coal HK is a company incorporated with limited liability in Hong Kong in April 1986, and is principally engaged in the import and export of coal and related charter businesses in the PRC, Taiwan and Southeast Asia region. China Coal HK is a wholly-owned subsidiary of China National Coal Group Corporation, the key state-owned enterprise under the SASAC. China National Coal Group Corporation is China's second largest coal producer, and its core businesses comprise of coal production and trade, coal chemical, pit-mouth power generation, coal mine construction, coal mining equipment manufacturing, coal-bed methane exploration and relevant engineering technical services.

CCCC International Holding Limited

CCCC International Holding Limited ("**CCCC International**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming the Offer Price of HK$5.25, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that CCCC International would subscribe for would be 44,285,500, representing approximately 0.9% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$5.98, being the approximate mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that CCCC International would subscribe for would be 38,879,500, representing approximately 0.8% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$6.70, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that CCCC

International would subscribe for would be 34,701,000, representing approximately 0.7% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

CCCC International is a company incorporated in Hong Kong, and is a subsidiary and the overseas investment platform of China Communications Construction Company Limited ("**CCCC**"). CCCC was established in 2006 under the approval of the State Council. It is a listed company on the Hong Kong Stock Exchange (stock code: 1800) and the Shanghai Stock Exchange (stock code: 601800). CCCC and its subsidiaries are a leading transportation infrastructure group in the PRC, and is an industry leader in each of its four core business, namely, infrastructure construction, infrastructure design, dredging and heavy machinery manufacturing. CCCC is also China's largest port design and construction company, China's leading highway and bridge construction and design company, China's leading railway construction enterprise, China's largest international engineering contractor and China's largest engineering design company, as well as the world's largest dredging company and container crane manufacturer.

China Datang Overseas (Hong Kong) Co., Limited

China Datang Overseas (Hong Kong) Co., Limited ("**Datang Overseas HK**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming the Offer Price of HK$5.25, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that Datang Overseas HK would subscribe for would be 44,285,500, representing approximately 0.9% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$5.98, being the approximate mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that Datang Overseas HK would subscribe for would be 38,879,500, representing approximately 0.8% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$6.70, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that Datang Overseas HK would subscribe for would be 34,701,000, representing approximately 0.7% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

Datang Overseas HK is a company incorporated in Hong Kong with limited liability, and is engaged in electricity and energy investment. It is a subsidiary of China Datang Corporation ("**CDT**"). CDT is an extra large scale power generation enterprise group established on the basis of partial power generation assets of the former State Power Corporation. It is a solely state-owned corporation, directly managed by the Central Committee of the Communist Party of China, and was the pilot State-authorized investment and shareholding enterprise ratified by the State Council. CDT is mainly specialized in businesses such as the management of state-owned assets of CDT group, the development, investment, construction, operation and management of electric power, organization of production and sale of thermal power, electric power equipment manufacture, maintenance and commissioning, power technology development and consultation, contracting and consulting services for electronic power engineering and environmental protection projects and renewably energy development.

Guodian Fuel Ltd.

Guodian Fuel Ltd. ("**Guodian Fuel**") has agreed to subscribe, through a qualified domestic institutional investment fund, for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming the Offer Price of HK$5.25, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that Guodian Fuel would subscribe for would be

44,285,500, representing approximately 0.9% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$5.98, being the approximate mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that Guodian Fuel would subscribe for would be 38,879,500, representing approximately 0.8% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$6.70, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that Guodian Fuel would subscribe for would be 34,701,000, representing approximately 0.7% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

Guodian Fuel is a wholly-owned subsidiary of China Guodian Corporation, which is an integrated power generation group, established in December 2002 under the approval of the State Council. China Guodian Corporation is principally engaged in the development, investment, construction, operation and management of power generation, and the sale and production of power (heat). It is also involved in the investment, construction, operation and management of businesses related to its power generation business, including coal, power generation equipment, new energy, transportation, high-tech industry, environmental protection, technical services and information consulting. Besides this, it is also involved in domestic and international financing, international trade, economic cooperation, foreign project contract and labor service cooperation businesses.

Hong Kong Xingyuan Investment & Trading Company Limited

Hong Kong Xingyuan Investment & Trading Company Limited ("**Hong Kong Xingyuan**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming the Offer Price of HK$5.25, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that Hong Kong Xingyuan would subscribe for would be 44,285,500, representing approximately 0.9% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$5.98, being the approximate mid-point of the Offer Price range set out in this prospectus, the total number of H Shares that Hong Kong Xingyuan would subscribe for would be 38,879,500, representing approximately 0.8% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$6.70, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that Hong Kong Xingyuan would subscribe for would be 34,701,000, representing approximately 0.7% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

Hong Kong Xingyuan is a company incorporated with limited liability in Hong Kong. It is indirectly controlled by Zhejiang Energy Group Co., Ltd. ("**Zhejiang Energy**"), and is the offshore platform of Zhejiang Energy. Zhejiang Energy was established pursuant to the approval of the People's Government of Zhejiang Province, and is a wholly state-owned corporation with limited liability. Zhejiang Energy is a provincial-level enterprise operating state-owned assets in the energy sector in Zhejiang Province, and is principally engaged in the investment, development and construction of energy infrastructure industries (including electricity, coal and natural gas).

Taiping General Insurance Company Limited

Taiping General Insurance Company Limited ("**Taiping General Insurance**") has agreed to subscribe, through a qualified domestic institutional investment fund, for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming the Offer Price of HK$5.25, being the low end of the Offer Price range set out in this prospectus, the total number of H Shares that Taiping General Insurance would subscribe for would be 44,285,500, representing approximately 0.9% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$5.98, being the approximate mid-

point of the Offer Price range set out in this prospectus, the total number of H Shares that Taiping General Insurance would subscribe for would be 38,879,500, representing approximately 0.8% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised. Assuming the Offer Price of HK$6.70, being the high end of the Offer Price range set out in this prospectus, the total number of H Shares that Taiping General Insurance would subscribe for would be 34,701,000, representing approximately 0.7% of the Shares in issue immediately following completion of the Global Offering assuming the Over-allotment Option is not exercised.

Taiping General Insurance is a company incorporated in the PRC, mainly engaged in property insurance businesses. It is controlled by China Taiping Insurance Group Co. ("**China Taiping**") and China Taiping Insurance Holdings Company Limited ("**China Taiping Insurance**"). China Taiping is an integrated financial and insurance services provider. Its business covers life insurance, general insurance, pension plans, reinsurance, reinsurance brokerage, insurance agent, securities brokerage, asset management and non-financial investment, and its operations has presence in many countries and regions including the PRC, Hong Kong, Macau, Europe, Oceania, East Asia and Southeast Asia. China Taiping Insurance is a company listed on the Hong Kong Stock Exchange (stock code: 0966), and is the first non-foreign invested Chinese insurance company listed on an overseas stock exchange in 2000.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements;

(b) the Listing Committee having granted the listing of, and permission to deal in, the H Shares and that such approval or permission not having been revoked prior to the commencement of dealings in the H Shares;

(c) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or in the cornerstone investment agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(d) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are accurate and true in all respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF H SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of the Company and the relevant Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the H Shares they have purchased pursuant to the relevant cornerstone investor agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

OVERVIEW

We are the world's largest independent port operator for major dry bulk cargo in terms of throughput in 2012, according to Drewry. We operate Qinhuangdao Port, the world's largest coal port by throughput in 2012, which accounted for approximately 31.9% of the total volume of seaborne coal loaded by coastal ports in China in the same year, according to Drewry. We are also one of the most important ore port operators in the Bohai Rim of China. We believe that we will grow into one of the leading integrated port operators in China in the next five years. Through increasing investment in port facilities and equipment to continually expand our throughput capacity, we are able to provide high-quality and highly efficient integrated port services, including stevedoring, stacking, warehousing, transportation and logistics, and handle various types of cargo including coal, metal ores, oil and liquefied chemicals, containers and general cargo.

We operate Qinhuangdao Port, terminals in Caofeidian Port through an associate company and terminals in Huanghua Port, all of which are located in the Bohai Rim. Qinhuangdao Port has over 100 years of operating history, while Caofeidian Port and Huanghua Port are undergoing significant development and experiencing rapid growth. Our operations in Caofeidian Port and Huanghua Port have expanded our hinterland coverage and are expected to become a main driver of our future growth. We and our associate company operate a total of 62 berths and achieved total throughput of 309.94 million tonnes, 349.56 million tonnes, 336.07 million tonnes and 182.56 million tonnes, respectively, for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013. Building upon our extensive experience in port operations and successful consolidation of port resources in the Bohai Rim, we believe we are well positioned to benefit from the strong growth of the Chinese economy and, in particular, the economy of the Bohai Rim.

Qinhuangdao Port is the most important port-of-call for China's domestic coal trade and plays a pivotal role in coal transportation in China. China's coal resources are mainly located in north and west China, such as Inner Mongolia, Shanxi and Shaanxi provinces and mainly consumed in the economically developed coastal provinces in south and east China. Generally speaking, coal produced in north and west China is first transported west to east by rail from coal mines to coastal ports and then north to south by sea to the southern regions. The Daqin Line is the most important railway line in China carrying coal from its western region to eastern region. Qinhuangdao Port is strategically located at the east end of, and directly connected to, the Daqin Line, and therefore is the main port-of-call for coal transported through the Daqin Line. The port is also endowed with advantageous natural and geographical attributes. It is a natural deepwater port, ice-free and silt-free and also connected to several national highways.

Caofeidian Port is connected to the Daqin Line through the Qiancao Line. Tangshan Port (comprised of Jingtang Port and Caofeidian Port) is the second largest port-of-call for coal transported through the Daqin Line following Qinhuangdao Port. After the completion of the Mengji Line, Caofeidian Port is expected to be directly connected with Inner Mongolia, an important coal producing region in north China. The Mengji Line is expected to become one of the three major transportation arteries for the west-to-east coal transfer in China and thereby further consolidate the strategic position occupied by Caofeidian Port in the transportation of coal for domestic trade in China. Furthermore, Hebei Province is the largest steel manufacturing base in China and accounted for approximately 24.8% of China's crude steel production in 2012, according to China Iron and Steel Association. The hinterland of Caofeidian Port is home to many leading steel producers in China. As such, Caofeidian Port is well positioned to benefit from the robust local demand for imported iron ore.

Huanghua Port is strategically located in close proximity to the economic hinterland comprising central and south Hebei Province and northwest Shandong Province and is the preferred port-of-call for seaborne trade in the region. It is also one of the most convenient and cost efficient sea access points in central and south Hebei Province. Huanghua Port is expected to be developed into a major port-of-call for iron ore imported by steel producers in these regions, including Cangzhou, Xingtai and

Handan, among other places, and to become a major ore port in the Bohai Rim. The Hanhuang Line, currently under construction, is expected to directly connect Huanghua Port to coal mines and steel manufacturing bases in its hinterland and hence expected to bring a significant volume of coal and iron ore cargoes to Huanghua Port. In addition, Cangzhou is an important chemical manufacturing base in the Bohai Rim, which has a high demand for oil products. We plan to develop Huanghua Port into one of the largest integrated ports in the Bohai Rim.

We offer comprehensive and integrated port services to our customers to effectively meet their diverse transportation needs. We have highly efficient operations benefiting from our extensive experience in port operation and management and world advanced port facilities and equipment. We also work closely with relevant railways, maritime bureaus and maritime pilot departments. Such integration promotes efficiency in operational control and allows seamless intermodal transits. We also offer value-added services, such as coal blending and providing a coal trading service platform, to further promote our capabilities in offering integrated and comprehensive services for coal transport. Our Qinhuangdao Coal Market is a comprehensive coal trading service platform and coal supply chain management service provider that integrates information exchange and logistics management with a focus on coal trading. The "Bohai-Rim Steam-Coal Price Index" reported by the Qinhuangdao Coal Market has served as a benchmark for price-setting in domestic coal trading in China and is becoming an important reference for international coal trading, according to Drewry. The coal spot trading service platform developed by the Qinhuangdao Coal Market is now an important service platform for coal trading among coastal ports for seaborne coal, according to Drewry, and has established a solid foundation for future integration of coal spot trading and futures trading and trading of related derivative products and the establishment of a market model for integrating spot and futures trading.

We maintain long-term relationships with our major customers, which include Shenhua Group, China Coal Group, Datong Mine, Yitai Group, China Guodian Corporation, Zheneng Fuxing and Datang Group, among other customers. We also jointly develop and operate terminals with certain major customers, thereby strengthening our relationship with them and securing stable supplies of cargo to such terminals from these customers. We also provide dedicated facilities such as stacking space, berths and related port facilities to certain major customers with whom we have long-term contracts to promote customer satisfaction and operational efficiency. Moreover, our existing shareholders include some of our important customers including Datong Mine and Shougang Group, as well as key partners, Daqin Railway and China Shipping. We believe the fact that our important customers and partners have invested in and with us is an affirmation of our achievements and demonstrates their strong faith in our success and future growth.

We have achieved rapid growth in the Track Record Period and plan to further consolidate our position as the largest independent port operator for major dry bulk cargo in the world. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our total revenue was RMB5.11 billion, RMB5.73 billion, RMB6.25 billion and RMB3.39 billion, respectively. Our profit attributable to shareholders for the same periods was RMB1.10 billion, RMB1.06 billion, RMB1.40 billion and RMB1.20 billion, respectively.

COMPETITIVE STRENGTHS

We believe that our historical success and future prospects are attributable to the following competitive strengths.

Being the world's largest coal port and the major hub connecting China's most important coal transportation arteries, Qinhuangdao Port is of strategic importance to the nation's economy.

We operate Qinhuangdao Port, the largest coal port in the world by throughput for the year 2012, according to Drewry. For the year ended December 31, 2012, Qinhuangdao Port accounted for

approximately 31.9% of the total volume of seaborne coal loaded by coastal ports in China, according to Drewry.

Qinhuangdao Port has an operating history of over 100 years. The port is operated with high efficiency and provides stable cash flow to our Group. China's coal resources are mainly located in north and west China, such as Inner Mongolia, Shanxi and Shaanxi provinces and mainly consumed in the economically developed coastal provinces in south and east China. Generally speaking, coal produced in north and west China is first transported by rail from coal mines in the west to coastal ports in the east and then from north to south by sea to the south and east regions. The Daqin Line is the most important coal-transport railway line with the largest carrying capacity in China. The Daqin Line plays a key role in transporting coal west to east, accounting for more than 15% of China's railway coal freight volume in 2012. Strategically located at the east end of the Daqin Line, Qinhuangdao Port is the main port-of-call for coal carried through the Daqin Line, and the major hub connecting China's most important coal transportation arteries for the west-to-east and north-to-south coal transfers, and is of strategic importance to, and a barometer of, the nation's economy.

We have successfully consolidated port resources in the Bohai Rim, which has enabled us to expand our hinterland, realize synergies across ports and diversify our cargo mix and is expected to drive our future growth.

Leveraging our operational experience in Qinhuangdao Port and strong support from Hebei provincial government, we have successfully expanded into Caofeidian Port and Huanghua Port. Our successful consolidation of port resources in the Bohai Rim has enabled us to:

- strengthen our pivotal role in China's coal transportation. Caofeidian Port is connected to the Daqin Line through the Qiancao Line. Tangshan Port (comprised of Jingtang Port and Caofeidian Port) is the second largest port-of-call for the Daqin Line following Qinhuangdao Port. After the completion of the construction of the Mengji Line, Caofeidian Port is expected to be directly connected with Inner Mongolia, an important coal production region in north China. The Mengji Line is expected to serve as one of the three major transportation arteries for the west-to-east coal transfer in China and further consolidate Caofeidian Port's strategic position in domestic coal transportation in China. Moreover, the Hanhuang Line, which is currently under construction, is expected to directly connect Huanghua Port to coal mines in its hinterland and expected to bring a significant volume of coal cargoes to Huanghua Port;

- expand our market share and hinterland in the Bohai Rim. Caofeidian Port serves a hinterland that is home to some of the largest steel companies in China with a high demand for iron ore imports for which Caofeidian Port is the preferred port-of-call. Huanghua Port is strategically located in close proximity to an economic hinterland that covers central and south Hebei Province and northwest Shandong Province and is the preferred port-of-call for seaborne trade in such regions. It is one of the lowest-cost and most convenient sea access points in central and south Hebei Province and is expected to be developed into a major port-of-call for iron ore imported by major steel producers in these regions. In addition, Cangzhou is an important chemical manufacturing base in the Bohai Rim, which has a high demand for oil products. We plan to develop Huanghua Port into one of the largest integrated ports in the Bohai Rim. Our operations in Caofeidian Port and Huanghua Port are expected to further expand our market share and hinterland in the Bohai Rim;

- expand port throughput capacity and drive future growth. Caofeidian Port and Huanghua Port are newly developed ports in the Bohai Rim that are undergoing significant development and experiencing rapid growth. We have five coal berths under construction in Caofeidian Port and are planning to develop two 200,000-tonne level ore berths in Huanghua Port. Once completed, the new berths are expected to further drive our growth;

- realize synergies across ports and further strengthen our regional competitive position. By having operations in multiple ports in the Bohai Rim, we are able to effectively manage cargo

and vessel flows across ports, relieve any cargo flow bottlenecks, enhance our operational efficiency and improve the quality of our comprehensive services to our customers, which is expected to further increase our pricing power in the Bohai Rim; and

- diversify our cargo mix. By expanding the iron ore, container and general cargo business through the operation of our and our associated company's ore and multi-purpose berths in Caofeidian Port and Huanghua Port, we are able to further diversify our cargo mix to capture more growth opportunities.

Port development and services are of significant importance to the local economy and social development. Therefore, our business development has received strong support from the government of Hebei Province, which has played a key role in our consolidation of port resources under the guidance of the provincial government.

We believe we will continue to benefit from the fast growth of China's economy and the economy of the Bohai Rim.

Unlike container ports in China whose business is largely driven by China's exports, our coal and iron ore businesses are largely driven by China's domestic demand. As a result, our business is closely tied to the development of China's economy. We are well-positioned to benefit from the growth of China's economy and the continuing strong growth of the economy of the Bohai Rim. We are also able to capture opportunities brought about by China's infrastructure development and urbanization.

Coal resources in China are mainly located in north and west China, whereas the domestic demand for coal consumption mainly arises from the economically developed south and east China. The general pattern of coal production and consumption in China is not expected to change significantly in the foreseeable future. Qinhuangdao Port and Caofeidian Port are important gateways linking the west-to-east and north-to-south coal transfers along China's domestic coal trade routes. Therefore, our coal handling services in Qinhuangdao Port and Caofeidian Port allow us to continue to benefit from the robust demand of coal produced domestically in China.

The Bohai Rim is one of the fastest growing economic regions in China. The real GDP of the Bohai Rim and its surrounding hinterland, which includes northeast and northwest China, grew at a CAGR of 10.8% from RMB2.6 trillion in 2002 to RMB7.2 trillion in 2012, compared to the national average of 10.5% and the average growth rates of the Yangtze River Delta and Pearl River Delta of 9.9% and 9.1%, respectively, during the same periods, according to Drewry. Under China's 11th and 12th Five Year Plans, the Bohai Rim will be developed into a major steel, petrochemical and heavy industry manufacturing base and logistics center in China. We believe that the economic development in the Bohai Rim and its surrounding hinterland will continue to underpin our growth.

Furthermore, Hebei Province is the largest steel manufacturing base in China, accounting for approximately 24.8% of China's steel manufacturing output in 2012, according to Drewry. In particular, Tangshan, Handan and Xingtai are major steel manufacturing bases in Hebei Province and are located in close proximity to Caofeidian Port and Huanghua Port, respectively. China's iron ore imports have grown from 384 million tonnes in 2007 to 745 million tonnes in 2012 at a CAGR of 14.2%, according to Drewry. In particular, the metal ore throughput of the major ore ports in the Bohai Rim grew from 284 million tonnes in 2007 to 598 million tonnes in 2012, at a CAGR of 16.1%. We believe we will continue to benefit from the increasing demand for imported iron ore by steel producers in Hebei Province.

Our ports are endowed with advantageous natural and geographical attributes and enjoy high accessibility.

Our ports have advantageous natural and geographical attributes and enjoy convenient access by rail and road to the surrounding hinterland.

Qinhuangdao Port is endowed with advantageous natural conditions and is ice-free and silt-free with open waters and a flat seabed. The port's navigable waterways require limited maintenance. Qinhuangdao Port also enjoys high inland accessibility. The port is connected to the Daqin Line and a number of national highways, major expressways and pipelines, which form a comprehensive inland transportation network comprised of railways, roads and pipelines linking the port to its hinterland and other areas it serves.

Caofeidian Port is also an ice-free and silt-free deepwater port and is an ideal site for the construction of 300,000-tonne deepwater berths. Furthermore, Caofeidian Port is well connected to major railway lines, such as the Daqin Line (through the Qiancao Line). After the completion of the Mengji Line, Caofeidian Port is expected to be directly connected with Inner Mongolia, an important coal producing region in north China. The Mengji Line is expected to become one of the three major transportation arteries for the west-to-east coal transfer in China and is expected to be completed in 2014. Caofeidian Port is also easily accessible by major highways and expressways that offer convenient access to the port's hinterland.

Huanghua Port is one of the most convenient and lowest-cost sea access points in central and south Hebei Province. It enjoys convenient inland access. The port will be connected to Handan, Xingtai and other major steel production bases in Hebei Province by rail through the Hanhuang Line, which is expected to be completed and in full operation by 2014, and is connected to other major railway lines. Moreover, the port is close and connected to an extensive network of national highways comprising three north-to-south running and two west-to-east running highways.

We have established long-term relationships with our major customers.

We maintain long-term and stable relationships with our major customers, which mainly comprise of major coal and power companies in China, such as Shenhua Group, China Coal Group, Datong Mine, Yitai Group, China Guodian Corporation, Zheneng Fuxing and Datang Group. We have entered into long-term contracts with many of our major customers which offer favorable terms, including dedicated stacking space, berth and related port facilities to certain customers so as to secure stable cargo supplies. We also offer scheduled shipping services to some customers. Such arrangements enable us to promote customer satisfaction and enhance our operational efficiency.

Additionally, we jointly develop and operate terminals with certain major customers to combine our expertise in port operations with their stable supply of cargoes. For instance, we developed and operate our ore terminals in Caofeidian Port together with Shougang Group, a leading iron and steel manufacturer in China, through a jointly-owned entity, which became the largest ore port operator in Caofeidian Port by throughput in 2012. We are also developing coal berths in Caofeidian Port with leading coal mining and power companies in China, including China Coal Group, Datong Mine, China Huaneng Group and Yitai Group through a jointly-owned entity. Moreover, our existing shareholders include some of our important customers, Datong Mine and Shougang Group, and main partners, Daqin Railway and China Shipping. We believe that the fact that our important customers and partners have invested in and with us is an affirmation of our achievements and demonstrates their strong faith in our future growth.

We have specialized and efficient business management and operating systems.

We have developed a specialized and efficient management system for port operations over the course of our long operating history.

Our operations and systems are highly integrated with those of relevant railway departments, maritime bureaus and maritime pilot departments, which allows seamless intermodal transit of coal cargoes and enhances our operational efficiency. We have also established an information communication system with the customs, inspection and quarantine, and border inspection departments to effectively promote efficiency in vessel berthing and customs clearance. Such measures also work to promote our overall operational efficiency and quality of service.

Through our extensive experience working with coal, railway and power companies, we have developed an effective model for transportation planning which collects, analyzes and feeds information about trends of the domestic demand for coal to the relevant railway departments to facilitate the efficient management of coal cargo flows. This in turn enhances our service quality and increases our cargo turnover rate and facility utilization rates.

Our advanced facilities and equipment also contribute to our highly efficient port operations. Our single train unloading rate can reach up to 7,200 tonnes per hour and our vessel loading rate can reach up to 8,000 tonnes per hour. Our stevedoring system also enjoys low cargo loss rates benefiting from our advanced equipment and efficient operations. In addition, we have adopted advanced information technology systems to improve the overall efficiency of our business operations.

We offer integrated and comprehensive port services and other value-added services to our customers.

We offer integrated and comprehensive port services to our customers to meet their diverse transportation needs. Our integrated port services include stevedoring, stacking, warehousing, transportation and other logistical services. We also offer value-added services, such as coal blending and providing seaborne coal trading service, to further expand our capabilities in providing integrated and comprehensive services for coal transfer.

Our coal blending services enable us to better serve our customers' diverse needs. When our customers' demand for coal of certain specific qualities cannot be met directly with supplies from coal producers, we are able to employ coal blending techniques at the port to produce the coal with the specific attributes required by the customers, which helps to satisfy customer needs and lower their procurement costs.

Our Qinhuangdao Coal Market is a comprehensive coal trading and coal supply chain management service provider that integrates information exchange with logistics management and focuses on services relating to coal trading. The "Bohai-Rim Steam-Coal Price Index" reported by Qinhuangdao Coal Market has served as a benchmark for price-setting in domestic coal trading in China and is becoming an important reference for international coal trading, according to Drewry. The coal spot trading services platform developed by Qinhuangdao Coal Market is now an important services platform for coal trading among coastal ports for seaborne coal, according to Drewry. Our Qinhuangdao Coal Market has established a solid foundation for the integration of coal spot and futures trading and trading of related derivative products and the establishment of a market model for integrating coal spot and futures trading.

We have an experienced and stable management team and well-trained employees.

Qinhuangdao Port has an operating history of over 100 years. As a result, we have developed expertise in port management and operations. We have trained and nurtured many talents who have developed best-in-class practices and operational standards.

We have an experienced and stable senior management team. Our management team has on average more than 20 years of experience in the port industry and has been with our Group and our Company's predecessor for an average of more than 20 years. Our management team has strong capabilities and extensive experience in corporate management and has played a key role in developing our business. In particular, our Chairman, Mr. XING Luzhen and our General Manager and Executive Director, Mr. HE Shanqi, each has over 25 years of experience in the port industry, corporate management and public administration and provides strong leadership and vision to our Group.

We place great emphasis on the continual training of our management team to further enhance their overall effectiveness. We have established long-term cooperative relationships with some top-tier higher learning institutions in China to provide further education on managerial and industry-

specific skills to our management. We also have comprehensive training programs for our employees to improve their skills, service standards and productivity. Our experienced, dedicated and effective management team and our highly motivated employees enable us to capture business opportunities, adapt quickly to changing business environments, enhance our overall competiveness and maximize value for our shareholders.

BUSINESS STRATEGIES

We are committed to further strengthening our position as a world leading port operator and comprehensive logistical service provider. We intend to pursue the following strategies to capture future growth opportunities and consolidate our leading market position.

Develop our Group into a world leading integrated port operator and strengthen our leading position as the world's largest independent port operator for major dry bulk cargo.

We plan to continue to enhance our operating efficiency and integrated service capabilities at Qinhuangdao Port to strengthen its leading position in coal handling. We plan to accelerate our investment in and development of terminals in Huanghua Port and Caofeidian Port to expand our hinterland coverage. To capture opportunities arising from the economic growth of the Bohai Rim, we also plan to intensify our efforts in developing new businesses relating to other types of major bulk cargo, such as iron ore, grain and oil products, as well as containers and general cargo to diversify our cargo mix.

Qinhuangdao Port is a major coal port with an operating history of over 100 years and plays a pivotal role in China's coal transportation. The Chinese government has designated Qinhuangdao Port as one of the first emergency coal reserve bases in China. We plan to continue to enhance our operational efficiency by improving our organization of port transportation, optimizing our operating processes and stevedoring techniques, introducing advanced port equipment and strengthening our cooperation with relevant government agencies, transportation partners and customers. We also plan to further enhance our storage, trading, financial, logistics park service and inland transportation capabilities to enhance our ability to provide comprehensive logistical services and further strengthen the leading position of Qinhuangdao Port as a major hub for energy transportation in China.

Caofeidian Port is a newly developed port in the Bohai Rim. The ore and coal terminals that we operate or are constructing in Caofeidian Port are expected to be a key driver for our future growth. Following the completion of the Mengji Line, which is expected to serve as one of the three major west-to-east coal-transportation arteries in China, Caofeidian Port is expected to be directly connected to Inner Mongolia, a major coal production base in China. We currently have five coal berths under construction in Caofeidian Port, which are expected to be substantially completed in 2014 and to increase our designed annual throughput capacity in Caofeidian Port by 50 million tonnes. We aim to increase our investment in new terminals and double our designed annual throughput capacity in Caofeidian Port in five years.

We are the main ore terminal operator in Huanghua Port and our long-term plan is to develop Huanghua Port into the largest integrated port in the Bohai Rim and a leading integrated port in China. With government plans to encourage the relocation of China's steel industry from inland to coastal areas, Cangzhou Bohai New District and other coastal areas are expected to become the focal point for the development of the steel industry in Hebei Province. Leveraging on port resources in Huanghua Port, China's leading steel companies such as Sinosteel Corporation have already begun setting up plants in the Cangzhou Bohai New District. With the completion of its planned development, Huanghua Port plans to greatly expand its ability to serve steel companies located further inland and effectively attract cargo supply from its hinterland while continuing to serve steel companies in Cangzhou. Furthermore, upon completion, the Hanhuang Line is expected to directly link Huanghua Port to its hinterland and provide the port with significant volumes of coal and iron ore cargoes. Cangzhou is also an important chemical manufacturing base in the Bohai Rim with a high demand for oil products. We plan to construct two ore berths in Huanghua Port with designed annual

throughput capacity of 30 million tonnes, which are expected to be completed in 2014. In the future, contingent on obtaining the requisite government approvals, we also plan to construct dedicated ore and oil berths, as well as coal berths in connection with the commencement of operations of the Hanhuang Line. We expect our terminals in Huanghua Port to reach annual throughput capacity of over 100 million tonnes within the next five years.

Continue to enhance our port logistical service capabilities and develop our Group into a world leading provider of comprehensive logistical services.

We intend to fully leverage our port resources and surrounding rail and road networks to enhance our comprehensive logistical service capabilities and develop our Group into a world leading provider of comprehensive logistical services.

We plan to further promote our port logistical service capabilities, including providing more efficient services for cargo transshipping, stevedoring, storage, freight forwarding, shipping agency, customs clearance, cargo tallying, processing and trading. We intend to enhance our efficiency in port logistical services by strengthening our cooperation with relevant railway, maritime, customs, inspection and quarantine as well as maritime pilot departments. In addition, subject to government approval and where appropriate, we also plan to establish tariff-free port zones to actively promote tariff-free trade and logistical services.

Coal is the main focal area of our future development of logistical service business. Building upon our existing offering of coal transportation, storage, processing and other value-added services, and fully leveraging our port resources and the advantage of Qinhuangdao Port as one of China's first emergency coal reserve bases, we plan to expand the scope of our services and establish a business model that covers the entire coal logistical value chain. For instance, we intend to cooperate with relevant strategic partners to set up specialized storage facilities for coal trading settlement, which will reduce the restrictions of offsite settlement. We intend to offer highly efficient financial logistical services including consignment, entrustment, commissioning, storage, agency and consultancy services. We plan to provide highly efficient third-party coal logistical services to enhance the overall efficiency of coal transportation from origin to destination.

Furthermore, we plan to further strengthen our sales network and information systems. We plan to expand our service network in our hinterland. We also intend to build a public information platform to achieve information sharing and promote coordination with relevant railway, port, customs and shipping departments and with our customers to increase cargo turnover, lower operational costs and provide our customers with highly integrated logistical services.

Develop a comprehensive and specialized nationwide bulk commodity trading platform focused on coal and ore.

In a short span of five years since its establishment in 2007, Qinhuangdao Coal Market has developed a coal trading and supply chain management system service provider that integrates coal trading, information exchange and logistical management. The "Bohai-Rim Steam-Coal Price Index" reported by the Qinhuangdao Coal Market has become a benchmark for price setting in domestic coal trading and an important indicator for the global coal industry. We plan to continue to leverage this platform to actively promote capital market transactions and services for coal-related financial derivative products. For instance, we plan to extend our spot trading service platform to provide online trading and medium to long term coal spot trading. We strive to build Qinhuangdao Coal Market into the largest coal trading market in China with the most comprehensive functions and a focus on logistical services.

We also plan to establish a seaborne coal trading center for the Bohai Rim in Caofeidian Port, an ore trading market in Cangzhou and coal trading sub-markets or settlement points in the coastal areas in south China and the Yangzte River area by leveraging our platform of seaborne coal trading markets. Once such facilities are developed, we believe that we may become the most influential bulk commodity trading platform operator in China.

Continue to strengthen relationships with our customers and partners to achieve mutual development.

We are committed to building strong and long-term relationships with major customers through long-term contracts, jointly-owned entities in terminals and other strategic alliances. We plan to promote customer loyalty and increase our cargo supply by continuing to provide dedicated facilities to our long-term customers. We also plan to continue to form strategic alliances with major customers in terminal development to combine our operating expertise with our customers' stable supply of cargoes. Furthermore, we plan to continue to work with customers and shipping companies to provide scheduled shipping services to increase customer satisfaction and strengthen our relationship with them.

We intend to develop relationships with new customers. We intend to promote and expand relationships with coal cargo suppliers in Inner Mongolia to increase our hinterland coverage. We plan to continue to strengthen our cooperation with steel companies in our hinterland to increase the supply of imported iron ore cargo. In addition, we plan to leverage the fast development of the economy of the Bohai Rim to secure abundant supplies of oil, container and general cargo.

Furthermore, we plan to further strengthen our strategic relationships with other coastal ports and the relevant railway departments. We plan to achieve significant growth in our container business by proactively working with coastal hubs and other major container ports to promote the development of our transshipment business for containers and working with railway departments to enable coordinated intermodal transits for containers.

Continue to focus on research and development and human resource development to enhance our operational efficiency and core competitive strengths.

We intend to intensify our research and development efforts. We plan to conduct further research on port operation techniques; optimize stevedoring systems, equipment configuration and work processes; and research into environmental technologies for coal ports. We also intend to establish e-commerce and logistical information service platforms to provide our customers with more efficient and comprehensive services. We plan to upgrade our information systems, which includes improving our enterprise asset management system as well as building an electronic data interchange center, e-port system, customer relationship management system, human resource management system and financial management system to improve internal communication, management and operational efficiency.

Furthermore, we intend to further promote the quality of our workforce by improving our recruitment, training, career development and incentive mechanisms to attract and retain high-quality talents, laying a solid foundation for our long-term development. We strive to build a highly skilled, well managed, motivated and capable workforce that can quickly adapt to changing market environments and drive our business growth.

Building upon our operations in the Bohai Rim, pursue suitable acquisition opportunities in China and abroad to extend our leading competitive position.

We plan to leverage our port resources and opportunities that arise from the fast growing economy of the Bohai Rim to further consolidate port resources in the region and expand our business and hinterland coverage through acquisitions and investments in other terminals in the region to drive our sustainable growth.

We also plan to build upon our extensive experience in port operations by prudently exploring potential synergistic acquisition opportunities in China and abroad. This includes developing or acquiring dry bulk terminals in south China and abroad to further expand our leading advantage in dry bulk cargo operations.

Continue to promote our international brand name

We seek to promote our brand name, international image as a world leading port operator and industry influence by improving our brand image and service efficiency and quality as well as through innovation in our operational models and management systems. Additionally, we plan to continue to improve customer satisfaction and our industry reputation and status by establishing a comprehensive logistical service platform and providing high quality services to our customers.

OUR SERVICES

We provide integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. We handle various types of cargo mainly including coal, metal ores, oil and liquefied chemicals, containers and general cargo. We also provide value-added services such as coal blending and providing a coal trading service platform.

The following tables set forth the revenue and throughput breakdown by cargo type we serviced for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,	
	2010		2011		2012		2013	
	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Dry bulk[1]	4,485,781	87.79	5,111,270	89.13	5,580,911	89.29	3,067,769	90.59
Coal	4,278,900	83.74	5,003,611	87.25	5,310,414	84.96	2,669,601	78.83
Metal Ore	206,881	4.05	107,659	1.88	270,497	4.33	398,168	11.76
Oil and liquefied chemicals	119,065	2.33	143,097	2.50	142,822	2.29	59,551	1.76
Container	61,546	1.20	85,720	1.49	77,429	1.24	41,743	1.23
General and other cargoes[3]	165,384	3.24	146,786	2.56	183,080	2.93	91,074	2.69
Others	277,772	5.44	247,437	4.32	265,920	4.25	126,389	3.73
Total	5,109,548	100.00	5,734,310	100.00	6,250,162	100.00	3,386,526	100.00

	Year Ended December 31,						Six Months Ended June 30,	
	2010		2011		2012		2013	
	Throughput	Percentage of Total Throughput	Throughput	Percentage of Total Throughput	Throughput	Percentage of Total Throughput	Throughput	Percentage of Total Throughput
	(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)	(Million tonnes)	(%)
Dry bulk[1]	290.80	93.82	329.16	94.17	314.84	93.69	171.09	93.72
Coal	226.33	73.02	254.65	72.85	239.40	71.24	120.01	65.74
Metal Ore	64.47	20.80	74.51	21.32	75.44	22.45	51.08	27.98
Oil and liquefied chemicals	8.48	2.74	9.20	2.63	9.07	2.70	3.98	2.18
Container[2]	4.85	1.56	6.41	1.83	5.56	1.65	3.73	2.04
General and other cargoes[3]	5.81	1.88	4.79	1.37	6.60	1.96	3.76	2.06
Total[4,5]	309.94	100	349.56	100	336.07	100.00	182.56	100.00

Notes: 1. The dry bulk cargoes we handle mainly consist of coal and metal ores.

2. Using "TEU" as the measuring units, our throughput of containers are 340,000 TEUs, 430,000 TEUs, 394,000 TEUs and 264,000 TEUs for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

3. Other cargoes include grain, fertilizer and other general cargoes.

4. Throughput includes that of Caofeidian Shiye Port Company which is a non-consolidated associate company of, and 35% owned by, our Company. Our Company is the largest shareholder of Caofeidian Shiye Port Company. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the throughput of terminals operated by Caofeidian Shiye Port Company in Caofeidian Port was 53.75 million tonnes, 70.10 million tonnes, 66.23 million tonnes and 36.32 million tonnes, respectively, in total; 2.39 million tonnes, 1.98 million tonnes, 2.11 million tonnes and 1.41 million tonnes, respectively, for coal; 51.04 million tonnes, 67.64 million tonnes, 63.50 million tonnes and 34.91 million tonnes, respectively, for metal ores; and 0.32 million tonnes, 0.48 million tonnes, 0.62 million tonnes and nil, respectively, for general cargo.

5. Our total throughput includes throughput of our subsidiary, Cangzhou Bohai, from October 1, 2012.

Coal

We conduct our coal service business principally through 21 coal berths in Qinhuangdao Port. We also have two coal berths in Qinhuangdao Port under renovation and five coal berths in Caofeidian Port under construction, which are expected to be completed by 2014.

Almost all of the coal we handle is for outbound shipment. With Qinhuangdao Port and Caofeidian Port strategically located at the east end of the Daqin Line, the west-to-east transportation artery for China's domestic coal trade, most of the coal we handle is carried through the Daqin Line from coal mines in Inner Mongolia, Shanxi Province and Shaanxi Province and loaded onto vessels for further north-to-south transportation to China's south and east coastal regions.

Coal mainly arrives at our ports via railway and is unloaded from railcars and transported to the stacking yard by conveyer belts. A small amount of coal we handle arrives at our ports via trucks, which is first weighed at a weighing house and then transported to the stacking yard. Coal in the stacking yard is moved through stacker-reclaimer and conveyor belt systems to be discharged to ships upon loading.

Our coal handling services are mainly supported by the following facilities and equipment:

- *Dumper system*. Upon arrival at the port, each railcar carrying coal will be unloaded in a dump house using rotary dumpers. The locating vehicle of dumper system automatically pulls the strings of railcars into a rotary dumper, which clamps one or three railcars at a time securely and rotates them to dump the load. Our dump houses are also equipped with dust control systems to reduce dust pollution during the unloading process.

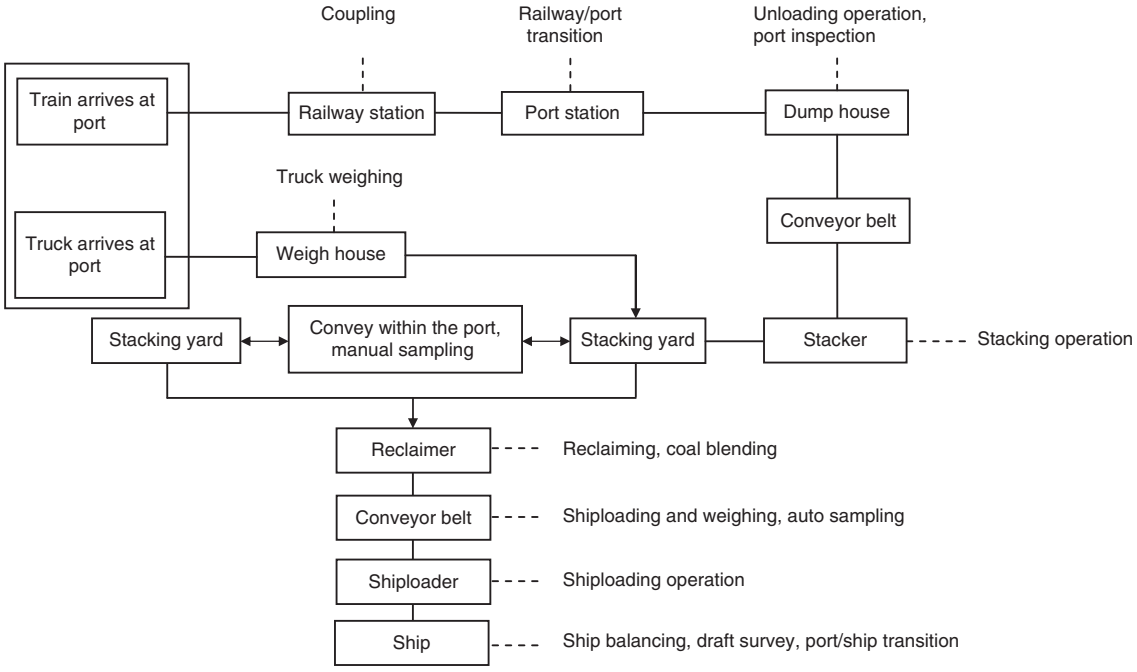
- *Conveying systems*. Specialized conveyor belts move coal to the stacking yard to be distributed by stackers to stockpiles in the stacking yard. Coal will be sampled through a sampling process before being loaded onto a ship.

- *Stacking yard*. The stacking yard is a linear arrangement of rows of standard coal stockpiles. There are conveyor belts between stockpile rows to transport coal to and from the stacking yard.

- *Stacker-Reclaimer*. While stackers distribute coal from conveyor belts to stockpiles in the stacking yard, reclaimers reclaim coal from stockpiles and move it to conveyor belts for ship loading.

- *Ship loader*. A loading machine that discharges coal into ships from the conveyor belts.

The following chart summarizes our operating process with respect to coal:



Our highly automated and integrated operation system is able to efficiently unload and load coal from trains to ships, which increases our service quality and loading and unloading efficiency and further increases port throughput capacity. Our designed rate of train unloading and ship loading for coal is 6,000 tonnes/hour, which is among the top tier in the industry, according to Drewry. Also, we work closely with relevant railways, maritime bureaus and maritime pilot departments. This enables us to enhance our operational efficiency, improve information exchange, achieve seamless intermodal transits and promote organized ship loading and orderly berthing.

Through our extensive experience in working with coal, railway and power companies, we have developed an effective communication model regarding transport plans, and a cooperation mechanism that collects, analyzes and feeds trend information in the domestic demand for coal to the relevant railway departments to facilitate the efficient management of coal cargo flows, which in turn enhances our service quality and increases our cargo turnover rate and facility utilization rates.

Metal Ores

We operate 17 general cargo berths in Qinhuangdao Port, six berths in Huanghua Port, as well as four ore berths and two general bulk berths in Caofeidian Port through our associate company, Caofeidian Shiye Port Company. Most of these berths (except for designated grain berths) are also able to handle metal ores. We are planning to develop two 200,000-tonne ore berths in Huanghua Port, which are expected to be completed in 2014.

Imported iron ores are unloaded from ships at our ports for further delivery to steel companies in our hinterland. When ships arrive at our ports, iron ore is unloaded using a grabbing crane onto conveyor belts through a filling funnel and transported by conveyer belts to the stacking yard to be stockpiled by stackers. We use both trains and trucks to transport iron ores that arrive at our berths. When using trains for such transportation, we retrieve iron ores from the stacking yard with reclaimers, transport them to the loading floor through conveyor belts, and then load them onto the trains. When using trucks for transportation, we load the iron ores directly onto the trucks with loading machines in the stacking yard.

The process for other types of metal ores is similar to that of iron ores, except that instead of being moved to the stacking yard through conveyor belts, other metal ores are directly unloaded at the front apron to be transported to the rear apron where they are loaded to trains or trucks for inland delivery or stored in a warehouse or stacking yard awaiting pickup.

Our iron ore handling services are mainly supported by the following facilities and equipment:

- *Ship unloading system*. Upon berthing, vessels are unloaded by grabbing cranes that transfer iron ores to conveyor belts through the filling funnel.

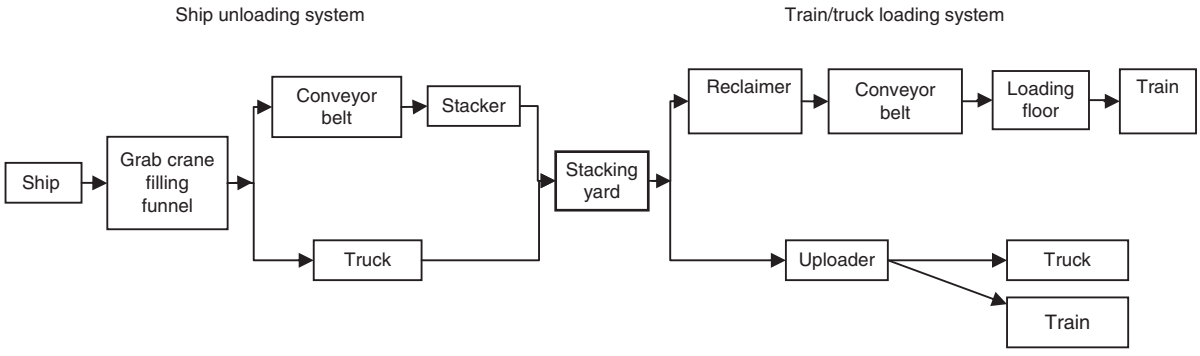
- *Conveying system*. Specialized conveyor belts move iron ores to the stacking yard to be distributed by stackers to stockpiles in the stacking yard. At pickup, conveyer belts move iron ores to the loading floor to be loaded onto trains.

- *Stacking yard*. Iron ores are stockpiled in the stacking yard awaiting pickup.

- *Stacker-Reclaimer*. While stackers distribute iron ores from conveyor belts to stockpiles in the stacking yard, reclaimers reclaim iron ores from stockpiles for train or truck loading.

- *Loading system*. In train transportation, we use reclaimers to retrieve iron ores from the stacking yard, transport them to the loading floor by conveyor belts, and then load them onto trains. In truck transportation, we use loader machines to load iron ores onto trucks directly.

The following chart summarizes our general operating process with respect to iron ores:



Oil and Liquefied Chemicals

We operate four crude oil berths, one refined oil berth and two liquefied chemical berths in Qinhuangdao Port.

A large portion of the oil and liquefied chemicals we handle are in connection with ship loading and unloading. When unloading oil and liquefied chemicals from tankers, we pump the oil and liquefied chemicals from the vessels, use oil loading arms and oil rubber hoses to discharge the oil and liquefied chemicals through pipelines into storage tanks, and then load it onto trains or trucks through a pump house to be transported to oil refineries or petrochemical companies. In ship loading, oil and liquefied chemicals are transported via oil loading arms and oil rubber hoses to vessels.

Our oil and liquefied chemical handling services are mainly supported by the following facilities and equipment:

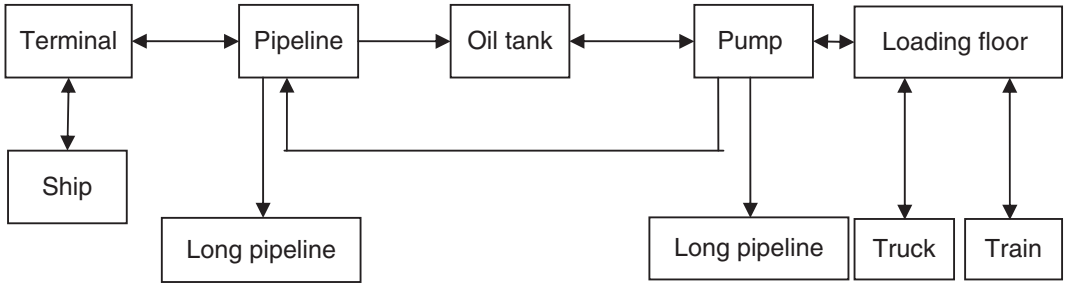
- *Ship unloading system*. Upon berthing, oil or chemical tankers are unloaded using marine loading arms, which are devices consisting of articulated steel pipes that connect tankers to our terminals.

- *Pipeline system*. We use pipelines to connect berths, storage tanks and loading floor for trains or trucks. Also, we use long pipelines to connect with refineries and oil fields. Such pipelines can be used in different types of operations including ship, train and truck loading and unloading, and tank inversion.

- *Storage tanks*. We use two types of aboveground steel storage tanks for storing oil or liquefied chemicals, which include tanks with floating and dome roofs for storing crude or refined oil or liquefied chemicals.

- *Loading system*. We use designated railroads, oil trucks, heavy oil trucks and refined oil trucks to load oil and liquefied chemicals onto train or trucks.

The following chart summarizes our operating process with respect to oil and liquefied chemicals:



Container

We operate three container berths in Qinhuangdao Port and four multipurpose berths in Huanghua Port which may handle containers.

We provide stevedoring and depot services to container shipping companies engaged in both international and domestic container trade.

Outbound containers are delivered to us by trucks or trains and through our dedicated railway lines in the port area and stored in a designated loading stacking yard using gantry cranes for temporary storage before shipment. After confirming that necessary customs clearances have been obtained, we then use container trucks to deliver containers from the stacking yard at the terminals to the designated berths, where the containers will be loaded by container loading bridge onto outbound vessels docked at the berths.

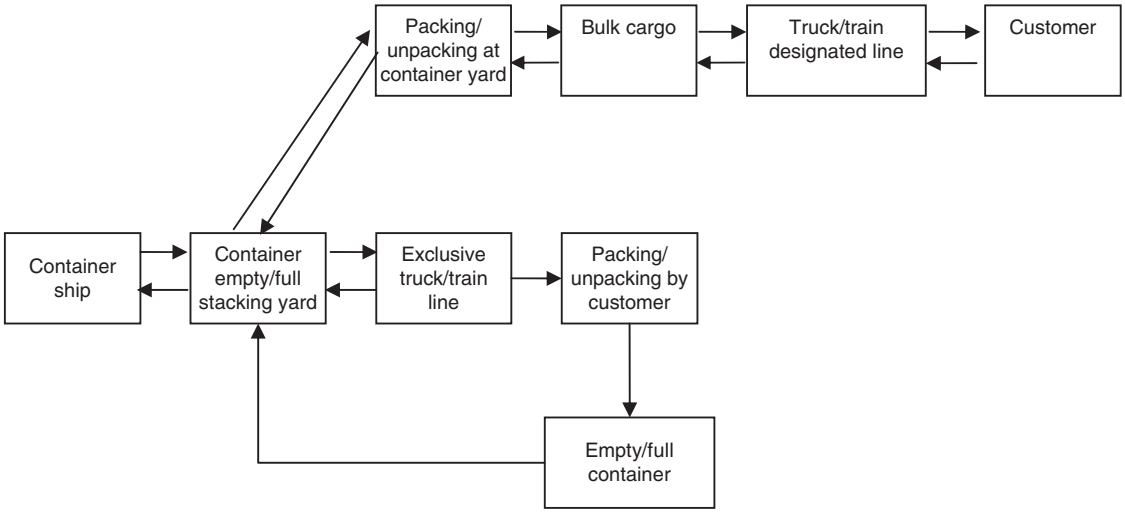
For inbound shipments, upon berthing of the vessel, container cranes lift the containers off the vessel and gantry cranes transport and unload the containers into the stacking yard. Where requested by customers, the containers may be unpacked for pick-up or further storage in warehouses. At pick-up, we use gantry cranes to load the containers onto trucks or trains for inland transportation.

Our container services are mainly supported by the following facilities and equipment:

- *Container crane*. Container cranes are special rail-mounted cranes at terminals designed to lift containers.

- *Mobile gantry crane.* Mobile gantry cranes are designed for stacking intermodal containers in the stacking areas of the container terminal. It mounts on multiple rails with a large boom spanning the distance between the ship's cargo hold and the quay, moving parallel to the ship's side.

The following chart summarizes our operating process with respect to containers:



General Cargo

We operate 17 general cargo berths in Qinhuangdao Port and six general cargo berths in Huanghua Port, which can be used for handling general cargo. Our associate company, Caofeidian Shiye Port Company, operates two bulk cargo berths in Caofeidian Port.

The process of handling general cargo varies based on the specific type of cargo being loaded or unloaded. The process of general cargo unloading is similar to that of metal ores, except that, instead of using conveyor belts, general cargo is unloaded from a ship on the front apron to be transferred to the rear apron of a terminal. From there, it is loaded onto trucks or trains for inland delivery or into warehouses or stacking yards for storage awaiting pickup. The process of general cargo loading is the reverse of the unloading process. Cargo first arrives at the port via trains or trucks and is stacked in the stacking yard. When vessels arrive at the port, cargo is reclaimed from the stacking yard, transported to the front apron using the conveyor system and loaded onto the vessels. Another process for handling general cargo is to have the cargo that has been unloaded from trains or trucks directly loaded onto vessels without going through the stacking and reclaiming process.

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, transshipping, and shipping agency services, among other services. According to Drewry, these are common ancillary port services provided by port operators in China. Our value-added services mainly include coal blending, providing coal trading related services and tariff-free warehouse and export supervisory warehouse services to be provided. Our ancillary port services and value-added services are mainly provided by Ship Branch, Qinhuangdao OSTC, Cangzhou OSTC, Qinyun Energy, Qinhuangdao Coal Market, Power Branch, Mobile Machinery Branch, Labor Service Branch and Ruigang Tech. For the years ended December 31, 2010, 2011, and 2012, and the six months ended June 30, 2013, our revenue generated from the above subsidiaries and branches was RMB277.77 million, RMB247.44 million, RMB265.92 million and RMB126.39 million, respectively, which accounted for 5.44%, 4.32%, 4.25% and 3.73% of our total revenue for that period, respectively.

Coal Blending

We also provide coal blending services to satisfy the diverse requirements of our coal user customers, some of whom are unable to purchase directly from coal producers the types of coal they need and therefore require blending services. Coal blending is carried out before shipping and

involves the process of mixing two or more different types of coals to obtain a coal product with the desired properties. Our coal blending services enable us to meet different needs of coal users, lower costs for our customers and fully utilize our logistics capabilities to provide value-added services to our customers, which in turn helps to enhance our overall competitiveness.

Coal Trading Market

Together with a few partners, we formed Qinhuangdao Coal Market in 2007. With coal trading as its core service, Qinhuangdao Coal Market has developed a comprehensive trading service platform with multiple service functions serving both upstream and downstream customers. Our Qinhuangdao Coal Market is a comprehensive coal trading service platform and coal supply chain management service provider that integrates information exchange and logistics management with a focus on coal trading. The "Bohai-Rim Steam-Coal Price Index" reported by the Qinhuangdao Coal Market has served as a benchmark for price-setting in domestic coal trading in China and is becoming an important reference for international coal trading, according to Drewry. The coal trading platform operated by Qinhuangdao Coal Market is an online information service platform developed by Qinhuangdao Coal Market which provides our existing and potential customers as well as government agencies with timely and convenient access to a broad range of real-time information and historical data regarding coal production, transportation and trading in China. For such services, the Qinhuangdao Coal Market has obtained the applicable website operating permit, which is the permit required for the operation of the online information. In reporting the Bohai-Rim Steam-Coal Price Index, Qinhuangdao Coal Market collects steam coal price information from more than 100 coal producers, corporate coal consumers and coal trading companies. The information collected mainly comprises of trading information from coal markets, industry associations and market participants, which is then further processed using complex algorithm for compiling the index. The index is used by market participants as a benchmark for setting coal trading prices, and by fund managers and securities traders to analyze market trends.

The total revenue of Qinhuangdao Coal Market was approximately RMB14.11 million and RMB3.70 million for the year ended December 31, 2012 and six months ended June 30, 2013, respectively, which was mainly attributable to membership fees charged for certain privileged access to its online information platform, charges to corporate customers for provision of coal pricing information, commissions charged to coal providers for intermediary services such as collateral escrow, as well as conference and exhibition service charges.

The collateral escrow service provided by Qinhuangdao Coal Market mainly involves the monitoring of collateral (in the form of coal) stored in our stack yards pledged by coal providers for bank borrowing. In practice, the coal provider (as pledgor), the bank (as pledgee) and Qinhuangdao Coal Market (as pledgee's agent) shall sign a three-party collateral escrow agreement, as part of the financing arrangement between the bank and coal provider, which typically includes the following major terms relating to Qinhuangdao Coal Market:

- in order to secure the performance of the relevant financing facility agreements between the collateral provider and the bank, the collateral provider agrees to pledge its goods to the bank;
- both the bank and collateral provider agree that the pledged goods shall be supervised by Qinhuangdao Coal Market as the bank's agent, and Qinhuangdao Coal Market agrees to accept the bank's assignment and supervise the goods in accordance with the bank's instructions and the terms of the collateral escrow agreement;
- during the period of supervision, Qinhuangdao Coal Market shall supervise the collateral, arrange the delivery-taking and/or supervise any change to collateral for the collateral provider in accordance with the written instruction of the bank and terms of the agreement;
- all the relevant expenses resulting from the collateral escrow service shall be borne by the collateral provider;

- the collateral provider shall maintain an insurance with terms to the satisfaction of the bank;
- the collateral provider shall compensate all damages to the bank and Qinhuangdao Coal Market if the collateral provider fails to maintain insurance and the collateral is damaged or lost due to force majeure, or breaching other terms of the agreements;
- Qinhuangdao Coal Market shall compensate the actual losses of the bank and the collateral provider (the bank has the priority to get compensation) if the collateral is lost or damaged because it fails to perform its escrow responsibilities other than force majeure or the collateral provider's fault; or the collateral is taken delivery without following the terms of the agreement; or breaching other terms of the agreement.

Although Qinhuangdao Coal Market might be held liable for the damages of the collateral, the financial losses due to the insured's negligence shall be covered in accordance with the terms of insurance policy and applicable laws by the asset supervision insurance which is maintained according to the terms of the collateral escrow agreement by each collateral provider. Moreover, we place significant emphasis on safety control to minimize the amount and impact of any safety incidents in connection with our port services, including the safety storage at the stock yards. As such, we believe that the insurance arrangement and our significant emphasis on safety have efficiently minimized our risks in connection with providing collateral escrow services.

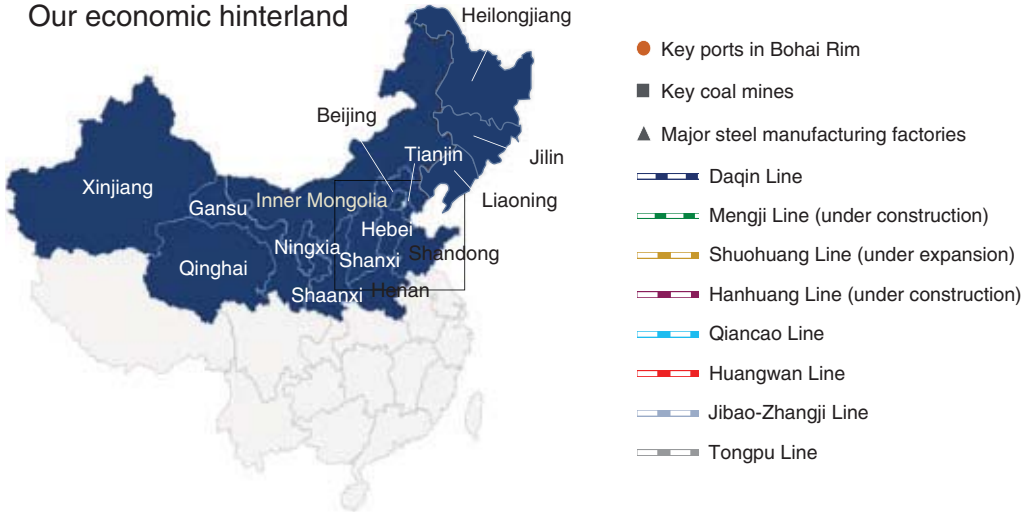
Moreover, Qinhuangdao Coal Market provides information consultancy, domestic advertising, convention and exhibition and collateral escrow services for coal spot trading. The coal spot trading service platform developed by Qinhuangdao Coal Market is now one of the most important trading service platforms among coastal ports for seaborne coal, according to Drewry, and has established a solid foundation for future integration of coal spot and futures trading and trading of related derivative products and the establishment of a market model for integrating spot and futures trading. The growth of Qinhuangdao Coal Market helps to extend our port services, promotes a conducive environment for coal trading and further solidifies our position as a major hub in seaborne coal transportation.

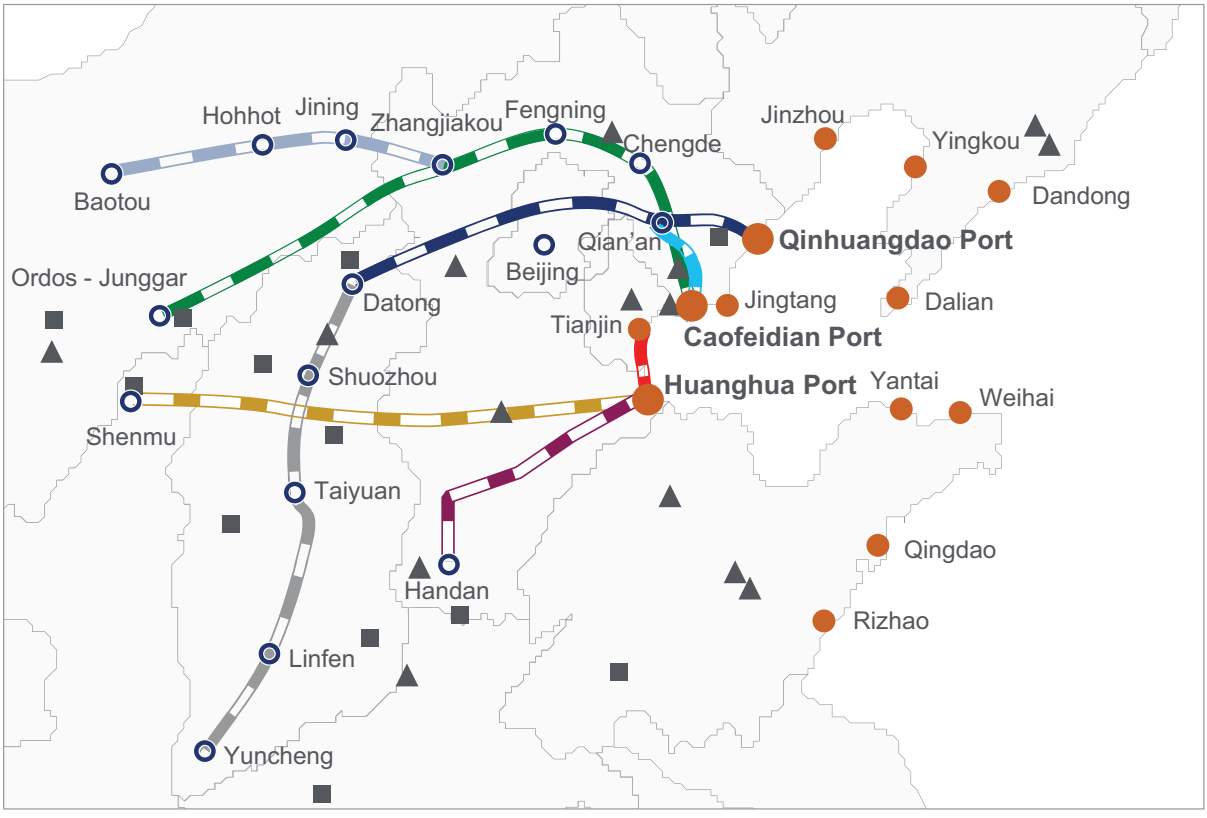
Tariff-Free Warehouse and Export Supervisory Warehouse Services

We obtained the government approval for establishing a tariff-free warehouse and export supervisory warehouse in Qinhuangdao Port in late 2012, which are expected to complete construction by the end of 2013 and then to commence operation upon receipt of government approval. Our Directors believe that our establishment of a platform for the tariff-free and export supervisory warehousing business is an important measure that helps us to meet the demands of market competition, attract customers from our hinterlands and their surrounding areas, promote the development of the regional economy, expand our range of services, promote our competitiveness and drive our future growth. In addition, the platform will provide efficient logistical services to processing trade businesses in Beijing, Tianjin and Hebei Province and other places in the Bohai Rim, and help cargo owners to consolidate cargo storage and lower storage costs, thereby achieving mutual benefits.

OUR FACILITIES

The following indicative map shows the locations of Qinhuangdao Port, Caofeidian Port and Huanghua Port and highlights the regions covered by their hinterlands and service areas as well as the major railway lines connecting the ports and their hinterlands.





Qinhuangdao Port

Qinhuangdao Port is our principal port of operation. It is an established port with an operating history of over 100 years and is the world's largest coal port by throughput in 2012, according to Drewry.

Geographic Location

Qinhuangdao Port is located in the northeastern region of Hebei Province and on the north shore of the Bohai Sea. It is strategically located at the east end of the Daqin Line connecting Datong in Shanxi Province and Qinhuangdao in Hebei Province. Qinhuangdao Port is a major hub connecting the transportation artery serving China's west-to-east and north-to-south coal transfers and plays a significant strategic role in the national economy.

Qinhuangdao Port serves as the main loading port for coal carried on the Daqin Line, the most important coal-transport railway with the largest carrying capacity in China. In 2012, the Daqin Line carried over 15% of the total rail freight volume of coal in China. The port is connected to National Highway 102 linking Beijing and Harbin of Heilongjiang Province, National Highway 205, linking Shanhaiguan in Hebei Province and Shenzhen in Guangdong Province, Beijing-Harbin Expressway and Qinhuangdao-Chengde Expressway. In addition, the port has crude oil pipeline extension of over 30 kilometers long which is directly connected to the pipelines in Daqing Oilfield, the largest oil field in China. Therefore, the port enjoys high accessibility to its hinterland by different modes of transportation.

Natural Conditions

Qinhuangdao Port has advantageous natural conditions. It has a shoreline at the quay of 12.2 kilometers long, covers a land area of 11.3 square kilometers and water area of 226.9 square kilometers and is divided into eastern and western zones. Qinhuangdao Port is a natural deepwater port, is ice-free and silt-free, and has an open water and flat seabed. As a result of these favorable natural conditions, the port's navigable waterways require almost no maintenance.

Berths and Storage Facilities

We operate 48 berths in Qinhuangdao Port, including 42 berths of 10,000-tonnes and above (including five berths of 100,000-tonnes and above). Among them, there are 21 coal berths, seven oil and liquefied chemical berths, 17 general cargo berths and three container berths. The designed throughput capacity of Qinhuangdao Port is 224.45 million tonnes and 750,000 TEUs per year.

We also provide storage services for the cargo we handle in Qinhuangdao Port. We have specialized coal stacking yards, which have aggregate stacking capacity of 10.27 million tonnes. We also have general bulk stacking yards with aggregate capacity of 2.19 million tonnes. Furthermore, we operate 15 oil tanks, with a total storage capacity of 286,000 cubic meters. In addition, we provide a total storage capacity of 23,000 TEUs for storing containers.

The table below sets forth in greater details the information on our berths and storage capacity in Qinhuangdao Port.

Berth Type	Operating Entity	Number of Berths	Depth Alongside (meters)	Berth Length (meters)	Designed Throughput Capacity (million tonnes/year except for containers)	Stacking Capacity (million tonnes, except for oil and liquefied chemicals and containers)
Coal	Second Port Branch	5	14.0	1,396	42	
	Sixth Port Branch	3	12.5-17.0	840	32	
	Seventh Port Branch	6	12.5-17.0	1,602	55	10.27
	Ninth Port Branch	4	14.9-17.0	1,187	50	
	Third Port Branch	3	9.0-10.8	552	13.65	
Oil and Liquefied Chemical	First Port Branch	7	5.0-14.0	1,459	17	286,000 cubic meters
General Cargo	General Cargo Port Branch	17	5.6-17.0	3,812	14.8	2.19
Container	Xin'gangwan Container Company	3	14.0-15.8	886	750,000 TEU	23,000 TEU

The following table sets forth the utilization rate by berth type in Qinhuangdao Port during the Track Record Period, which is calculated by dividing the aggregate annual throughput of the berths by their designed annual throughput capacity.

Utilization Rate (%) by Type of Berth	For the Year Ended December 31, 2010	2011	2012	For the Six Months Ended June 30, 2013
Coal	116.24	131.15	122.79	121.04
Oil and Liquefied Chemical	52.02	56.44	55.64	46.82
General Cargo	127.84	75.54	80.54	95.00
Container	45.33	57.33	45.87	46.13

"Designed annual throughput capacity" for a berth is the theoretical amount of work that the berth is capable of handling in 365 calendar days based on the engineering design of the berth, assuming normal working hours and standard operating efficiency, which is defined at the design and construction phase, according to Drewry. According to Drewry, designed annual throughput capacities of berths are in many cases conservatively computed during the engineering design of port infrastructure in China. Achievable annual throughput is closely tied to the efficiency of port operations such as vessel turnaround time, rate of cargo loading, number and length of work shifts and experience of the workforce. According to Drewry, it is not uncommon for terminals in China with actual throughput to be considerably higher than stated designed annual throughput capacity.

We are able to achieve high utilization in our berths through our efficient port operations, including the seamless cooperation with relevant railway departments, maritime bureaus and maritime pilot departments, an experienced workforce as well as the use of advanced equipment. While the utilization rate of our coal berths in Qinhuangdao Port exceeded their designed annual throughput capacity during the Track Record Period, we did not experience any material operational disruptions or events triggering safety concerns arising from high utilization of our coal berths during the Track Record Period. We do not currently have plans to increase the designed capacity of our coal berths in Qinhuangdao Port.

Berths Under Renovation

We also have two berths which are currently under renovation at Qinhuangdao Port, details of which are summarized in the tables below:

Berth Type	Operating Entity	Number of Berths	Depth Alongside (meters)	Quay Length (meters)	Designed Throughput Capacity (million tonnes/ year)	Stacking Capacity (million tonnes)	Estimated Total Capital Expenditure (million RMB)	Expected Completion Date
Coal	Ninth Port Branch	2	16.1-16.5	570	1.9	—	111	2014

Note: Both berths will share the original stacking yard after the renovation, so no independent stacking capacity shall be applicable

Estimated Total Capital Expenditure	For the Year Ended December 31, 2010	2011	2012	For the Six Months Ended June 30, 2013	The amount incurred up to the Latest Practicable Date	Estimated Capital Expenditure from the Latest Practicable Date to December 31, 2013	Estimated Capital Expenditure in 2014	Source of Funding	Use of Funding
					(Million RMB)				
111	—	0.24	52.02	12.71	95	4	12	bank loans and cash generated from the Company's operating activities	renovation of Qinhuangdao Port coal berths

Western Zone Relocation

As part of city planning, the governments of Hebei Province and Qinhuangdao City are in the process of adopting measures to upgrade the shoreline of Qinhuangdao City. According to the governments of Hebei Province and Qinhuangdao City, one of the structural changes to Qinhuangdao City under the city planning involves the relocation of our port operations in the western zone of Qinhuangdao Port and the subsequent construction of new berths in the eastern zone of Qinhuangdao Port. The relocation is not a standalone project, and is closely connected to the overall city planning and development timeline. Hence, the relocation, which is expected to involve the ceasing of operation of our coal berths in the western zone of Qinhuangdao Port, the removal or destruction of certain facilities and railways in the western zone of Qinhuangdao Port, the construction of varies berths in the eastern zone of Qinhuangdao Port and the transfer of our port operations to the eastern zone of Qinhuangdao Port, is scheduled for completion by 2020.

In connection with the relocation plans, three of our coal berths in the western zone have stopped ship loading operations as of the Latest Practicable Date. A provision for impairment of items of property, plant and equipment has been made for the six months ended June 30, 2013. See "Financial Information — Description of Selected Items of Results of Operations — Other Expenses". Besides the cessation of the three coal berths, the rest of the relocation plan is still at a preliminary planning stage. As of the Latest Practicable Date, the plan for the construction or development of new berths in the eastern zone of Qinhuangdao Port has not been finalized. Once the construction plan has been finalized and the relevant governmental authorities have given authorization to construct new berths in the eastern zone of Qinhuangdao Port, the relevant construction permits will be applied for before commencement of any such construction. Other than the cessation of the operation of our coal berths, we have not removed, destructed or relocated any of our facilities in the western zone of Qinhuangdao Port. Hence, no relocation cost has been incurred as at the Latest Practicable Date and

no estimation of future relocation cost or related financial impact is available until we receive further directions from the provincial and municipal government authorities. Since the relocation is at a preliminary stage, negotiation on the responsibility of relocation cost has not commenced between the Company and the relevant government authorities.

Only our coal berths in the western zone have ceased operation, and our general cargo berths and container berths are still operating. The operations in other berths in the western zone are expected to relocate only after the completion of the construction of the new port area in the eastern zone. As of the Latest Practicable Date, we had 22 berths in the western zone. However, the total designed annual throughput capacity of all berths (excluding container berths) in the western zone only accounted for 7.9% of our total annual designed throughput capacity. Our operation in Qinhuangdao Port is concentrated in the eastern zone, and our operations in the western zone had a throughput of 17.73 million tonnes for 2012, accounting for only 5.28% of the total throughput for the year. Given that some of the basic infrastructure in the western zone has become obsolete and the physical constraints the western zone faces for further development, we believe that the relocation, which could have a short-term impact on our business, is beneficial to our long-term development.

Caofeidian Port

Leveraging on our operational experience in Qinhuangdao Port, we have expanded into Caofeidian Port, which is an important part of Tangshan Port and was designed to be a deepwater port mainly handling bulk and other general cargo with a focus on ores and coal, according to its port development plan. It has experienced stable growth in recent years. Its annual metal ore throughput grew from 19.9 million tonnes in 2007 to 97.5 million tonnes in 2012 at a CAGR of 37.4%.

Geographic Location

Caofeidian Port is located in Tangshan, in the northeastern part of Hebei Province. Its hinterland covers Beijing, Tianjin, Hebei Province, the northern part of Shanxi Province and the western part of Inner Mongolia, which are home to China's important steel, petrochemical and coal bases.

With respect to land transportation, Caofeidian Port is connected to a number of major railway lines. The port is connected to the Daqin Line through the Qiancao Line and is another important unloading port for cargo carried through the Daqin Line following Qinhuangdao Port. Moreover, Caofeidian Port is adjacent to a few railway lines under construction. The Zhangcao Line, which connects Zhangjiakou in the northwestern part of Hebei Province and Caofeidian, commenced construction in 2010. The Zhangcao Line is the first stage of the Mengji Line, which will ultimately link Caofeidian to Ordos in west Inner Mongolia. The Mengji Line, upon completion in 2014, is expected to be one of the three most important railway lines carrying coal from west to east in China and further strengthen Caofeidian Port's role in China's domestic coal trade. The Shuicao Line connecting the mining area in Qian'an and Caofeidian started preparation for construction in April 2012. Furthermore, Caofeidian Port is also easily accessible by major highways and expressways that offer convenient access to the port's hinterland.

Natural Conditions

Caofeidian Port is also an ice-free and silt-free deepwater port and is an ideal site for the construction of deepwater berths of 300,000 tonne and above. The depth of water reaches 25 meters within 500 meters from the shore. The trough is 36 meters deep. The 30-meter bathymetry contour is approximately six kilometers long from east to west. Additionally, there is a 5-kilometer wide and 27-meter deep natural waterway connected with the Yellow Sea that runs from Caofeidian towards the Bohai Sea.

Berths and Storage Facilities

Caofeidian Shiye Port Company, which is 35% owned by us, currently operates six general bulk berths in Caofeidian Port, including four ore berths of 250,000-tonne and two 50,000-tonne general

bulk berths, with total designed annual throughput capacity of 65.5 million tonnes and stacking yards with an aggregate designed capacity of 19.69 million tonnes. The throughput of Caofeidian Shiye Port Company was 66.23 million tonnes for 2012.

The table below sets forth in greater details the information on the berths and storage facilities operated by Caofeidian Shiye Port Company, our associate company in Caofeidian Port.

Berth Type	Operating Entity	Number of Berths	Depth Alongside (meters)	Quay Length (meters)	Designed Throughput Capacity (million tonnes /year)	Stacking Capacity (million tonnes)
Ore	Caofeidian Shiye Port Company	2	25	735	30	8
Bulk	Caofeidian Shiye Port Company	2	15.5	525	3.5	1.4
Ore	Caofeidian Shiye Port Company	2	25	766.8	32	10.29

Construction-in-Progress

We have five coal berths under construction in Caofeidian Port, owned and operated by Caofeidian Coal, our 51%-owned subsidiary. These include two 100,000-tonne, two 70,000-tonne and one 50,000-tonne berths as set out in further details in the table below.

The tables below set forth in further details the relevant information on our berths that are under construction in Caofeidian Port:

Berth Type	Operating / Investment Entity	Number of Berths	Depth Alongside (meters)	Berth Length (meters)	Designed Throughput Capacity (million tonnes/year)	Stacking Capacity (million tonnes)	Estimated Total Capital Expenditure (billion RMB)	Expected Completion Date
Coal	Caofeidian Coal	5	15.5	1,435	50	3.74	5.16	2014

Estimated Total Capital Expenditure	For the Year Ended December 31, 2010	2011	2012	For the Six Months Ended June 30, 2013	The amount incurred up to the Latest Practicable Date	Estimated Capital Expenditure from the Latest Practicable Date to December 31, 2013	Estimated Capital Expenditure in 2014	Estimated Capital Expenditure in 2015	Source of funding	Use of Funding
						(Million RMB)				
5,159	937.28	1,011.30	861.37	125.82	3,020	183	1,600	356	bank loans and cash generated from operating activities	construction of Caofeidian Port coal berths, related equipment and intangible assets

Huanghua Port

We are currently one of the few sizeable port operators in Huanghua Port. Cangzhou Bohai, our 95.93%-owned subsidiary, has invested in the development of, and is operating our current terminals in Huanghua Port, which is expected to be developed into one of the largest integrated port zones in the Bohai Rim. We have obtained approval for test operations for eight berths in Huanghua Port, which commenced the construction in 2009. In addition, we are planning to construct two ore berths in Huanghua Port, through another subsidiary, Cangzhou Mineral. We have obtained the approval for

investment regarding this project from NDRC and begun the preparation work. These berths are expected to be completed in 2014.

Geographic Location

Huanghua Port is located at the intersection of south Hebei Province and northeast Shandong Province. The port is on the coast of the Bohai Sea, at a distance of 90 kilometers from Cangzhou, 45 kilometers from Huanghua and 60 nautical miles from Tianjin. With its strategic location, the hinterland of the port mainly covers central and south Hebei Province, north Shandong Province and north Henan Province. According to Drewry, Huanghua Port is the preferred port of call for seaborne trade in such regions and one of the most convenient and lowest-cost sea access points in central and south Hebei Province.

Huanghua Port enjoys a developed transportation network that provides convenient access to its hinterland. The Hanhuang Line, which is expected to be completed and commence operation in 2014, will directly link the port to the main steel manufacturing bases in Handan and Xingtai in Hebei Province, as well as to the north-south running Jingguang Line (which links Beijing and Guangdong Province) and the west-east running Hanji Line (which links Handan and Ji'nan in Shandong Province), and is expected to derive iron ore and coal cargo supply from such regions. Moreover, the Shuohuang Line, another major energy transportation railway line in China, links the coal mining bases in Shanxi Province and Shaanxi Province with Huanghua Port. In addition, the Bohai New District, where Huanghua Port is located, is planning to establish a highway transportation network with three north-south running and two east-west running highways covering many regions in the port's hinterland and service areas.

Natural Conditions

According to Huanghua Port's approved master plan, when fully developed, Huanghua Port is expected to cover a land area of 141 square kilometers and to have shorelines up to 37.1 kilometers long.

Berths and Storage Facilities

Cangzhou Bohai, our 95.93%-owned subsidiary, currently operates eight berths in Huanghua Port, including two general bulk berths, two bulk berths and four multipurpose berths, with total designed annual throughput capacity of 18 million tonnes and designed stacking capacity of 0.49 million tonnes and 24,000 TEUs for containers.

The table below sets forth in greater details the information on our berths and storage capacity in Huanghua Port.

Cargo Type	Operating Entity	Number of Berths	Depth Alongside (meters)	Quay Length (meters)	Designed Throughput Capacity (million tonnes/year)	Stacking Capacity (million tonnes, except for containers)
Bulk	Cangzhou Bohai	2	15.3	508.5	5	0.14
General Bulk	Cangzhou Bohai	2	15.3	508.5	3	0.08
Multi-Purpose	Cangzhou Bohai	4	13.6-15.3	1,057	10	Other general cargo: 0.27; Containers: 24,000 TEUs

Planned Construction

Cangzhou Mineral, our 96.76%-owned subsidiary plans to develop two 200,000 tonne-level ore berths in Huanghua Port with further details as set out in the tables below. Part of the net proceeds from the Global Offering will be used for the development of the ore berths. See also "Future Plans and Use of Proceeds."

Berth Type	Operating/ Investment Entity	Number of Berths	Depth Alongside (meters)	Berth Length (meters)	Designed Throughput Capacity (million tonnes/ year)	Stacking Capacity (million tonnes)	Estimated Total Capital Expenditure (billion RMB)	Expected Completion Date
Ore	Cangzhou Mineral	2	20	735.78	30	4.94	5.25	2014

Estimated Total Capital Expenditure	For the Year Ended December 31,			For the Six Months Ended June 30, 2013	The amount incurred up to the Latest Practicable Date	Estimated Capital Expenditure from the Latest Practicable Date to December 31, 2013	Estimated Capital Expenditure in 2014	Estimated Capital Expenditure in 2015	Source of funding	Use of Funding
	2010	2011	2012							
						(Million RMB)				
5,246	—	—	185.51	742.45	1,041	800	3,003	402	net proceeds received by us from the Global Offering and bank loans	construction of Huanghua Port ore berths, related equipment and intangible assets

CUSTOMERS, SALES AND MARKETING

Our Customers

We enjoy a strong customer base comprising some of China's major coal, power and steel companies with whom we have long-term relationships. Our main customers are coal and power companies such as Shenhua Group, China Coal Group, Datong Mine, Yitai Group, China Guodian Corporation, Zheneng Fuxing, and Datang Group. Qinhuangdao Port is the major hub connecting the country's coal production centers in north and west China through the Daqin Line and is the main loading port of the Daqin Line, enjoys favorable geographical and natural conditions and high intermodal accessibility to its hinterland. We have therefore enjoyed many advantages in attracting and retaining major customers.

In addition to fully leveraging our advantages above, we have also taken the following measures to attract and retain customers:

- We have entered into long-term dedicated terminal facilities operation contracts with terms ranging from five to nine years with our major customers, such as China Coal Energy Company Limited, China Shenhua Energy Company Limited, Zheneng Fuxing and China Electric Power Fuel Co., Ltd. Under such contracts, we commit to provide each such customer with dedicated berth and stacking yard space in return for its agreement to supply us a certain minimum volume of cargo per year. Such arrangements allow us to lock in cargo supply from major customers, promote seamless intermodal transits of cargo, and increase cargo turnover and operational efficiency. Under such arrangement, our customers make prepayments of port fees, which include lump sum fees for cargo handling fees, including stevedoring, stacking and warehousing fees, estimated based on the minimum cargo volume as set forth in the applicable agreement.

- We maintain effective communications with our customers and work closely with them to timely resolve any issues encountered in our operations to achieve our customers' and our mutual satisfaction and benefit.

- We work closely with the relevant offices on the Daqin Line, maritime bureaus and maritime pilot departments to improve communications and information exchange and proactively manage and promote the inflow of cargo for major customers. This also promotes seamless intermodal transits and efficiency in traffic control by scientifically managing ship berthing and departure. We establish an information communication system with customs, inspection and quarantine and boarder inspection bureaus to promote efficiency in ship berthing and customs clearance.

- We also work to improve the satisfaction of our customers by further promoting the efficiency and quality of our services.

One of our business strategies is to expand our customer base and strengthen cooperation with other partners. See "— Business Strategies — Continue to strengthen relationships with our customers and partners to achieve mutual development."

For the year ended December 31, 2010, 2011 and 2012, our five largest customers, which were China Coal Energy Company Limited, China Shenhua Energy Company Limited, Zheneng Fuxing, China Electric Power Fuel Co., Ltd. and Huaneng International Power Fuel Company Limited, accounted for 54.22%, 49.99% and 47.07%, respectively, of our total revenue for the respective years, and for the six months ended June 30, 2013, our five largest customers, which were China Shenhua Energy Company Limited, China Coal Energy Company Limited, Zheneng Fuxing, Huaneng International Power Fuel Company Limited and Datong Mine, accounted for 44.47% of our total revenue during the six months period. We have maintained a long-term business relationship with our five largest customers during the entire Track Record Period.

In connection with our annual review of long-term contracts with major customers, on November 18, 2013, we entered into an agreement with Huaneng International Power Fuel Company Limited, or Huaneng International, to terminate our dedicated terminal facilities operation contract with Huaneng International expiring December 31, 2017. Instead, we entered into three-month dedicated terminal facilities operation contracts with China Coal Energy Company Limited and Inner Mongolia Yitai Coal Co., Ltd., respectively, which are upstream coal suppliers of Huaneng International, on October 1, 2013. Our revenue derived from Huaneng International accounted for approximately 6.56%, 6.38%, 6.33% and 4.72% of our total revenue for each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Our contract with Huaneng International provided for a minimum annual throughput volume of 16 million tonnes for 2013. At termination, approximately 3.9 million tonnes of such guaranteed minimum throughput had yet to be supplied and each of our contracts with China Coal Energy Company Limited and Inner Mongolia Yitai Coal Co., Ltd. provides for a minimum throughput volume of 1.9 million tonnes for the three months ending December 31, 2013, which collectively replaced substantially all of the minimum throughput volume guaranteed by the terminated contract with Huaneng International under the same terms for the remainder of 2013. As of the date of this prospectus, we had no outstanding amount to be settled with Huaneng International. Ordinarily, our decision on whether to enter into such contracts with the upstream suppliers or with the downstream consumers of cargo depends on a number of factors such as supply volume, efficiency, reliability, creditworthiness and business relationships. In this case, we believe it would further increase our throughput volume and enhance our service efficiency by contracting directly with the upstream coal suppliers, which are expected to provide us with more abundant and stable supplies of cargo in the long run. Moreover, China Coal Energy Company Limited and Inner Mongolia Yitai Coal Co., Ltd. are two of our existing major customers. Additionally, we are in active conversations with customers, including China Coal Energy Company Limited and Inner Mongolia Yitai Coal Co., Ltd., on entering into additional long-term contracts and have received indicative interests from certain customer. Therefore, although our terminated contract with Huaneng International had a remaining term of

approximately four years and the abovementioned contracts with China Coal Energy Company Limited and Inner Mongolia Yitai Coal Co., Ltd. have terms of three months, we do not expect this change of contractual arrangement to have any material impact on our operations or financial conditions, and we continue to maintain our long-term relationship with Huaneng International.

The following table sets forth certain details of our five largest customers during each of the three years ended December 31, 2012:

The five largest customers during the Track Record Period	Contract Terms	Expiry Date
Customer 1	We shall provide the customer with dedicated stacking yard space for its agreement to supply us a certain minimum volume of cargo per year. To the extent the yearly volume of cargo from a customer exceeds certain higher threshold, we also offer rebates to such customer based on certain schedule. If the volume of cargo from a customer is below the agreed minimum volume of cargo per year, we will still charge the customer based on the agreed minimum volume.	May 31, 2016
Customer 2		April 30, 2015
Customer 3		December 31, 2016
Customer 4		December 31, 2016
Customer 5		September 30, 2013

None of our Directors, Supervisors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital had any interest in any of our five largest customers during the entire Track Record Period.

For the year ended December 31, 2010, our single largest customer was China Coal Energy Company Limited, accounting for 16.78% of our total revenue for the year. For the year ended December 31, 2011 and 2012 and the six months ended June 30, 2013, our single largest customer was China Shenhua Energy Company Limited, accounting for 13.93%, 13.35% and 14.94%, respectively of our total revenue for the respective periods.

Marketing

We have established an effective marketing system with a focus on continual service improvement, retention of existing customers and development of new relationships.

Our marketing effort for our coal business is under the direct management of operation department, which we do not outsource to any sales agents or distributors. This serves to control our marketing costs and enhance our marketing efficiency. In addition, we have established offices in Taiyuan, Shanxi Province and Hohhot in Inner Mongolia to better serve our customers in the hinterlands and coordinate cargo flows. Our marketing model for the non-coal businesses involves our subsidiaries and branch companies leading the marketing efforts, which are centrally coordinated by the operation department at the headquarters. We have established stable and long-term relationships with customers through establishing a far-reaching and stable marketing network and actively developing new business opportunities in our hinterlands.

We also host or join industry seminars and business conferences in order to foster closer relations and strengthen our business ties with existing and potential customers. We believe that our proactive and interactive approach in marketing our services is particularly effective, and we plan to continue to use these means to promote our services to existing and potential customers.

Fees and Charges

The fees that we charge for our port operations include lump sum fees for cargo handling, stevedoring service fees, stacking and warehousing fees, harbor dues, port facilities security fees, tugging service fees, mooring and unmooring fees and berthing fees. The lump sum fees are the most important source of our revenue.

Pursuant to the policies, rules and regulations promulgated by the relevant regulatory authorities in China, fees and charges for port operations fall under three categories, including fees, and charges set (1) by the government, (2) pursuant to government guidelines, and (3) based on market rates.

With respect to fees and charges set, or pursuant to guidelines issued, by the government, we mainly follow the Port Charge Rules (Foreign Trade) of the Ministry of Transport of the People's Republic of China (《中華人民共和國交通部港口收費規則(外貿部分)》), the Port Charge Rules of the People's Republic of China (Domestic Trade) (《中華人民共和國港口收費規則(內貿部分)》) and the Measures for the Collection of Port Fees on Containers Carried by Inland Maritime Transport (《國內水路集裝箱港口收費辦法》). With respect to fees and charges based on market rates, we set them with reference to a matrix of factors including cargo types, whether cargoes are for import or export, operational methods, stacking period, industry benchmarks, among other things. With respect to stacking and warehousing fees, we have adopted a tiered pricing model based on the length of the storage period. Under this model, the longer the storage period is, the higher the fee rate.

We enjoy pricing power in coal and generally require advance payments for our coal handling services. Such payments are recorded as advances from customers and recognized as revenue upon completion of the services. In addition, we also ask customers to prepay ore handling service fees in most of our ore handling businesses. The advance payment model reduces our accounts receivable and thereby improves our liquidity, turnover and operating cash flow management, which in turn benefits our results of operations. With respect to the other types of cargo, we collect payments upon completion of services. Such income is recorded as accounts receivable and recognized upon completion of the services. The different settlement methods do not affect the recognition or calculation of our revenue or costs and therefore are not expected to have any material effect on our profits.

PROCUREMENT OF EQUIPMENT, MATERIALS AND SERVICES

Equipment and Materials

We employ different equipment for different types of cargo handling, which may be categorized based on their functions into those handling coal and those handling other types of cargoes. The materials and consumables we use in our business operations mainly include fuel oil, conveyor belts and equipment parts.

Our primary coal handling equipment include dumpers, conveyor belts, stackers, reclaimers, stacker-reclaimers and shiploaders. Other ancillary equipment employed in our coal handling include tractors and tugboats. We own advanced coal stevedoring system with unloading capability and efficiency that meets international standards. Our primary non-coal cargo handling equipment include container cranes, gantry cranes, bridge cranes, ship unloaders and high tower cranes. Other ancillary equipment for our non-coal cargo handling include forklift trucks, loading and unloading machines and transtainers.

We have implemented a series of rules, procedures and guidelines for the operation, management and maintenance of our equipment. Our equipment engineering department is responsible for setting plans for and conducting annual maintenance on our equipment. It carries out monthly inspections to assess their conditions. In addition, our operational staff is responsible for undertaking regular and as-needed inspections during the ordinary course of operations, reporting any issues discovered to the equipment engineering department, which shall order repairs and services where necessary.

We generally order principal equipment for our services three to twelve months in advance of the expected delivery time and make payments in installments according to the progress of the projects. Our suppliers normally bear all losses arising from any delay in delivery and are responsible for quality

defects of the equipment they supply. In addition, our equipment purchase contracts typically provide a 12-month warranty for equipment.

During the Track Record Period, we have not experienced any interruption in our operations due to a shortage of equipment or materials or any significant fluctuations in their prices.

The following table sets forth the average age of the Group's material port terminal facilities and machinery (which have useful life of 20-35 years) as of the Latest Practicable Date:

Facility and Machinery	Average Age (years)
Gantry crane	16
Container Crane	6
Conveyor belts	20
Tug boat	19
Reclaimer	16
Dumper	9
Shiploader	17
Stacker	16
High tower crane	10
Stacker-reclaimer	16
Ship unloader	16
Tractor	18
Forklift truck	11
Loading and unloading machine	10

In addition, the Company plans to procure tug boats, and revamp truck unloader sampling equipment with a total estimated expenditure of approximately RMB68.91 million in 2014, which is expected to be funded with cash from our operating activities and bank borrowings.

Services

We procure construction, survey design and supervision services primarily from major transportation construction, engineering survey and design companies. Among such service providers, Qinhuangdao Fangyuan Port Project Survey Co., Ltd. (秦皇島方圓港灣工程監理公司) is a subsidiary of our Controlling Shareholder.

Under the General Services Agreement, we procure a wide range of services from HPG and/or its subsidiaries, which include social services, office and logistics services and production related services, and the Group will provide general port services, port electricity management services, transportation services, software services, labor services, leasing services, resources supply services and other relevant or similar services to HPG and its subsidiaries. For details, please refer to the section headed "Connected Transactions".

For the year ended December 31, 2010, 2011 and 2012 and six months ended June 30, 2013, our purchases made from the five largest suppliers of goods or services for our daily operations (namely our non-capital goods suppliers) accounted for 11.54%, 12.82%, 12.59% and 11.08% of our total cost of sales, respectively; our purchases made from the largest supplier of non-capital goods accounted for 6.74%, 6.94%, 6.38% and 6.29% of our total cost of sales, respectively; our purchases made from the five largest equipment and construction service suppliers (namely our capital goods suppliers) amounted to RMB3,413,363,455, RMB1,376,178,750, RMB2,609,083,114 and RMB980,594,769, respectively; and our purchases made from the largest supplier of capital goods amounted to RMB2,823,375,419, RMB514,279,281, RMB1,204,836,521 and RMB570,660,849, respectively.

None of our Directors, Supervisors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital had any interest in any of our five largest suppliers of capital and non-capital goods during the entire Track Record Period.

COMPETITION

As inland transportation costs represent a significant portion of the total transportation costs of dry bulk cargoes, the main type of cargo handled by us, customers are highly sensitive to such costs and tend to transit their cargo at the port that is closest in distance to the originating place or destination of the cargo. Therefore, competition for our business tends to mainly arise from the other port operators in the Bohai Rim. The other important factors considered by the customers in making choices among ports that are in close proximity to one another include availability of throughput capacity, service quality, efficiency, ability to berth vessels of required sizes and other natural attributes.

Coal

The major ports that compete for coal cargo in the Bohai Rim are all connected to railway lines that link those ports to the coal resources in Inner Mongolia, Shanxi Province and Shaanxi Province. Major coal ports in the Bohai Rim include Qinhuangdao Port, which is connected to the Daqin Line; Tangshan Port (including Caofeidian Port and Jingtang Port), which is connected to the Qiancao Line, a branch line of the Daqin Line, and will be connected to the Mengji Line, which will soon commence operation; Huanghua Port, which is connected to the Shuohuang Line; and Tianjin Port, which is connected by a branch line of the Shuohuang Line.

Qinhuangdao Port, which we operate, is the world's largest coal port by throughput in 2012, according to Drewry. We are also constructing five coal berths in Caofeidian Port. Our main competitors for coal cargo are operators of coal terminals in Huanghua Port, Tangshan Port and Tianjin Port. We believe that our position as the market leader in coal handling services is not easily challenged given our distinct competitive advantage in scale.

Metal Ores

The main type of metal ore we handle is iron ore. We offer iron ore loading and unloading services through general cargo berths in Qinhuangdao Port, bulk cargo, general bulk and multi-purpose berths in Huanghua Port and ore berths in Caofeidian Port operated by our associate company, Caofeidian Shiye Port Company. We also plan to construct two 200,000-tonne ore berths in Huanghua Port.

Even though there are a number of ore terminals in the Bohai Rim, our main competitors are the neighboring ore terminals operators due to the fact that inland transportation distance and costs are key factors considered by steel producers in choosing the port for transiting imported ore cargo. The main competitors for our ore operations in Qinhuangdao Port and Caofeidian Port are operators of Tianjin Port and Jingtang Port and other operators in Caofeidian Port. The main competitors for our ore operations in Huanghua Port are operators of Qingdao Port, Rizhao Port and Tianjin Port. Caofeidian Shiye Port Company is the largest operator of iron ore terminals in Caofeidian Port by throughput in 2012, according to Drewry. We believe that once our ore berths in Huanghua Port are completed and commence operations, we will be able to further attract ore cargo flow from Cangzhou and central and south Hebei Province and obtain a leading position in the ore service in the Bohai Rim.

Oil and Liquefied Chemicals

The major oil and liquefied chemicals ports in the Bohai Rim are Dalian Port, Qingdao Port and Tianjin Port. We operate the oil and liquefied chemical terminals in Qinhuangdao Port. Our crude oil

pipelines are directly connected to the pipelines of Daqing Oilfield, the largest oilfield in China and our major customer for oil and liquefied chemical. As oil and liquefied chemicals are transported via pipelines, the opportunity costs for customers to switch to another port are relatively high, and the customer base in this field tends to be relatively stable. We enjoy long and stable relationships with our customers for oil and liquefied chemicals. We plan to further develop integrated port facilities for handling oil and liquefied cargoes and promote our competitiveness in liquid bulk cargo.

Container

The major container ports in the Bohai Rim include Qingdao Port, Tianjin Port, Dalian Port and Yingkou Port. Although containers currently account for a relatively small portion of our cargo handling services, we plan to rapidly grow our container business and to grow our Group into a major container port operator in the Bohai Rim.

For further details about the competition we face, please see also "Industry Overview — Development of China's Port Throughput by Cargo Type" and "Industry Overview — Barriers to Entry." For risks relating to the competition we face, please refer to "Risk Factors — Competition from nearby ports and other port operators may have an adverse impact on our business and operations".

Caofeidian Port

According to Drewry, major port operators in Caofeidian Port currently include our associate company Caofeidian Shiye Port Company, SDIC Caofeidian Port Company and Tangshan Caofeidian Ore Terminal Company Limited (唐山曹妃甸礦石碼頭有限公司). We operate six berths through our associate company Caofeidian Shiye Port Company, which represents 33.3% of the total number of berths operated by the abovementioned three major port operators in Caofeidian Port. We are also constructing five coal berths in Caofeidian Port.

Our associate company Caofeidian Shiye Port Company is the largest operator of iron ore berths in Caofeidian Port according to Drewry. We believe our position in iron ore cargo handling services in Caofeidian Port is not easily challenged given our competitive advantage in scale, as well as our long-term partnership with local iron ore customers. Our planned coal berths in Caofeidian Port will leverage our operational experience in Qinhuangdao Port as well as strong relationships with existing coal customers, railway, maritime bureaus and maritime pilot departments, which we believe will enable us to compete effectively with existing and future coal terminal operators in Caofeidian Port.

Our operations in Caofeidian Port are not expected to adversely impact our operations in Qinhuangdao Port as Qinhuangdao Port has a considerable cost advantage for coal transported along the Daqin Line. Furthermore, we believe the completion of the Mengji Line will have a limited impact on our operations in Qinhuangdao Port as the Mengji Line primarily services coal cargoes from Inner Mongolia while the Daqin Line primarily services coal cargoes from Shanxi Province.

Huanghua Port

According to Drewry, major port operators in Huanghua Port include Cangzhou Bohai and China Shenhua Energy Company Limited. We currently operate eight berths in Huanghua Port, which represents 40.0% of the total number of operational berths in Huanghua Port. We also plan to develop two ore berths in Huanghua Port.

We are an independent port operator in Huanghua Port that mainly handles ore, container and other bulk cargoes while China Shenhua Energy Company Limited is a dedicated port operator in Huanghua Port that mainly handles coal cargoes. Therefore, we do not believe that we are in direct competition with China Shenhua Energy Company Limited.

The hinterland of Huanghua Port includes central-south of Hebei Province, north Shandong Province and north Henan Province, which does not overlap with the hinterland of Qinhuangdao Port

and hence is not expected to directly compete with Qinhuangdao Port. Furthermore, the completion of the Hanhuang Line is expected to link ore, coal and other cargoes from cities such as Cangzhou, Handan and Xingtai and is not expected to directly compete with Qinhuangdao Port.

TECHNOLOGY, RESEARCH AND DEVELOPMENT

We focus on pioneering best industry practices and developing and adopting new and advanced techniques. We have a Technology Center, which is responsible for promoting technological innovation, which focus primarily on the research and development of port technologies, port service and management models, operational processes and information technology. In addition, the Technology Center is responsible for pre-research, technical assessment and post-research evaluation on important technology projects associated with port technologies, organizing our Group's information technology development plans, planning annual reviews of our information technology projects, developing software for our operational systems, reviewing information systems in the Company's information integration projects and participating in the system design of port operation management, supply chain management and customer relationship management. Moreover, we assist our operational units to renovate the existing equipment and system, and are responsible for the application for and management of patent or software copyright.

We intend to focus our R&D efforts on our major business operations, increase our R&D investment and improve cooperation with research institutions to further expand our operational and management capabilities. In particular, we plan to focus on information platform for integrated port management, industry standards for coal transportation, coal supply chain management, integrated information platform for logistics and trading of coal, coal dust treatment in ports, energy saving and pollution control, online equipment surveillance system, and intelligent stacking yard management systems. Specifically, we are currently in the process of developing more than 20 new R&D projects relating to port services and logistical management.

We have received a large number of R&D awards from government authorities. As of the Latest Practicable Date, we received 14 Second Prizes and 15 Third Prizes in Scientific Technology Awards from the China Port Association, one First Prize, eight Second Prizes and 15 Third Prizes in Scientific Technology Advancement Awards from the Qinhuangdao City Government, and one award for Excellent Inventions and one Second Prize in Scientific Technology Advancement Award from the provincial government of Hebei Province.

However, we did not undertake any material research and development projects during the Track Record Period and we do not plan to do so up to the Latest Practicable Date. According to Drewry, port operators generally do not undertake large scale research and development projects. Our research and development expenditure has historically been used on piecemeal improvements of various segments of our operations, such as improvements in the application of IT systems, optimization of operational workflows, as well as upgrading of facilities and equipments, which cumulatively result in operational efficiency enhancements. Rather than engaging in large scale research and development projects, we achieved technological advances by constantly monitoring and improving critical segments of our daily operations. The Directors believe this practice is in line with the general practice of the port industry.

INTELLECTUAL PROPERTY

Through our R&D initiatives and in the ordinary course of business, we have obtained various intellectual property rights which are valuable to our business. We protect our intellectual property through registering patents and copyrights.

Patents

As of the Latest Practicable Date, we are holding 24 patents in the PRC, comprising three invention patents and 21 utility patents.

Trademarks

On December 25, 2008, we entered into an agreement with HPG, which granted us the license to use as our company logo the trademark with the registration No. 755062, free of charge, for an initial term of ten years from March 31, 2008, which can be renewed for an indefinite number of times and in each time for ten years at expiry with a one-month prior written notice from the Company to HPG, subject to applicable PRC regulations and compliance requirements. In addition, HPG provided a Hong Kong trademark undertaking on July 11, 2013, which authorized us to use a trademark being registered by HPG in Hong Kong for nil consideration, and incorporated such trademark in the above trademark license agreement upon its successful registration.

Copyrights

As of the Latest Practicable Date, we hold 27 computer software copyrights. We have obtained the relevant computer software copyrights registration certificates for all these copyrights.

We have developed multiple systems that provide detailed guidelines for intellectual property management and protection. In addition, we maintain full ownership rights to any intellectual property relating to our business that is developed by our information technology team. We have also implemented a security system to prevent unauthorized access to our information networks. We generally seek intellectual property protection against third-party misappropriation for any new inventions we develop, including product improvements or technologies, though there can be no assurance that these protections will be effective. We may also be subject to third party claims for infringement of intellectual property rights of others.

SAFETY CONTROL

We place significant emphasis on safety control to minimize the amount and impact of any safety incidents and other accidents in connection with port services that could result in injuries or fatalities, including those caused by mechanical failures, exposure to toxic materials, typhoons, tsunamis and other similar events.

We have adopted a well-established supervisory and management system for safety control through examinations and inspections of daily operations, which combine effective incentive and punitive measures with safety control reporting mechanisms.

We have established a safety production committee, which is in charge of the overall safety supervision and management at our Group level. Our safety production committee is comprised of eight members, which include: Mr. XING Luzhen, Chairman of the Board, Executive Director and the party secretary of our Company, Mr. HE Shanqi, Executive Director, General Manager and deputy party secretary of our Company, Mr. GE Ying, Chairman of the Supervisory Committee, labor union chairman and member of the Party Committee, Mr. TIAN Yunshan, Deputy Party Secretary and secretary of the Discipline Inspection Commission, Mr. WANG Lubiao, Executive Director and Deputy General Manager and member of the Party Committee, Mr. HE Zhenya, Deputy General Manager and member of the Party Committee, Mr. MA Xiping, Executive Director, Deputy General Manager, Secretary to the Board and member of the Party Committee, and Mr. GUO Xikun, Chief Financial Officer and member of the Party Committee. Mr. TIAN has more than 30 years of experience with our Group and more than 20 years of experience in the management function. See also "Directors, Supervisors, Senior Management and Employees" for descriptions of the other committee members' work experience and qualifications. We also have a Safety Supervision Department (安全監督部) in

charge of supervising, monitoring and documenting safety controls in our daily operations at our Group level. In addition, in our daily operations, our major operational units implement security control by setting up safety production committees below such units or employing full-time safety production supervision officers.

We have formulated and implemented over 30 manuals and internal policies with regard to safety control procedures and standards. Each of our major operating subsidiaries and branches has their respective safety control management systems. In particular, we have formulated and implemented safety measures on handling cargoes containing dangerous or hazardous materials, including classification of dangerous or hazardous materials, handling procedures, accident investigation procedures, protective and remedial measures, accident reporting procedures, and punitive and rectification measures.

As of June 30, 2013, we had over 200 employees responsible for safety control across different operations in our business. We provide occupational safety trainings to all of our employees on a regularly basis. In particular, we have compulsory trainings for employees who handle dangerous materials or special operation, and each of these employees must pass examinations at three levels of training and daily operational safety training before they are qualified to work on these positions.

During the Track Record Period and up to the Latest Practicable Date, we recorded ten accidents, of which eight were non-fatal accidents involving our employees and two were fatal accidents involving our contracted labor staff. For the years ended December 31, 2010, 2011 and 2012, and the six months ending June 30, 2013, we recorded two, four, four and zero accidents respectively. The eight non-fatal accidents involved nine employees and were all covered by employee injury insurance. The following table sets forth the underlying causes and the remedial and mitigating measures which were based on our review of each accident and a consideration of the possible relevant factors for foresaid accidents:

Date of Accident	Description and Cause of Accident	Remedial/Mitigating Measures
April 13, 2010	One employee sustained eye injuries from the electrical malfunctioning of a low-voltage cabinet.	Measures were implemented on June 21, 2010, including additional safety training and exams as well as in-depth inspection of the electrical equipment in question.
October 18, 2010	One employee slipped and fell from a railroad car.	Measures were implemented on November 24, 2010, including additional safety trainings and increased supervision and monitoring procedures.
January 20, 2011	One employee suffered facial burns due to an electrical short circuit.	Measures were implemented on February 14, 2011, including additional safety control procedures and standards, introduction of additional site safety inspection systems and increased frequency of security checks.
January 27, 2011	A roller fell during the repair of a belt conveyor machine, breaking the wind shield of a passing truck and injuring the truck driver.	Measures were implemented on July 26, 2011, including improved pre-work safety analysis, additional precautionary procedures and stricter implementation of equipment maintenance and repair work safety policies.

Date of Accident	Description and Cause of Accident	Remedial/Mitigating Measures
February 10, 2011	One employee was injured when he lost control of the vehicle he was driving, which slipped into a roadside ditch.	Measures were implemented on March 10, 2011, including additional traffic safety education to drivers and stricter compliance to car dispatch approval policies.
May 31, 2011	One employee's hand was caught in a moving conveyor belt.	Measures were implemented on June 20, 2011, including additional safety education and training, increased worker specialization for equipment maintenance and better coordination and management of workers.
June 13, 2012	Two employees conducting repair works fell from a ladder.	Measures were implemented on July 24, 2012, including additional safety training and exams as well as stricter equipment operating license requirements for employees.
August 22, 2012	One death was resulted from an accident due to the improper operation by an employee of our associate company, Honggang Services, of which we hold 35% equity interest. The primary cause of the accident was failure to follow operational procedures by the employee of Honggang Services.	Measures were implemented on December 24, 2012, including an overall inspection on all equipments and facilities, improved maintenance of facilities and strict allocation of responsibility to applicable departments or individuals, and strengthening contractors' coordination and safety control responsibilities.
September 12, 2012	One employee fell on the platform of a reclaimer.	Measures were implemented on November 5, 2012, including enhanced operational procedures, improved safety standards and regulations, and increased frequency of security monitoring and checks.
December 1, 2012	An employee of a third party service provider to one of our subsidiaries, Xin'gangwan Container Co., was killed in the process of ship loading and unloading operations. Xin'gangwan Container Co. was determined to bear secondary or indirect responsibilities.	Measures were implemented on January 30, 2013, including a review of the cause of the accident, reinforced safety education, enhanced the safety management on the field, and strictly implemented the responsibilities of all applicable departments.

The improper operations by an employee of Honggang Service, an associate company, resulted in one death. An employee of a third party supplier of our subsidiary, Xin'gangwan Container Company, died in the process of ship loading and unloading. As of the Latest Practicable Date, no material claim has been brought against us as a result of these accidents. Additionally, we experienced no material interruption to our operations as a result of these accidents, nor have these accidents, individually or in the aggregate, had any impact on our business relationships with customers or on our expansion plans, nor have they had a material effect on our financial condition and results of operations. See also "Risk Factors — Certain types of cargo we handle in our facilities could expose us to safety and operating risks that could adversely affect our business operations and financial positions." We carefully investigate any accidents that have occurred and are continually enhancing our safety controls based on these investigations.

We took every accident seriously and have implemented enhanced safety measures in addition to our regular safety procedures to prevent repeated occurrences. To address the potential risks we identified from a review of the accidents during the Track Record Period and to prevent future accidents, we conducted intensive training sessions for our employees following each accident to analyze the cause of the accident and discuss preventive measures, as well as inspected our machinery for security risks after each accident. We also improved our safety control management functions by reinforcing the responsibilities contained in the safety manuals and internal policies for supervisors at all operational levels such that each field worker and task is closely monitored, and held individual supervisors responsible for future accidents. We also reinforced equipment operating license requirements for employees under our safety standards through technical and safety examinations for our licensed technicians.

We believe that our business operations are in compliance with applicable PRC laws, regulations and rules with respect to safety control in all material aspects. During the Track Record Period, and save as disclosed in this prospectus up to the Latest Practicable Date, we do not have any penalties associated with any material violation of the existing safety control laws or regulations in the PRC.

QUALITY CONTROL

We believe that high quality services are crucial to gaining trust from existing customers and attracting potential customers. Therefore, we have established departments for quality management and carried out step-by-step quality control with respect to our operations. In order to ensure the smooth operation of quality management, we performed various control measures, such as daily supervision, investigation and evaluation, and reward and punishment systems. We also formulated comprehensive regulations in respect of quality control, mainly including "Ten Commitments of Services Quality" (《服務質量十項承諾》), "Administrative Measures on Complaint of Quality Hotline to General Manager" (《總裁質量投訴電話管理辦法》), "Production Scheduling Procedures" (《生產調度規程》), "Administrative Measures on Bulk Business" (《雜貨業務管理辦法》) and "Regulations of Management of Quality of Coal of Qinhuangdao Port" (《秦皇島港煤炭質量管理規定》).

Benefiting from the stringent quality control of the Company, certain branches of the Company have obtained ISO 9001 Quality Management System Certificates. We are of the opinion that our quality management is in compliance with the relevant laws, regulations and rules of the PRC in all material aspects. During the Track Record Period and up to the Latest Practicable Date, we do not have any material penalties associated with material violation of any existing quality control law or regulation.

ENVIRONMENTAL PROTECTION

We are subject to PRC national and local environmental laws and regulations relating to environmental protection, prevention and control of pollution, and incident reporting. We regard environmental protection as an important corporate responsibility and place great emphasis on environmental protection measures and policies in our daily operations. We have a well-established

management system with regard to environmental protection, prevention and control of pollution, and incident reporting.

We have compiled over eight operational manuals and internal policies with regard to environmental protection, including protective, preventive and corrective measures on oil pollution, coal dust pollution, radiation pollution and other types of pollution associated with our daily operations.

We own a wide variety of equipment for environmental protection use, which include dust prevention, dust control and dedusting systems with regard to coal dusts, mineral dusts and grain dusts, polluted water handling systems, and humidifying systems and machines which are employed in our daily operations.

To this end, we have established and maintained a special fund for pollution control, construction of environment protection infrastructure and the continual improvement of work environment. In particular, during the Track Record Period, we have implemented certain major environmental protection measures, including installing windproof nets in our coal stacking yard and water sprinkler systems in our ore and coal stacking yard to control coal and ore dust. The total costs we incurred for environmental protection matters in the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, were approximately RMB13.99 million, RMB41.79 million, RMB52.55 million and RMB17.51 million, respectively. Moreover, our environmental protection plan for 2013 mainly entails installation of windproof nets in our coal stack yards in both Qinhuangdao Port and Caofeidian Port, revamp of the dusted water recycling and collecting systems, and the sprinkler truck, slag exhausting truck and cleaning truck in Huanghua Port. We plan to increase our environmental protection expenditure to approximately RMB158 million in 2013, which will be funded with cash generated from our operating activities and special grants for environmental protection provided by the Qinhuangdao City government. If we would like to apply for the special grants from Qinhuangdao City government for certain projects, according to the applicable regulations and requirements, the following main conditions and procedures apply to such grants: (1) the project is designed for pollution control (such as dust-proof environmental protection construction) and is included in the capital investment plans of the Company; (2) the implementation plan of the project shall be submitted to the Environmental Protection Bureau of Qinhuangdao City and the preliminary approval regarding selected environmental protection funds shall be received by applicant; (3) all financial documents, accounts and contracts of the proposed project required for approval are complete; (4) after completion, the settlement report of the applicable construction project shall be submitted to Environmental Protection Bureau and shall subsequently pass the assessment conducted by professional agents assigned by the government authority; and (5) the project has further passed the inspection jointly conducted by the Environmental Protection Bureau and Financial Bureau of Qinhuangdao City. For those projects which we have submitted in accordance with the above condition, we believe we have satisfied or shall satisfy all of the conditions and expect to receive special grants from Qinhuangdao Government in the amount of approximately RMB20 million by the end of 2013, subject to the government's final approval.

The following table sets forth the projects included in the 2013 environmental protection plan:

Intended use	Commence and expected completion timing	Total Expenditure	Expense prior to 2013	Expenditure incurred or to be incurred in 2013			2013 Expenditure	Expenditure to be incurred in for the year ended December 31, 2014
				Incurred for the six months ended June 30, 2013	To be incurred for the six months ending December 31, 2013	Incurred after the Track Record Period and up to the Latest Practicable Date		
	(year)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)
Installation of windproof nets in our coal stack yard in Qinhuangdao Port	2007-2015	378	122	0	40	0.2	40	68
Revamp of our sewage treatment engineering in Qinhuangdao Port	2013-2014	34	n/a	0	1	0	1	25
Revamp of our sewage recycling systems in Qinhuangdao Port	2012-2014	32	0.2	0	2	0.01	2	30
Revamp of our water sprinkler systems in coal stack yards for coal dust control in Qinhuangdao Port	2012-2013	26	0.003	0.008	21	4	21	5[1]
Revamp of the dust control system for our rotary dumpers in Qinhuangdao Port	2013-2014	19	n/a	0	4	0	4	16
Sprinkler truck, dust suppression constructions, the revamp of chlorination equipment, environmental mobile truck and supervision truck for environmental protection in Qinhuangdao Port	2013	6	n/a	0	6	0.7	6	n/a
Subtotal for Qinhuangdao Port		495	122	0.008	74	5	74	144
Environmental impact evaluation projects in Huanghua Port	2012-2014	257	1	0.2	1	0	1	0
Supervision fee during the construction period in Huanghua Port	2013-2014	160	n/a	0	0.8	0	0.8	0.8
The sprinkler truck, slag exhausting truck and cleaning truck in Huanghua Port	2010-2015	50	10	6	7	6	13	14
Pollution discharge fee in Huanghua Port	2011-2015	27	5	3	3	0.4	6	8
Water sprinkler systems in coal stack yards in Huanghua Port	2013-2014	25	n/a	0	10	0	10	15
Environmental protection and safety facilities in Huanghua Port	2013-2014	25	n/a	0	6	0	6	19
Compensation to be paid to Huang Bohai District Bureau of Fisheries of the Ministry of Agriculture in relation to the construction in Huanghua Port	2012-2015	11	0	0	3	0	3	3
Sewage handling system, truck washing platform, mist shooting machine, cargo receiving net, windproof net and fine mesh safety vertical net in Huanghua Port	2011-2013	9	1.2	0.5	7	3	8	8[1]
Sewage handling house in Huanghua Port	2013	5	n/a	0	5	5	5	0
Subtotal for Huanghua Port		569	17	10	43	14	53	67.8
Installation of windproof nets in our coal stack yard in Caofeidian Port.	2012-2013	52	18	8	23	0	31	3
Subtotal for Caofeidian Port		52	18	8	23	0	31	3
Total		1,116	157	18	140	19	158	214.8

Note: 1. Although the project is expected to be completed in 2013, the settlements will not be completed by 2014.

Estimated environmental protection expense above may be subject to further revision. Our initial estimate of expenditure for environmental projects for an upcoming year is based on the relevant investment proposal and our estimation of environmental project progress. However, once the work on these projects for a particular year has commenced, our estimation of the relevant expenditure for the year will be adjusted to take into account a number of developments, including the specific payment schedule under the contracts entered into in connection with the projects, the actual project progress and the actual timing of payments. We may therefore need to adjust our initial estimates for the expenditure on environmental project as the project work progresses. Such adjustments usually take place in October each year when we review the project progress and payment schedules in the current year in connection with setting our budget for environmental expenditure for the following year.

Moreover, in order to ensure fire safety in our coal stacking yards, we maintain fire safety distance and have established safety isolation tunnels between stockpiles. We have also installed water sprinkler systems in the coal stacking yards.

The increase in our expected expenditure for environmental protection in 2013, as compared to our environmental protection costs incurred in each of 2010, 2011 and 2012, is mainly attributable to the construction of a closed coal stack yard in Caofeidian Port and installation of windproof nets in our coal stack yards in Qinhuangdao Port and Caofeidian Port. On many occasions, we and the Controlling Shareholder, who operated Qinhuangdao Port before the incorporation of our Company, have received national honorary awards and our efforts were recognized by the government.

Our proposed construction of ore berths in the bulk cargo area of Huanghua Port had potential adverse impact on the local fishery industry. On November 14, 2012, our subsidiary responsible for the construction of the berths entered into an agreement with Huang Bohai District Bureau of Fisheries of the Ministry of Agriculture (農業部黃渤海區漁政局) which provides for a compensation by us of RMB11.44 million in total to the bureau for the potential adverse impact on fishery resources, which shall be paid in installments after the commencement of the construction of the berths. We do not expect to be liable for any additional compensation charges in relation to our proposed construction in Huanghua Port or be liable for any compensation charges in any other construction projects we are currently undertaking, as we have been conducting our construction activities in accordance with applicable rules, regulations and government approved plans in all material respects and to the best of our knowledge, there are no cases pending or threatened against us for environmental damages. However, we cannot guarantee that for future construction projects, there will not be further compensation required in connection with similar economic or environmental impact caused by construction. In order to ensure our continual compliance with the applicable environmental protection laws and regulations in the PRC, we have, among other measures taken, conducted relevant analyses of the potential environmental impact of our new construction projects and conducted relevant environmental protection measures during the Track Record Period. Our S&EP Center is mainly responsible for the preparation of the evaluation of the potential environmental impact of our new construction projects, the liaison with external qualified professional agents who conduct the environmental impact analysis, and communication with the responsible governmental officials to conduct the approval process of the projects in accordance with applicable PRC environmental protection laws. Ten employees in the S&EP Center are responsible for the environmental protection project management, including four senior engineers, two engineers and two assistant engineers. Among them, three hold master degrees and six hold college degrees and most of them have majored in the environmental protection related fields. In addition, they possess on average more than 10 years of experience in environmental protection administration.

Moreover, in connection with our future construction projects, we may be required to pay certain compensation for loss of fishery resources in connection with port terminal building based on the local government's assessment of the magnitude of the economic effect on the local fishery resources. See also "Risk factors — Compliance with environmental laws and regulations may require additional capital expenditure associated with goods handled by us that could result in spills and other environmental damages".

Our business operations are in compliance with the applicable PRC environmental laws and regulations in all material aspects. As of the Latest Practicable Date, we do not have any material penalties associated with material violation of any existing environmental law or regulation.

INSURANCE

We maintain insurance policies to cover the risk of losses in respect of our operations and facilities. The primary property insurance policies we maintain are property all risk insurance, mechanical breakdown insurance, coastal and inland river vessel insurance and automobile insurance. The primary life and liability insurance policies we purchase are public liability insurance, special equipment third party liability insurance, hoisting liability insurance, electricity supply liability insurance and roadway dangerous cargo carrier liability insurance. As of the Latest Practicable Date, we did not have any unsettled material insurance claims. The Directors believe that our insurance coverage is adequate for our operations and is in line with the industry norm.

EMPLOYEES

As of June 30, 2013, we had a total of 13,262 employees. The following table presents a breakdown of our employees by function as of June 30, 2013:

Personnel	Number of Employees	Percentage of Total
		(%)
Operational management personnel	1,761	13.28
Professional technicians	652	4.92
Production operators	9,571	72.17
Service personnel	1,278	9.63
Total	**13,262**	**100.00**

The following table presents a breakdown of our employees by level of education as of June 30, 2013:

Personnel Educational Levels Attained	Number of Employees	Percentage of Total
		(%)
Master or doctorate degree	221	1.67
Bachelor's degree	1,762	13.28
College-level education	3,293	24.83
Others	7,986	60.22
Total	**13,262**	**100.00**

In accordance with the relevant requirements of local governments in the PRC where we operate, we make contributions to pension and purchase basic endowment insurance, basic medical insurance, injury insurance, maternity insurance and unemployment insurance for our employees. We also set up our company pension funds and purchase supplementary medical insurance policies for our employees to improve the overall employee benefits, pursuant to applicable PRC employment insurance policies. We also make contributions to the employee housing fund to enhance the cohesion of our employees. For the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, we recorded total employee benefit expense of RMB1.38 billion, RMB1.54 billion, RMB1.80 billion and RMB0.92 billion, respectively.

We provide large-scale occupational and professional training on multiple dimensions and through multiple channels to our employees. For the senior management, we organize high-level forums and seminars on a regular basis. For the mid-level management, we send selected members to advanced research and education programs in well-known educational institutes in China. For the junior level management, we have rotational education programs with an emphasis on innovation. For

technical operators, we provide a mentoring system and enhancement of technical skills through field practices and peer competitions. For new employees, we have designed dedicated orientation programs to provide necessary work trainings. Please also refer to the sub-section headed "— Safety Control" for details on safety control training.

PROPERTIES

Our headquarters are located in Qinhuangdao, Hebei Province, PRC. As of the Latest Practicable Date, we owned the land use rights to 46 parcels of land in the PRC and we owned 526 buildings, all of which are located in the PRC.

Land Use Rights

A land use right in the PRC represents an exclusive right to occupy, use, develop, lease, transfer and mortgage a piece of land in compliance with the statutory purpose and during the statutory term of the land use right.

As of the Latest Practicable Date, we owned the land use rights to 46 parcels of land with a total site area of 6,515,224.79 square meters, which are mainly located in Qinhuangdao and Cangzhou, Hebei Province, China, and we have obtained land use right certificates for all of these parcels of land. Our owned land is typically used for port operation and office premises. For further details of land use rights, please refer to "Appendix VII Statutory and General Information — Further Information about Our Business — Land Use Rights."

Our PRC legal adviser confirmed that we possess the above land use rights legally and are entitled to occupy and use such lands and transfer, lease, mortgage or dispose of such land use rights by other legal means.

Owned Buildings

As of the Latest Practicable Date, we owned 526 buildings with a total gross floor area of 287,868.32 square meters, which are mainly located in Qinhuangdao and Cangzhou, Hebei Province, China.

Leased Buildings

As of the Latest Practicable Date, we leased 481 buildings with a total gross floor area of 291,916.42 square meters, which are mainly located in Qinhuangdao, Cangzhou, Tangshan, Hebei Province; Hohhot, Inner Mongolia; and Taiyuan, Shanxi Province, China. These leased buildings are mainly used for office, manufacturing and warehousing.

Our landlord, the Controlling Shareholder, has not obtained building ownership certificates for 197 of the buildings that we lease from them, with a total gross floor area of 136,413.59 square meters, accounting for approximately 48.3% of the aggregate gross floor area of the buildings we leased as of the Latest Practicable Date. These properties are used mainly for port operations, warehousing and office administration of our Group. We pay the rental of such leased property, certain operational facilities and equipment at RMB104.9 million per annum, which is determined by adding a reasonable profit over a reasonable cost of the properties, operational facilities and equipment.

As most of our leased properties without property ownership certificates are located in the western zone of Qinhuangdao Port, they are not material to our core coal handling business. In addition, we believe our operations that rely on such leased properties are able to be relocated quickly with minimal expenses, and would not materially affect our business or financial position.

Thus, our Directors believe that these properties with title defects are not individually or collectively crucial to, and will not have a material impact on, our operations.

We obtained a letter of undertaking on August 7, 2013, from our landlord, the Controlling Shareholder, which undertakes that it is the sole owner of the buildings leased to our Group and there are no encumbrances, claims or disputes as to the titles to these leased buildings. Further, our Controlling Shareholder has undertaken to bear all responsibility and indemnify us from any potential cost with respect to the defective titles. Our PRC Legal Adviser confirmed that such undertaking is legal, valid and enforceable in accordance with the PRC laws.

For details of our property interests, please refer to the property valuation report set out in "Appendix III — Property Valuation" to this prospectus.

SEA AREA USE RIGHTS

As of the Latest Practicable Date, we had eleven sea area use rights with a total gross area of approximately 1,134 square hectares, all of which are located in the PRC. We have obtained sea area use right certificates for all of these sea areas. For further details of sea area use rights, please refer to "Appendix VII Statutory and General Information — Further Information about Our Business — Sea Area Use Rights."

Our PRC legal adviser is of the opinion that we possess the above sea area use rights legally.

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

From time to time we are involved in legal proceedings arising in the ordinary course of our business, as a plaintiff, defendant or third party. Except for the incidents discussed below, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any outstanding material litigation, arbitration or administrative proceedings.

On January 22, 1986, the Qinhuangdao Port Management Bureau of MOT (the predecessor entity of our Controlling Shareholder) and the Planning Committee of Shanxi Province (the "Parties") entered into an agreement (the "Investment Agreement") pursuant to which Shanxi Province would invest RMB70 million to RMB80 million in the construction of three berths at the Wu (戊) and Ji (己) terminals in Qinhuangdao Port, including any ancillary projects. The Wu and Ji terminals are located in the western zone of Qinhuangdao Port and contributed insignificant amount of throughput to our total throughput during the Track Record Period and expect to be shut down in connection with the western zone relocation plan. See "— Our Facilities — Qinhuangdao Port — Western Zone Relocation." In return, Shanxi Province would be granted favorable terms in coal or general cargo handling services during the investment period and after the construction of the three berths. In addition, Shanxi Province would have ownership rights in the three berths in proportion to its investments, and the three berths would be jointly operated by the Parties. After the execution of the Investment Agreement, the Planning Committee and Economic Committee of Shanxi Province established the Port Construction Command office of Shanxi Province in Qinhuangdao ("Shanxi Port Construction Command"), which was responsible for managing Shanxi Province's investments in the Wu and Ji terminals. From 1986 through 1988, Shanxi Province paid an aggregate amount of RMB40 million for construction of the Wu and Ji terminals. However, the construction work did not commence on time, and the Parties agreed to utilize the invested RMB40 million for the construction of other terminals of the Qinhuangdao Port.

Due to changes in national policies, the improvement of transportation capabilities was not included in the National Railway and Port Transportation Plan. Meanwhile, the approval for the construction of Wu and Ji terminals was not obtained until August 1997. During this period, the national exemption policies on investment in underwater infrastructure changed, which caused a significant increase in the required investment amount by Shanxi Province. This change in policy broke the foundation of the Parties' cooperation, and Shanxi Province ceased to invest in

Qinhuangdao Port. The Parties held a number of negotiations to settle the amount of RMB40 million already invested by Shanxi Province, but no agreement has been reached. Currently, we lease the Wu and Ji terminals from HPG, and we are responsible for their daily management and maintenance.

In April 2011, Shanxi Port Construction Command initiated a civil lawsuit (the "Lawsuit with Shanxi Province") in the Hebei Province High Court against the Controlling Shareholder and the Company, as co-defendants, claiming that the Investment Agreement had terminated and that the Controlling Shareholder and the Company should return to them a total loss of approximately RMB144.9 million, which includes the investment principal, accrued interests and management fees. As of the Latest Practicable Date, the court proceedings are still ongoing and no judgment has been entered into by the Higher People's Court of Hebei Province.

Our Controlling Shareholder has committed on April 16, 2012 that they will reimburse to us all damages, if and to the extent incurred by us, in connection with Lawsuit with Shanxi Province. Therefore, we have made no provision with respect to potential losses from the Lawsuit with Shanxi Province. Our Controlling Shareholder is a wholly state-owned company under Hebei SASAC. See also "History, Reorganization and Corporate Structure — Background of and Changes Relating to Our Existing Shareholders — HPG". HPG has a registered and paid up capital of RMB8 billion. According to HPG's audited financial statements, as of December 31, 2012, the total assets and net assets of HPG were RMB38.30 billion and RMB19.66 billion, respectively, and its net profit realized in 2012 was approximately RMB971 million. We therefore believe that our Controlling Shareholder has the ability to fulfill its undertaking to reimburse us for such damages.

On August 22, 2012, one death resulted from an accident due to the improper operation by an employee of our associate company, Honggang Services, of which we hold 35% equity interest. Qinhuangdao Safety Production Supervision and Management Bureau (秦皇島市安全生產監督管理局) investigated the case and determined that the primary cause of the accident was failure to follow operational procedures by the employee of Honggang Services who caused the accident. Honggang Services and our Company were each determined to bear secondary or indirect responsibilities in the cases, and each was fined RMB150,000, which have been paid in full as of the Latest Practicable Date. On December 1, 2012, an employee of a third party service provider to one of our subsidiaries, Xin'gangwan Container Company, was killed in the process of ship loading and unloading operations. Xin'gangwan Container Company was determined to bear secondary or indirect responsibilities in the cases and was fined RMB150,000, which has been paid in full as of Latest Practicable Date.

Save as mentioned above, to our knowledge, there are no current litigations, arbitrations or administrative proceedings against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

In the opinion of our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, the Company was compliant in all material respects with relevant PRC laws and had obtained all permits and qualifications from the appropriate regulatory authorities that are material for our business operations in the PRC.

INFORMATION IN RELATION TO THE HUANG JIANHUA CASE

Facts

Huang Jianhua ("Huang") was the former chairman and general manager of HPG, and from March 2008 to December 2009, he was also the chairman of our Company. Upon the restructuring of HPG in 2009, Huang ceased to be the chairman of our Company and also did not hold any position of director, supervisor or senior management of our Company.

On December 4, 2010, Hebei SASAC announced that Huang was subject to serious disciplinary actions due to his breach of laws and regulations. After investigation, it was found that Huang took bribe for providing opportunities for companies and individuals to undertake construction or other businesses and for provision of privilege to entities and individuals in respect of port logistics and

cargo handling services. On February 13, 2011, Huang was arrested for suspected bribery. On November 3, 2011, according to the judgment of the Intermediate People's Court of Zhangjiakou City, Hebei Province, Huang was convicted of bribery charges for abusing his official position to facilitate others to illegally receive favorable treatment in return for bribes of over RMB20.23 million and US$110,000. The court sentenced Huang to death, although his execution was suspended for two years, and permanent deprivation of his political rights and personal property. Huang served the punishment in accordance to the judgment (the "Huang Case"). To our best knowledge, the Huang Case has been closed, and there is no further government investigation or any indication that any current or former directors, officers or employees of the Company are still subject to government investigation in connection with the Huang Case. Both the Company and Controlling Shareholder, neither of which was party to the case, have requested but were not granted access to the final judgment in the Huang Case.

No Material Impact on our Company

We were not involved in the acceptance of bribes in the Huang Case. Moreover, our Directors are of the view that the Huang Case did not have any material impact on our Company for the following reasons:

- Since December 2009, Huang was no longer the chairman of our Company, and did not hold any position of director, supervisor or senior management in our Company. Since the beginning of the Huang case, none of our then and current Directors, Supervisors or senior management were subject to any investigations, criminal or administrative punishments, disciplinary actions or disqualification from their official positions. In addition, all of our Directors, Supervisors and senior management have continued to discharge their duties normally;

- The Huang Case involved violation of laws by Huang as an individual. Since the beginning of the Huang Case, our Company has fully cooperated with the relevant government authorities to assist with their investigation against Huang. Our Company has not been served with any notice or legal document requiring us to participate in the legal proceedings of the Huang Case, nor subject to any penalties as a result of the Huang Case; and

- As Huang's illegal acts mainly took place prior to 2009, such illegal acts did not materially affect the financial position of our Company during the Track Record Period, and did not adversely affect our ordinary course of business. To our best knowledge, Huang's misconduct did not have any material monetary or non-monetary effect on us. None of our contracts or projects were revoked or suspended due to any government investigation in relation to the Huang Case, and we have not experienced any quality concerns with respect to any of our projects or operations that could potentially be linked to the Huang Case.

Corporate Governance Measures

We initially implemented a series of internal controls and corporate governance measures in July 2010. In order to prevent Directors and officers from abusing their powers and accepting bribery subsequent to the Huang Case, we further strengthened our internal control system by implementing the following guidelines to reinforce supervision of and control over the exercise of power and strengthen institutional monitoring of construction projects and other business operations that tend to provide bribery opportunities for preferential allocation of resources and offering of business favors:

- Clarify authorization and power delegation for each layer of management from shareholder's meetings, board of directors, chairman of the board to the general manager, to avoid the centralization of the decision power;

- Ensure secured and proper funds usage by strengthening the authorization process, power separation and supervision system;

- Adopt stringent risk control for external investments by implementing collective decision making process for significant investment decision and strengthening the decision process as to project proposal, evaluation, decision and execution;

- Adopt internal mandate that restricts the Group from engaging non-state owned entities for major projects or services of the Group and that none of our Directors and senior management may take on paid positions outside the Group; and

- Promote transparency in construction project management and other business operations to prevent and detect fraud and acceptance of bribes by Directors and senior management members by implementing the "Three Significant, One Large (三重一大)" policy (the "**Policy**"), which includes:

  - enhancing our construction project management by establishing standardized procedures and a liability allocation system for the decision-making process. Specifically, we allocate responsibilities between personnel with executive role and supervisory roles with respect to all significant projects, significant personnel appointments and removals, significant decision making and procurement of significant amounts. "Significant projects" are projects which are expected to have significant effects on our capital, capital structure, profitability, operational equipments and technologies. They mainly include:

    (1) asset investment projects which exceed RMB5 million, including construction projects, technology renovation, technology import, equipment procurement, information technology constructions and scientific researches; any single contract of procurement relating to the asset investment project for surveys, design, supervision, scientific researches, information technology and consultancy services which are expected to be more than RMB200,000; and comparison of bidding agency for one bidding project which is expected to be more than RMB50 million;

    (2) changes of the construction plan which are within the budget, the cost for one construction change is expected to exceed RMB3 million or accumulative amount of the change for one single contract is expected to exceed RMB5 million;

    (3) additional fixed asset investment projects which were not in the plan and other investment projects with adjusted budget which have exceeded the plan;

    (4) the procurement projects for bulk commodity such as fittings and raw materials (for those the value of one single contract is or exceeds RMB5 million or annual accumulative amount is or exceeds RMB10 million);

    (5) the projects which are not executed under the bidding management rules of the Company due to special reasons, but has achieved the scale and standard as regulated by the Company;

    (6) real estate development projects, including project initiation, development, lease, contracting, transfer, monetization;

    (7) financing projects, including by way of debt financing, equity financing, option, futures and other financial derivatives based on the development needs under the national laws and regulations;

    (8) guarantee projects, including provision of guarantee for its wholly owned subsidiaries, controlling subsidiaries and other enterprises, provision of cross guarantee for external enterprises and other guarantees;

(9) disposal, development, lease, contracting, transfer and monetization of fixed asset (the original value of a single equipment should be more than RMB5 million);

(10) execution of contracts involving foreign interest, guarantee contract and equity investment contract, and other contract for asset investment project which is or exceeds RMB5 million;

(11) international cooperation projects;

(12) insurance projects for enterprise's assets;

(13) appointments or changes of external audit institutions; and

(14) other significant project.

"Use of significant funds" refer to any movement and use of funds the size of which exceeds the authorized amount mandated by the entities making the investment or expenditure for their respective officers. These mainly include:

(1) Investments and guarantees for external enterprises;

(2) transfers and uses of large amount of funds within the annual budget, including fixed asset investments, procurement of bulk commodity and services;

(3) transfers and uses of large amount of funds which exceeds the budget, including the item not listed in the financial budget and unexpected non-recurrent expenditure and fund;

(4) donations and sponsorship;

(5) trust of wealth management; and

(6) any other transfers and uses of large amount of funds.

We also promulgated rules of "Power Supervision System" to ensure the proper interpretation and execution of the Policy and to enhance the monitoring and accountability for the internal control system. Power Supervision System reinforces the monitoring and control of use of power and helps to prevent abuse of power. The system requires us to (i) recognize the power of each level of authority, analyze the risks of power misuse and categorize the risks based on the level of authority and magnitude of the risk, (ii) design precautionary measures to address such risks, and (iii) enhance the monitoring of and accountability for the potential risks;

- establishing better procurement and payment supervision process to strengthen the management of procurement application, approval, contracting, procurement, inspection and acceptance and payment process to eliminate loopholes of procurement. According to the Policy, significant projects involving procurement, investment, financing and provision of security need to undergo feasibility analysis, and where necessary, risk evaluation and legal investigation procedures will be applied. Such projects need to be reviewed and approved by the Board or through the joint conference between the Party and Management (黨政聯席會) on a case-by-case basis;

- enhancing controls in fund raising including the size, structure and funding channels to reduce finance use of significant funds cost and to ensure the effective use of funds. According to the Policy, significant use of funds needs to undergo feasibility analysis,

and where necessary, risk evaluation and legal investigation procedures will be applied. Such activities need to be reviewed and approved by the Board or through the joint conference between the Party and Management (黨政聯席會) on a case-by-case basis; and

- formulating detailed procedures for related parties' transactions, where consent of independent Directors are required before the related parties' transactions are submitted to the Board for approval. In addition, none of our Directors and senior management may take on paid positions outside the Group to prevent any potential related party transactions and the acceptance of bribes.

Since the implementation of internal controls and corporate governance measures which initially started in July 2010, there has not been any case of any Directors charged with or accused of accepting bribes under similar circumstances. Therefore, we believe such measures have been effective in preventing similar violations by any Directors. Furthermore, no similar criminal cases occurred during the Track Record Period and up to the Latest Practicable Date. After taking into account the implemented rectification measures and the facts that there are no additional cases of any current or former Directors charged with or accused of accepting bribes under similar circumstances during the Track Record Period, the Joint Sponsors form their view that such measures are effective in preventing similar violations by any Directors.

The operation of the Group has been and will continue to be subject to the governance of the laws and regulations of China. The relevant laws and regulations are promulgated and implemented by government departments of China, including national and local laws and regulations in respect of the stevedoring, stacking, storage, transportation and other related business as well as port-related value-added services of port cargoes such as coal, oil products, liquid chemicals, ore, other general cargoes and containers. This section contains a summary of the existing regulatory and legal requirements in relation to the operation of the Group. The laws and regulations are subject to changes and the Group is unable to predict the impacts of the changes to our operation and the additional costs of compliance. After reasonable enquiries, the Directors confirm that the Group has not materially violated any laws and regulations as at the Latest Practicable Date, and during the Track Record Period, the Group has complied with all applicable laws and regulations in all material respects in the places of its operations. After reasonable enquiries, the Directors confirm that the Group has obtained all necessary licences, permits and certificates for its operations.

Major regulatory authorities

The regulatory authorities of port operation, sea and water transportation in China

Ministry of Transport — the transportation administrative body under the State Council

Pursuant to the *Port Law of the People's Republic of China* (《中華人民共和國港口法》) (the "*Port Law*") effective from January 1, 2004, all ports in China are under the administration of the Ministry of Transport of the State Council.

Pursuant to the *Maritime Code of the People's Republic of China* (《中華人民共和國海商法》) effective from July 1, 1993, sea transportation is under the administration of the Ministry of Transport of the State Council.

Pursuant to the *Regulations of the People's Republic of China on International Ocean Shipping* (《中華人民共和國國際海運條例》) (the "*Ocean Shipping Regulations*") effective from January 1, 2002, the Ministry of Transport of the State Council and its local offices are responsible for the supervision and management of international sea transportation and the related international economic activities.

According to the *Functions, Structure and Establishment of the Ministry of Transport* (《交通部職能配置、內設機構和人員編製規定》) (the "*Functions of the Ministry of Transport*") issued by the General Office of the State Council on June 18, 1998, the *Notice of the Proposed Restructuring of the State Council* pursuant to a Resolution passed at the First Meeting of the 11th National Congress (the "*Proposed Restructuring of the State Council*") issued on March 15, 2008 by the National Congress, the *Notice on the Structure and Establishment of the Ministry of Transport* (《國務院辦公廳關於印發交通運輸部主要職責內設機構和人員編製規定的通知》) (the "*Notice on the Structure of the Ministry of Transport*") issued on March 2, 2009 by the General Office of the State Council and the *Notice of the Proposed Changes in the Structure and Functions of the State Council* pursuant to a Resolution passed at the First Meeting of the 12th National Congress (the "*Proposed Changes of the State Council*") issued on March 14, 2013 by the National Congress, the railway system, land transportation, water transportation and aviation are under the administration of the Ministry of Transport of the State Council.

Local authorities of port management

According to the *Port Law* and the *Regulations for the Operation of Ports* with effect from March 1, 2010, The administration by the local people's government of the ports within its own jurisdiction shall be determined in accordance with the provisions of the State Council on port administration system. The department for the specific administration of ports, which is determined by the people's government of a province, autonomous region or municipality directly under the Central Government, or the people's government of a city (prefecture) divided into districts or a county where a port is located, shall be responsible for the administration of port operations. The existing provincial port administrative management department of the Company is the Port Management Bureau under the Transport Department of Hebei.

Marine Department of the People's Republic of China — a government agency under the direct administration of the Ministry of Transport

According to the *Functions of the Ministry of Transport, Proposed Restructuring of the State Council*, the *Notice on the Structure of the Ministry of Transport* and the *Proposed Changes of the State Council*, the Port Management Department and Ship Inspection Department were merged to establish the Marine Department which is under the direct administration of the Ministry of Transport and is responsible for the safety of water transportation, prevention of pollution by ships, ship and marine facilities inspection and sea security. According to the *Notice on the Establishment of Marine Department under the Ministry of Transport* (《國務院辦公廳關於印發交通部直屬海事機構設置方案通知》) issued by the General Office of the State Council on September 26, 1999, the Ministry of Transport has also established local offices of the Marine Department and their branch offices. The local regulatory authority of the Company is Qinhuangdao Marine Bureau.

Water Transport Department of the Ministry of Transport

According to the *Functions of the Ministry of Transport*, the *Proposed Restructuring of the State Council* and the *Notice on the Structure of the Ministry of Transport*, the Ministry of Transport has established the Water Transport Department to manage the domestic and international water transportation, port operation, vessel agency, freight and other water transportation related businesses.

Railway Department of the Ministry of Transport

According to the *Railway Law of the People's Republic of China* (《中華人民共和國鐵路法》) (the "Railway Law") which took effect on May 1, 1991, the *Proposed Restructuring of the State Council* and the *Proposed Changes of the State Council*, the Ministry of Transport has established the Railway Department to determine the technical standards of railway system and to supervise the safety and quality of railway transport and the construction of railway.

Road Transport Bureau of the Ministry of Transport

According to the *Road Transport Regulations of the People's Republic of China* (《中華人民共和國道路運輸條例》) (the "*Road Transport Regulations*") effective from July 1, 2004 and subsequently amended on November 9, 2012, the *Functions of the Ministry of Transport*, the *Proposed Restructuring of the State Council* and the *Notice on the Structure of the Ministry of Transport*, the Ministry of Transport has established the Road Transport Bureau to manage the road transport industry.

Laws and regulations for development of ports

Regulations relating to the use of sea

In order to use sea for construction of port facilities, an entity or individual shall apply to the relevant authority in accordance with the *Law of the People's Republic of China on the Administration of the use of Sea* (《中華人民共和國海域使用管理法》) effective from January 1, 2002 or shall be acquired by tender or auction. The right to use sea shall be evidenced by a certificate of sea use right which shall be issued against payment of sea use right fee.

Regulations relating to the use of coastline

According to the *Port Law* and *the Measures for the Approval and Administration of the Use of Coastline for Ports* (《港口岸線使用審批管理辦法》) which took effect on July 1, 2012, construction of port facilities including berths within the overall port planning zone which use the coastlines shall obtain approval for the use of coastline according to PRC laws. The Ministry of Transport is responsible for the administration of coastlines for ports in the PRC as well as the approval for the use of deep-water

coastlines jointly with the National Development and Reform Commission. The construction of port facilities which use non deep-water coastal lines requires the approval of port administrative authorities. The relevant procedures for the grant of approvals for the use of coastlines for ports shall be conducted by the port administrative authorities under the people's governments of county level or above according to PRC laws. Permits for the use of coastlines for ports or the confirmation of the Ministry of Transport on the use of coastlines for ports shall be obtained before the grant of preliminary permits for the design and construction of port facilities which use the coastlines. However, projects approved and permitted by the State Council or the National Development and Reform Commission shall not be subject to further approval procedures for the use of coastal lines upon consultation with the Ministry of Transport regarding the use of coastlines for the construction projects.

Environment impact assessment of construction projects

According to the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》) which took effect on December 26, 1989, the *Environmental Impact Assessment Law of the People's Republic of China* (《中華人民共和國環境影響評價法》) which took effect on September 1, 2003 and the *Regulations Governing Environmental Protection in Construction Projects* (《建設項目環境保護管理條例》) which took effect on November 29, 1998, construction, renovation, expansion and technology innovation projects shall undergo environmental impact assessment. Facilities for the prevention and treatment of pollution shall be designed, constructed and put into operation simultaneously with the major construction works. Such facilities shall pass the inspection of the environmental protection administrative authorities before the commencement of production or operation of the projects.

Regulations relating to the approval of construction projects

According to the *Port Law* and the *Regulations on the Administration of Port Planning* (《港口規劃管理規定》) which took effect on February 1, 2008, any enterprise, unit and individual engaging in the investment, construction and operation of ports, berths and related facilities which involve port planning shall accept the supervision and inspection of and report the relevant situations with supporting documents and information to the ports administrative authorities according to PRC laws. In case of any material difference between the functions and locations of the ports to be constructed and the overall port planning, approval and verification of the port construction projects may only be conducted after the overall port planning is revised or adjusted according to the prescribed procedures if the overall planning requires to be changed according to the construction proposal upon specific investigations.

According to the *Decisions of the State Council Concerning the Reform of Investment System* (《國務院關於投資體制改革的決定》) issued on July 16, 2004 by the State Council and the Circular on Strengthening and Regulating the Administration of Newly Commenced Projects (《國務院辦公廳關於加強和規範新開工項目管理的通知》) issued on November 17, 2007 by the General Office of the State Council, enterprises engaged in port construction shall comply with the industrial policy, development and construction plans, land supply policy and market entry criteria, and obtain the approval or complete the registration formalities with the approval or registration administrative authorities including the Development and Reform Commission. Site selection and layout of the projects within the planning zone shall comply with the urban and rural planning and relevant planning permit shall be obtained in accordance with the *Urban and Rural Planning Law of the People's Republic of China* (《中華人民共和國城鄉規劃法》). For projects requiring the use of lands, land use permits shall be obtained according to PRC laws and the contract on the lease of the right to use state-owned land or the state-owned land allocation decision document shall be signed or obtained. Land use rights for investment projects for industrial use, commercial use, tourism, entertainment and commodity residential purposes shall be obtained through tenders, auction or listing-for-sale. Approval for the environment impacts assessment shall be obtained according to the provisions on the classified administration and examination of the environmental impact appraisals. Assessment and examination of energy conservation of investment in the fixed assets according to the regulations shall be

conducted. According to the *Construction Law of the People's Republic of China* (《中華人民共和國建築法》) and *Provisions on the Administration of Port Construction* (港口建設管理規定), construction entities shall obtain the approvals and complete the registration relating to the design and commencement of construction and adopt measures to ensure the quality and safety of project construction prior to the commencement of port construction. Upon the completion of construction, the ports shall pass the completion examination before delivery and commencement of operation and fulfill other relevant requirements according to the laws and regulations of the PRC.

Regulations relating to the completion of port construction projects

In accordance with the *Measures for Acceptance and Inspection for the Completion of Port Projects* (《港口工程竣工驗收辦法》) which took effect on June 1, 2005, construction entities of ports shall complete the registration for the trial operation of ports with the local port administrative authorities of where the ports locate. The trial operation period shall commence from the date of registration for the trial operation of the port. Upon the expiry of the trial operation period, application for the inspection and acceptance of the ports shall be submitted to the local port administrative authorities of where the ports locate and registration for the inspection and acceptance of ports shall be filed.

Laws and regulations for port operations

Port operations

Enterprises engaged in the operation of ports and other port facilities, transportation services to port passengers, loading and unloading, lighterage, warehousing of goods, port tugboats and cargo handling services within the port areas, shall obtain the Business Licence for Port Operations from the bureau of transport or administrative authorities of ports in compliance with the *Port Law* and the *Regulations for the Operations of Ports* and complete the registration with the administrative bureaus for industry and commerce.

Operation of dangerous goods at ports

In addition to the requirements of port operations under the *Regulations for the Operations of Ports*, port operators engaged in the operation of dangerous goods at ports shall also comply with the *Regulations on the Safety Management of Hazardous Goods at Ports* (《港口危險貨物安全管理規定》) which took effect on February 1, 2013 to apply for the certification of the operation of dangerous goods at ports from the administrative authorities of ports and obtain the Permit for Handling Hazardous Goods at Ports (港口危險貨物作業附證).

Security of port facilities

In accordance with the *Rules on Securities for Port Facilities of the People's Republic of China* (《中華人民共和國港口設施保安規則》) which took effect on March 1, 2008, port operators providing securities services for passenger ships of international routes, cargo vessels of 500 metric tonnes or above, vessels for special use of 500 metric tonnes or above or mobile offshore drilling platform shall obtain the Statement of Compliance of a Port Facility (港口設施保安符合證書) from the Ministry of Transport.

Hazardous chemicals storage business

In accordance with the *Regulations on the Safety Administration of Hazardous Chemicals* (《危險化學品安全管理條例》) which took effect on December 1, 2011, enterprises engaged in the operations of hazardous chemicals, explosive chemicals and other dangerous chemicals and equipped with Storage facilities shall obtain the Hazardous Chemical Business License (危險化學品經營許可證) from the production safety administrative authorities of the local municipal people's governments and complete the registration with the administrative bureaus for industry and commerce. Port operators which have obtained the Business License for Port Operations according to the *Port Law* may engage in the hazardous chemicals storage business within the port areas without obtaining the Hazardous Chemical Business License.

Refined oil storage business

In accordance with the *Administrative Measures on Refined Oil Products Market* (成品油市場管理辦法) which took effect on January 1, 2007 and the *Circular of the Ministry of Commerce, the State Administration for Industry and Commerce and the State Administration of Taxation on Replacing Business License of Refined Oil and Establishing the Supervision Information Exchange Mechanism on the Market of Refined Oil* (《商務部、國家工商行政管理總局、國家稅務總局關於更換成品油經營證書和建立成品油市場監管信息交換制度的通知》) issued by the Ministry of Commerce, the State Administration for Industry and Commerce and the State Administration of Taxation on December 30, 2003, enterprises engaged in the storage business of refined oil, including gasoline, coal oil, diesel and other alternative fuel such as ethanol and biodiesel which meet the national product quality standard with the same functions shall apply to the Ministry of Commerce and obtain the Business Licence for the Storage of Refined Oil (《成品油倉儲經營批准證書》) before commencing the activities in refined oil storage business within the approved scope of business.

Marine transportation services

Enterprises engaged in waterway transportation business in the coastal area, rivers, lakes and other navigable waters in the PRC shall comply with the *Regulations for the Administration of Maritime Transport of the PRC* (《國內水路運輸管理條例》) which took effect on January 1, 2013, the *Implementation Rules for the Regulations for the Administration of Maritime Transport* (《水路運輸管理條例實施細則》) which took effect on June 4, 2009, the *Provisions for the Administration of Maritime Transport Service of the People' Republic of China* (《中華人民共和國水路運輸服務業管理規定》) which took effect on April 20, 2009, the *Rules for Domestic Maritime Transportation of Goods* (《國內水路貨物運輸規則》) which took effect on January 1, 2001, the *Regulations for the Administration of Qualification for the Domestic Maritime Transport Operations* (《國內水路運輸經營資質管理規定》) which took effect on August 1, 2008 by obtaining the Maritime Transport Services Permit (水路運輸服務許可證).

Enterprises engaged in activities of inbound and outbound international maritime transport operations and ancillary activities at PRC ports, including the operation of international shipping agencies, international vessel management, loading and unloading of international shipments, international maritime goods warehousing and international maritime container freight station and container yard, shall comply with the *Ocean Shipping Regulations* and the *Implementation Rules of the People' Republic of China on International Ocean Shipping* (《中華人民共和國國際海運條例實施細則》) which took effect on March 1, 2003.

Cargo forwarding business for dangerous goods by railway

Enterprises engaged in the forwarding of dangerous goods by railway shall comply with the *Railway Law*, the *Regulations on Protecting the Railway Transport Safety* (《鐵路運輸安全保護條例》) which took effect on April 1, 2005, the *Regulations on the Safety Administration of Hazardous Chemicals* which took effect on December 1, 2011, the *Interim Provisions for the Qualification Examination of Cargo Forwarders of Dangerous Goods by Railway* (《鐵路危險貨物託運人資質審查暫行規定》) which took effect on April 1, 2002 and the *Measures for the Certification of Cargo Forwarders of Dangerous Goods by Railway* (《鐵路危險貨物託運人資質許可辦法》) which took effect on April 1, 2005 by obtaining the Certification of Cargo Forwarders of Dangerous Goods by Railway (鐵路危險貨物託運人資質證書) from the competent railway administrative authorities.

Road transportation and stations business

Enterprises engaged in road transportation and stations operations shall comply with the *Road Transport Regulations* and *the Regulations for the Administration of Road Cargo Transportation and Stations* (《道路貨物運輸及站場管理規定》), which took effect on August 1, 2005 and subsequently amended on March 14, 2012, by obtaining the Road Transportation Operation Permit (道路運輸經營許可證) from the road transportation administrative authorities.

Laws and regulations for port charges

In accordance with the *Port Charge Rules (Foreign Trade) of the Ministry of Transport of the People's Republic of China* (《中華人民共和國交通部港口收費規則(外貿部分)》), which took effect on April 29, 1997 and subsequently amended on December 24, 2001, ports in the PRC shall charge port tariffs on vessels of international routes and international import and export shipments. In accordance with the *Port Tariff on Containers of International Routes* (《國際航綫集裝箱港口收費辦法》), which took effect on January 1, 1992, port tariffs shall be imposed on containers of international routes entering and leaving the ports in China.

In accordance with the *Port Charge Rules of the People's Republic of China (Domestic Trade)* (《中華人民共和國港口收費規則(內貿部分)》) which took effect on August 1, 2005, coastal ports and ports along the main routes of the Yangtze River and the Heilongjiang water system (excluding ports in Jilin Province) in the PRC shall charge port tariffs on vessels of domestic routes and imported and exported cargoes and containers in domestic trade (unless otherwise regulated). For coastal ports and ports along the main routes of the Yangtze River, port tariffs shall be chargeable on the containers (i.e. international standard containers) in domestic trade entering and leaving such ports according to the *Measures for the Collection of Port Fees on Containers Carried by Inland Maritime Transport* (《國內水路集裝箱港口收費辦法》) which took effect on April 20, 2000.

Laws and regulations for customs, import and export

In accordance with the *Foreign Trade Law of the People's Republic of China* (《中華人民共和國對外貿易法》) which took effect on July 1, 2004, the *Rules for Filing and Registration Procedures of Foreign Trade Operators* (《對外貿易經營者備案登記辦法》) which took effect on July 1, 2004, the *Notice of the Ministry of Commerce on the Relevant Issues about the Filing and Registration of Foreign Trade Operators* (《商務部關於對外貿易經營者備案登記有關問題的通知》) issued by the Ministry of Commerce on January 10, 2008, and the *Notice of the Ministry of Commerce on the Relevant Issues on Further Delegating the Filing and Registration of Foreign Trade Operators* (《商務部關於進一步下放對外貿易經營者備案登記工作有關問題的通知》) issued by the Ministry of Commerce on January 23, 2009, enterprises engaged in the import and export of goods or technology shall complete the filing and registration procedures with the Ministry of Commerce or its authorized agencies and obtain the Foreign Trade Operator Registration Certificates (對外貿易經營者備案登記表).

In accordance with the *Provisions of the Customs of the People's Republic of China for the Administration of Registration of Declaration Entities* (《中華人民共和國海關對報關單位註冊登記管理規定》) which took effect on June 1, 2005, any legal persons, other organizations and individuals which engage in direct import or export of goods within the customs territory of the PRC according to PRC laws shall register at the local customs office, and obtain the Declaration Registration Certificate for Consignee or Consignor of Import or Export Goods issued by the Customs of the People's Republic of China (中華人民共和國海關進出口貨物收發貨人報關註冊登記證書).

Laws and regulations for environmental protection

In accordance with the *Environmental Protection Law*, the *Marine Environmental Protection Law of the People's Republic of China* (《中華人民共和國海洋環境保護法》) which took effect on April 1, 2000, the *Law on the Prevention and Control of Water Pollution of the People's Republic of China* (中華人民共和國水污染防治法) which took effect on June 1, 2008, the *Law on the Prevention and Control of Air Pollution of the People's Republic of China* (《中華人民共和國大氣污染防治法》) which took effect on September 1, 2000, the *Law on the Prevention and Control of Solid Waste Pollution of the People's Republic of China* (《中華人民共和國固體廢物環境污染防治法》) which took effect on April 1, 2005 and the *Law on the Prevention and Control of Noise Pollution of the People's Republic of China* (《中華人民共和國噪聲污染防治法》) which took effect on March 1, 1997, enterprises which may cause environmental pollution and other public hazards shall adopt effective measures to prevent and control the pollution and damage to the environment caused by waste gas, sewage, waste residues, dust, malodorous gases, radiation, noise, vibration and electromagnetic radiation generated during the production, construction and other activities.

Laws and regulations for production safety

In accordance with the *Production Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), which took effect on November 1, 2002 and subsequently amended on August 27, 2009, and other laws and regulations relating to production safety, production enterprises shall strengthen the management of production safety, establish and develop production safety accountability system and maintain safe production facilities to ensure production safety. Education and trainings for production safety shall be provided for employees so to ensure that they are equipped with the necessary knowledge of production safety, sufficient understanding of the relevant rules and regulations of safe production and operations and skills for safe operations of their respective positions.

Laws and regulations for labor protection

In accordance with the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), which took effect on July 5, 1994, and the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), which took effect on January 1, 2008 and subsequently amended on December 28, 2012, labor contracts in written form shall be executed to establish labor relationships between employers and employees. Employers shall establish and develop labor rules, regulations and systems according to PRC laws to protect the rights and ensure the performance of duties of employees, and career development and training systems shall be formed. Employers shall also set up and develop the labor safety and health system in strict compliance with the regulations and standards of labor safety and sanitation of the PRC and provide education on labor safety and sanitation for the employees to prevent work-related accidents and occupational harm. Necessary articles for labor protection in compliance with the labor safety and health requirements shall be provided to employees and regular health examination for employees engaged in work with occupational hazards shall be conducted.

In accordance with the *Law of Social Insurance of the People's Republic of China* (《中華人民共和國社會保險法》) which took effect on July 1, 2011, the *Interim Regulation on the Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) which took effect on January 22, 1999, the *Decision of the State Council on the Establishment of Basic Medical Insurance System for Urban Workers* (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated by the State Council on December 14, 1998, the *Decisions of the State Council on the Establishment of Unified System of Basic Retirement Insurance Fund for the Employees of Enterprises* (《國務院關於建立統一的企業職工基本養老保險制度的決定》) promulgated by the State Council on July 16, 1997, the *Regulations of Insurance for Work-Related Injury* (《工傷保險條例》) which took effect on January 1, 2004 and subsequently amended on December 20, 2010, the *Regulations of Insurance for Unemployment* (《失業保險條例》) which took effect on January 22, 1999, the *Provisional Insurance Measures for Maternity of Employees* (《企業職工生育保險試行辦法》) which took effect on January 1, 1995 and the *Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》) which took effect on April 3, 1999 and subsequently amended on March 24, 2002, employers shall make payments of the basic medical insurance, basic retirement insurance, insurance for work-related injury, unemployment insurance, maternity insurance and housing provident fund for the employees.

OVERVIEW

As of the Latest Practicable Date, HPG, the principal Promoter of our Company, is interested in approximately 73.94% of our issued share capital. Immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised, HPG will be interested in approximately 61.72% of our enlarged issued share capital (or 60.20% if the Over-allotment Option is fully exercised). As a result, HPG will continue to be the Controlling Shareholder after completion of the Global Offering.

DELINEATION OF BUSINESS

The Core Business of our Group

Pursuant to the Reorganization, QPG (the predecessor of HPG, renamed as HPG pursuant to the approval granted by the People's Government of Hebei Province, please refer to the section headed "History, Reorganization and Corporate Structure — Background of and Changes Relating to Our Existing Shareholders" for details), injected its core port businesses, which were operated through Qinhuangdao Port and other ports, including stevedoring, stacking, storage and transportation of port cargoes such as coal, oil and liquefied chemicals, ore and other bulk cargo as well as containers; and port ancillary services, which are closely related to our principal businesses, including towing and railway transportation services, together with the relevant assets (including cash) and liabilities of QPG and 14 branch companies, the entire equity interests in five subsidiaries and four companies with equity participation (the "**Core Business**") into our Company. For details, please refer to the section headed "History, Reorganization and Corporate Structure — The Reorganization". Since the completion of the Reorganization, our Group has been engaged, and will continue to engage, in our Core Business after Listing.

The Principal Business of the Controlling Shareholder

Upon completion of the Reorganization, other than the interest in our Group and the Excluded Business Interests (as defined below), QPG, the Controlling Shareholder, retained all other assets which are not material to our Core Business. The Controlling Shareholder is a wholly state-owned company under Hebei SASAC. The principal businesses of the Controlling Shareholder and its subsidiaries include, among others, (1) port construction and engineering projects, (2) port machineries and port facilities installation and maintenance, (3) real estate development, property management and sales, (4) hotel management services, (5) escalator installation and maintenance, (6) logistics services and agency services, (7) coal wholesaling business, and (8) property leasing services (the "**Retained Business**").

As the scope of our Core Business and that of Retained Business are different (except for the Excluded Business Interests which, as explained in the subsection below, in our Directors' view, does not compete with us), there is no other material business retained or operated by the Controlling Shareholder, which competes or is likely to compete with our Core Business.

In addition, under the Non-Competition Agreement and Undertaking, the Controlling Shareholder has agreed not to engage in any other new business that competes, or is likely to compete, directly or indirectly, with our Core Business. We were also granted with options for pursuing new business opportunities relating to any of our Core Business, as well as options and pre-emptive rights to acquire new business opportunities. For details, please see "Non-Competition Agreement and Undertaking by the Controlling Shareholder".

Excluded Business Interests

Jiangsu Guoxin Qin'gang Port Company Limited (江蘇國信秦港港務有限公司) ("Jiangsu Guoxin"), in which HPG holds its equity interests, engages in the same or similar businesses with our Group. As of the Latest Practicable Date, the Controlling Shareholder holds 42% equity interests (the "Excluded Business Interests") in Jiangsu Guoxin, a company established on November 25, 2010, with a registered capital of RMB280 million. The other two shareholders are Jiangsu Guoxin Asset Management Group Company Limited (江蘇省國信資產管理集團有限公司) and Jingjiang Port Development Company Limited (靖江港口發展有限公司), which are independent from our Group and the Controlling Shareholder, each holding 50% and 8% of the equity interests, respectively. Jiangsu Guoxin principally engages in the integrated port operation business and is currently involved in the investment and construction of coal logistics project in Jingjiang, Jiangsu in the downstream of the Jiangyin Yangtze River Bridge of Jiangsu, which includes the construction of coal unloading berths, river barge loading berths and stacking yard.

Although Jiangsu Guoxin also engages in port operation business, our Directors take the view that there is no competition between the business of Jiangsu Guoxin and that of our Group due to the following factors: (i) the Controlling Shareholder only holds 42% interest in Jiangsu Guoxin and does not have a controlling stake in it; (ii) the port project and business operated by Jiangsu Guoxin is located in Yangtze River Delta area, which is of substantial transportation distance (over 1,300 kilometers) from the geographical location of our business in the Bohai Rim area, and as such, the sources of cargoes for Jiangsu Guoxin and us would be distinctively different and geographically segregated; (iii) the project developed by Jiangsu Guoxin is still in its construction stage; and (iv) the coal unloading business of Jiangsu Guoxin is different from our coal loading business in terms of business nature. The Controlling Shareholder has no intention to inject its interest in the business of Jiangsu Guoxin to our Group as it does not compete with our business.

NON-COMPETITION AGREEMENT AND UNDERTAKING BY THE CONTROLLING SHAREHOLDER

Non-Competition

Under the Non-Competition Agreement and Undertaking, the Controlling Shareholder has undertaken, not to, directly or indirectly, engage in, participate in, assist or support a third party to engage in or participate in any business or activity that competes or is likely to compete with our Core Business.

The foregoing restriction does not apply to (1) the purchase or holding by the Controlling Shareholder or its subsidiaries for non-controlling purposes of not more than 20% equity interests in other listed companies whose business competes or is likely to compete with our Core Business; or (2) the holding by the Controlling Shareholder or its subsidiaries of not more than 20% equity interest in other companies whose business competes or is likely to compete with our Core Business as a result of debt restructuring.

The Controlling Shareholder has further undertaken to use its best efforts to procure the (i) companies in which it holds more than 20% but less than 50% equity interest carrying voting rights in shareholders meetings; or (ii) in the case of a partnership, companies in which it is one of the partners in such partnership; or (iii) the subsidiaries of such companies mentioned in (i) and (ii) above (together the "Associated Companies") not to, directly or indirectly, engage in or participate in any business or activity that competes or is likely to compete with our Core Business.

Options for New Business Opportunities

The Controlling Shareholder has made undertakings in the Non-Competition Agreement and Undertaking as follows:

(1) during the term of the Non-Competition Agreement and Undertaking, if the Controlling Shareholder or its subsidiaries becomes aware of any new business opportunity which competes or is likely to compete, directly or indirectly, with our Core Business ("New Business Opportunity"), the Controlling Shareholder shall immediately notify us in writing of the New Business Opportunity (the "Offer Notice") and use its best efforts to procure the New Business Opportunity to us or our subsidiaries on fair and reasonable terms and conditions. Our Company is entitled to decide whether or not to take up such New Business Opportunity in writing within 30 days upon the receipt of the Offer Notice. If so, the Controlling Shareholder or its subsidiaries must pass on the New Business Opportunity to us or our subsidiaries under the same terms and conditions; and

(2) the Controlling Shareholder will use its best efforts to procure its Associated Companies to provide any New Business Opportunity to us or our subsidiaries.

We will promptly notify the Controlling Shareholder in the event that our Company or our subsidiaries decides not to take up the New Business Opportunity (the "Rejection Notice") (in any case, no later than 30 days from receipt of the Offer Notice). If the Rejection Notice is not given within such time, or within a time period as otherwise agreed to by the parties, the Controlling Shareholder can treat such inaction as waiver of the priority to take up the New Business Opportunity, and the Controlling Shareholder or its subsidiaries can take up the New Business Opportunity.

Our Directors will be responsible for reviewing, considering and deciding whether or not to take up the New Business Opportunity. Any Directors who are interested in or related to the New Business Opportunity shall abstain from voting. In assessing whether or not to exercise the option to acquire the New Business Opportunity, our Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, our business and the legal, regulatory and contractual landscape with a view to arriving at a decision which is in the best interests of the Shareholders and our Group as a whole.

Options for Acquisitions

In relation to any New Business Opportunity referred to us by the Controlling Shareholder or its subsidiaries under the Non-Competition Agreement and Undertaking, if our Company or our subsidiaries decide not to take up such New Business Opportunity, the Controlling Shareholder or its subsidiaries may, subsequently take up such New Business Opportunity on its own.

In respect of the aforesaid matters, the Controlling Shareholder has undertaken to grant our Company an option, pursuant to which our Company may exercise the same at any time during the term of the Non-Competition Agreement and Undertaking, subject to applicable laws and the Hong Kong Listing Rules, to acquire on one or more occasions any equity interest, asset or other interest in respect of the new business of the Controlling Shareholder or its subsidiaries as described above, or to conduct, such new business of the Controlling Shareholder or its subsidiaries, by way of, but not limited to, mandate, lease or subcontracting. However, if any third party has any pre-emptive rights in accordance with applicable laws and/or the relevant articles of association, our option to acquire shall be of lower priority to such pre-emptive rights. In this case, the Controlling Shareholder must use their best efforts to procure such third party to waive its pre-emptive rights.

The Controlling Shareholder further undertakes to use its best efforts to procure its Associated Companies to comply with the above options granted to our Group by the Controlling Shareholder.

The consideration payable for the acquisition of such new business described above shall be determined with reference to the valuation by a third party valuer jointly selected by the Controlling

Shareholder and our Company and in accordance with the methods and procedures as required by applicable laws and regulations after negotiation between the parties.

Our Directors will be responsible for reviewing, considering and deciding whether or not to exercise the above options for acquisitions. Any Directors who are interested in or related to the acquisitions shall abstain from voting. In assessing whether or not to exercise the options for acquisitions, our Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, our business and the legal, regulatory and contractual landscape with a view to arriving at a decision which is in the best interests of the Shareholders and our Group as a whole.

Pre-emptive Rights

In relation to any New Business Opportunity referred to us by the Controlling Shareholder or its subsidiaries under the Non-Competition Agreement and Undertaking, if our Company or our subsidiaries decide not to take up the New Business Opportunity, the Controlling Shareholder or its subsidiaries may subsequently take up such New Business Opportunity on its own.

The Controlling Shareholder has undertaken that, during the term of the Non-Competition Agreement and Undertaking, if it or any of its subsidiaries intends to transfer, sell, lease, license or otherwise transfer or permit to use any of the above interests to a third party, they shall notify our Company by a written notice (the "Transfer Notice") in advance. The Transfer Notice shall state the terms of the transfer, sale, lease or license and any information which our Company may reasonably require to come to a decision. Our Company shall comply with the principle and provisions of the Hong Kong Listing Rules and reply in writing to the Controlling Shareholder or its subsidiaries within 30 days upon receipt of the Transfer Notice. The Controlling Shareholder and/or its subsidiaries further undertake not to inform such third party of its intention to transfer, sell, lease or license such business until receipt of a written reply from our Company. If our Company (i) decides not to exercise the pre-emptive rights; or (ii) fails to respond to the Controlling Shareholder or its subsidiaries within the agreed period; or (iii) does not accept the conditions as set out in the Transfer Notice and thereafter issues to the Controlling Shareholder a written notice setting out such conditions which are acceptable to our Company, but the Controlling Shareholder or its subsidiaries rejects such conditions by notice to us in writing, the Controlling Shareholder or its subsidiaries are entitled to transfer, sell, lease or license the interest to a third party pursuant to the terms stipulated in the Transfer Notice.

The Controlling Shareholder further undertakes to use its best efforts to procure its Associated Companies to grant us the above pre-emptive rights.

Our Directors will be responsible for reviewing, considering and deciding whether or not to exercise the pre-emptive rights. Any Directors who are related to the above interest, shall abstain from voting. Upon receipt of the Transfer Notice, our Company and our subsidiaries will respond within 30 days upon receipt. In assessing whether or not to exercise the pre-emptive rights, our Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, our business and the legal, regulatory and contractual landscape with a view to arriving at a decision which is in the best interests of the Shareholders and our Group as a whole.

Further Undertakings by the Controlling Shareholder

The Controlling Shareholder has further undertaken that:

(1) upon request from our independent non-executive Directors, it shall provide all information necessary for their review on the compliance with and the implementation of the Non-Competition Agreement and Undertaking by the Controlling Shareholder and its subsidiaries;

(2) it agrees to our Company disclosing the decisions made by our independent non-executive Directors on the compliance with and implementation of the Non-Competition Agreement and Undertaking in our annual reports or announcements;

(3) it provides a certificate annually on compliance with the terms of the Non-Competition Agreement and Undertaking to our Company and our independent non-executive Directors so as to make relevant disclosure in annual reports.

Measures to be taken by the Company to ensure the Compliance of Relevant Undertakings

Our Company will also adopt the following procedures to ensure that the undertakings under the Non-Competition Agreement and Undertaking are observed:

(1) our Company will provide our independent non-executive Directors with the Offer Notice or the Transfer Notice (as the case may be) in respect of the New Business Opportunity referred to us by the Controlling Shareholder or the pre-emptive rights within 10 days from the receipt of such notices;

(2) our independent non-executive Directors will report, and the Company will disclose in our annual reports, the findings, decisions and the basis of any decisions made by our independent non-executive Directors on the compliance by the Controlling Shareholder with and implementation of the Non-Competition Agreement and Undertaking; and

(3) our Directors are of the view that our Directors have sufficient experience in assessing whether or not to take up the New Business Opportunity, exercise the options for acquisitions or exercise the pre-emptive rights. If our Directors consider that approval of the independent Shareholders in respect of such opportunities is required under the Hong Kong Listing Rules, they may appoint an independent financial adviser or other professionals to advise, at the expense of our Company, on whether or not to exercise the options for acquisitions or the pre-emptive rights under the Non-Competition Agreement and Undertaking.

Termination

The Non-Competition Agreement and Undertaking will become effective and remain in full force until the occurrence of the following events (whichever is earlier):

(1) the Controlling Shareholder, directly or indirectly, holding in aggregate less than 30% of the total issued share capital of our Company; or

(2) our Company ceases to be listed on any onshore or offshore stock exchange (other than any suspension in trading of the Shares for any reason).

In view of (a) the legally binding obligations of the Controlling Shareholder under the Non-Competition Agreement and Undertaking and the options for the New Business Opportunities, the options for acquisitions and the pre-emptive rights granted to our Company thereunder, and (b) the information-sharing and other mechanisms in place as described above to monitor the compliance with the Non-Competition Agreement and Undertaking by the Controlling Shareholder, each of our Directors (including the independent non-executive Directors) is of the view that our Company has taken all appropriate and practicable steps to ensure the compliance by the Controlling Shareholder with its obligations under the Non-Competition Agreement and Undertaking.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

Having considered the following factors, we are satisfied that we can conduct our business independently from the Controlling Shareholder and its associates after the Global Offering.

Operational Independence

We are in possession of or have use rights with respect to production and operating facilities and technology relating to our Group's business including the assets injected into our Company by QPG and the assets we purchased since our establishment. Currently, we engage in our Core Business

independently, with the independent right to make operational decisions and implement such decisions. We have independent access to customers and suppliers and are not dependent on the Controlling Shareholder with respect to supplies, equipment and raw materials for our business operations. We have sufficient capital, equipment and employees to operate our business independently from the Controlling Shareholder.

We have our own organizational structure with independent departments, each with specific areas of responsibility. We also maintain a set of internal control procedures to facilitate the effective operation of our business. We have adopted protective measures to ensure the enforceability of the Non-Competition Agreement and Undertaking with the Controlling Shareholder. For details, please refer to "Non-Competition Agreement and Undertaking by the Controlling Shareholder". We have also adopted a set of corporate governance manuals, such as rules of the shareholders' meeting, rules of the board meeting, rules of the supervisory board's meeting and rules on the conduct of connected transactions, which are based on relevant laws, rules and regulations.

Our Group has entered into certain continuing connected transactions with the Controlling Shareholder. We have entered into a Trademark License Agreement with the Controlling Shareholder for the long term use of its trademark, "". Our Directors are of the view that there is no material risk for us to use the trademarks during our operations as, although the trademarks are not currently registered by our Group, the Controlling Shareholder has undertaken to grant our Group the right to use the trademarks for a term of ten years and such term will be automatically renewed for a further term of ten years upon one-month prior written notice to the Controlling Shareholder by our Company, and on a repetitive basis as long as the Controlling Shareholder remains the controlling shareholder of our Company. For details of the Trademark License Agreement, please refer to "Connected Transactions — Trademark License Agreement and Undertaking". The reasons for the Controlling Shareholder not to inject the trademark into our Group are as follows:

(1) the use of the trademark is not exclusive to our Company. The Controlling Shareholder, being a state-owned company under Hebei SASAC, and its subsidiaries also has the right to use the same trademark in their Retained Business;

(2) our Company is a port operator providing integrated port services. Our customers generally consider location, price competitiveness and efficiency as the key parameters in choosing port operators. Due to the nature of our business, our customers focus less on intangible factors, such as trademark, in their identification of suitable port operators; and

(3) our Company believes the main function of the trademark is to facilitate the development of corporate culture. Our Company also believes the current terms and conditions of the Trademark License Agreement serve the above purposes and is sufficient to provide for the Group's interests.

Historically, we have leased certain facilities, equipment and properties from the Controlling Shareholder relating to our operations in the western zone of Qinhuangdao Port. Such facilities, equipment and properties include office buildings, stacking yards, pipelines, starting engines, office facilities and instruments, and a majority of which are immovable properties. Although these assets relate to the operation in the western zone of Qinhuangdao Port, the Controlling Shareholder had decided not to inject such assets into our Group at the time of the Reorganization due to the title defects in certain immovable properties and the anticipated relocation of the port operations in the western zone to the eastern zone of Qinhuangdao Port as part of the city planning by the governments of Hebei Province and Qinhuangdao City. For details of the relocation, please refer to "Business — Our Facilities — Western Zone Relocation". Although we have not engaged any independent third party suppliers during the Track Record Period, the Company confirms that any movable facilities, equipment and properties under the Lease Agreement can be obtained or sourced from independent third parties within two to six months and at comparable prices and quality as that provided by the Controlling Shareholder. All facilities, equipment and properties under the Lease Agreement were used independently in the western zone of Qinhuangdao Port and none of which are

linked to any of our operation in the eastern zone of Qinhuangdao Port. The Group will not enter into a new Lease Agreement, and is not expected to rely on any movable facilities, equipment and properties for its future operations in the eastern zone of Qinhuangdao, once the relocation has taken place. The Company believes that entering into the Lease Agreement is in the interest of the Company. In addition, given that the throughput of the berths of the western zone of Qinhuangdao Port only accounted for 5.28% of the total throughput of the Group in 2012, the Directors believe that the facilities, equipment and properties under the Lease Agreement is relatively insignificant to the Group's overall operations. For details of the above Lease Agreement, please refer to the "Connected Transactions — Lease Agreement".

Moreover, the Company has entered into a General Services Agreement with the Controlling Shareholder, pursuant to which the Controlling Shareholder and/or its subsidiaries will provide social services, office and logistic services and production services to the Group, and the Group will provide general port services, port electricity management services, transportation services, software services, labor services, leasing services, resources supply services and other relevant or similar services to the Controlling Shareholder and/or its subsidiaries, subject to certain pricing and bidding policies. For details of the General Services Agreement and the reasons for the transactions, please refer to the "Connected Transactions — General Services Agreement".

Despite the continuation of the connected transactions, we have been and will continue to function and operate independently from the Controlling Shareholder and/or its subsidiaries for the following reasons:

(1) we have independent access to sources of suppliers for the operation of our business, as well as independent access to our customers. We also engage in our business independently, with the independent right to make operational decision and implement such decisions;

(2) the value of transactions between our Company and the Controlling Shareholder is not excessive and the goods and services provided by the Controlling Shareholder and/or its subsidiaries were based on pre-agreed pricing terms which ensures the pricing is fair and reasonable;

(3) certain goods and services provided by the Controlling Shareholder and/or its subsidiaries under the General Services Agreement, such as port construction and equipment maintenance projects, are subject to bidding requirements under relevant laws and regulations (for example, a defined scope of goods and services which cost exceeds RMB500,000 shall, according to national regulations, be subject to bidding requirements). The bidding requirements and process is robust, and the Company has procured or obtained goods and services from independent third parties through bids. Our Directors believe the bidding requirements and process is effective in maintaining the price competitiveness of the goods and services provided by the Controlling Shareholder and/or its subsidiaries;

(4) our Directors are of the view that the connected transactions have been entered into in the ordinary and usual course of business of our Group, that such transactions have been negotiated on arms' length basis, on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole;

(5) for goods and services that are not subject to bidding requirements under the General Services Agreement, such goods and services can be obtained from or provided by independent third parties at comparable prices and quality as that provided by the Controlling Shareholder and/or its subsidiaries within two to six months. The notice provisions for terminating the transactions with the Controlling Shareholder and/or its subsidiaries provide for sufficient time for the Company to find alternative suppliers prior to the cessation of such transactions, if required; and

(6) our Directors considered that it would not be commercially sensible to discontinue using the goods and services provided by the Controlling Shareholder and/or its subsidiaries since the Controlling Shareholder and/or its subsidiaries have been reliable and stable suppliers of goods and services.

Based on the above, our Directors are of the view that our Group operates independently from the Controlling Shareholder.

Financial Independence

We have established our own finance department with a team of independent financial staff, who are responsible for financial control, accounting, financial reporting and credit functions of our Group independent from the Controlling Shareholder. We can make financial decisions independently and the Controlling Shareholder does not intervene with our use of funds. We have also established independent standardized financial and accounting system and a complete financial management system. In addition, we maintain bank accounts with banks independently and the Controlling Shareholder does not share any bank accounts with us. We have made independent tax registration in accordance with applicable laws, and paid tax independently pursuant to applicable PRC tax laws and regulations, rather than on a combined basis with the Controlling Shareholder or other enterprises under its control.

We have sufficient capital to operate our business independently, and we are capable of obtaining financing from third parties without relying on any guarantee or security provided by the Controlling Shareholder or other connected persons. As a result, our Directors take the view that we operate independently from the Controlling Shareholder from a financial perspective.

Management Independence

Our Board of Directors consists of 11 Directors, eight of whom do not hold any directorship or senior management positions in the Controlling Shareholder, its subsidiaries and/or entities in which the Controlling Shareholder has certain equity interest (the "Related Entities"). Of these eight Directors, two are executive Directors, two are non-executive Directors and four are independent non-executive Directors.

Mr. Xing Luzhen, Mr. Zhao Ke and Mr. He Shanqi will continue to hold positions in the Controlling Shareholder, its subsidiaries and/or Related Entities after the Listing.

Set out below is a table summarizing the positions held by our Directors, Supervisors and senior management and their directorship, supervisorship or senior management positions with the Controlling Shareholder, its subsidiaries and/or Related Entities:

Name of Directors/Supervisors/Senior Management	Positions Held With Our Company	Directorship/Supervisors/Senior Management Position Held with the Controlling Shareholder, its Subsidiaries and/or Related Entities[1] as of the Latest Practicable Date
XING Luzhen (邢錄珍)	Chairman of the Board and Executive Director	Chairman, the Controlling Shareholder
		Chairman, Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司) (a company held as to 15% by the Controlling Shareholder)
		Chairman, Qinhuangdao Jinhai Specialized Oil Industrial Co., Ltd. (秦皇島金海特種食用油工業有限公司) (a company held as to 15% by the Controlling Shareholder)
ZHAO Ke (趙克)	Vice Chairman of the Board and Non-executive Director	Director, Deputy General Manager, the Controlling Shareholder
		Vice Chairman, Jiangsu Guoxin (a company held as to 42% by the Controlling Shareholder)
		Director, Daqin Railway Co., Ltd. (大秦鐵路股份有限公司) (a company held as to 1.07% by the Controlling Shareholder)
HE Shanqi (何善琦)	Executive Director and General Manager	Director, the Controlling Shareholder
WANG Lubiao (王錄彪)	Executive Director and Deputy General Manager	N/A
MA Xiping (馬喜平)	Executive Director, Deputy General Manager and secretary to the Board	N/A
ZHENG Yunming (鄭雲明)	Non-executive Director	N/A
DUAN Gaosheng (段高升)	Non-executive Director	N/A
HONG Shanxiang (洪善祥)	Independent non-executive Director	N/A
SHI Rongyao (師榮耀)	Independent non-executive Director	N/A
YU Shulian (余恕蓮)	Independent non-executive Director	N/A
LI Man Choi (李文才)	Independent non-executive Director	N/A
GE Ying (葛瑛)	Chairman of the Supervisory Committee	N/A
NING Zhongyou (寧中友)	Supervisor	N/A
CHEN Shaojun (陳少軍)	Supervisor	N/A

Name of Directors/Supervisors/Senior Management	Positions Held With Our Company	Directorship/Supervisors/Senior Management Position Held with the Controlling Shareholder, its Subsidiaries and/or Related Entities[1] as of the Latest Practicable Date
CAO Dong (曹棟)	Employee Representative Supervisor	Supervisor, 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)
		Supervisor, Hebei Financial Investment Guarantee Group Limited (河北融投擔保集團有限公司) (a company held as to 8.21% by the Controlling Shareholder)
		Director, Bank of Qinhuangdao Co., Ltd. (a company held as to 7.95% by the Controlling Shareholder)
		Supervisor, China Merchants Securities Co., Ltd. (a company held as to 4.83% by the Controlling Shareholder)
YANG Jun (楊軍)	Employee Representative Supervisor	N/A
HE Zhenya (何振亞)	Deputy General Manager	N/A
GUO Xikun (郭西錕)	Chief Financial Officer	N/A

Note: 1. For the purpose of this column, the Controlling Shareholder and/or its subsidiaries mentioned in the table do not include our Group.

Apart from the above, none of our Directors, Supervisors or senior management members serves as director, supervisor or senior management in the Controlling Shareholder, or its subsidiaries and/or Related Entities.

Mr. XING Luzhen and Mr. HE Shanqi, our executive Directors, who hold positions in the Controlling Shareholder and its Related Entities, have confirmed that they will devote sufficient time and efforts to our Group. Mr. XING Luzhen has confirmed that he will allocate over the majority of his time and efforts to our Group. Mr. He Shanqi has confirmed that he will devote the majority of his time and efforts to our Group. Mr. ZHAO Ke, who also holds positions in the Controlling Shareholder and its Related Entities, is not our executive Director and is therefore not involved in the day-to-day management of our Company, but is primarily responsible for making decisions on important matters such as formulation of our general development and strategy and corporate operation strategy as a member of our Board. Mr. Cao Dong, who holds positions in the Controlling Shareholder's subsidiaries and Related Entities, is our Employee Representative Supervisor performing a supervisory function over our Company and is therefore not involved in the day-to-day management of our Company.

Notwithstanding the overlapping roles of our Directors, namely, Mr. Xing Luzhen, Mr. Zhao Ke and Mr. He Shanqi, two of four executive Directors, namely, Mr. Wang Lubiao and Mr. Ma Xiping, and two of three non-executive Directors, namely, Mr. Zheng Yunming and Mr. Duan Gaosheng, as well as all of our independent non-executive Directors, do not hold any roles in the Controlling Shareholder, its subsidiaries and/or Related Entities. On this basis, there are sufficient non-overlapping directors who are independent from the Controlling Shareholder and have relevant experience to ensure the proper functioning of our Board.

Other than the above Directors, Supervisors and senior management who serve as directors, supervisors and/or senior management in the Controlling Shareholder, its subsidiaries and/or Related Entities and Mr. Duan Gaosheng who serves as a director in Tangshan Port Group Co., Ltd. (please

refer to "Directors, Supervisors, Senior Management and Employees" for details), our Directors have confirmed that they do not have any interests in any business which directly or indirectly competes, or is likely to compete, with our business as of the Latest Practicable Date.

We believe that our Directors, Supervisors and members of the senior management are able to perform their roles in our Company independently and that our Group is capable of managing our business independently from the Controlling Shareholder for the following reasons:

(a) the Articles of Association, the relevant rules of shareholder meetings, board meetings and supervisor meetings, and the decision-making mechanism of our Board as set out in the internal administrative measures include provisions to avoid conflicts of interest by providing, among other things, that in the event of conflicts of interest, such as consideration of resolutions in relation to transactions with the Controlling Shareholder, the relevant Directors who are connected with the Controlling Shareholder will abstain from voting and will not be counted towards the quorum of the relevant meeting. Furthermore, when considering connected transactions, only our independent non-executive Directors will review the relevant transactions;

(b) the day-to-day operation of our Company is managed by our four executive Directors together with two other senior management members. Four of the above six persons are our full time employees receiving remuneration from us and do not serve as directors, supervisors and senior management in the Controlling Shareholder;

(c) none of our Directors, Supervisors or members of the senior management has any shareholding interest in the Controlling Shareholder;

(d) we have appointed four independent non-executive Directors, comprising more than one-third of our Board, to provide a balance between the number of interested and independent non-executive Directors with a view to promoting the interests of our Company and our Shareholders as a whole; and

(e) each of our Directors is aware of his fiduciary duties as a Director, which require that he acts for our Company's best interests.

On the basis outlined above, the Directors are of the view that the Company has a management team that is independent from the Controlling Shareholder.

CONNECTED PERSONS

Following the Global Offering (whether or not the Over-allotment Option is exercised), our Controlling Shareholder will hold more than 10% of our issued share capital and will continue to be our substantial shareholder as defined under the Hong Kong Listing Rules. Under Rules 14A.11(1) and (4) of the Hong Kong Listing Rules, our Controlling Shareholder and its associates are our connected persons.

Accordingly, the transactions between (i) our Group, and (ii) our Controlling Shareholder and/or its associates, which will continue after the listing of the H shares on the Hong Kong Stock Exchange, will constitute our continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

CONNECTED TRANSACTIONS

We have entered into certain agreements with our Controlling Shareholder, including the Non-Competition Agreement and Undertaking, the Trademark License Agreement and Undertaking, the Lease Agreement, and the General Services Agreement. Transactions under these agreements and undertakings will constitute our connected transactions or continuing connected transactions within the meaning of the Hong Kong Listing Rules.

Non-Recurrent Transaction

Non-Competition Agreement and Undertaking

We and our Controlling Shareholder entered into the Non-Competition Agreement and Undertaking, pursuant to which we were granted with options for new business opportunities relating to our Core Business, as well as options and pre-emptive rights to acquire new business opportunities. Please refer to the section headed "Relationship with Controlling Shareholder — Non-Competition Agreement and Undertaking by the Controlling Shareholder" in this prospectus for further details.

When we decide whether to exercise the Option for New Business Opportunities, the option for acquisitions or the pre-emptive rights granted under the Non-Competition Agreement and Undertaking, we shall comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules.

Continuing Connected Transactions

The following table is a summary of our continuing connected transactions:

Nature of Transaction	Applicable Hong Kong Listing Rules	Waiver Sought	Proposed Annual Cap for the Year Ending December 31,		
			2013	2014	2015
				(RMB '000)	
Exempt continuing connected transaction					
(1) Trademark License Agreement and Undertaking	14A.33(3)	N/A	Nil	Nil	Nil
Non-exempt continuing connected transactions					
(2) Lease Agreement	14A.34	Waiver from announcement requirement under 14A.34	104,900	104,900	104,900

Nature of Transaction	Applicable Hong Kong Listing Rules	Waiver Sought	Proposed Annual Cap for the Year Ending December 31, 2013	2014 (RMB '000)	2015
(3) General Services Agreement	14A.35	Waiver from announcement and independent shareholders' approval requirement under 14A.35			
A. Provision of services by our Controlling Shareholder and/or its subsidiaries to us			465,384	494,000	524,000
B. Provisions of services by us to our Controlling Shareholder and/or its subsidiaries			77,443	91,590	113,590

Exempt Continuing Connected Transaction

The following transaction will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.33(3) of the Hong Kong Listing Rules.

(1) Trademark License Agreement and Undertaking

Principal terms: We entered into a trademark license agreement with our Controlling Shareholder on December 25, 2008, pursuant to which our Controlling Shareholder has agreed to grant our Group a general license to use the trademark owned by our Controlling Shareholder, "" (the "Trademark") with registered number 755062, for nil consideration. The trademark license agreement is for an initial term of ten years commencing on March 31, 2008. Unless otherwise agreed in writing by the parties, the trademark license agreement will be renewed for another ten years upon serving a one-month prior written notice to our Controlling Shareholder by the Company before its expiry, subject to relevant laws, regulations and requirements of the regulatory departments. Our Controlling Shareholder provided a Hong Kong trademark undertaking on July 11, 2013, which authorized the Group to use a trademark registered by our Controlling Shareholder in Hong Kong for nil consideration, and incorporated such trademark in the above trademark license agreement ("**Trademark License Agreement and Undertaking**").

Reason for the transaction: We have been using the Trademark over the years. As such, in order to maintain the consistency of our market image and to continue use the Trademark as a tool to develop corporate culture, we will continue to use the Trademark after completion of the Global Offering.

Historical amounts: The amounts of transaction carried out for the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were nil, nil, nil and nil, respectively.

Non-exempt Continuing Connected Transactions

The following transaction will be subject to the reporting, announcement and annual review requirements but will be exempted from the independent shareholders' approval requirement under Rule 14A.34 of the Hong Kong Listing Rules.

(2) Lease Agreement

Our Company and our Controlling Shareholder entered into a lease agreement on December 25, 2008 which was renewed on March 28, 2011 ("**Lease Agreement**") in respect of the lease of certain assets which include land, buildings, facilities and equipment from our Controlling Shareholder to us. The Lease Agreement is valid from March 31, 2008 to December 31, 2013. On July 11, 2013, we entered into a supplemental agreement to the Lease Agreement, which extended its term to December 31, 2015, with effect from the execution date of the supplemental agreement. Pursuant to the Lease Agreement, the Controlling Shareholder has leased to us certain facilities, equipment and properties related to our operations in the western zone of Qinhuangdao Port. Such facilities, equipment and properties include office buildings, stacking yards, pipelines, starting engines, office facilities and instruments, and a majority of which are immovable properties.

Material terms of the Lease Agreement: During the term of the Lease Agreement, the Company has an exclusive right to use all the facilities, equipment and properties that had been identified under the Lease Agreement. The annual fee for the lease is fixed at RMB104.9 million. Such rental fee was determined by adding a reasonable profit margin over the cost of the Controlling Shareholder for each individual facilities, equipment and properties. We may request to renew the term of the Lease Agreement by issuing a written notice to our Controlling Shareholder at least six months before expiry of the lease. Upon receipt of the said notice, our Controlling Shareholder shall renew the lease for another three years. We have the right to terminate all or part of the lease by serving a six-month prior written notice to the Controlling Shareholder. The Controlling Shareholder may not terminate the agreement during the term of the agreement, or sell, pledge or otherwise dispose of any of the facilities, equipment and properties without the Company's prior written consent. The Company also has the preemptive right to purchase from the Controlling Shareholder any of the facilities, equipment and properties, under the same terms and conditions offered by the Controlling Shareholder to any other third parties. The Controlling Shareholder shall procure and guarantee that any transferee of the facilities, equipment and properties should abide by the terms and conditions of the Lease Agreement.

Reasons for the transaction: Pursuant to the Reorganization, the Controlling Shareholder originally intended to inject to us certain facilities, equipment and properties related to our operations in the western zone of Qinhuangdao Port. Although such facilities, equipment and properties relate to our operation in the western zone of Qinhuangdao Port, the Controlling Shareholder had decided not to inject such assets into our Group at the time of the Reorganization due to the title defects in certain immovable properties and the anticipated relocation of the port operations in the western zone to the eastern zone of Qinhuangdao Port as part of the city planning by the governments of Hebei Province and Qinhuangdao City. As a result, it was agreed that our Company would lease such operational facilities, equipment and properties from the Controlling Shareholder in accordance with our operational needs prior to the completion of the relocation. Hence, our company has entered into the Lease Agreement with the Controlling Shareholder.

Historical amounts: The rental payments made to the Controlling Shareholder under the Lease Agreement for the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were RMB104.9 million, RMB104.9 million, RMB104.9 million and RMB52.45 million, respectively.

Annual caps: According to the above pricing basis, the maximum aggregate annual fees to be incurred under the Lease Agreement for the years ending December 31, 2013, 2014, and 2015 shall not exceed the caps set out below:

	Proposed Annual Cap for the Year Ending December 31,		
	2013	2014	2015
		(RMB '000)	
Total rental:	104,900	104,900	104,900

Savills Valuation and Professional Services Limited has confirmed that the annual fees of the Lease Agreement between us and the Controlling Shareholder is fair and reasonable and represent the prevailing market rates for similar properties that are used for similar purposes at the relevant dates.

The following transaction will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.35 of the Hong Kong Listing Rules.

(3) General Services Agreement

Principal terms: We entered into a general services agreement with our Controlling Shareholder on December 25, 2008 which was renewed on March 28, 2011 (the "**General Services Agreement**"). On July 11, 2013, we entered into a supplemental agreement to the General Services Agreement, which extended the term to December 31, 2015 with effect from the execution date of the supplemental agreement. The 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 General Services Agreement.

A. Provision of general services by our Controlling Shareholder and/or its subsidiaries to us

Pursuant to the General Services Agreement, our Controlling Shareholder and/or its subsidiaries shall provide a wide range of services to 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.

B. Provision of general services by us to our Controlling Shareholder and/or its subsidiaries

Pursuant to the General Services Agreement, the Group shall provide our Controlling Shareholder 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.

Transaction Principle: Both parties under the General Services Agreement agree to accept the services provided by the other party on a pre-emptive basis in the event that any third party provides the same services under identical or inferior terms or conditions, subject to bidding requirements under relevant laws and regulations imposed on projects such as port construction and equipment maintenance. Both parties shall ensure the services provided to the other party should be in good quality and at fair and reasonable prices. The conditions of such services shall not be inferior to those of any services provided to any third party.

Demand Estimation: Other than public bidding, by October 31 of each year, each of the parties under the General Services Agreement should submit an estimation of its demand for services for the next year or any adjustment plan on service items for the current year. Both parties shall reach an agreement on the estimated plan before November 30 of the same year. In the event that the expected demand for services in the next year is the same as that of the current year, both parties should try to satisfy each other's demand.

Basis of Determination of Price: The pricing of the relevant goods and services provided under the General Services Agreement shall be determined in accordance with the following principles in ascending order:

(i) *government-prescribed price*: if at any time, the government-prescribed price is applicable to any particular product or service, such product or service shall be supplied at the applicable government-prescribed price, whether nationwide or local;

(ii) *government-guided price*: where a government-guided fee standard is available, the price will be agreed within the range of the government-guided price;

(iii) *market price*: where the above two price standards are not available, but the price of the same or similar products, technology or services provided by an independent third party during the ordinary course of business on normal commercial terms is available, the price will be determined by reference to the then market price; and

(iv) *agreed price*: where the above three price standards are not available, the price will be determined by adding a reasonable profit over its cost.

Reasons for the transaction:

A. Provision of general services by our Controlling Shareholder and/or its subsidiaries to us

Certain of our berths, ports and offices in Qinhuangdao are located in areas in which our Controlling Shareholder has provided ancillary administrative, property management and construction services, including conference facilities, catering services, water and heating supply services, port management and engineering services, to its subsidiaries (including the Group) which occupy these areas. Given the cost efficiency and convenience of using such ancillary services, it will be beneficial to the Group to continue procuring such services from our Controlling Shareholder and/or its subsidiaries. In addition, we have been receiving cultural and educational training provided by our Controlling Shareholder and/or its subsidiaries since the establishment of the Group, including foreign language and cultural training courses, international project management courses, occupational skills training courses and management skills training seminars. The Company considers these trainings to be beneficial to the professional development of its staff.

B. Provision of general services by us to our Controlling Shareholder and/or its subsidiaries

The principal business of our Controlling Shareholder and/or its subsidiaries include coal wholesaling businesses and often require our integrated port services for the outbound shipment of coal. Due to the close proximity of the Group's port operations and the location of our Controlling Shareholder and/or its subsidiaries, the Group has provided our Controlling Shareholder and/or its subsidiaries with (i) port services such as stevedoring, stacking, warehousing, transportation and logistics services, and (ii) other services ancillary to our port operations, such as power consumption management and software services which are required for the continuing and ordinary business operation of our Controlling Shareholder and/or its subsidiaries. The provision of such services by the Group to our Controlling Shareholder and/or its subsidiaries facilitates the long-term use of certain utilities, logistics facilities and technical services by our Controlling Shareholder and/or its subsidiaries.

Historical amounts:

A. Provision of general services by our Controlling Shareholder and/or its subsidiaries to us

The amounts of general services provided by our Controlling Shareholder and/or its subsidiaries to us for the three years ended December 31, 2010, 2011 and 2012 and the six months ended

June 30, 2013 were approximately RMB188.11 million, RMB170.04 million, RMB358.88 million and RMB108.76 million, respectively.

B. Provision of general services by us to our Controlling Shareholder and/or its subsidiaries

The amounts of general services provided by us to our Controlling Shareholder and/or its subsidiaries for the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were approximately RMB18.59 million, RMB22.78 million and RMB35.46 million and RMB46.94 million, respectively.

Annual caps:

A. Provision of general services by our Controlling Shareholder and/or its subsidiaries to us

The maximum aggregate annual fees to be incurred under the provision of general services by our Controlling Shareholder and/or its subsidiaries to us for the years ending December 31, 2013, 2014 and 2015 shall not exceed the caps set out below:

	Proposed Annual Cap for the Year Ending December 31,		
	2013	2014	2015
		(RMB '000)	
Total fees:	465,384	494,000	524,000

B. Provision of general services by us to our Controlling Shareholder and/or its subsidiaries

The maximum aggregate annual fees to be incurred under the provision of general services by us to our Controlling Shareholder and/or its subsidiaries for the years ending December 31, 2013, 2014 and 2015 shall not exceed the caps as set out below:

	Proposed Annual Cap for the Year Ending December 31,		
	2013	2014	2015
		(RMB '000)	
Total fees:	77,443	91,590	113,590

Basis of annual caps:

A. Provision of general services by our Controlling Shareholder and/or its subsidiaries to us

In determining the above annual caps, the Company has taken account of the following factors: (i) the historical fees paid to our Controlling Shareholder and/or its subsidiaries for providing ancillary administrative services, property management and engineering services etc, including conference facilities, catering services, water and heating supply services, port management and engineering services; (ii) the expected increase in construction projects, maintenance projects and the use of facilities and services provided by our Controlling Shareholder and/or its subsidiaries, in particular, the actual or expected increase in construction services provided or to be provided by our Controlling Shareholder to our Group since 2012, including the retrofitting of coal storage yard and structure of ports and maintenance fees; (iii) the estimated increase in labor costs, raw material costs and rental of facilities and other production services; and (iv) the estimated increase in government-prescribed prices, government-guided prices, market prices and/or agreed prices in compliance with the pricing principles under the General Services Agreement.

The amount of general services provided by our Controlling Shareholder and/or its subsidiaries to us was approximately RMB358.88 million for the year ended December 31, 2012. Such amount is expected to increase for the year ending December 31, 2013 to an amount not exceeding

RMB465.38 million. The increase is mainly attributable to the construction projects and maintenance projects provided or to be provided by our Controlling Shareholder and/or its subsidiaries during 2013. The projects formed part of the annual demand estimation plan prepared by us during late 2012, which took into account the state of our equipments and facilities and the need for construction, reconstruction and/or maintenance. Such projects include (a) the retrofitting of our coal storage yards and structure of our ports, (b) the maintenance of our liquefied chemical berths, (c) the construction of windproof nets in our coal stacking yards, and (d) the reconstruction of water sprinkler systems. Most of these projects are subject to bidding requirements under relevant laws and regulations. There is no guarantee that our Controlling Shareholder and/or its subsidiaries will be successful in their bids on these projects, and hence, the final amount of general services to be incurred by us for the year ending December 31, 2013 may not reach the proposed annual cap of RMB465.38 million.

B. Provision of general services by us to our Controlling Shareholder and/or its subsidiaries

In determining the above annual caps, the Company has taken account of the following factors: (i) the historical income generated from the provision of power consumption management, transportation and software services etc to our Controlling Shareholder and/or its subsidiaries; (ii) the estimated expansion of the coal wholesaling business and the corresponding increase in power consumption, transportation and software services etc provided or to be provided to our Controlling Shareholder and/or its subsidiaries since 2012; and (iii) the estimated increase in government-prescribed prices, government-guided prices, market prices and/or agreed prices in compliance with the pricing principles under the General Services Agreement.

The amount of general services provided by us to our Controlling Shareholder and/or its subsidiaries was approximately RMB35.46 million for the year ended December 31, 2012. Such amount is expected to increase for the year ending December 31, 2013 to an amount not exceeding RMB77.44 million. The increase is mainly attributable to (a) the estimated expansion of the coal wholesaling business of our Controlling Shareholder and/or its subsidiaries which require our integrated port services for the outbound shipment of coal, and (2) the increase in our lump sum handling fee for coal by RMB2 per tonne effective from June 1, 2013.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

No waivers applied for in respect of certain category of connected transaction

For the continuing connected transaction described in the section titled "Exempt Continuing Connected Transaction — Trademark License Agreement and Undertaking" above, the percentage ratio (other than profits ratio) of the Trademark License Agreement and Undertaking calculated by reference to Rule 14.07 of the Hong Kong Listing Rules, is expected on an annual basis to be less than 0.1%. Accordingly, the Trademark License Agreement and Undertaking qualifies under Rule 14A.33(3) of the Hong Kong Listing Rules as *de minimis* transaction that is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements.

Waivers from compliance with announcement and/or independent shareholders' approval requirements

In respect of the Lease Agreement, since the highest applicable percentage ratio as set out in the Hong Kong Listing Rules based on the relevant annual cap as set out above is, on an annual basis, expected to be more than 0.1% but less than 5%, such transaction is exempt from the independent shareholders' approval requirement but is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules and the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Hong Kong Listing Rules.

In respect of the General Services Agreement, since the highest applicable percentage ratio as set out in the Hong Kong Listing Rules based on the relevant annual cap as set out above is, on an

annual basis, expected to exceed 5%, such transaction is subject to the (i) reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, (ii) annual review requirements under Rules 14A.37 to 14A.40 of the Hong Kong Listing Rules, and (iii) independent shareholders' approval requirements under Rule 14A.48 of the Hong Kong Listing Rules.

As the Lease Agreement and the General Services Agreement are expected to continue on a recurring and continuing basis, our Directors consider that compliance with the above announcement and/or independent Shareholders' approval requirements would be impractical, unduly burdensome and would impose unnecessary administrative costs upon us.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted to us, a waiver pursuant to Rule 14A.42(3) of the Hong Kong Listing Rules to exempt (i) the Lease Agreement from compliance with the announcement requirement under Rule 14A.47 of the Hong Kong Listing Rules, and (ii) the General Services Agreement from compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 to 14A.54 of the Hong Kong Listing Rules. In addition, we will comply with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Hong Kong Listing Rules.

In the event of any future amendments to the Hong Kong Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

The waiver for the discloseable and non-exempt continuing connected transactions will expire on December 31, 2015.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions as set out above have been and will be entered into during our ordinary and usual course of business on normal commercial terms, and are fair and reasonable and in the interest of us and our Shareholders as a whole, and that the proposed annual caps for these transactions are fair and reasonable and in the interests of us and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the continuing connected transactions as set out above have been entered into during our ordinary and usual course of business on normal commercial terms, and are fair and reasonable and in the interest of us and our Shareholders as a whole; and (ii) the proposed annual caps of such transactions are fair and reasonable and in the interest of us and our Shareholders as a whole.

BOARD OF DIRECTORS

The Board comprises 11 members, including four executive Directors, three non-executive Directors and four independent non-executive Directors. The term of service for Directors is three years, and Directors are permitted to be re-elected. Independent non-executive Directors may not serve for more than six consecutive years.

The following table presents certain information about our Directors.

Name	Age	Position	Duties	Date of Initial Appointment as Director
XING Luzhen (邢錄珍)	58	Chairman of the Board and Executive Director	Responsible for formulating our corporate and business strategies and making major corporate and operational decisions	March 31, 2008
ZHAO Ke (趙克)	57	Vice Chairman of the Board and non-executive Director	Assisting the Chairman of the Board in formulating our corporate and business strategies and making major corporate and operational decisions	March 31, 2008
HE Shanqi (何善琦)	58	Executive Director and General Manager	Participating in formulating our corporate and business strategies, making major corporate and operational decisions and being fully responsible for our daily management	April 24, 2012
WANG Lubiao (王錄彪)	50	Executive Director and Deputy General Manager	Participating in formulating our corporate and business strategies, assisting the general manager in making major corporate and operational decisions	April 24, 2012
MA Xiping (馬喜平)	45	Executive Director, Deputy General Manager and secretary to the Board	As above; and responsibilities of the secretary to the Board	July 11, 2013
ZHENG Yunming (鄭雲明)	55	Non-executive Director	Participating in formulating our corporate and business strategies	December 10, 2009
DUAN Gaosheng (段高升)	50	Non-executive Director	As above	March 31, 2008
HONG Shanxiang (洪善祥)	72	Independent non-executive Director	Participating in the decision-making of our significant events and advising on corporate governance, connected transactions, nomination of the Directors and senior management and business strategies of the Company	April 24, 2012

Name	Age	Position	Duties	Date of Initial Appointment as Director
SHI Rongyao (師榮耀)	63	Independent non-executive Director	Participating in the decision-making of our significant events and advising on corporate governance, connected transactions, remuneration of the Directors and senior management and business strategies of the Company	July 11, 2013
YU Shulian (余恕蓮)	60	Independent non-executive Director	Participating in the decision-making of our significant events and advising on corporate governance, connected transactions, audit, nomination and remuneration of the Directors and senior management	March 31, 2008
LI Man Choi (李文才)	52	Independent non-executive Director	Participating in the decision-making of our significant events and advising on corporate governance, connected transactions and audit	July 11, 2013

Save as disclosed herein, no Directors held any directorship positions in any other listed companies within the three years immediately preceding the date of this prospectus. There is no other information relating to the relationship of any of our Directors and Supervisors with other Directors, Supervisors and members of the senior management that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Hong Kong Listing Rules.

Directors

Mr. XING Luzhen (邢錄珍), aged 58, the Chairman of the Board, executive Director, and the party secretary of our Company. Mr. Xing graduated from the Institute of Chemical Defense of CPLA (中國人民解放軍防化學院) in fundamental theory of party and government in 1997. He has a professional qualification of senior economist and is a senior consultant of China Logistics Professional Consultancy Committee of Modern Logistics Journal (現代物流報) and the Standing Director of the Seventh Committee of the China Institute of Navigation. Mr. Xing has over 40 years of working experience, including more than 25 years of experience in senior management in government institutions and/or major state-owned enterprises and over 15 years of experience in transportation and port industries. He has extensive experience in the management and leadership of major port enterprises. In September 1988, Mr. Xing was appointed deputy director level Secretary of the Secretariat of the General Office of the Hebei Party Committee (河北省省委辦公廳), and subsequently promoted to director level. From March 1991 to July 1993, Mr. Xing held the position of deputy director-general of the Management Committee and secretary of the Working Committee of Qinhuangdao Development Zone (秦皇島市開發區) in Hebei. From July 1993 to July 2001, Mr. Xing successively held the position of deputy party secretary, party secretary and director-general of Qinhuangdao Transportation Bureau (秦皇島市交通局). From July 2001 to July 2006, Mr. Xing worked in Qinhuangdao City Government (秦皇島市市政府) and successively held the positions of member of the Standing Committee of the Municipal Party Committee, party secretary of Beidaihe District and executive vice mayor of Qinhuangdao City. In July 2006, Mr. Xing joined QPG, the

Controlling Shareholder of our Company, and has successively served as general manager, deputy party secretary, director and vice chairman. He has served as director, chairman and party secretary of HPG since April 2011 till now. Mr. Xing, joined our Company in March 2008 and served as a Director, vice chairman, president and deputy party secretary. Since December 2009, he serves as chairman and party secretary of our Company until now.

Mr. ZHAO Ke (趙克), aged 57, the Vice Chairman of the Board and a non-executive Director. Mr. Zhao graduated from Hebei Industrial College (河北工學院) with a bachelor's degree in chemical engineering in 1982 and obtained a master of engineering in transportation planning and management from Dalian Maritime University (大連海事大學) in 2004. Mr. Zhao has a professional qualification of senior engineer and is engaged by HPG as a senior economist. Since 1975, Mr. Zhao started his career in the Qinhuangdao Port Authority (秦皇島港務局), the predecessor of HPG, and has over 35 years of working experience in port industry. He had served as intermediate and senior management in the port management authority and port enterprises for nearly 20 years and has extensive experience in industrial and administrative management. Having started his career in junior positions in the Qinhuangdao Port Authority and worked until December 1995, Mr. Zhao successively served as technician, chief of the plumbing team, deputy director and director of the Dispatching Office, chief of the Electromechanical Section of the Second Branch, deputy director of the Anti-Contamination Facilities Factory, deputy chief of the preparatory group for Phase Four coal project and manager of the Fifth Port Branch. From December 1995 to May 1997, Mr. Zhao served as assistant to director-general of the Qinhuangdao Port Authority and manager of the Fifth Port Branch. From May 1997 to August 2002, he served as deputy director-general of the Qinhuangdao Port Authority. After the Qinhuangdao Port Authority was reformed as QPG (later renamed as HPG, our Controlling Shareholder) in August 2002, he served as vice general manager until March 2008. From March 2008 to July 2009, Mr. Zhao served as a Director and vice president of our Company. Since July 2009, he has been serving as director, deputy general manager and member of the Standing Committee of the Party Committee of HPG. Since December 2009, he has been serving as vice chairman and a Director of our Company. In addition, Mr. Zhao has been serving as director of Daqin Railway Co., Ltd. (大秦鐵路股份有限公司, listed on the Shanghai Stock Exchange in August 2006; stock code: 601006) since May 2011 and as director of Datong Coal Industry Co., Ltd. (大同煤業股份有限公司, listed on the Shanghai Stock Exchange in June 2006; stock code: 601001) from September 2004 to May 2013.

Mr. HE Shanqi (何善琦), aged 58, an executive Director, general manager and deputy party secretary of our Company. He graduated from Nankai University (南開大學) majoring in economic management (junior level) in 1988 and obtained a certificate of part-time postgraduate in economic management from Party School of the Hebei Committee of the Chinese Communist Party in 2003. He has a professional qualification of senior economist and has a qualification of senior manager. Mr. He has over 40 years of working experience, including over 30 years of experience in port industry, among which nearly 20 years of experience was in intermediate and senior management and other leadership roles. He has extensive experience in management and leadership in major port enterprises. From March 1988 to October 2001, he worked in the Qinhuangdao Port Authority (秦皇島港務局), the predecessor of HPG, and served in the Commercial Freight Department as a staff, team leader, vice section chief, chief of the Planning Section, deputy director of Production Scheduling Department, director of the General Office and the Party Committee Office. From October 2001 to December 2005, Mr. He joined Shenhua Group and served as the deputy commander of Construction Headquarters of Huanghua Port of Shenhua Group, director and deputy general manager of Shenhua Huanghua Harbour Administration Co., Ltd. (神華集團黃驊港務有限公司). From December 2005 to July 2009, Mr. He served as director and vice general manager of QPG (later renamed as HPG). Since July 2009, he has served as director of HPG. Since December 2009, Mr. He has served as general manager and member of the Party Committee of the port service company of HPG and was promoted as deputy party secretary since March 2010. Mr. He has served as a Director, general manager and deputy party secretary of our Company since April 2012.

Mr. WANG Lubiao (王錄彪), aged 50, an executive Director, deputy general manager and member of the Party Committee of our Company. Mr. Wang graduated from Northwest Institute of

Telecommunication Engineering (西北電訊工程學院) in 1983 with a bachelor of engineering in radio communication and graduated from Yanshan University (燕山大學) in September 2004 with a master of engineering in control engineering. He has a professional qualification of senior engineer. Mr. Wang started his career in August 1983 and joined the Qinhuangdao Port Authority (秦皇島港務局) (the predecessor of HPG). He has over 30 years of working experience in port operation. He has served various intermediate and senior management positions for approximately 18 years and has extensive management experience. Mr. Wang has served various positions in Communications Co. of the Qinhuangdao Port Authority (秦皇島港務局通信公司) from August 1983 to April 1995, including technician, management staff, deputy chief and chief of the Operation Section and then chief of the Finance Section. He worked as deputy manager and manager of the Communications Company of the Qinhuangdao Port Authority from April 1995 to April 2003 and was the manager of the Sixth Port Branch of QPG from April 2003 to June 2008. He also was the manager of the Sixth Port Branch from June 2008 to July 2011. He served as deputy general manager and member of the Party Committee of our Company from December 2009 to April 2012 and has been a Director, deputy general manager and member of the Party Committee of our Company since April 2012.

Mr. MA Xiping (馬喜平), aged 45, an executive Director, deputy general manager, member of the Party Committee and the secretary to the Board of our Company. Mr. Ma has received bachelor of law in major of economic law from Renmin University of China (中國人民大學) in 1990, obtained a master of administration in science and engineering from Yanshan University (燕山大學) in 2003, and has a professional qualification of senior economist. Mr. Ma started his career in July 1990 in the Qinhuangdao Port Authority (秦皇島港務局) and now has over 20 years of working experience in port industry. Moreover, he has served various intermediate and senior management positions for approximately 15 years and has extensive administrative management experience. He has served as a cadre in the Enterprise Management Office, deputy chief of the Legal Section, deputy chief of the Enterprise Management Division and deputy chief of the Enterprise Development Division of the Qinhuangdao Port Authority from July 1990 to August 2002 and has worked as the officer in charge of the Port Management Division and director of Port Management Division of Hebei Port and Shipping Administration Bureau (河北省港航局) from August 2002 to March 2004. From March 2004 to March 2008, he served as deputy director of the General Office and deputy director of the Party Committee's Office of QPG. Mr. Ma served as the director of the general office, office of the Party Committee and the board office of our Company from March 2008 to April 2012 and serves as deputy general manager and member of the Party Committee of our Company since April 2012 till now. He has served as an executive Director since July 2013 and has concurrently served as secretary to the Board since March 2008.

Mr. ZHENG Yunming (鄭雲明), aged 55, a non-executive Director. He is also a director-general and deputy secretary of the Party Committee of Qinhuangdao SASAC (our Shareholder). Mr. Zheng graduated from Hebei Mining and Metallurgy College (河北礦冶學院) in 1982 majoring in manufacturing technology and equipment. He has a professional qualification of mechanical engineer. Mr. Zheng has over 35 years of working experience and has extensive management experience from various intermediate and senior management positions in the recent 30 years. He started his career in April 1975 and had served positions in Chengde Agricultural Machine Factory (承德農機修造廠), Shanhaiguan Beer Factory (山海關啤酒廠) and Chemical Fiber Factory (山海關化纖總廠) until December 1992. Mr. Zheng served as a member of the Standing Committee of the Party Committee and vice chief of Changli County in Qinhuangdao (秦皇島市昌黎縣), deputy director and member of the Party Committee of the Municipal Bureau of Light Industry of Qinhuangdao (秦皇島市輕工業局), deputy director of the Economic and Trade Commission of Qinhuangdao (秦皇島市經濟與貿易委員會), a member of the Steering Committee of Economic and Trade Commission and deputy secretary and deputy chief of Qinglong Manzu Autonomous County (青龍滿族自治縣) from December 1992 to April 1999. He was appointed as director and party secretary of the Medicine Administration Bureau (秦皇島市醫藥管理局) and Drug Administration Bureau of Qinhuangdao (秦皇島市藥品監督管理局) from April 1999 to May 2002. He worked as director and party secretary of the Drug Administration Bureau of Qinhuangdao from May 2002 to March 2004 and director and party secretary of the Food and Drug Administration Bureau of Qinhuangdao (秦皇島市食品藥品監督管理局) from March 2004 to October 2009.

Mr. Zheng has been a director and deputy party secretary of Qinhuangdao SASAC since October 2009 and has been serving as a Director of our Company since December 2009.

Mr. DUAN Gaosheng (段高升), aged 50, a non-executive Director. He is also general manager of Hebei Communications (our Shareholder). Mr. Duan graduated from PLA Military Equipment Engineering College (中國解放軍軍械工程學院) (formerly known as PLA Advanced Military Equipment School (解放軍高級軍械學校)) in 1982 with a bachelor of engineering in light weapons and graduated from the East China Institute of Technology (華東工學院) in 1985 with a master of engineering in artillery and automatic weapons. Mr. Duan has nearly 30 years of working experience, and has more than 15 years of management experience from various intermediate and senior management positions in construction investment enterprises. Mr. Duan started his career in 1985 as a teacher in PLA Military Equipment Engineering College until August 1996. In August 1996, Mr. Duan joined Hebei Construction & Investment Group Co., Ltd. and had served various management positions, such as deputy director of the Planning and Finance Department, deputy chief accountant, manager of the Assets Management Department, assistant to general manager, manager of the Enterprise Management Department and manager of the Transport Department. Mr. Duan has been the general manager of Hebei Communications since March 2007 and has been a Director since March 2008. Mr. Duan has also served as director of Tangshan Port Group Co., Ltd. (唐山港集團股份有限公司) (listed on the Shanghai Stock Exchange in July 2010, stock code: 601000) since December 2005 and as deputy chairman since April 2012.

Mr. HONG Shanxiang (洪善祥), aged 72, an independent non-executive Director. He is also chairman of the China Express Association (中國快遞協會). Mr. Hong has over 50 years of working experience, including management experience from management positions in enterprises, social entities and/or government departments in China in the recent 30 years. During his career, he had served various positions, including deputy manager, member of the Party Committee, manager and party secretary of Guangzhou Ocean Shipping Co., Ltd. of the Ministry of Transport (交通部廣州遠洋運輸公司). Mr. Hong was deputy minister and member of the Party Committee of the Ministry of Transport, as well as director of Maritime Safety Administration of Ministry of Transport. He was also the president of the Council of China Institute of Navigation (中國航海學會). Mr. Hong has been serving as chairman of the China Express Association since February 2009 and as an independent Director since April 2012.

Mr. SHI Rongyao (師榮耀), aged 63, an independent non-executive Director. Mr. Shi studied in the department of philosophy in Peking University (北京大學) from September 1974 to September 1977. He graduated from Harbin Institute of Technology (哈爾濱工業大學) in 1995 with a master of engineering in management engineering. He has over 40 years of working experience, including more than 25 years experience from various senior and leading positions in state and local governments. Mr. Shi had served in various departments under the State Council (國務院) and the General Office of the Central Committee of the Communist Party (中共中央辦公廳) of China. He served as the secretary and deputy director in the General Office of the State Planning Commission (國家計劃委員會) from September 1992 to August 1995; the deputy director and deputy party secretary of the Planning Commission of Hebei (河北省計劃委員會) from August 1995 to May 1997; the director of the Opening-up Affairs Office, director of the foreign affairs office, director-general of Merchants Bureau, director and party secretary of the Investment Promotion and Cooperation Bureau of Hebei People's Government, as well as deputy director and party member of Planning Commission of Hebei from May 1997 to October 2000; the director of the General Office of National Planning and Development Commission (國家發展計劃委員會) from October 2000 to April 2003; the director of the general Office and director of the party office of National Development and Reform Commission (國家發展和改革委員會) from April 2003 to March 2012. Since March 2012, Mr. Shi has been serving as the president of China Association of Development Zones (中國開發區協會). Mr. Shi has been serving as an independent non-executive Director since July 2013.

Ms. YU Shulian (余恕蓮), aged 60, an independent non-executive Director. She graduated from Xiamen University (厦門大學) in July 1983 with a bachelor of economics majoring in accounting, and

graduated from Xiamen University (厦門大學) in June 1986 with a master of economics majoring in accounting. She is a non-practicing certified public accountant and professor of international accounting. Since 1986, she has taught in the University of International Business and Economics (對外經濟貿易大學) as lecturer, associate professor, professor and doctoral supervisor and has profound understanding and practical experience in respect of accounting rules and relevant regulations of China. Ms. Yu has been serving as an independent Director since March 2008. She has also been serving as independent director of Zibo Qixiang Tengda Chemical Co., Ltd. (淄博齊翔騰達化工股份有限公司, stock code: 002408) since December 2007 and independent director of Wuxi Double Elephant Micro Fiber Material Co., Ltd. (無錫雙象超纖材料股份有限公司, stock code: 002395) since March 2008. Both companies are listed on the Shenzhen Stock Exchange.

Mr. LI Man Choi (李文才), aged 52, an independent non-executive Director. He obtained his Honours Diploma in Accounting from the Hong Kong Baptist University in 1986, his degree of Master of Business Administration from Brunel University, United Kingdom in 1997 and his Master of Science in the Social Sciences in Accounting and Management Science from the University of Southampton, United Kingdom in 1998. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a Hong Kong Certified Public Accountant and a member of the Institute of Chartered Accountants in England and Wales. He has over 25 years of practical experience in accounting and extensive experience in auditing. Mr. Li started his career in August 1986 and worked as an auditor in KPMG Hong Kong until July 1988. From August 1988 to June 1998, he served in Deloitte Touche Tohmatsu, one of the big four international accounting firms, as an accountant, manager and senior manager in audit section. From June 1998 to October 2000, he served as the financial controller in the Finance & Administration Division of the Urban Renewal Authority (formerly known as Land Development Corporation) of Hong Kong and the general manager of Samsam Productions Limited of Hong Kong, respectively. From November 2000 to May 2013, he continued his auditing career in Deloitte Touche Tohmatsu and served as an audit director and an audit partner of Deloitte Touche Tohmatsu Certified Public Accountants Ltd. in China from September 2003 to May 2005 and June 2005 to December 2012, respectively, and an audit partner of Deloitte Touche Tohmatsu Certified Public Accountants LLP from January 2013 to May 2013. He served as an audit partner of Deloitte Touche Tohmatsu in Hong Kong from November 2005 to May 2013. Since June 2013, Mr. Li has been a partner of ZHONGLEI (HK) CPA Company Limited and a technical director of Pan-China Certified Public Accountants LLP, Chongqing Branch (天健會計師事務所（特殊普通合伙）, 重慶分所). In addition, since August 2013, Mr. Li has been a director of Pan-China (H.K.) Company Limited. Mr. Li has been serving as an independent non-executive Director since July 2013.

SUPERVISORY COMMITTEE

The Supervisory Committee of our Company comprises five members. The term of service for each supervisor is three years, and supervisors are permitted to be re-elected. The functions and duties of the Supervisory Committee include but are not limited to reviewing and verifying financial reports, business reports and profit distribution plans prepared by the Board, and, if in doubt, appointing certified public accountants and practicing auditors to re-examine our Company's financial information; monitoring the financial activities of our Company; requesting the Directors, the general manager and members of the senior management to rectify any actions which damage the interests of our Company; and exercising other powers, functions and duties as conferred by the Articles of Association.

The following table presents certain information about our Supervisors.

Name	Age	Position	Duties	Date of Initial Appointment
GE Ying (葛瑛)	57	Chairman of the Supervisory Committee	Presiding over the functions of the Supervisory Committee; supervising our operational and financial activities	March 31, 2008
NING Zhongyou (寧中友)	60	Supervisor	Supervising our operational and financial activities	April 24, 2012
CHEN Shaojun (陳少軍)	54	Supervisor	As above	April 24, 2012
CAO Dong (曹棟)	44	Employee representative Supervisor	As above	August 27, 2010
YANG Jun (楊軍)	43	Employee representative Supervisor	As above	June 20, 2013

Save as disclosed herein, no Supervisors held any directorship positions in any other listed companies within the three years immediately preceding the date of this prospectus. There is no other information relating to the relationship of any of our Directors and Supervisors with other Directors, Supervisors and members of the senior management that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Hong Kong Listing Rules.

Supervisors

Mr. GE Ying (葛瑛), aged 57, a Supervisor, the Chairman of the Supervisory Committee, labor union chairman and member of the Party Committee of our Company. He graduated from Hebei University (河北大學) majoring in Chinese in 1978. Mr. Ge started his career in September 1978 and worked as a general manager of Electromechanical Equipment Corporation of Qinhuangdao (秦皇島市機電設備總公司) from November 1991 to May 1996. He served as vice president of Qinhuangdao Products Enterprise Group (秦皇島物產企業集團公司) from May 1996 to January 2002. He was appointed deputy director of the Trade Affairs Office of Qinhuangdao (秦皇島商貿辦公室), vice chairman and general manager of Qinhuangdao Trade and State-Owned Assets Investment and Operation Company (秦皇島市商貿國有投資經營公司) from January 2002 to February 2004. He also served as deputy director of Qinhuangdao SASAC, vice chairman and general manager of Qinhuangdao Trade and State-Owned Assets Investment and Operation Company from February 2004 to December 2004. He was the chairman of the supervisory committee of QPG from December 2004 to March 2008. He has served as Chairman of the Supervisory Committee of our Company since March 2008.

Mr. NING Zhongyou (寧中友), aged 60, a Supervisor. Mr. Ning started his career in August 1975 and worked as a propaganda officer, deputy office manager and director of the Propaganda Department of No.1 Construction Group of Qinhuangdao (秦皇島市一建). He was also the officer in charge and director-general of the general office of the Qinhuangdao Working Committee of Enterprises (秦皇島企業工委) from March 1989 to September 1996. He served as deputy section chief and assistant researcher of the Economic and Trade Commission of Qinhuangdao (秦皇島經貿委), party secretary, vice chairman and deputy general manager of Qinhuangdao Metallurgical Machinery Company Limited (秦皇島市冶金機械有限公司) starting from September 1996 to January 2002. He was assistant researcher of the Steering Committee of Qinhuangdao, and party secretary, vice chairman and deputy general manager of Metallurgical Machinery Company Limited from January 2002 to October 2002. He was also deputy secretary of Qinhuangdao Working Committee of Enterprises from October 2002 to February 2004. He was appointed as deputy secretary of Qinhuangdao SASAC from February 2004 to October 2009. Since October 2009, he has served as assistant researcher of Qinhuangdao SASAC, one of our Shareholders. Mr. Ning has served as a Supervisor since April 2012.

Mr. CHEN Shaojun (陳少軍), aged 54, a Supervisor. Mr. Chen received a bachelor of Arts from the Chinese department of Nanning Normal College (南寧師範學院) in 1982 and has the professional

qualification of senior economist. Mr. Chen started his career in the Qinhuangdao Port Authority (秦皇島港務局) and had served as an office secretary, deputy manager of Enterprise Management Office, deputy director and director of Operations Division from July 1982 to April 2003. He was appointed as director of the Investment Center of QPG from April 2003 to April 2008. Mr. Chen was also deputy chief of the preparatory group for Phase Two of Caofeidian Coal project from April 2008 to April 2009. He has also served as party secretary, secretary of the Discipline Inspection Commission and deputy general manager of Caofeidian Coal since April 2009. Mr. Chen has served as a Supervisor since April 2012.

Mr. CAO Dong (曹棟), aged 44, an employee representative Supervisor. Mr. Cao received a bachelor of economics in financial economics from Hebei University (河北大學) in July 1991 and a master of engineering in software engineering from the University of Electronic Science and Technology of China (電子科技大學) in December 2011. He has the professional qualification of senior accountant. He worked in the Qinhuangdao Port Authority (秦皇島港務局) 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 from July 1991 to April 2003. Mr. Cao was appointed as deputy director of the Investment Center of QPG from April 2003 to December 2003. He served as deputy manager of general affairs office of construction headquarters of Caofeidian from December 2003 to April 2009. He was appointed as deputy director of the audit department of our Company from April 2009 to March 2012 and has served as director of the audit department of our Company since March 2012. He has served as deputy director and director of the audit department of HPG since October 2009. Mr. Cao has served as an employee representative Supervisor since August 2010. Mr. Cao also serves as supervisor of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (listed on the Shanghai Stock Exchange in November 2009, stock code: 600999) from September 2013.

Mr. YANG Jun (楊軍), aged 43, an employee representative Supervisor and vice chairman of the labor union of our Company. Mr. Yang received a bachelor of engineering in management information system from Beifang Jiaotong University (北方交通大學, currently Beijing Jiaotong University 北京交通大學) in 1992, and a master of engineering in electronic and communication engineering from Wuhan University of Technology (武漢理工大學) in 2009. He has the professional qualification of senior engineer. He worked as a clerk, assistant to section chief, deputy section chief of the production department, deputy section chief, section chief of information management section and section chief of technical design of Qinhuangdao Port Railway Transportation Branch Company (秦港鐵運公司) from July 1992 to December 2008. He was also the vice manager and labor union chairman of Railway Transportation Branch of our Company from December 2008 to September 2012. He has served as vice chairman of the labor union of our Company since September 2012. He has served as an employee representative Supervisor since June 2013.

SENIOR MANAGEMENT

The following table presents certain information concerning the senior management of our Group (other than our executive Directors):

Name	Age	Position	Duties	Date of Appointment
HE Zhenya (何振亞)	50	Deputy General Manager	Participating in the daily management and the formulation and execution of business strategies	December 10, 2009
GUO Xikun (郭西錕)	48	Chief Financial Officer	Participating in the daily operation and management and making major decisions; responsible for financial work	December 10, 2009

Mr. HE Zhenya (何振亞), aged 50, the deputy general manager and member of the Party Committee of our Company. He has been engaged in as a senior engineer by our Company. Mr. He graduated from China University of Mining and Technology (中國礦業大學), formerly known as China Institute of Mining and Technology (中國礦業學院), in 1986 with a bachelor of engineering in metals and heat treatment and obtained a master of engineering in machinery engineering from Yanshan University (燕山大學) in 2006. He joined the Qinhuangdao Port Authority in 1988 and acquired over 25 years of port industry experience. In the past 10 years, he held various intermediate and senior management positions and has extensive business and management experience. From December 1988 to March 2003, he served as a technician, deputy chief and chief of the material division and chief of the technical design division and deputy manager of the Sixth Port Branch of the Qinhuangdao Port Authority. From April 2003 to June 2008, he served as the deputy manager of the Sixth Port Branch of QPG, chief of the preparatory group for Phase Five coal terminal, manager of the Ninth Port Branch of QPG. From June 2008 to December 2009, he served as the manager of the Ninth Port Branch. Since December 2009, he has been serving as the deputy general manager and member of the Party Committee of our Company. From December 2009 to July 2011, he was also the manager of the Ninth Port Branch.

Mr. GUO Xikun (郭西錕), aged 48, the chief financial officer and member of the Party Committee of our Company. He has the professional qualification of senior accountant. He completed the postgraduate course in business management of Guanghua School of Management of Peking University (北京大學光華管理學院) in 2006 and started the EMBA course at the School of Economics and Management of Beijing Jiaotong University (北京交通大學) in May 2012. Mr. Guo joined the Qinhuangdao Port Authority in 1988 and have since been engaged in finance-related work. He has over 25 years of experience in financial management and port industry-related areas. In the past 15 years, he served in various intermediate and senior management positions. From July 1988 to April 2003, Mr. Guo served as accountant, deputy section chief, section chief and deputy director of the Finance Division of the Qinhuangdao Port Authority. From April 2003 to April 2008, he served as deputy director and director of the Finance Department of QPG. From April 2008 to December 2009, he served as deputy chief financial officer and director of the Finance Department of our Company. Since December 2009, he has served as chief financial officer and member of the Party Committee of our Company. From December 2009 to July 2011, he was also the director of the Finance Department of our Company. Mr. Guo previously served as supervisor of China Merchants Securities Co., Ltd. (招商證券股份有限公司) (listed on the Shanghai Stock Exchange in November 2009 stock code: 600999) from December 2001 to May 2011.

JOINT COMPANY SECRETARIES

Mr. ZHANG Nan (張楠), aged 33, the deputy director of the general office of the Board, representative for securities affairs and the joint company secretary of our Company. He obtained a bachelor of law majoring in economic laws from Heilongjiang University (黑龍江大學) in July 2002. He is a registered corporate lawyer and a registered corporate legal advisor. He is a certified enterprise risk manager and has the qualification certificates of securities practice, secretary to the board of directors, securities affairs representative, independent director as well as financial and tax intermediate professional and technical position. Mr. Zhang began his career in July 2002 and served as the cadre of the Material Supply Center, the cadre of the publicity and theory section of the propaganda department, the legal advisor and lawyer of the general office and the secretary to office and secondary division level secretary of our Company. From May 2008 to November 2013, he served as the deputy section chief, then the chief of the securities affairs section of the general office of the Board. He serves as the deputy director of the general office of the Board and the representative for securities affairs of our Company since November 2013. He has been the joint company secretary of our Company since August 2013.

Ms. Kwong Yin Ping, Yvonne (鄺燕萍)**,** aged 58, the joint company secretary of our Company. Ms. Kwong obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (香港理工學院) in November 1979 and a bachelor of arts in accountancy from the Hong

Kong Polytechnic University (香港理工大學) in November 1997. She works as vice president in a professional corporate services company which is engaged in providing secretarial and compliance services for listed companies. She is also a fellow of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom. She has extensive experience in providing company secretarial services for numerous private and listed companies. She serves as company secretary of companies listed on the Hong Kong Stock Exchange, including Chengdu Putian Telecommunications Cable Company Limited (Stock code: 1202), HC International, Inc. (Stock code: 8292) and Xinhua News Media Holdings Limited (Stock code: 0309) and joint company secretary of China Tianrui Group Cement Company Limited (Stock code: 1252) and IGG Inc (Stock code: 8002).

BOARD COMMITTEES

Audit Committee

We have established our audit committee and adopted an updated written terms of reference in August 2013 in compliance with Rule 3.21 of the Hong Kong Listing Rules and paragraph C.3 of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules. The responsibilities of our audit committee are to supervise our internal control, financial information disclosure and financial reporting matters, which include the following:

- proposing the appointment, re-appointment or removal of external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- reviewing the financial information of our Company;
- overseeing the financial reporting system and internal control procedures of our Company; and
- enhancing the communication between internal auditors and external auditors.

The audit committee comprises Ms. YU Shulian, Mr. DUAN Gaosheng and Mr. LI Man Choi. Ms. YU Shulian and Mr. LI Man Choi are independent non-executive Directors. Ms. YU Shulian is the chairman of the audit committee.

Remuneration Committee

We have established the remuneration committee and adopted an updated written terms of reference in August 2013, in compliance with Rule 3.25 of the Hong Kong Listing Rules and paragraph B.1 of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules. The responsibilities of our remuneration committee include the following:

- assessing and recommending to the Board on our Company's remuneration structure and policies for all Directors, Supervisors and senior management;
- determining, with delegated responsibility from the Board, or recommending to the Board, the remuneration packages of executive Directors, Supervisors and senior management members;
- recommending to the Board concerning the remuneration of the non-executive Directors;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- monitoring the implementation of remuneration policies of Directors, Supervisors and senior management.

The remuneration committee comprises Mr. SHI Rongyao, Ms. YU Shulian and Mr. HE Shanqi. Mr. SHI Rongyao and Ms. YU Shulian are independent non-executive Directors. Mr. SHI Rongyao is the chairman of the remuneration committee.

Nomination Committee

We have established the nomination committee and adopted and updated written terms of reference in November 2013, in compliance with paragraph A.5 of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules. The responsibilities of our nomination committee include the following:

- reviewing the selection standard, selection process, structure, size, composition and diversity of the Board and senior management annually and making recommendations on any proposed changes to the Board and senior management to complement our Company's corporate strategy;
- identifying suitable individuals to become Directors and senior management, selecting or recommending to the Board on the selection of individuals or providing advice to the Board in respect thereof; and
- making recommendations to the Board on the appointment, re-appointment and the succession planning for Directors and senior management.

The nomination committee comprises Mr. HONG Shanxiang, Ms. YU Shulian and Mr. ZHENG Yunming. Mr. HONG Shanxiang and Ms. YU Shulian are independent non-executive Directors. Mr. HONG Shanxiang is the chairman of the nomination committee.

Strategy Committee

We have established the strategy committee, and adopted an updated written terms of reference in August 2013. The responsibilities of our strategy committee include the following:

- researching and recommending on the major medium to long term strategic and development plans of our Company;
- researching and recommending on significant capital expenditures, investment and financing projects of our Company; and
- researching and recommending on significant matters relating to the development of our Company.

The strategy committee comprises Mr. XING Luzhen, Mr. HE Shanqi, Mr. HONG Shanxiang, Mr. DUAN Gaosheng and Mr. SHI Rongyao. Mr. HONG Shanxiang and Mr. SHI Rongyao are independent non-executive Directors. Mr. XING Luzhen is the chairman of the strategy committee.

DIRECTORS' AND SUPERVISORS' COMPENSATION

For the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the aggregate amount of fees, salaries, allowances, discretionary payments, bonuses and contribution to insurance schemes paid by our Company to our Directors and Supervisors were approximately RMB1.10 million, RMB1.37 million, RMB2.31 million and RMB1.24 million, respectively. It is estimated that under the arrangements currently in force, the aggregate compensation (including remuneration, benefits in kind but excluding discretionary bonuses) payable to the Directors and Supervisors for the year ending December 31, 2013, will be approximately RMB2.05 million and RMB1.55 million, respectively.

The remuneration paid by our Company to the five highest paid individuals (including Directors and Supervisors) for the three years ended December 31, 2010, 2011 and 2012 and the six months

ended June 30, 2013 were approximately RMB2,704,000, RMB3,068,000, RMB3,475,000 and RMB1,251,000, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as a compensation for loss of office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors waived any emoluments. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Citigroup Global Markets Asia Limited as our compliance advisor pursuant to Rule 3A.19 and 19A.05 of the Hong Kong Listing Rules. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the compliance advisor will advise us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction under the Hong Kong Listing Rules, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Hong Kong Listing Rules.

Pursuant to Rule 19A.06 of the Hong Kong Listing Rules, Citigroup Global Markets Asia Limited will, on a timely basis, inform us of any amendment or supplement to the Hong Kong Listing Rules that are announced by the Hong Kong Stock Exchange. Citigroup Global Markets Asia Limited will also inform us of any new or amended law, regulation or code in Hong Kong applicable to us.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

SUBSTANTIAL SHAREHOLDERS

To the best of the knowledge of our Directors, the following person(s) will, immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying shares which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company:

Shareholder	Number of Shares Held After the Global Offering[1]	Nature of Interest	Approximate Percentage of Shareholding in the Relevant Class of Shares After the Global Offering[1]	Approximate Percentage of Shareholding in the Total Share Capital of the Company After the Global Offering[2]
HPG[3]	3,104,314,204 Domestic Shares	Beneficial owner/Interest of controlled corporation	73.92%	61.72%
Qinhuangdao SASAC	629,824,026 Domestic Shares	Beneficial owner/Interest of controlled corporation	15.00%	12.52%

Notes: 1. The calculation is based on the percentage of shareholding in Domestic Shares (excluding 75,441,000 Sale Shares to be converted from Domestic Shares) of the Company after the Global Offering.

2. The calculation is based on the total number of 5,029,412,000 Shares in issue immediately after the Global Offering.

3. Based on the discussion by the interested parties and the approval by the SASAC, HPG will sell the applicable Sale Shares and remit such proceeds from the sale of the applicable Sale Shares to NSSF on behalf of Daqin Railway.

To the best of the knowledge of our Directors, the following person(s) will, assuming the Over-allotment Option is fully exercised, have an interest or short position in the Shares or underlying shares which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company:

Shareholder	Number of Shares Held After the Global Offering[1]	Nature of Interest	Approximate Percentage of Shareholding in the Relevant Class of Shares After the Global Offering[1]	Approximate Percentage of Shareholding in the Total Share Capital of the Company After the Global Offering[2]
HPG[3]	3,095,834,248 Domestic Shares	Beneficial owner/Interest of controlled corporation	73.92%	60.20%
Qinhuangdao SASAC	628,126,907 Domestic Shares	Beneficial owner/Interest of controlled corporation	15.00%	12.21%

Notes: 1. The calculation is based on the percentage of shareholding in Domestic Shares (excluding 86,757,000 Sale Shares to be converted from Domestic Shares) of the Company after the Global Offering.

2. The calculation is based on the total number of 5,142,573,000 Shares in issue immediately after the Global Offering.

3. Based on the discussion by the interested parties and the approval by the SASAC, HPG will sell the applicable Sale Shares and remit such proceeds from the sale of the applicable Sale Shares to NSSF on behalf of Daqin Railway.

For persons who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of any other members of the Company, please see the sub-section headed "Disclosure of Interests" in Appendix VII to this prospectus.

Save as disclosed herein, our Directors do not know any other person(s) who will, immediately after the Global Offering, have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

We are not aware of any arrangement which would reasonably be expected to result in a change of control of our Company.

As of the date of this prospectus, the registered share capital of our Company is RMB4,275,000,000, divided into 4,275,000,000 Domestic Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate Percentage to Total Share Capital
4,199,559,000	Domestic Shares in issue	83.50%
829,853,000	H Shares to be issued and sold under the Global Offering	16.50%
5,029,412,000		100%

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate Percentage to Total Share Capital
4,188,243,000	Domestic Shares in issue	81.44%
954,330,000	H Shares to be issued and sold under the Global Offering	18.56%
5,142,573,000		100%

OUR SHARES AND RANKING

Domestic Shares and H Shares are both ordinary shares in the share capital of the Company. However, H Shares may only be subscribed for by, and traded in Hong Kong dollars between, qualified domestic institutional investors and legal or natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC. Domestic Shares, on the other hand, may only be subscribed for by, and traded between, legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan). All dividends in respect of H Shares are to be declared in Renminbi and paid by the Company in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be declared and paid by the Company in Renminbi.

All of the existing Domestic Shares are held by nine existing Shareholders. Shares which were issued by the Company before the Global Offering may not be transferred within a year from the date of the listing of shares of the Company on the Stock Exchange. Upon the approval of the relevant regulatory authorities of the PRC and Hong Kong, the Domestic Shares may be converted into H Shares.

Save as described above and in relation to the dispatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different parts of the register of shareholders, the method of share transfer and the appointment of dividend receiving agents, circumstances under which general meeting and class meeting are required, which are all provided for in the Articles of Association and summarized in Appendix VI to this prospectus, the Domestic Shares and H Shares will rank pari passu with each other in all aspects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to restrictions imposed by PRC laws from time to time.

TRANSFER AND SALE OF STATE-OWNED SHARES

In accordance with the Provisional Measures on Reducing State-owned Shares to Raise Social Security Fund (Guo Fa [2001] No. 22) (《減持國有股籌集社會保障資金管理暫行辦法》) (國發 [2001] 22號) issued by the State Council, our nine state-owned Shareholders are required to transfer to NSSF, in aggregate, such number of Shares equivalent to 10% of the number of the Offer Shares to be issued by us, or pay the equivalent cash at the Offer Price under the Global Offering to NSSF, or a combination of both, for the benefit of NSSF. Our Company will not receive any proceeds from the transfer of H Shares by the state-owned Shareholders to the NSSF, the sale of Sale Shares, or any subsequent disposal of such H Shares by the NSSF.

The conversion of those Shares into H Shares was approved by the CSRC on October 29, 2013. Pursuant to a letter issued by the NSSF (She Bao Ji Jin Fa [2013] No. 139) on October 12, 2013, the NSSF instructed us to (i) arrange for the sale of the Sale Shares, which shall equal to 10% of all of the Shares that our state-owned Shareholders (excluding Daqin Railway) shall relinquish for the benefit of the NSSF in connection with our Global Offering pursuant to relevant PRC laws and regulations, and (ii) remit the proceeds from the sale of the Sale Shares, after deduction of expenses to an account designated by the NSSF. Based on the discussion by the interested parties and the approval by the SASAC, HPG will sell the applicable Sale Shares and remit such proceeds from the sale of the applicable Sale Shares to NSSF on behalf of Daqin Railway.

Please see "Structure of the Global Offering—The Selling Shareholders." We have been advised by King & Wood Mallesons Lawyers, our PRC legal advisor, that the conversion and the sale of the Sale Shares have been approved by the relevant PRC authorities and are legal and valid under PRC law.

THE PROPOSED A SHARE OFFERING

The Company submitted an application to the CSRC for approval of the A share offering in September 2010 and another application to the CSRC to suspend the review of our A share offering process in September 2013 in light of the Global Offering. The Company will comply with the Hong Kong Listing Rules and will not issue A Shares or additional securities within six months after the listing of H Shares.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on any overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 business days upon its listing.

The following discussion should be read in conjunction with our audited consolidated financial information, together with the accompanying notes, set forth in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS and audited by Ernst & Young, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Factors that could cause or contribute to such differences include those described in the section entitled "Risk Factors".

OVERVIEW

We are the world's largest independent port operator for major dry bulk cargo in terms of throughput in 2012, according to Drewry. We operate Qinhuangdao Port, the world's largest coal port by throughput in 2012, which accounted for approximately 31.9% of the total volume of seaborne coal loaded by coastal ports in China in the same year, according to Drewry. We are also one of the most important ore port operators in the Bohai Rim of China. We believe that we will grow into one of the leading integrated port operators in China in the next five years. Through increasing investment in port facilities and equipment to continually expand our throughput capacity, we are able to provide high-quality and highly efficient integrated port services, including stevedoring, stacking, warehousing, transportation and logistics, and handle various types of cargo including coal, metal ores, oil and liquefied chemicals, containers and general cargo.

We operate Qinhuangdao Port, terminals in Caofeidian Port through an associate company and terminals in Huanghua Port, all of which are located in the Bohai Rim. Qinhuangdao Port has over 100 years of operating history, while Caofeidian Port and Huanghua Port are undergoing significant development and experiencing rapid growth. Our operations in Caofeidian Port and Huanghua Port have expanded our hinterland coverage and are expected to become a main driver of our future growth. We and our associate company operate a total of 62 berths and achieved total throughput of 309.94 million tonnes, 349.56 million tonnes, 336.07 million tonnes and 182.56 million tonnes, respectively, for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013. Building upon our extensive experience in port operations and successful consolidation of port resources in the Bohai Rim, we believe we are well positioned to benefit from the strong growth of the Chinese economy and, in particular, the economy of the Bohai Rim.

We have achieved stable growth in the Track Record Period. For the years ended December 31, 2010, 2011 and 2012, our total revenue was RMB5.11 billion, RMB5.73 billion and RMB6.25 billion, respectively. Our net profit for the same periods was RMB1.10 billion, RMB1.06 billion and RMB1.40 billion, respectively. For the six months ended June 30, 2012 and 2013, our total revenue was RMB3.02 billion and RMB3.39 billion, respectively, and our net profit for the same periods was RMB0.73 billion and RMB1.20 billion, respectively.

BASIS OF PRESENTATION

Our consolidated financial statements and operating data, and the discussion and analysis thereof set out in this prospectus, have been prepared on a going concern basis.

Critical accounting policies adopted in preparation of the financial information presented in this prospectus have been applied consistently during the Track Record Period. The policies of

preparation are in compliance with accounting policies and requirements under IFRS, promulgated by the International Accounting Standards Board, and present a true and complete view of our financial condition for the relevant time during the Track Record Period and our results of operations and cash flows during the relevant periods. A summary of our critical accounting policies is set out in Note 2.3 to Appendix I — Accountants' Report to this prospectus.

MAJOR FACTORS AFFECTING RESULTS OF OPERATIONS

Our results of operations, financial condition and future prospects have been, and will continue to be, affected by a number of factors, including the major ones set out below.

Our Throughput

Our throughput is dependent on customer demand for our port services, which in turn is affected by a number of factors including economic conditions in China, competition from imported coal and alternative sources of energy to which the demand for coal produced in north and west China is subject, as well as other factors such as competition with other port operators.

Qinhuangdao Port, Huanghua Port and Caofeidian Port, in which we and our associate company have operations, all play an important role in transporting critical energy sources and other cargo in China. Our throughput is therefore affected by China's macroeconomic conditions that affect the demand for coal, metal ores, oil and other types of cargo. In particular, the economic conditions of the hinterlands and service areas covered by our operations in the three ports, which include north, northeast, northwest and southeast China, could have a material effect on the throughput of the terminals we operate. In the event of a slowdown in China's economic growth, and in particular, the economic growth of the hinterlands and service areas where our ports are located, demand for coal, ores and the other goods that we handle may decline, which in turn may impact the demand by customers for the port services we offer and the throughput of the terminals we operate. See "Risk Factors — Adverse changes in China's economic conditions and, in particular, the economic conditions of our hinterland could have a material adverse impact on our results of operations and financial condition."

Moreover, coal produced and consumed domestically in China is the main type of cargo we handle. The throughput of coal handled by our Company and the consolidated subsidiaries of our Group, which does not include the coal throughput of Caofeidian Shiye Port Company, an associate company of our Group, accounted for 87.41%, 90.41%, 87.94%, 89.80% and 81.10% of the total throughput of our Group, during the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, respectively. In particular, our business operations are closely tied to southeast China's demand of coal produced in west Inner Mongolia, Shanxi province and Shaanxi province, which in turn is affected by multiple factors. In addition to the economic conditions in southeast China that affect the domestic demand for coal as the major source of energy in China, such demand is also affected by competition from other sources of energy such as natural gas, nuclear power and hydropower, and competition from imported coal. See "Risk Factors — If PRC domestic coal users start to use a large amount of imported coal in substitution for domestic coal in the long term, our business and operations may be adversely affected" and "Risk Factors — Competition from alternative sources of energy may have an adverse impact on our business and operations."

Our throughput is also influenced by the general competitive landscape in the port industry, in particular, competition from nearby ports and other port operators, which may have an adverse impact on our business operations. See "Business — Competition." We intend to continue to consolidate our position as the largest independent dry bulk cargo port operator in the world in terms of throughput in 2012 by further strengthening Qinhuangdao Port's leading position in coal services, expanding our operations in Caofeidian Port and Huanghua Port and continuing to expand our hinterland. We also intend to become one of the leading integrated port operators in China in the next five years.

Our Prices

The fees that we charge for our port operations include lump sum fees for cargo handling, stacking and warehousing fees, harbor dues, port facilities security fees, tugging service fees, mooring and unmooring fees and berthing fees. The lump sum fees are the most important source of our revenue.

The rates for certain types of our port service fees, such as lump sum fees for non-containerized cargo in domestic trade and stacking and warehousing fees, are set by us. We set these fees and charges with reference to a matrix of factors including operational methods, cargo types, stacking period and industry benchmarks, among other things. We may raise our lump sum fees in response to cost increase or market conditions. During the Track Record Period, we raised our lump sum fees largely based on such reasons. For instance, we raised the lump sum fee for coal cargo in domestic trade by RMB3 per tonne and by RMB2 per tonne on October 1, 2011 and June 1, 2013, respectively. This fee increase was one of the main factors in our revenue and profit growth in 2011 and 2012 as compared to 2010 and the first six months of 2013 as compared to the first six months of 2012. Despite our strong pricing power, particularly with respect to coal handling services, our port fees and charges are also subject to market competition, and a small portion of our fees and charges are set or heavily regulated by the government. See "Risk Factors — Changes to port handling fees may have an adverse effect on our business and operations."

Cost of Sales

Employee benefits, depreciation and amortization and power and fuel costs constitute a significant portion of our cost of sales. Increases in cost of sales may impact our net profit.

Employee benefits

Employee benefits constitute a substantial portion of our cost of sales. In the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, employee benefits accounted for 33.26%, 35.70%, 37.67%, 37.53% and 36.68% of our total cost of sales, respectively. Employee benefits have risen steadily as a result of inflation and competition in the port industry to attract skilled labor.

Given the factors stated above and our plan to further expand our operations in Huanghua Port and Caofeidian Port, we expect that our employee benefits will continue to increase in the future.

Depreciation and Amortization

As a port operator, we own a large amount of fixed assets and heavy equipment in connection with our port business. We also develop or purchase fixed assets and equipment in the ordinary course of business and to replace retired or aging fixed assets or equipment. Depreciation of our property, plant and machinery is calculated using the straight-line method to write off their costs to residual values of our property, plant and machinery over their respective estimated useful lives and recorded as expenses in the same periods.

In connection with the significant amount of property, plant and machinery we possess, we recorded substantial depreciation and amortization cost, which accounted for a large portion of our cost of sales, during the Track Record Period. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, depreciation and amortization costs accounted for 25.26%, 23.98%, 22.81%, 23.83% and 24.61% of our cost of sales, respectively. We expect that our depreciation cost will further increase as the construction of the five coal berths in Caofeidian Port and the planned construction of the two ore berths in Huanghua Port are expected to be completed in 2014.

Power and Fuel Costs

Power and fuel costs are another key contributor to our cost of sales which tend to move in tandem with our throughput. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, power and fuel costs accounted for 10.38%, 10.94%, 10.38%, 11.32% and 10.47% of our cost of sales, respectively. We are therefore exposed to the market risk of fluctuations in power and fuel prices, which could result in fluctuations in our costs of sales and, consequently, our profitability.

Cost Control

To effectively control our costs, we have designed and implemented various policies and measures including tying employee compensation to performance targets and reducing headcount at supporting departments to control the employee cost. Our cost of sales and our operating results are also directly affected by the effectiveness and efficiency of such cost control measures.

Development Projects

We are currently constructing five coal berths in Caofeidian Port and plan to construct two ore berths in Huanghua Port, which are expected to be completed in 2014. We may construct additional berths and undertake other development projects in the future. The results of operations, cash flow, and net current asset or liability positions may be affected by a number of factors relating to new development projects, including the required capital expenditure and our ability to control construction costs, timing of completion and its effect on depreciation schedule and financing costs. Construction of new development projects requires intensive capital investments and may affect the amount of our short-term and long-term bank borrowings. In addition, our depreciation costs may rise when such projects are turned into fixed assets. As a result, such projects may affect our profitability during the construction phase and the initial period after the completion of construction, prior to recovering our investment and the project operating at full capacity. However, we expect such new development projects to increase our operational capacity and hence our revenue and profit in the long run, diversify our cargo mix and meet the increasing demand for our services. See also "Risk Factors — Our future development will require substantial investment in the construction of port infrastructure, which may adversely affect our profitability" and "—Current Assets/Liabilities and Working Capital."

Taxation

Our operating entities and subsidiaries in China are subject to PRC income tax, and our profitability and financial performance are affected by the PRC tax rates applicable to us. During the Track Record Period, the statutory enterprise income tax rate in China was 25% in accordance with the PRC Enterprise Income Tax Law that became effective in January 2008. Our effective income tax rate was 22.92%, 28.72%, 23.45%, 24.47% and 15.90% for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, respectively. Except for the year ended December 31, 2011 and the six months ended June 30, 2013, our effective income tax rate remained fairly stable at slightly below 25% during the Track Record Period, which was mainly due to the fact that our share of profits from associate companies and joint ventures was not subject to the enterprise income tax, hence lowering our effective income tax rates to below 25% during the Track Record Period. The increase in our effective income tax rate in 2011 was mainly attributable to the fact that certain loss on disposal of property, plant and equipment was not deductible for tax purpose in 2011, which resulted in a lower profit before tax on a consolidated basis but not lower taxable profit and tax expenses. Therefore, our effective income tax rate in 2011 is higher than 25%. The effective income tax rate for the six months ended June 30, 2013 was significantly lower than 25% mainly due to the fact that certain loss on disposal of property, plant and equipment of prior fiscal years was confirmed to be deductible for tax purpose by the local tax authority in June 2013, thus reducing the

tax expenses of our Group. Any increase in the enterprise income tax rate applicable to us and / or our subsidiaries, associate companies and joint ventures may adversely affect our business, financial condition and results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES AND JUDGMENTS

Our discussion and analysis of our results of operations and financial condition is based on our audited consolidated financial information prepared in accordance with IFRS. Our results of operations and financial condition are sensitive to the accounting policies, assumptions and estimates used in the preparation of our consolidated financial information. We continually evaluate these estimates and judgments based on historical experience and other factors, including expectations of future events, which we currently believe to be reasonable.

Our principal accounting policies are set out in Note 2.3 to Appendix I — Accountants' Report, and our critical accounting estimates and judgments are set out in Note 2.4 to Appendix I — Accountants' Report to this prospectus.

We make accounting estimates and judgments concerning the future. Actual results may differ from these estimates as facts, circumstances and conditions change, or as a result of different judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "contracts for services" below;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise depreciation and amortization, power and fuel costs, labor and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognized based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Estimated Category	Annual rates
Buildings	2.77% to 4.85%
Terminal facilities	3.23% to 4.85%
Plant and machinery	2.77% to 48.5%
Vessels and motor vehicles	9.7% to 48.5%
Furniture and fixtures	6.47% to 48.5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building, terminal facility, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence that we will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

With respect to assets carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present

value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Useful lives of property, plant and equipment

Our management determines the estimated useful lives and the related depreciation charge for our property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in future periods.

Impairment of receivables

Impairment of receivables is made based on assessment of their recoverability. The identification of impairment of receivables requires management's judgment and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and impairment loss / reversal of impairment of receivables in the period in which such an estimate has been changed.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at the end of relevant periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell 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 value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant management judgment is 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. Further details are contained in Note 29 to Appendix I — Accountants' Report.

CONSOLIDATED RESULTS OF OPERATIONS

The following summary of our operating results is extracted from Appendix I — Accountants' Report as set out in this prospectus. Please read the following summary together with the Accountants' Report and the notes thereto.

The following table sets forth the consolidated statements of comprehensive income during the Track Record Period:

	Year Ended December 31,						Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue	Amount	Percentage of Total Revenue
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000) *(unaudited)*	(%)	(RMB'000)	(%)
Revenue	5,109,548	100.00	5,734,310	100.00	6,250,162	100.00	3,020,374	100.00	3,386,526	100.00
Cost of sales	(3,158,540)	(61.82)	(3,254,410)	(56.75)	(3,536,081)	(56.58)	(1,623,184)	(53.74)	(1,860,196)	(54.93)
Gross profit	1,951,008	38.18	2,479,900	43.25	2,714,081	43.42	1,397,190	46.26	1,526,330	45.07
Other income and gains	19,344	0.38	56,354	0.98	125,416	2.01	120,001	3.97	369,477	10.91
Selling and distribution expenses	(896)	(0.02)	(1,941)	(0.03)	(496)	(0.01)	(24)	(0.00)	(15)	(0.00)
Administrative expenses	(543,843)	(10.64)	(605,462)	(10.56)	(741,148)	(11.86)	(336,201)	(11.13)	(359,700)	(10.62)
Other expenses	(18,062)	(0.35)	(400,416)	(6.98)	(168,466)	(2.70)	(154,277)	(5.11)	(25,432)	(0.75)
Finance costs	(156,459)	(3.06)	(208,906)	(3.64)	(259,209)	(4.15)	(117,974)	(3.91)	(144,514)	(4.27)
Share of profits and losses of:										
Associate companies	171,102	3.35	168,139	2.93	154,622	2.47	56,744	1.88	63,385	1.87
Joint ventures	494	0.01	313	0.01	565	0.01	320	0.01	(46)	0.00
Profit before tax	1,422,688	27.84	1,487,981	25.95	1,825,365	29.21	965,779	31.98	1,429,485	42.21
Income tax expense	(326,088)	(6.38)	(427,332)	(7.45)	(428,069)	(6.85)	(236,310)	(7.82)	(227,273)	(6.71)
Profit for the year/ period	1,096,600	21.46	1,060,649	18.50	1,397,296	22.36	729,469	24.15	1,202,212	35.50
Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year/period	1,096,600	21.46	1,060,649	18.50	1,397,296	22.36	729,469	24.15	1,202,212	35.50
Attributable to:										
Owners of the Company	1,114,991	21.82	1,083,914	18.90	1,405,958	22.49	735,194	24.34	1,188,646	35.10
Non-controlling interests	(18,391)	(0.36)	(23,265)	(0.40)	(8,662)	(0.13)	(5,725)	(0.19)	13,566	0.40
	1,096,600	21.46	1,060,649	18.50	1,397,296	22.36	729,469	24.15	1,202,212	35.50

Description of Selected Items of Results of Operations

Revenue

Our revenue was mainly derived from providing cargo handling and other related port services in Qinhuangdao Port and Huanghua Port. The following table sets forth the revenue generated from each type of cargo we serviced during the Track Record Period:

	Year Ended December 31,						Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue	Revenue	Percentage of Total Revenue
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000) *(unaudited)*	(%)	(RMB'000)	(%)
Dry bulk[1]	4,485,781	87.79	5,111,270	89.13	5,580,911	89.29	2,701,139	89.43	3,067,769	90.59
Coal	4,278,900	83.74	5,003,611	87.25	5,310,414	84.96	2,626,733	86.97	2,669,601	78.83
Metal Ore	206,881	4.05	107,659	1.88	270,497	4.33	74,406	2.46	398,168	11.76
Oil and liquefied chemicals	119,065	2.33	143,097	2.50	142,822	2.29	71,392	2.36	59,551	1.76
Container	61,546	1.20	85,720	1.49	77,429	1.24	37,211	1.23	41,743	1.23
General and other cargo[2]	165,384	3.24	146,786	2.56	183,080	2.93	75,143	2.49	91,074	2.69
Others	277,772	5.44	247,437	4.32	265,920	4.25	135,489	4.49	126,389	3.73
Total	5,109,548	100.00	5,734,310	100.00	6,250,162	100.00	3,020,374	100.00	3,386,526	100.00

Note: 1. The dry bulk cargoes we handle mainly consist of coal and metal ores.

2. Other cargoes include grain, fertilizer and other general cargoes.

We derive our revenue mainly from coal handling services. Coal handling service revenue grew steadily from 2010 to 2012 largely due to the raised lump sum fee for coal cargo for domestic trade by RMB3 per tonne on October 1, 2011. Our metal ore service revenue decreased in 2011 as a result of the decline in metal ore cargo volume due to certain local regulations concerning transportation of metal ores in 2011 that had negatively impacted the land transportation of metal ore in that year. Our revenue derived from metal ore increased in 2012 primarily because we raised the lump sum fee for offloading metal ore cargo for international trade by RMB4.2 per tonne in October 2011. Our revenue derived from oil and liquefied chemicals increased in 2011 primarily as a result of the increase in lump sum fee for oil and liquefied chemicals for domestic trade by RMB1 per tonne and the increase in lump sum fee for oil and liquefied chemicals for international trade by RMB1.4 per tonne in October 2011. The throughput of oil and liquefied chemicals also increased in 2011. Our revenue derived from coal handling services increased slightly in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012 mainly due to the increase in the lump sum fee for coal cargo for domestic trade by RMB2 per tonne on June 1, 2013. This was partially offset by the decrease in throughput. Our revenue derived from metal ore handling services increased significantly in the six months ended June 30, 2013 after Cangzhou Bohai began to generate revenues in October 2012 and contributed to the revenue growth in the first half of 2013. Our revenue derived from oil and liquefied chemicals decreased in the six months ended June 30, 2013 as compared to the same period of 2012 primarily as a result of the decline in throughput. During the Track Record Period, other revenues were mainly generated from our non-port operations, such as machinery sales revenue from Ruigang Tech, revenue from Qinhuangdao Coal Market and the berthing fees that we collected in port operations.

We conduct our businesses in Qinhuangdao Port and Huanghua Port. During the Track Record Period, most of our revenues were generated from Qinhuangdao Port. For the years ended December 31, 2010, 2011 and 2012, our revenue from Qinhuangdao Port amounted to RMB5,109.55

million, RMB5,731.17 million and RMB6,059.16 million, and accounted for 100.00%, 99.95% and 96.94% of our total revenue, respectively. For the six months ended June 30, 2012 and 2013, our revenue from Qinhuangdao Port was RMB2,964.57 million and RMB2,980.68 million, and accounted for 98.15% and 88.02% of our total revenue, respectively. We began to generate revenue from Huanghua Port through Cangzhou Bohai from October 2012. Before October 2012, our revenue from Huanghua Port was mainly derived from cargo tally business operated by Cangzhou OSTC. For the years ended December 31, 2010, 2011 and 2012, our revenue from Huanghua Port amounted to nil, RMB3.14 million and RMB191.01 million, and accounted for nil, 0.05% and 3.06% of our total revenue, respectively. For the six months ended June 30, 2012 and 2013, our revenue from Huanghua Port amounted to RMB55.81 million and RMB405.85 million, and accounted for 1.85% and 11.98% of our total revenue, respectively.

Cost of Sales

Our cost of sales primarily includes employee benefits, depreciation and amortization, power and fuel costs, repair and maintenance expenses, environmental protection and sewage charges and leasing expenses.

The following table presents a breakdown of our cost of sales during the Track Record Period.

	Year Ended December 31,						Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	Amount	Percentage of Cost of Sale	Amount	Percentage of Cost of Sale	Amount	Percentage of Cost of Sale	Amount	Percentage of Cost of Sale	Amount	Percentage of Cost of Sale
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000) *(unaudited)*	(%)	(RMB'000)	(%)
Employee benefits	1,050,577	33.26	1,161,972	35.70	1,331,891	37.67	609,127	37.53	682,276	36.68
Depreciation and amortization	797,939	25.26	780,356	23.98	806,703	22.81	386,863	23.83	457,731	24.61
Power and fuel costs	327,957	10.38	356,178	10.94	366,910	10.38	183,725	11.32	194,777	10.47
Repair and maintenance expenses	268,672	8.51	297,972	9.16	263,928	7.46	113,210	6.97	122,578	6.59
Environmental protection and sewage charges	179,794	5.69	202,979	6.24	197,740	5.59	95,528	5.89	95,190	5.12
Leasing expenses	205,794	6.52	166,258	5.11	182,407	5.15	82,034	5.05	136,658	7.35
Other costs	327,807	10.38	288,695	8.87	386,502	10.94	152,697	9.41	170,986	9.18
Total	3,158,540	100.00	3,254,410	100.00	3,536,081	100.00	1,623,184	100.00	1,860,196	100.00

Employee benefits mainly consist of the wages and benefits paid to the employees working on the port terminals and relevant facilities we operate. Employee benefits constitute a relatively large portion of our cost of sales. In the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, employee benefits accounted for 33.26%, 35.70%, 37.67%, 37.53% and 36.68% of our total cost of sales, respectively. Employee benefits as a percentage of our cost of sales increased steadily during the Track Record Period as a result of inflation and the competition in the port industry to attract skilled labor.

Depreciation and amortization costs mainly consist of the depreciation of our property, plant and equipment calculated using the straight-line method to write off the costs of their residual values over their estimated useful lives and recorded as expenses in the same periods. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, depreciation and amortization costs accounted for 25.26%, 23.98%, 22.81%, 23.83% and 24.61% of our cost of sales, respectively. We recorded substantial depreciation costs during the Track Record Period due to the large amount of fixed assets and heavy equipment we own in connection with our port operations.

Power and fuel costs are mainly related to the utility and fuel consumed in the ordinary course of business. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, power and fuel costs accounted for 10.38%, 10.94%, 10.38%, 11.32% and 10.47% of our cost of sales, respectively.

Repair and maintenance costs are mainly costs for repairing equipment and infrastructure and other fixed assets maintenance. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, repair and maintenance costs accounted for 8.51%, 9.16%, 7.46%, 6.97% and 6.59% of our cost of sales, respectively.

Environmental protection and sewage charges mainly relate to the coal we handle. Pursuant to the Notice Regarding Imposing Sewage Charges on Coal Dust promulgated by Qinhuangdao government, we are required to pay RMB0.80 per tonne of environmental protection and sewage charges for the coal we stevedored. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, environmental protection and sewage charges accounted for 5.69%, 6.24%, 5.59%, 5.89% and 5.12% of our cost of sales, respectively.

Leasing expenses mainly arise from the rental paid for the buildings, equipment and vehicles from our Controlling Shareholder and third parties. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, leasing expenses accounted for 6.52%, 5.11%, 5.15%, 5.05% and 7.35% of our cost of sales, respectively. Our leasing expenses decreased during the period from 2010 to 2012 primarily due to the decreased throughput of general cargoes which reduced the leasing fees for the vehicle and equipment for loading and unloading general cargoes. Our leasing expenses increased in the first half of 2013 mainly due to the leasing expenses incurred by Cangzhou Bohai.

Our other costs of sales primarily consist of labor outsourcing costs and low-value consumables. For further details of our cost of sales, please refer to sections headed "— Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012 — Cost of Sales", "— Year Ended December 31, 2012 Compared to Year Ended December 31, 2011 — Cost of Sales" and "— Year Ended December 31, 2011 Compared to Year Ended December 31, 2010 — Cost of Sales."

Gross Profit and Gross Profit Margin

Our gross profit is calculated on the total revenue less total cost of sales. Our gross margin increased from 38.18% in 2010 to 43.25% in 2011, and further increased to 43.42% in 2012. Our gross margin was 46.26% and 45.07% for the six months ended June 30, 2012 and 2013, respectively.

During the Track Record Period, our gross profit margin generally remained at a high level. The gross profit margin was higher in 2011, 2012 and the six months ended June 30, 2013 than that of 2010 mainly because (i) we raised the lump sum fee for coal, metal ore and other cargoes in October 2011, and (ii) a significant portion of our cost of sales, mainly consisting of employee benefits and depreciation and amortization costs, are relatively stable and only subject to limited impact by the volume of our throughput. Therefore, the growth of our revenue generated from port operations, which usually directly ties to throughput, generally outpaced the increase of cost of sales.

Other Income and Gains

The following table sets forth our other income and gains during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)	*(unaudited)*	
Other income					
Bank interest income	10,035	16,344	19,186	6,857	10,112
Dividend income from available-for-sale investments	—	30,000	47,631	47,631	45,000
Government grants	3,058	7,923	7,942	3,226	298,424
Foreign exchange differences, net	—	174	—	—	—
	13,093	54,441	74,759	57,714	353,536
Gains					
Gain on disposal of a subsidiary	5,371	—	—	—	—
Reversal of impairment of trade and other receivables, net	—	—	49,995	61,374	13,701
Others	880	1,913	662	913	2,240
	6,251	1,913	50,657	62,287	15,941
Total	19,344	56,354	125,416	120,001	369,477

For the years ended December 31, 2010, 2011 and 2012, our other income and gains were RMB19.34 million, RMB56.35 million and RMB125.42 million, respectively. Our other income and gains increased during the period from 2010 to 2012 primarily due to the increase in dividend income from SDIC Caofeidian Port Company and the increase in our bank interest income due to the increased bank deposits. The increase of other income and gains in 2012 was also attributable to the reversal of the provision for the impairment of receivables due from Cangzhou Port Group Ltd., a company affiliated with Cangzhou government, in connection with the transfer of the Huanghua Port public infrastructure in the amount of RMB58.40 million. The partial reversal in the amount of RMB58.40 million of the provision for impairment of receivables of RMB80.26 million previously recorded in 2011 was because we collected RMB1,368.45 million from Cangzhou Port Group Ltd. in 2012. See "— Prepayments, Deposits, and Other Receivables" for more details of the transfer of the Huanghua Port public infrastructure. Government grants of environmental protection funds in 2010, 2011 and 2012 were granted to subsidize our construction of environmental protection related fixed assets.

For the six months ended June 30, 2012 and 2013, our other income and gains were RMB120.00 million and RMB369.48 million, respectively. The increase of our other income and gains in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012 was primarily due to the government subsidy of RMB294.84 million for the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai. We received the RMB294.84 million government grant from Cangzhou government as its compensation to us for the business tax and surcharges of RMB292.23 million and the stamp duty of RMB2.61 million paid by us in connection with the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai to Cangzhou Port Group Ltd., a company affiliated with Cangzhou government, which tax and stamp duty were not covered in the transfer proceeds payable by Cangzhou Port Group Ltd. The grant of such subsidy is unconditional and we are not aware of any events or conditions that may cause us to return such grants. We deem such government grant as one-off income and do not expect to receive government grants in the same or similar nature in future.

Selling and Distribution Expenses

Our selling and distribution expenses were mainly incurred by Ruigang Tech, our subsidiary engaging in the sales of shipping vessel equipment, vessel parts, electronic equipment and devices and communications equipment. In the port industry, selling and distribution expenses tend to be small relative to the revenue. Our selling and distribution expenses were RMB0.90 million, RMB1.94 million and RMB0.50 million for the years ended December 31, 2010, 2011 and 2012, respectively. Our selling and distribution expenses were RMB24,000 and RMB15,000 for the six months ended June 30, 2012 and 2013, respectively. During the Track Record Period, selling and distribution expenses accounted for less than 0.04% of our total revenue. Selling and distribution expenses in 2011 were higher than that of other periods primarily due to the increase of selling and distribution expenses of Ruigang Tech.

Administrative Expenses

Administrative expenses mainly comprise employee benefits, depreciation and amortization expenses, tax expenses, repair and maintenance expenses, leasing expenses and other expenses. The following table sets forth our administrative expenses during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)	*(unaudited)*	
Employee benefits	329,665	378,249	469,297	201,576	237,482
Depreciation and amortization	56,692	57,390	62,305	29,015	34,362
Tax expenses	28,837	28,582	64,370	53,758	18,505
Repair and maintenance expenses	17,326	20,006	20,521	5,556	5,357
Leasing expenses	7,761	7,932	8,590	3,541	17,072
Others	103,562	113,303	116,065	42,755	46,922
Total	543,843	605,462	741,148	336,201	359,700

For the years ended December 31, 2010, 2011 and 2012, our administrative expenses were RMB543.84 million, RMB605.46 million and RMB741.15 million, respectively, accounting for 10.64%, 10.56% and 11.86%, respectively, of our total revenue. For the six months ended June 30, 2012 and 2013, our administrative expenses were RMB336.20 million and RMB359.70 million, respectively, accounting for 11.13% and 10.62% of our total revenue, respectively. Employee benefits, which accounted for the largest portion of our administrative expenses, accounted for 60.62%, 62.47%, 63.32%, 59.96% and 66.02%, respectively, of our administrative expenses.

Other Expenses

Other expenses mainly consist of loss on disposal of items of property, plant and equipment, loss on disposal of subsidiaries, provision for impairment of trade and other receivables, provision for impairment of items of property, plant and equipment, donation, and loss on remeasurement of previously held equity interest in a business combination achieved in stages. For the years ended December 31, 2010, 2011 and 2012, our other expenses were RMB18.06 million, RMB400.42 million and RMB168.47 million, respectively. For the six months ended June 30, 2012 and 2013, our other expenses were RMB154.28 million and RMB25.43 million, respectively. The following table sets forth our other expenses during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)	*(unaudited)*	
Loss on disposal of items of property, plant and equipment	4,041	299,017	164,951	153,305	13,325
Loss on disposal of subsidiaries	—	—	2,426	—	—
Provision for impairment of trade and other receivables	6,148	85,618	—	—	—
Provision for impairment of items of property, plant and equipment	7,840	—	—	—	11,577
Donation	—	15,200	700	700	130
Loss on remeasurement of previously held equity interest in a business combination achieved in stages	—	59	—	—	—
Others	33	522	389	272	400
Total	18,062	400,416	168,466	154,277	25,432

The increase in other expenses in 2011 was mainly attributable to (i) the provision for business tax and surcharges of RMB292.23 million according to the applicable tax laws and regulations in the PRC for the proceeds under the transfer of the Huanghua Port public infrastructure in 2011, which provision was included in the losses on disposal of items of property, plant and equipment in 2011, and such business tax and surcharges were paid in 2012, (ii) the provision for impairment of RMB80.26 million for the RMB1,605.12 million overdue receivables consisting of the RMB1,368.45 million remaining balance of the transfer proceeds owed by Cangzhou Port Group Company Ltd. for Huanghua Port public infrastructure and the RMB236.66 million payment owed by Cangzhou Port Group Company Ltd. as compensation for the interest expenses incurred by us in connection with this project, which provision was made according to the Group's provision policy after fully considering the nature and age of such overdue receivables and the uncertainty of the collectability, and (iii) the one-off donation of RMB15.20 million to support the construction of public facilities. In 2012, other expenses were resulted from the dredging costs and stamp duty of RMB152.61 million paid by Cangzhou Bohai in the first half of 2012 in connection with the transfer of the Huanghua Port public infrastructures. Other expenses for the six months ended June 30, 2013 consisted of a loss on disposal of certain property, plant and equipment, and provision for the impairment of property, plant and equipment in connection with the relocation of our operations in the western zone of Qinhuangdao Port which resulted in the cessation of three of our coal berths during the first half of 2013. See "— Prepayments, Deposits, and Other Receivables" for more details of the transfer of the Huanghua Port public infrastructure.

Finance Costs

The following table sets out our finance costs during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)		
				(unaudited)	
Interests on bank borrowings	354,653	442,131	683,419	358,933	297,936
Less: Interest capitalized	(198,194)	(233,225)	(424,210)	(240,959)	(153,422)
Total	156,459	208,906	259,209	117,974	144,514

For the years ended December 31, 2010, 2011 and 2012, our finance costs were RMB156.46 million, RMB208.91 million and RMB259.21 million, respectively, accounting for 3.06%, 3.64% and 4.15%, respectively, of our total revenue. For the six months ended June 30, 2012 and 2013, our finance costs were RMB117.97 million and RMB144.51 million, respectively, accounting for 3.91% and 4.27%, respectively, of our total revenue.

During the Track Record Period, our finance costs increased primarily due to the increase of interest rates as a result of an increase in the applicable benchmark lending rates set by the PBOC, while the total outstanding amount of our bank borrowings remained relatively stable. During the Track Record Period, the interest expenses associated with certain loans for the development projects in Huanghua Port and Caofeidian Port increased and have been capitalized and were not recorded as finance costs until the construction of the relevant assets was basically completed, and the assets had become substantially ready for their intended use or sale. From the fourth quarter of 2012, in connection with the partial completion of the construction projects in Huanghua Port, the interest expenses relating to such construction projects have been recorded as finance costs.

Share of Profits and Losses of Associate Companies

During the Track Record Period, our share of results of associate companies was recognized with respect to (i) Caofeidian Shiye Port Company, (ii) Huazheng Inspection, (iii) Xing'ao Qin'gang, (iv) Cangzhou Steel Logistics, (v) Handan International Land Port Co., Ltd., an associate company held by our subsidiary Cangzhou Bohai, and (vi) Tangshan Jingtang Railway. For the years ended December 31, 2010, 2011 and 2012, our share of profits of associate companies was RMB171.10 million, RMB168.14 million and RMB154.62 million, respectively. For the six months ended June 30, 2012 and 2013, our share of profits of associate companies was RMB56.74 million and RMB63.39 million, respectively.

Our Company holds 35% equity interest in Caofeidian Shiye Port Company and is its largest shareholder. Our share of profits from Caofeidian Shiye Port Company was RMB170.12 million, RMB166.47 million, RMB154.27 million, RMB56.32 million and RMB63.31 million, respectively, for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013.

Share of Profits and Losses of Joint Ventures

Share of results of our joint ventures was recognized with respect to (i) Honggang Services and (ii) Qinhuangdao Wanhui Logistics Co., Ltd., a joint venture held by our subsidiary Xin'gangwan Container Company. For the years ended December 31, 2010, 2011 and 2012, our share of profits of joint ventures amounted to RMB0.49 million, RMB0.31 million and RMB0.57 million, respectively. For the six months ended June 30, 2012, our share of profits of joint ventures was RMB0.32 million. For the six months ended June 30, 2013, our share of loss of joint ventures was RMB0.05 million.

Income Tax Expenses

Under the PRC enterprise income tax law, the applicable corporate income tax rate was 25% during the Track Record Period. For the years ended December 31, 2010, 2011 and 2012, our income tax expenses were RMB326.09 million, RMB427.33 million and RMB428.07 million, respectively, and our effective income tax rate was 22.92%, 28.72% and 23.45%, respectively. For the six months ended June 30, 2012 and 2013, our income tax expenses were RMB236.31 million and RMB227.27 million, respectively, and our effective income tax rate was 24.47% and 15.90%, respectively. Except for the year ended December 31, 2011 and the six months ended June 30, 2013, our effective income tax rate remained fairly stable at slightly below 25% during the Track Record Period. This is due to the fact that our investment profits from associate companies and joint ventures were not subject to the enterprise income tax, hence lowering our effective income tax rates to below 25% during the Track Record Period. The increase in our effective income tax rate in 2011 was mainly due to the fact that certain loss on disposal of property, plant and equipment was not deductible for tax purpose in 2011, which resulted in a lower profit before tax on a consolidated basis but not a lower taxable profit and tax expenses. Therefore, our effective income tax rate in 2011 was higher than 25%. The effective income tax rate for the six months ended June 30, 2013 was significantly lower than 25% mainly due to the fact that certain loss on disposal of property, plant and equipment of prior fiscal years was confirmed to be deductible for tax purpose by the local tax authority in June 2013, thus reducing the tax expenses of our Group.

The following table sets out our income tax expenses during the Track Record Period.

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)	*(unaudited)*	
Current tax	326,908	473,175	434,090	241,134	275,219
Deferred tax	(820)	(45,843)	(6,021)	(4,824)	(47,946)
Total	326,088	427,332	428,069	236,310	227,273
Effective income tax rate	22.92%	28.72%	23.45%	24.47%	15.90%

Six Months Ended June 30, 2013 Compared with Six Months Ended June 30, 2012

Highlights of Operating Results

The following financial information is extracted from our consolidated statements of comprehensive income for the six months ended June 30, 2013 and 2012.

	Six Months Ended June 30,		
	2012	2013	Changes
	(RMB'000) *(unaudited)*	(RMB'000)	(%)
Revenue	3,020,374	3,386,526	12.12
Cost of sales	(1,623,184)	(1,860,196)	14.60
Gross profit	1,397,190	1,526,330	9.24
Other income and gains	120,001	369,477	207.89
Selling and distribution expenses	(24)	(15)	(37.50)
Administrative expenses	(336,201)	(359,700)	6.99
Other expenses	(154,277)	(25,432)	(83.52)
Finance costs	(117,974)	(144,514)	22.50
Share of profits and losses of:			
Associate companies	56,744	63,385	11.70
Joint ventures	320	(46)	(114.38)
Profit before tax	965,779	1,429,485	48.01
Income tax expense	(236,310)	(227,273)	(3.82)
Profit for the period	729,469	1,202,212	64.81

Revenue. Our total revenue increased by 12.12% to RMB3,386.53 million for the six months ended June 30, 2013 from RMB3,020.37 million for the same period of 2012. This increase was mainly due to the increase in revenue from our metal ore services by 435.13% from RMB74.41 million to RMB398.17 million, which was mainly attributable to the metal ore revenue from Cangzhou Bohai as it began to generate revenue from October 2012. In addition, revenue generated from our coal services increased slightly in the first half of 2013 as compared to the same period of 2012 mainly due to the increase in our lump sum coal handling fees for domestic trade effective from June 1, 2013.

Cost of Sales. Our cost of sales increased by 14.60% to RMB1,860.20 million for the six months ended June 30, 2013 from RMB1,623.18 million for the same period of 2012. This increase was mainly due to (i) the increase in our employee benefits as a result of inflation and competition in the port industry to attract skilled labor, and (ii) the employee benefit costs, depreciation and amortization costs and port machinery leasing fees incurred by Cangzhou Bohai as it began to incur costs from October 2012.

Gross Profit. Our gross profit increased by 9.24% to RMB1,526.33 million for the six months ended June 30, 2013 from RMB1,397.19 million for the same period of 2012. Our gross profit decreased slightly from 46.26% for the six months ended June 30, 2012 to 45.07% for the six months ended June 30, 2013 primarily because the growth of our cost of sales, mainly employee benefits, outpaced that of our revenue.

Other Income and Gains. Our other income and gains increased by 207.89% to RMB369.48 million for the six months ended June 30, 2013 from RMB120.00 million for the same period of 2012 mainly due to the increase in government grants. This was partially offset by the decrease in reversal of the provision for the impairment of trade and other receivables. Our government grants for the first half of 2013 mainly consisted of the government subsidy of RMB294.84 million as compensation by the Cangzhou government to us for the business tax and surcharges of RMB292.23 million and the stamp duty of RMB2.61 million incurred and recognized in November 2011 and February 2012, respectively, in connection with the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai to Cangzhou Port Group Ltd., a company affiliated with the Cangzhou government, which tax,

surcharges and stamp duty were not covered in the transfer proceeds payable by Cangzhou Port Group Ltd. See "—Prepayments, Deposits, and Other Receivables" for more details of the transfer of the Huanghua Port public infrastructure.

Selling and Distribution Expenses. Our selling and distribution expenses decreased by 37.50% to RMB15,000 for the six months ended June 30, 2013 from RMB24,000 for the same period of 2012 mainly due to the decrease of selling and distribution expenses of Ruigang Tech.

Administrative Expenses. Our administrative expenses increased by 6.99% to RMB359.70 million for the six months ended June 30, 2013 from RMB336.20 million for the same period of 2012 mainly because Cangzhou Bohai began to incur costs since October 2012, which led to greater employee benefit expenses in the first half of 2013. This was partially offset by a decrease in land use tax expenses. The tax expenses were higher in the first half of 2012 as compared to the same period of 2013 mainly due to the land use taxes of RMB35.15 million for the occupation of certain lands by our railway facilities.

Other Expenses. Our other expenses decreased by 83.52% from RMB154.28 million for the six months ended June 30, 2012 to RMB25.43 million for the six months ended June 30, 2013 as Cangzhou Bohai paid dredging costs of RMB150.00 million in the first half of 2012 in connection with the transfer of the Huanghua Port public infrastructures, which cost was not offset by the grant from the Cangzhou government, as the grant was paid as compensation by the Cangzhou government to us for the business tax and surcharges and stamp duty paid by us in connection with the transfer of the Huanghua Port public infrastructure by Cangzhou Bohai to Cangzhou Port Group Ltd., a company affiliated with the Cangzhou government, and the dredging cost was neither paid to the Cangzhou government (but to Cangzhou Port Group Company Ltd.) nor deemed part of the acquisition cost of such infrastructure. See also "—Prepayments, Deposits, and Other Receivables" for more details.

Finance Costs. Our finance costs increased by 22.50% to RMB144.51 million for the six months ended June 30, 2013 from RMB117.97 million for the same period of 2012. This increase was mainly due to the recognition of our finance costs for the development projects in Huanghua Port in connection with the partial completion of the construction of such projects.

Share of Profits of Associate Companies. Our share of profits of associate companies increased by 11.70% to RMB63.39 million for the six months ended June 30, 2013 from RMB56.74 million for the same period of 2012 due to the increased profits of Caofeidian Shiye Port Company as a result of an increase in its metal ore throughput.

Share of Profits/Losses of Joint Ventures. Our share of profits of joint ventures for the six months ended June 30, 2012 was RMB0.32 million. Our share of losses of joint ventures for the six months ended June 30, 2013 was RMB0.05 million.

*Income Tax Expense*s. Our income tax expense decreased from RMB236.31 million for the six months ended June 30, 2012 to RMB227.27 million for the same period of 2013. Our effective income tax rate was 24.47% for the six months ended June 30, 2012 and 15.90% for the six months ended June 30, 2013. Our income tax expenses and effective income tax rate for the first half of 2013 were lower than that of the same period of 2012 mainly because certain loss on disposal of property, plant and equipment of prior fiscal years was confirmed to be deductible for tax purpose by the local tax authority in June 2013, thus reducing the tax expenses of our Group. See "—Consolidated Results of Operations — Description of Selected Items of Results of Operations —Income Tax Expenses."

Profit for the Period. As a result of the foregoing, our profit increased by 64.81% to RMB1,202.21 million for the six months ended June 30, 2013 from RMB729.47 million for the same period of 2012. Our profit margin increased from 24.15% for the six months ended June 30, 2012 to 35.50% for the same period of 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Highlights of Operating Results

The following financial information is extracted from our consolidated statements of comprehensive income for 2012 and 2011.

	Year Ended December 31,		
	2011	2012	Changes
	(RMB'000)	(RMB'000)	(%)
Revenue	5,734,310	6,250,162	9.00
Cost of sales	(3,254,410)	(3,536,081)	8.66
Gross profit	2,479,900	2,714,081	9.44
Other income and gains	56,354	125,416	122.55
Selling and distribution expenses	(1,941)	(496)	(74.45)
Administrative expenses	(605,462)	(741,148)	22.41
Other expenses	(400,416)	(168,466)	(57.93)
Finance costs	(208,906)	(259,209)	24.08
Share of profits and losses of:			
Associate companies	168,139	154,622	(8.04)
Joint ventures	313	565	80.51
Profit before tax	1,487,981	1,825,365	22.67
Income tax expense	(427,332)	(428,069)	0.17
Profit for the year	1,060,649	1,397,296	31.74

Revenue. Our total revenue increased by 9.00% from RMB5,734.31 million in 2011 to RMB6,250.16 million in 2012. Revenue generated from our coal service increased by 6.13% from RMB5,003.61 million in 2011 to RMB5,310.41 million in 2012 mainly due to the increase in our lump sum coal handling fees for both domestic and international trade effective from October 2011, partially offset by the decrease in coal throughput in 2012 as compared to 2011 due to a slow-down in the growth of the Chinese economy and subsequent general decrease in the domestic demand for coal as a primary source of power and for other industrial uses. Revenue generated from our metal ore handling services increased by 151.25% from RMB107.66 million in 2011 to RMB270.50 million in 2012, mainly as a result of (i) our raise of the lump sum fee for metal ore handling in October 2011, and (ii) the recovery of the throughput of metal ore in 2012 from the low level in 2011 which was a result of the stricter enforcement of certain local regulations concerning transportation of metal ores in 2011 that had negatively impacted the land transportation of metal ore in that year. In addition, Cangzhou Bohai began to generate revenue from October 2012, which also contributed to the growth of the metal ore throughput and revenue in 2012.

Cost of Sales. Our cost of sales increased by 8.66% to RMB3,536.08 million in 2012 from RMB3,254.41 million in 2011. This increase was mainly due to (i) the increase in our employee benefits as a result of inflation and the competition in the port industry to attract skilled labor, and (ii) the employee benefit costs, depreciation and amortization costs, and port machinery leasing fee incurred by Cangzhou Bohai as it began to incur costs from October 2012. The increase was partially offset by a decrease in repair and maintenance expenses due to a slight fluctuation of the equipment repair and maintenance costs.

Gross Profit. Our gross profit increased by 9.44% to RMB2,714.08 million in 2012 from RMB2,479.90 million in 2011. Our gross profit margin remained stable and was 43.25% in 2011 and 43.42% in 2012.

Other Income and Gains. Our other income increased by 122.55% to RMB125.42 million in 2012 from RMB56.35 million in 2011 mainly due to (i) the increase in dividend income from SDIC Caofeidian Port Company from RMB30.00 million in 2011 to RMB45.00 million in 2012, (ii) the increase in our

income from bank deposits from RMB16.34 million in 2011 to RMB19.19 million in 2012, and (iii) the reversal in 2012 of the provision for the impairment of receivables due from Cangzhou Port Group Ltd. in connection with the transfer of the Huanghua Port public infrastructure in the amount of RMB58.40 million which was originally recorded in 2011. Such increase was partially offset by certain other provisions for the impairment of receivables in the amount of RMB8.37 million made in 2012.

Selling and Distribution Expenses. Our selling and distribution expenses decreased by 74.45% to RMB0.50 million in 2012 from RMB1.94 million in 2011 as the selling and distribution expenses of our subsidiary Ruigang Tech decreased primarily due to its higher expenses in 2011 in connection with its procurement of services of third party technical experts for the education of its customers with respect to the technologies of its equipment.

Administrative Expenses. Our administrative expenses increased by 22.41% to RMB741.15 million in 2012 from RMB605.46 million in 2011 mainly due to (i) increases in employee benefits as a result of inflation and competition in the port industry to attract skilled labor, and (ii) the land use taxes of RMB35.15 million we paid in the first half of 2012 for the occupation of certain lands by our railway facilities.

Other Expenses. Our other expenses decreased by 57.93% to RMB168.47 million in 2012 from RMB400.42 million in 2011. Such decrease was mainly attributable to (i) the provision of RMB292.23 million made in 2011 in connection with the transfer of the public infrastructures constructed by Cangzhou Bohai in Huanghua Port to Cangzhou Port Group Company Ltd., (ii) the provision of RMB80.26 million made in 2011 for the remaining balance of the RMB1.605 billion transfer funds receivable for the transfer of the public infrastructures in Huanghua Port, and (iii) the one-off donation of RMB15.20 million to support the construction of public facilities that was also made in 2011. In 2012, our other expenses were mainly related to the dredging costs of RMB150.00 million paid by Cangzhou Bohai in connection with the transfer of the Huanghua Port public infrastructures in the first half of 2012.

Finance Costs. Our finance costs increased by 24.08% to RMB259.21 million in 2012 from RMB208.91 million in 2011. This increase was mainly due to (i) an increase in the interest expense resulting from increased interest rates on our bank borrowings as a result of an increase in the applicable benchmark lending rates set by the PBOC and (ii) the recognition of our financing cost in the development projects in Huanghua Port in connection with the partial completion of the construction of such projects.

Share of Profits of Associate Companies. Our share of profits of associate companies decreased to RMB154.62 million in 2012 from RMB168.14 million in 2011 primarily due to the decrease in the profits of Caofeidian Shiye Port Company as its metal ore throughput decreased due to a slow-down in the growth of the Chinese economy.

Share of Profits of Joint Ventures. Our share of profits of our joint ventures increased to RMB0.57 million in 2012 from RMB0.31 million in 2011.

*Income Tax Expense*s. Our income tax expenses increased by 0.17% to RMB428.07 million in 2012 from RMB427.33 million in 2011, mainly due to an increase in profit before tax to RMB1,825.37 million in 2012 from RMB1,487.98 million in 2011. Our effective income tax rate was 28.72% in 2011 and 23.45% in 2012.

Profit for the Year. As a result of the foregoing, our profit increased by 31.74% to RMB1,397.30 million in 2012 from RMB1,060.65 million in 2011, and our profit margin increased from 18.50% in 2011 to 22.36% in 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Highlights of Operating Results

The following financial information is extracted from our consolidated statements of comprehensive income for 2011 and 2010.

	Year Ended December 31,		
	2010	2011	Changes
	(RMB'000)	(RMB'000)	(%)
Revenue	5,109,548	5,734,310	12.23
Cost of sales	(3,158,540)	(3,254,410)	3.04
Gross profit	1,951,008	2,479,900	27.11
Other income and gains	19,344	56,354	191.33
Selling and distribution expenses	(896)	(1,941)	116.63
Administrative expenses	(543,843)	(605,462)	11.33
Other expenses	(18,062)	(400,416)	2,116.90
Finance costs	(156,459)	(208,906)	33.52
Share of profits and losses of:			
Associate companies	171,102	168,139	(1.73)
Joint ventures	494	313	(36.64)
Profit before tax	1,422,688	1,487,981	4.59
Income tax expense	(326,088)	(427,332)	31.05
Profit for the year	1,096,600	1,060,649	(3.28)

Revenue. Our total revenue increased by 12.23% to RMB5,734.31 million in 2011 from RMB5,109.55 million in 2010. Our revenue generated from coal services increased by 16.94% from RMB4,278.90 in 2010 to RMB5,003.61 million in 2011, primarily due to (i) the increase in our coal throughput as a result of the growth of the Chinese economy and (ii) the increase in our lump sum coal handling fees for both domestic and international trade, effective from the fourth quarter of 2011. Our revenue generated from metal ore handling decreased by 47.96% from RMB206.88 million in 2010 to RMB107.66 million in 2011, primarily as a result of the decline in metal ore cargo volume due to the stricter enforcement of certain local regulations concerning transportation of metal ores in 2011 that had negatively impacted the land transportation of metal ore in that year. In addition, our revenue generated from the handling of oil and liquefied chemicals increased by 20.18% from RMB119.07 million in 2010 to RMB143.10 million in 2011, mainly as we increased the lump sum handling fee for oil and liquefied chemicals and the throughput of oil and liquefied chemicals also increased in the same year.

Cost of Sales. Our cost of sales increased to RMB3,254.41 million in 2011 from RMB3,158.54 million in 2010. This increase was mainly due to the increases in our employee benefits, repair and maintenance expenses and power and fuel costs, partially offset by a decrease in leasing expenses as the throughput volume of general cargoes decreased, which led to reduced leasing fees for the vehicles used to load and unload general cargoes.

Gross Profit. Our gross profit increased by 27.11% to RMB2,479.90 million in 2011 from RMB1,951.01 million in 2010. Our gross profit margin increased from 38.18% in 2010 to 43.25% in 2011 primarily due to our raise of the lump sum coal handling fee for domestic trade by RMB3 per tonne in October 2011 and the increase in total throughput in 2011.

Other Income and Gains. Our other income increased by 191.33% to RMB56.35 million in 2011 from RMB19.34 million in 2010 mainly due to (i) the receipt of dividend in the amount of RMB30.00 million from SDIC Caofeidian Port Company in 2011, (ii) the increase in our interest income from bank deposit due to an increase in the benchmark interest rate mandated by PBOC, and (iii) the increase in

government grants of environmental protection funds which were recognized in 2011. In 2010, we recognized gains on disposal of our subsidiary Shanhaiguan Terminal in the amount of RMB5.37 million.

Selling and Distribution Expenses. Our selling and distribution expenses increased by 116.63% to RMB1.94 million in 2011 from RMB0.90 million in 2010 mainly as the selling and distribution expenses of our subsidiary Ruigang Tech increased in 2011 in connection with its procurement of services of third party technical experts for the education of its customers with respect to the technologies of its equipment.

Administrative Expenses. Our administrative expenses increased by 11.33% to RMB605.46 million in 2011 from RMB543.84 million in 2010 mainly due to the increase in employee benefits as a result of inflation and competition in the port industry to attract skilled labor.

Other Expenses. Our other expenses increased significantly from RMB18.06 million in 2010 to RMB400.42 million in 2011 primarily due to (i) the provision of RMB292.23 million made in 2011 in connection with the transfer of the public infrastructures constructed by Cangzhou Bohai in Huanghua Port to Cangzhou Port Group Company Ltd., (ii) the provision of RMB80.26 million made in 2011 for the remaining balance of the RMB1.605 billion transfer funds receivable for the transfer of the public infrastructures in Huanghua Port, and (iii) the one-off donation of RMB15.20 million to support the construction of public facilities that was also made in 2011.

Finance Costs. Our finance costs increased by 33.52% to RMB208.91 million in 2011 from RMB156.46 million in 2010, which was mainly due to (i) the increase in the total amount of our interest bearing bank borrowings, and (ii) the increase in the interest rate due to an increase in the benchmark interest rate mandated by PBOC.

Share of Profits of Associate Companies. Our share of profits of associate companies remained stable and was RMB171.10 million in 2010 and RMB168.14 million in 2011.

Share of Profits of Joint Ventures. Our share of profits of joint ventures decreased by 36.64% to RMB0.31 million in 2011 from RMB0.49 million in 2010.

Income Tax Expense. Our income tax expense increased by 31.05% to RMB427.33 million in 2011 from RMB326.09 million in 2010, mainly because, on one hand, certain loss on disposal of property, plant and equipment incurred by one of our consolidated subsidiaries was not deductible for tax purpose in 2011, and on the other hand, the total profit before tax of all the other consolidated subsidiaries in our Group increased. Our effective income tax rate was 22.92% in 2010 and 28.72% in 2011.

Profit for the Year. As a result of the foregoing, our profit decreased by 3.28% to RMB1,060.65 million in 2011 from RMB1,096.60 million in 2010, and our profit margin decreased from 21.46% in 2010 to 18.50% in 2011.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically met our working capital needs mainly from cash generated from operations and bank borrowings. After the Global Offering, we are expected to continue to mainly rely on cash generated from operations and bank borrowings for our working capital needs. Besides bank borrowings and cash generated from operations, we may also rely on financing instruments such as straight and convertible debt securities and other short-term securities to meet the capital requirements of our future development projects and other capital needs.

Cash Flow Data

Our primary uses of cash are to pay employee wages and dividends to our shareholders, purchase equipment, fund our working capital and normal recurring expenses, and fund part of the capital expenditures in connection with the construction of projects in Huanghua Port and Caofeidian Port. We maintain our liquidity through a combination of cash flows generated from operating activities and bank borrowings.

The cash flow data set out in the table below is extracted from our consolidated statements of cash flows for each of the years ended December 31, 2010, 2011 and 2012 and six months ended June 30, 2012 and 2013.

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(RMB'000)		
				(unaudited)	
Net cash generated from operating activities	2,182,984	2,366,767	2,171,665	939,096	1,402,568
Net cash (used in)/generated from investing activities	(3,393,095)	838,370	(2,470,774)	(1,323,816)	(1,170,696)
Net cash generated from/(used in) financing activities	801,760	1,212,562	(1,870,275)	(1,613,470)	(1,180,949)
Net (decrease)/increase in cash and cash equivalents	(408,351)	4,417,699	(2,169,384)	(1,998,190)	(949,077)
Cash and cash equivalents at the beginning of the year/period	1,496,923	1,088,572	5,506,271	5,506,271	3,336,887
Cash and cash equivalents at the end of the year/period	1,088,572	5,506,271	3,336,887	3,508,081	2,387,810

Net Cash Generated From Operating Activities

For the six months ended June 30, 2013, our net cash generated from operating activities amounted to RMB1,402.57 million, primarily due to cash inflow from operating activities before movements in working capital of RMB1,662.74 million (reflecting profit before tax after adjustments of certain items) and increase in other operating payables and accruals of RMB39.66 million. This was partially offset by an increase in trade and bills receivables of RMB60.26 million (before deduction of certain provision for impairment). The increase in other operating payables and accruals was primarily due to unpaid leasing fees. The increase in trade and bills receivables was primarily due to an increase in our trade receivables in metal ore business as a result of the unfavorable general conditions of the relevant industry. We paid income tax of RMB288.63 million in the six months ended June 30, 2013.

For the six months ended June 30, 2012, our net cash generated from operating activities amounted to RMB939.10 million, primarily due to cash inflow from operating activities before movements in working capital of RMB1,479.14 million (reflecting profit before tax after adjustments of certain items) and increase in trade payables of RMB18.89 million, partially offset by a decrease in other operating payables and accruals of RMB66.65 million. We paid income tax of RMB399.51 million in the six months ended June 30, 2012.

For the year ended December 31, 2012, our net cash generated from operating activities amounted to RMB2,171.67 million, primarily due to cash inflow from operating activities before movements in working capital of RMB2,844.04 million (reflecting profit before tax after adjustments of certain items). This was partially offset by a decrease in other operating payables and accruals of RMB66.51 million and an increase in trade and bills receivables of RMB45.51 million. The decrease in other operating payables and accruals came from the payment of the enterprise supplementary

pension for the current year beginning in 2012, while for 2011 and before, we provided for the enterprise supplementary pension in the current year and paid in the next year. The increase in trade and bills receivables was primarily due to our increased metal ore revenue in 2012 from the increased lump sum fee for metal ore handling in October 2011. We paid income tax of RMB570.89 million in the year ended December 31, 2012.

For the year ended December 31, 2011, our net cash generated from operating activities amounted to RMB2,366.77 million, primarily due to cash inflow from operating activities before movements in working capital of RMB2,704.03 million (reflecting profit before tax after adjustments of certain items), increase in other operating payables and accruals of RMB28.54 million and increase in trade payables of RMB21.71 million. This was partially offset by increase in prepayments, deposits and other receivables of RMB6.99 million. The increase in other operating payables and accruals was primarily due to the increase in prepaid port services fees due to increases in coal handling revenue from 2010 to 2011. The increase in trade payables was primarily due to (i) an increase in our purchase fees payables in relation to our purchase of spare parts, and (ii) an increase in port machinery leasing fees incurred by Cangzhou Bohai. We paid income tax of RMB393.23 million in the year ended December 31, 2011.

For the year ended December 31, 2010, our net cash generated from operating activities amounted to RMB2,182.98 million, primarily due to cash inflow from operating activities before movements in working capital of RMB2,263.60 million (reflecting profit before tax after adjustments of certain items), increase in other operating payables and accruals of RMB120.04 million, increase in trade payables of RMB27.87 million and decrease in prepayments, deposits and other receivables of RMB16.25 million, partially offset by an increase in inventories of RMB29.41 million. The increase in other operating payables and accruals was primarily due to the increase in prepaid port services fees as we developed certain long-term customers of our coal business. We paid income tax of RMB237.92 million in the year ended December 31, 2010.

Net Cash (Used in)/Generated from Investing Activities

For the six months ended June 30, 2013, our net cash used in investing activities amounted to RMB1,170.70 million, primarily consisting of cash used to purchase property, plant and equipment in the amount of RMB1,694.54 million related to the construction of our development projects in Huanghua Port and Caofeidian Port and investment in Tangshan Jingtang Railway, our associate company, in the amount of RMB40.00 million. This was partially offset by cash inflow from disposal of property, plant and equipment in the amount of RMB208.02 million and government grants in the amount of RMB294.94 million, which was primarily related to the proceeds received in connection with our transfer of Huanghua Port public infrastructure.

For the six months ended June 30, 2012, our net cash used in investing activities amounted to RMB1,323.82 million, primarily consisting of cash used to purchase property, plant and equipment in the amount of RMB2,120.19 million, which was partially offset by cash inflow from disposal of property, plant and equipment in the amount of RMB895.69 million.

For the year ended December 31, 2012, our net cash used in investing activities amounted to RMB2,470.77 million, primarily consisting of cash used to purchase property, plant and equipment in the amount of RMB3,597.98 million. This was related to the construction of our development projects in Huanghua Port and Caofeidian Port, and was partially offset by cash inflow generated from disposal of property, plant and equipment in the amount of RMB904.43 million, which was primarily related to the proceeds received in connection with our transfer of the Huanghua Port public infrastructures. See also "— Capital Expenditures."

For the year ended December 31, 2011, our net cash generated from investing activities amounted to RMB838.37 million, primarily consisting of cash inflow generated from disposal of property, plant and equipment in the amount of RMB3,745.63 million, which was primarily related to

the transfer proceeds for the Huanghua Port public infrastructures. This was partially offset by cash used in purchase of property and equipment in the amount of RMB2,705.38 million, which was mainly related to our development projects in Huanghua Port and Caofeidian Port.

For the year ended December 31, 2010, our net cash used in investing activities amounted to RMB3,393.10 million, primarily consisting of cash used in the purchase of property, plant and equipment in the amount of RMB3,097.46 million, which was mainly related to the construction projects in Huanghua Port.

Net Cash From/(Used in) Financing Activities

For the six months ended June 30, 2013, our net cash used in financing activities amounted to RMB1,180.95 million, primarily consisting of cash used to repay borrowings from commercial banks in the amount of RMB1,695.00 million and dividend paid in the amount of RMB1,090.13 million, partially offset by cash from borrowings in the amount of RMB1,902.69 million to meet our daily capital turnover and capital demand for the development projects in Caofeidian Port.

For the six months ended June 30, 2012, our net cash used in financing activities amounted to RMB1,613.47 million, primarily consisting of cash used to repay borrowings from commercial banks in the amount of RMB3,806.00 million, partially offset by cash from borrowings in the amount of RMB2,875.82 million.

For the year ended December 31, 2012, our net cash used in financing activities amounted to RMB1,870.28 million, primarily consisting of cash used to repay borrowings from commercial banks in the amount of RMB4,834.80 million, interest paid in the amount of RMB686.62 million and dividends paid in the amount of RMB405.34 million. This was partially offset by cash from borrowings in the amount of RMB4,037.68 million to meet our daily capital turnover and capital demand for the development projects in Huanghua Port and Caofeidian Port.

For the year ended December 31, 2011, our net cash generated from financing activities amounted to RMB1,212.56 million, primarily consisting of cash from borrowings in the amount of RMB4,330.23 million, which was incurred to meet our daily capital turnover and capital demand for the development projects at Huanghua Port and Caofeidian Port, and the capital contributions from the non-controlling shareholders of Caofeidian Coal in the amount of RMB441.44 million. This was partially offset by cash used to repay borrowings in the amount of RMB2,830.00 million, interest paid in the amount of RMB433.33 million and dividend paid in the amount of RMB300.74 million.

For the year ended December 31, 2010, our net cash generated from financing activities amounted to RMB801.76 million, primarily consisting of cash from borrowings in the amount of RMB5,163.50 million, which was borrowed to meet our daily capital turnover and capital demand for the development projects at Huanghua Port and Caofeidian Port. This was partially offset by cash used to repay borrowings in the amount of RMB2,618.00 million, dividend paid in the amount of RMB1,395.15 million and interest paid in the amount of RMB351.74 million.

CURRENT ASSETS/ LIABILITIES AND WORKING CAPITAL

The table below sets out our consolidated current assets and current liabilities extracted from the consolidated statements of financial position during the Track Record Period:

	As of December 31,			As of June 30,	As of Indebtedness Date
	2010	2011	2012	2013	
			(RMB'000)		(unaudited)
Current assets					
Inventories	206,394	209,785	213,404	186,370	187,814
Trade and bills receivables	159,985	158,059	202,371	255,222	280,261
Prepayments, deposits and other receivables	111,793	1,627,270	257,163	191,681	68,902
Tax recoverable	1,056	26,128	26,128	28,875	—
Pledged deposits	2,706	3,911	—	481	481
Cash and cash equivalents	1,088,572	5,715,271	3,492,887	2,524,072	2,979,725
Total current assets	1,570,506	7,740,424	4,191,953	3,186,701	3,517,183
Current liabilities					
Trade payables	51,760	73,467	68,762	80,114	62,376
Other payables and accruals	4,032,226	3,030,918	2,384,527	2,315,040	2,637,961
Interest-bearing bank borrowings	2,539,000	4,194,000	2,564,534	2,484,034	3,541,234
Tax payable	207,877	312,897	176,100	165,434	206,076
Total current liabilities	6,830,863	7,611,282	5,193,923	5,044,622	6,447,647
Net current assets/(liabilities)	(5,260,357)	129,142	(1,001,970)	(1,857,921)	(2,930,464)

As of December 31, 2010, 2011 and 2012 and June 30, 2013, we recorded net current liabilities of RMB5,260.36 million, net current assets of RMB129.14 million, net current liabilities of RMB1,001.97 million and net current liabilities of RMB1,857.92 million, respectively. Our net current liabilities as of December 31, 2010 and 2012 and June 30, 2013 were mainly attributable to our development projects in Huanghua Port and Caofeidian Port, which reduced our cash and cash equivalents and increased our bank borrowings and our payables in connection with these development projects, and declarations of cash dividends during the relevant periods.

We recorded net current liabilities as of December 31, 2010 primarily because we incurred significant construction fee payables in connection with the construction projects at the general bulk terminal of Huanghua Port and for the construction of the public infrastructure in Huanghua Port, as well as short-term borrowings for working capital needs and the construction projects in Huanghua Port, and declared dividends of RMB1,695.89 million in 2010. We recorded net current assets as of December 31, 2011 primarily because we received a payment of RMB3,850.00 million from Cangzhou Port Group Company Limited for the transfer of the public infrastructure in Huanghua Port and recorded the remaining unpaid balance of RMB1,368.45 million as receivables, resulting in a significant increase in our total current assets, partially offset by the construction fee payables in connection with the construction projects in Huanghua Port and our short-term bank borrowings. Our short-term borrowings increased from RMB2,539.00 million as of December 31, 2010 to RMB4,194.00 million as of December 31, 2011, mainly because a portion of the three-year bank loans we borrowed in 2009, which had been recorded as non-current liabilities for the prior years, became due within one year and therefore were recorded as current liabilities. We recorded net current liabilities as of December 31, 2012 primarily because we incurred construction fee payables in connection with the development projects in Huanghua Port and Caofeidian Port, as well as short-term working capital loans, and declared dividends of RMB405.34 million in 2012. We recorded net current liabilities as of June 30, 2013 primarily because we incurred construction fee payables in connection with the development projects in Huanghua Port and Caofeidian Port, as well as short-term working capital loans, and declared dividends of RMB1,090.13 million in the first half of 2013.

Our net current liabilities increased from RMB1,857.92 million as of June 30, 2013 to RMB2,930.46 million as of the Indebtedness Date, mainly attributable to an increase in our short-term bank borrowings by RMB1,057.20 million from June 30, 2013 to the Indebtedness Date. The proceeds from such additional short-term borrowings were intended to be used for working capital or replacing existing loans. Our prepayments, deposits and other receivables decreased from RMB191.68 million as of June 30, 2013 to RMB68.90 million as of the Indebtedness Date mainly because we received a dividend of RMB133 million from our associate company, Caofeidian Shiye Port Company, resulting in a corresponding decrease in dividend receivables. Our trade receivables decreased by RMB15.60 million from RMB218.23 million as of June 30, 2013 to RMB202.63 million as of the Indebtedness Date as one customer with whom we have outstanding trade receivables paid us RMB40 million in the form of bank's acceptance bill, resulting in an increase in our bill receivable and a corresponding decrease in our trade receivable, which was partially offset by new trade receivables incurred in connection with our normal settlement process in our operations.

During the Track Record Period, we have met our working capital needs mainly from cash generated from operations and bank borrowings. We manage our cash flow and working capital by closely monitoring and managing, among other things, (i) the levels of our accounts payables and receivables, (ii) our capital expenditure plans, and (iii) our ability to obtain external financing. We also diligently review future cash flow requirements and assess our ability to meet debt repayment schedules and adjust our investment, financing and dividend payout plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations and expansion plans. We plan to maintain a prudent capital expenditure policy and fund some of our development projects with the proceeds from the Global Offering. See also "Future Plans and Use of Proceeds."

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, cash flow generated from operations, unutilized bank facilities and additional bank financings we may obtain as further discussed below, as well as net proceeds from the Global Offering, our Directors believe that we have sufficient working capital required for our operations at present and for at least the next 12 months from the date of the Prospectus:

- Operating cash flows. During the entire Track Record Period, we had stable and positive cash flows generated from operations, and we expect to continue to generate positive cash flows from our operations.

- Ability to renew bank loans and obtain additional bank financings. During the entire Track Record Period, we had been able to renew or roll over our bank loans at maturity as we required; most of our outstanding bank borrowings were made at the applicable benchmark lending rates published by PBOC or even at rates that were 5% or 10% lower than such benchmark rates, without any requirement for guarantee or security from us for such loans; and we had never breached any restrictive covenant under any bank loans in any material respect that had or would have, without a waiver, resulted in a default or event of default under the applicable loan agreements or an acceleration of such loans. Furthermore, the recent global financial market volatility and the credit tightening in China did not have any material impact on our ability to secure bank financings on the terms described above during the Track Record Period. We therefore believe that we will be able to continue to renew our bank loans and obtain additional bank financings under commercially acceptable terms in the future.

- Unused bank facilities. As of the Latest Practicable Date, we had total unused bank facilities of RMB4.28 billion. See also "— Indebtedness" for a description of unused bank facilities and outstanding bank loans, including any restrictive covenants under such loans.

Capital Expenditure

Our capital expenditures, which represent cash-based capital expenditures for purchasing of items of property, plant and equipment and intangible assets deducting capitalized interests, during

the Track Record Period was mainly incurred in connection with the construction of certain public infrastructure in Huanghua Port, Huanghua Port bulk terminal, Huanghua Port general bulk terminal, Huanghua Port multi-purpose terminal and Caofeidian Port coal terminal. Among the above projects, the constructions of the public infrastructure in Huanghua Port and the Huanghua Port bulk terminal, general bulk terminal and multi-purpose terminal were invested by Cangzhou Bohai and the Caofeidian Port coal terminal was invested by Caofeidian Coal. For the years ended December 31, 2010, 2011 and 2012, our capital expenditure was approximately RMB3,241.87 million, RMB2,783.46 million and RMB3,614.23 million, respectively. For the six months ended June 30, 2012 and 2013, our capital expenditure was RMB2,120.19 million and RMB1,698.39 million, respectively. In addition to the investment in the Huanghua Port general bulk terminal project and the Caofeidian Port coal terminal, our capital expenditure in the first half of 2013 was also used in the preparation of the construction of the Huanghua Port ore terminal. The Huanghua Port ore terminal project is invested by Cangzhou Mineral. The total expected expenditure for the Huanghua Port ore terminal project is approximately RMB5.25 billion. We have begun the preparation work of this project, and the project is expected to be completed by 2014. We plan to fund the capital requirements of this project by the net proceeds we will receive from the Global Offering, bank borrowings and cash generated from operations. For details of the use of proceeds from the Global Offering, see "Future Plans and Use of Proceeds."

Available-for-sale Investments

Available-for-sale investments during the Track Record Period represented our equity investment in Ruigang Logistics, SDIC Caofeidian Port Company, Qinhuangdao Port Elevator Co., Ltd., Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. and Tangshan Caofeidian Tugboat Co., Ltd.

Ruigang Logistics is 17% owned by our Company and 1% by Qinhuangdao Coal Market, our 68%-owned subsidiary. Ruigang Logistics is principally engaged in coal trading, transportation, freight forwarding, cargo storage and logistics information management and consulting services. Our investment in Ruigang Logistics is expected to provide good returns to us and opportunities to capitalize on its synergy with our owned businesses. Services provided by Ruigang Logistics are complementary to our port services and help to extend our business value chain and further promote our service quality and our continual growth. Our investment in Ruigang Logistics was made as part of the initial investments in that company in connection with its establishment.

SDIC Caofeidian Port Company is 15% owned by our Company. SDIC Caofeidian Port Company is engaged in the business of providing terminal facilities services for vessels, cargo loading and unloading, cargo storage, investment and construction of harbor engineering development projects, towing services and property management. Our investment in SDIC Caofeidian Port Company is in line with our strategy to strengthen our competitiveness in Caofeidian Port. We have gained stable dividend income from SDIC Caofeidian Port Company since 2011 and expect to continue to benefit from its profitability in the future. The investment in SDIC Caofeidian Port Company was initially made by our Controlling Shareholder and subsequently injected into our Company pursuant to the Reorganization. See also "History, Reorganization and Corporate Structure."

Qinhuangdao Port Elevator Co., Ltd. is 10% owned by Ruigang Tech, our wholly owned subsidiary. Qinhuangdao Port Elevator Co., Ltd. is principally engaged in the sale, installation and maintenance of elevators and also provides technical consultation services relating to elevators. Our investment in Qinhuangdao Port Elevator Co., Ltd. ensures the availability of elevator maintenance services to our office buildings, which used to be provided by third parties. The investment in Qinhuangdao Port Elevator Co., Ltd. was initially made by Ruigang Tech prior to the Reorganization, pursuant to which the Controlling Shareholder injected its 90% equity interest in Ruigang Tech into our Company. See also "History, Reorganization and Corporate Structure."

Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. is 16% owned by Caofeidian Coal, our 51% subsidiary. Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. plans to principally

engage in projects relating to the business of coal stacking, coal blending, transportation and logistic system design consultation services. Our investment in Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. will facilitate the growth of our coal stacking capacity in Caofeidian coal terminals, which will supplement Caofeidian Coal's stacking capacity upon its commencement of operation, and will provide a stable demand for the coal handling services of our coal terminals in Caofeidian Port. The investment by Caofeidian Coal in Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. was made as direct investments in that company.

Tangshan Caofeidian Tugboat Co., Ltd. is 40.99% owned by Caofeidian Shiye, our associate company in which we hold 35% interest, and 18.03% by Caofeidian Coal, our 51% subsidiary. Tangshan Caofeidian Tugboat Co., Ltd. is principally engaged in tugboat services. Our investment in Tangshan Caofeidian Tugboat Co., Ltd. ensures the availability of tugboat services to our operations in Caofeidian Port. The investment by Caofeidian Shiye and Caofeidian Coal in Tangshan Caofeidian Tugboat Co., Ltd. was made as part of the initial investments in that company in connection with its establishment.

These equity investments are deemed as available-for-sale investments in accordance with applicable accounting rules because (i) we have no control, joint control or significant influence over those entities we have investment in, (ii) the investments are not loans or receivables, nor do they have fixed maturity, and (iii) we have not designated such equity investments as financial assets at fair value through profit or loss because they are unlisted and not actively traded. The main purposes of our investments, as described in details above, were to supplement our port services, extend our business value chain and promote demand for our services as well as our profitability and continual growth, among other objectives.

In line with our investment policies, before we make investment decisions with respect to available-for-sale investments, we put forward investment proposals which cover, among other things, the purpose of the investment and the required financial commitment. The total carrying value of our available-for-sale investments measured on a cost-less-impairment basis was RMB387.90 million, RMB649.07 million, RMB681.62 million and RMB681.62 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. The following table sets forth the carrying value of each investee company during the Track Record Period:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
		(RMB'000)		
Ruigang Logistics	—	36,000	36,000	36,000
SDIC Caofeidian Port Company	355,500	465,750	498,000	498,000
Qinhuangdao Port Elevator Co., Ltd.	402	402	702	702
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd.	32,000	65,040	65,040	65,040
Tangshan Caofeidian Tugboat Co., Ltd.	—	81,882	81,882	81,882
Total	387,902	649,074	681,624	681,624

We intend to hold our interests in these available-for-sale investments as long-term investment.

Pursuant to our "External Investment Decision Management Policy," we shall follow the following principles while making investment decisions: (1) all investment decisions must comply with PRC laws and regulations; (2) reasonably allocate the investments between long-term assets and current assets to achieve balance between liquidity and return; (3) to invest in projects with the most optimal return; and (4) to minimize investment risk. Our investment focus is on expanding port facilities and improving our services in the Bohai Rim. See also "Business — Business Strategies — Building upon our operations in the Bohai Rim, pursue suitable acquisition opportunities in China and abroad to extend our leading competitive position."

We have established an investment development department (the "Department") to coordinate and oversee our investments. While making any investment decision, the Department will coordinate

with other relevant departments to form the proposal which is in the best interest of the Company. The Department comprises 14 employees, four of whom are in charge of the daily investment reviewing, including Mr. HAN Jian, the director of the Department, who holds a master of business administration degree from Peking University, Ms. WANG Yufan, vice director of the Department, who also holds a master of business administration degree from Peking University, Mr. WANG Guozhu, a manager of the Department, who holds a bachelor degree in transportation management from Northern Jiaotong University, and Mr. ZHAO Chengrui, a staff of the Department, who holds a bachelor degree in information and technology from Hefei University of Technology. These individuals possess on average approximately 15 years of experience in the field of port operation. Investment proposal will be approved by different decision bodies including the Chairman of the Board, the Board or the Shareholders, depending on the scale of the investment project and other factors including the asset value, fair market value of the project, revenue or profit to be generated by the project and the project's impact on our financial results. See also "Directors, Supervisors, Senior Management and Employees" for description of the Chairman of the Board and each Board members' work experience and qualifications.

Inventories

Our inventories mainly consisted of port operation materials and spare parts for equipment maintenance. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our total inventory balances amounted to RMB206.39 million, RMB209.79 million, RMB213.40 million and RMB186.37 million, accounting for 0.96%, 0.88%, 0.92% and 0.79% of the total assets, respectively. We endeavor to maintain a reasonable inventory level required for our operations through effective inventory management. The inventory turnover rates were relatively short during the Track Record Period.

The table below summarizes the components of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Raw materials	104,298	113,820	115,936	92,722
Spare parts and consumables	98,112	94,747	95,699	90,960
Finished goods	3,984	1,218	1,769	2,688
Total	206,394	209,785	213,404	186,370

The following table sets forth the turnover days of our inventories during the Track Record Period.

	Year Ended December 31,			Six Months Ended June 30,
	2010	2011	2012	2013
Turnover days of inventories[1]	22.15	23.34	21.84	19.61

Note: 1. Turnover days of inventories from 2010 to 2012 is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sales and multiplying by 365 days. Turnover days of inventories for the first half of 2013 is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sales and multiplying by 182.5 days.

During the Track Record Period, funds used for inventory account for a small portion of our operating costs, and our inventory turnover days were basically kept at a stable level.

Trade and Bills Receivables

As of December 31, 2010, 2011 and 2012 and June 30, 2013, our trade and bills receivables were RMB159.99 million, RMB158.06 million, RMB202.37 million and RMB 255.22 million, respectively.

Given our position as the market leader in coal services, we enjoy strong pricing power in this type of cargo and have generally required advance payments for our coal handling services. Such

income is recorded as advances from customers and recognized only upon completion of the services. In addition, as Cangzhou Bohai began to generate revenue since October 2012, its ore business also adopts the advance payment model. The advance payment model reduces our accounts receivables and thereby improves our liquidity, turnover and operating cash management, which in turn benefits our results of operations. With respect to the other types of cargo, we usually collect payments only after we render our services and record the relevant income as trade receivables before we receive the payments. We usually may provide some of our customers with credit terms ranging from 30 to 60 days. We usually negotiate with the relevant customers on the length of the payment period taking into account factors such as the credit history of the customers, their liquidity and our working capital needs. Such agreement varies on a case-by-case basis and requires the judgment and experience of our management. We typically do not require any collateral as security for any credit we extend to our customers. All of our bills receivables are bank acceptance bills which are usually due within six months from the date of issuance.

The following table sets forth our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Trade receivables	94,630	115,261	157,462	218,231
Bills receivables	65,355	42,798	44,909	36,991
Trade and bills receivables — net	159,985	158,059	202,371	255,222

Our trade and bills receivables increased by 26.12% from RMB202.37 million as of December 31, 2012 to RMB255.22 million as of June 30, 2013 and by 28.04% from RMB158.06 million as of December 31, 2011 to RMB202.37 million as of December 31, 2012. The increase of trade and bills receivables during these two periods was primarily due to the increase of trade and bills receivables in our metal ore business as a result of the unfavorable general conditions of the relevant industry.

All of our bills receivables are bank acceptance bills due within six months.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Within 3 months	42,928	52,305	68,001	97,048
3 to 6 months	5,374	5,012	24,188	37,919
6 to 12 months	50,866	63,952	51,404	39,862
Over 12 months	6,250	4,778	23,939	60,883
	105,418	126,047	167,532	235,712
Provision for the impairment	(10,788)	(10,786)	(10,070)	(17,481)
Total	94,630	115,261	157,462	218,231

During the Track Record Period, a significant portion of our trade receivables were outstanding for less than one year. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our trade receivables that had been outstanding for more than one year represent 5.93%, 3.79%, 14.29% and 25.83% of our total trade receivables, respectively. Our trade receivables outstanding beyond one year were mainly delayed payments from our customers due to various reasons attributable to such customers including our customers' temporary capital constraint and long internal approval process. Additionally, our trade receivables outstanding beyond one year as of June 30, 2013 increased from that of December 31, 2012, mainly attributable to delayed payments from our metal ore customers due to the unfavorable general conditions of the relevant industry. After fully considering the nature of

trade receivables and their collectability on a case-by-case basis, we have made provisions for the impairment of certain long overdue trade receivables in order to ensure the quality of our assets. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our provisions for the impairment of trade receivables were RMB10.79 million, RMB10.79 million, RMB10.07 million and RMB 17.48 million, respectively, representing 10.23%, 8.56%, 6.01% and 7.42% of our trade receivables, respectively. We are not aware of any of our customers that are experiencing financing difficulties. Moreover, subsequent to the Track Record Period and up to the Latest Practicable Date, we have not experienced any general slowdown in the settlement of trade receivables. Our trade receivables decreased by RMB15.60 million from RMB218.23 million as of June 30, 2013 to RMB202.63 million as of the Indebtedness Date as one customer with whom we have outstanding trade receivables paid us RMB40 million in the form of bank's acceptance bill, resulting in an increase in our bill receivable and a corresponding decrease in our trade receivable, which was partially offset by new trade receivables incurred in connection with our normal settlement process in our operations. Please refer to "— Current Assets/Liabilities and Working Capital" for further details of our current assets and current liabilities.

To ensure collectability of our trade receivables, we have implemented the following measures:

- Perform aging analysis of the trade receivables accounts;
- Hold periodic review meetings to review the trade receivables accounts; and
- Assign dedicated account managers to follow each top trade receivables account.

See also "Risk Factor — If we are unable to collect a large amount of other receivables or accounts receivables, our business operations may be adversely affect."

As of September 30, 2013, RMB186.17 million of the balance of our trade receivables as of June 30, 2013 had been collected, including RMB40.00 million of trade receivables aged over one year and mainly due from our metal ore customers. There was no additional provision made subsequent to June 30, 2013 to our trade receivables aged over one year as of June 30, 2013 and the provision made for such trade receivables amounted to RMB2.09 million as of September 30, 2013.

As of December 31, 2010, 2011 and 2012 and June 30, 2013, our trade and bills receivables to be settled by related parties were RMB3.85 million, RMB1.51 million, RMB2.52 million and RMB 14.81 million, respectively, representing 2.41%, 0.96%, 1.24% and 5.80% of our trade and bills receivables, respectively. The trade and bills receivables between our Group and related parties are mainly related to the port services we provided to them. As of June 30, 2013, our trade and bills receivables from related parties were higher than that of the previous year-end, mainly because such trade and bills receivables are usually settled at the end of each year.

The following table sets forth the turnover days of our trade and bills receivables during the Track Record Period.

	Year Ended December 31,			Six Months Ended June 30,
	2010	2011	2012	2013
Turnover days of trade and bills receivables[1]	12.01	10.12	10.52	12.33

Note: 1. Turnover days of trade and bills receivables from 2010 to 2012 is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by income and multiplying by 365 days. Turnover days of trade and bills receivables for the first half of 2013 is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by income and multiplying by 182.5 days.

Our turnover days of trade and bills receivables decreased from 12.01 days in 2010 to 10.12 days in 2011 mainly due to the revenue increase in 2011, of which the increase in revenue generated from

our coal business accounted for a significant portion. As our coal business adopted the advance payment model that would not influence our trade and bills receivables, the increase in our revenue has resulted in a decrease in turnover days of trade and bills receivables. Our turnover days of trade and bills receivables remained generally stable and increased slightly from 10.12 days in 2011 to 10.52 days in 2012. Our turnover days of trade and bills receivables in the first half 2013 is 12.33 days.

Prepayments, Deposits, and Other Receivables

The following table sets forth our prepayments, deposits, and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
			(RMB'000)	
Prepayments	6,518	12,402	17,573	2,700
Receivable in respect of disposal of a subsidiary	102,601	86,400	39,200	39,200
Receivable in respect of disposal of items of property, plant and equipment	—	1,524,856	196,692	—
Dividend receivables	—	—	1,027	134,027
Others	2,674	3,612	2,671	15,754
Prepayments, deposits, and other receivables — net	111,793	1,627,270	257,163	191,681

Our prepayments, deposits, and other receivables during the Track Record Period mainly consisted of transfer proceeds (plus interests) of the Huanghua Port public infrastructures, equity transfer proceeds in connection with our disposal of equity interests in Shanhaiguan Terminal, and dividend receivables.

In April 2011, our subsidiary Cangzhou Bohai entered into the transfer agreement with Cangzhou Port Group Company Ltd., a company affiliated with Cangzhou government, in connection with the transfer of the Huanghua Port public infrastructure constructed by Cangzhou Bohai, to Cangzhou Port Group Company Ltd. at a total consideration of RMB5,218.45 million. We transferred the ownership of the public infrastructure of Huanghua Port to the Cangzhou government pursuant to the plan and government policy to build Huanghua Port into a landlord port with respect to which the local port authority acts as the regulatory body and landlord, while port operations, especially cargo handling, are carried out by companies like us. In addition, according to the transfer agreement, Cangzhou Port Group Company Ltd. also owed us an additional RMB236.66 million as compensation for the interest expenses incurred by Cangzhou Bohai on the bank loans it borrowed in connection with the construction of the Huanghua Port public infrastructure, which amount was further adjusted down by RMB18.12 million to RMB218.55 million in 2012 as agreed by Cangzhou Bohai and Cangzhou Port Group Company Ltd. The following table sets forth the amount of gross receivables and net receivables due from Cangzhou Port Group Ltd. as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
			(RMB million)	
Receivable at the beginning of the period	—	—	1,524.86	196.69
Add: gross receivable during the period	—	5,455.12	(18.12)	—
Less: amount received during the period	—	(3,850.00)	(1,368.45)	(218.55)
Less: provision for impairment	—	(80.26)	—	—
Add: reversal of provision	—	—	58.40	21.86
Receivable at the end of the period	—	1,524.86	196.69	—

In 2011, Cangzhou Port Group Company Ltd. paid a total of RMB3,850.00 million as part of the transfer proceeds. We made provision for impairment of RMB80.26 million in 2011 for the remaining

overdue receivables in the aggregate amount of RMB1,605.12 million, which include the RMB1,368.45 million remaining balance of the transfer proceeds and the RMB236.66 million payment owed by Cangzhou Port Group Company Ltd. for the interest expenses incurred by us in connection with this project. As a result, as of December 31, 2011, we had other receivables of RMB1,524.86 million (after deduction of the provision for impairment of RMB80.26 million) with respect to the transfer of the Huanghua Port public infrastructure. In 2012, Cangzhou Port Group Company Ltd. further paid the RMB1,368.45 million remaining balance of the transfer proceeds, and accordingly we partially reversed the RMB58.40 million provision for impairment previously recorded in 2011. As a result, as of December 31, 2012, we had other receivables of RMB196.69 million (after deduction of the remaining provision for impairment of RMB21.86 million) with respect to the transfer of the Huanghua Port public infrastructure, which represents the payment owed by Cangzhou Port Group Company Ltd. for the interest expenses incurred by us in connection with this project. In the six months ended June 30, 2013, we received RMB218.55 million from Cangzhou Port Group Company Ltd., which represents all of the remaining balance due from Cangzhou Port Group Company Ltd. in connection with the Huanghua Port public infrastructure. Accordingly, we reversed the remaining provision for impairment of RMB21.86 million. As a result, we did not have any remaining balance of other receivables with respect to the transfer of the Huanghua Port public infrastructure as of June 30, 2013.

As of December 31, 2010, our prepayments, deposits and other receivables were mainly related to the transfer proceeds for the equity interest in Shanhaiguan Terminal. As of December 31, 2011, our prepayments, deposits and other receivables increased to RMB1,627.27 million from RMB111.79 million as of December 31, 2010, mainly due to (i) the RMB1,524.86 million (after deduction of the provision of impairment) due from Cangzhou Port Group Company Ltd. to Cangzhou Bohai, and (ii) the RMB86.40 million (after deduction of the provision of impairment) due from Qinhuangdao Development Zone Company, the other shareholder of Shanhaiguan Terminal, to our Company as the balance of the transfer proceeds for the equity interest in Shanhaiguan Terminal, both outstanding at the end of 2011. Our prepayments, deposits and other receivables decreased from RMB1,627.27 million as of December 31, 2011 to RMB257.16 million as of December 31, 2012 mainly because in 2012 Cangzhou Bohai received the remaining balance of RMB1,368.45 million as transfer proceeds for the Huanghua Port public infrastructure, and our Company collected RMB40.00 million as transfer proceeds for the equity interests in Shanhaiguan Terminal. As of June 30, 2013, our prepayments, deposits and other receivables further decreased to RMB191.68 million mainly because we fully received the remaining balance relating to the transfer of the Huanghua Port public infrastructures in the first half of 2013.

Trade Payables

Our trade payables mainly consisted of trade payables in connection with procurement of spare parts and maintenance cost. As of December 31, 2010, 2011 and 2012, our trade payables were RMB51.76 million, RMB73.47 million and RMB68.76 million, respectively. Our trade payables increased by 16.51% from RMB68.76 million as of December 31, 2012 to RMB80.11 million as of June 30, 2013 primarily because we usually settle certain trade payables at the end of each year and therefore such payables had not been settled as of June 30, 2013.

The following table shows an aging analysis of our trade payables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
			(RMB'000)	
Within 3 months	39,922	64,547	64,021	71,997
3 to 6 months	4,529	236	265	465
6 to 12 months	2,793	2,706	1,305	4,116
Over 12 months	4,516	5,978	3,171	3,536
Total	51,760	73,467	68,762	80,114

During the Track Record Period, a majority of our trade payables had been outstanding for less than one year. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our trade payables that had been outstanding for more than one year represented 8.72%, 8.14%, 4.61% and 4.41% of our total trade payables, respectively. In 2012, the payables aged more than one year decreased as we enhanced our management of trade payables thus accelerating our payment of trade payables. As of June 30, 2013, our trade payables outstanding beyond one year were RMB3.54 million.

The following table sets forth the turnover days of our trade payables during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2010	2011	2012	2013
Turnover days of trade payables[1]	4.37	7.02	7.34	7.30

Note: 1. Turnover days of trade payables from 2010 to 2012 are derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 365 days. Turnover days of trade payables for the first half of 2013 are derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 182.5 days.

Our turnover days of trade payables in 2011 and 2012 were longer than 2010 as we made more procurement of spare parts in 2011 and 2012 based on our business needs, thus increasing the amount of our trade payables.

Other Payables and Accruals

Our other payables and accruals mainly consisted of payables for purchase of property, plant and equipment, advances from customers and dividend payables and other payables. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our other payables and accruals amounted to RMB4,032.23 million, RMB3,030.92 million, RMB2,384.53 million and RMB2,315.04 million, respectively. The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Payables for purchase of items of property, plant and equipment	2,925,464	1,891,032	1,619,185	1,510,613
Advances from customers	444,809	463,090	487,693	532,660
Other taxes payable and surcharges	112,306	457,934	128,847	84,374
Dividends payable	310,192	10,168	—	—
Port construction fee payables	55,955	25,417	6,434	6,434
Payables for staff costs	116,703	123,086	80,299	82,343
Others	66,797	60,191	62,069	98,616
Total	**4,032,226**	**3,030,918**	**2,384,527**	**2,315,040**

Our other payables and accruals decreased by 24.83% from RMB4,032.23 million as of December 31, 2010 to RMB3,030.92 million as of December 31, 2011 because Cangzhou Bohai repaid certain construction fees in relation to the construction projects in Huanghua Port in 2011. Our other payables and accruals decreased by 21.33% from RMB3,030.92 million as of December 31, 2011 to RMB2,384.53 million as of December 31, 2012 mainly due to a decrease in construction fees payable in relation to the construction projects in Huanghua Port, partially offset by an increase in the construction fees payable in relation to the construction projects in Caofeidian Port. Our other payables and accruals decreased from RMB2,384.53 million as of December 31, 2012 to RMB2,315.04 million as of June 30, 2013, primarily as a result of the decrease in the construction fees payable in relation to the construction projects in Huanghua Port.

Commitments

Capital Commitments

Our capital commitments for acquisition of property, plant and equipment and equity interests and business which were authorized but not provided for are set forth below as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Capital commitments in respect of property, plant and equipment:				
— Authorized but not contracted for	757,038	1,005,186	839,659	958,470
— Contracted but not provided for	3,157,033	1,405,665	2,335,598	1,300,655
	3,914,071	2,410,851	3,175,257	2,259,125
Capital commitments in respect of capital injection in joint ventures and associates:				
— Authorized but not contracted for	—	—	200,000	285,000
— Contracted but not provided for	117,040	—	—	160,000
	117,040	—	200,000	445,000
Total	4,031,111	2,410,851	3,375,257	2,704,125

As of June 30, 2013, our capital commitments were RMB2,704.13 million. We plan to fund these capital commitments by cash generated from operations and bank borrowings.

Operating Lease Commitments

We lease various properties, offices and equipment under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases as of the dates indicated are as follows:

Item	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB'000)			
Within 1 year	16,325	121,225	121,054	68,604
After 1 year but within 5 years	64,785	169,514	64,614	64,614
After 5 years	48,461	32,307	16,154	8,077
Total	129,571	323,046	201,822	141,295

Related Party Transactions

Amounts due from related parties

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the amounts due from related parties were RMB4.07 million, RMB8.35 million, RMB22.36 million and RMB23.94 million, respectively. The amounts due from related parties during the Track Record Period primarily consisted of payments related to the port related services we provided to our Controlling Shareholder and other related parties pursuant to the General Services Agreement. For details of the General Services Agreement, see "Connected Transactions — Connected Transactions — Exempt Continuing Connected Transaction — General Services Agreement."

Amounts due to related parties

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the amounts due to related parties were RMB134.62 million, RMB128.26 million, RMB82.74 million and RMB136.99 million, respectively. The amounts due to related parties during the Track Record Period primarily consisted of payments related to the employee training, property services, office supplies and other general services provided by our Controlling Shareholder and other related parties to us pursuant to the General Services Agreement and the rental payments under the Lease Agreement with respect to the lease of certain land, building, facilities and equipment from our Controlling Shareholder to us. For details of the Lease Agreement, see "Connected Transactions — Connected Transactions — Exempt Continuing Connected Transaction — Lease Agreement."

Our Directors believe that such transactions with related parties were based on normal commercial terms and were not materially different from the terms and conditions of the transactions entered into between other third parties and us.

INDEBTEDNESS AND CONTINGENCIES

Indebtedness

All of our interest-bearing borrowings are credit facilities with PRC banks denominated in RMB. No collateral or security was required for any of our interest-bearing bank borrowings during the Track Record Period and up to the Latest Practicable Date. The following table sets forth our interest bearing bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of Indebtedness Date
	2010	2011	2012	2013	
	(RMB'000)				(unaudited)
Bank borrowing — unsecured	9,216,499	10,716,726	9,919,610	10,127,302	11,136,770
Short-term bank borrowings:					
Repayable within one year	2,539,000	4,194,000	2,564,534	2,484,034	3,541,234
Long-term bank borrowings:					
Repayable over one year but within two years	2,264,000	629,334	462,787	967,619	958,350
Repayable over two years but within five years	967,598	1,535,769	2,068,068	2,078,392	2,182,922
Repayable over five years	3,445,901	4,357,623	4,824,221	4,597,257	4,454,264
	6,677,499	6,522,726	7,355,076	7,643,268	7,595,536
Total bank borrowings	9,216,499	10,716,726	9,919,610	10,127,302	11,136,770

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the balances of our interest-bearing short-term borrowings were RMB2,539.00 million, RMB4,194.00 million, RMB2,564.53 million and RMB2,484.03 million, respectively. The balances of our interest-bearing long-term borrowings were RMB6,677.50 million, RMB6,522.73 million, RMB7,355.08 million and RMB7,643.27 million, respectively. The balance of our short term borrowings as of December 31, 2011 was notably higher than other periods because a portion of the three-year bank loans we borrowed in 2009, which had been recorded as non-current liabilities for the prior years, became due within one year and therefore were recorded as current liabilities as of December 31, 2011. The long-term borrowings during the Track Record Period were mainly related to the construction projects in Huanghua Port and terminals of Caofeidian Port. The following table sets forth the effective interest rates of our interest-bearing bank borrowings during the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	Three Months Ended Indebtedness Date
	2010	2011	2012	2013	(unaudited)
Effective interest rate range (%)	4.44 to 5.76	4.13 to 7.59	4.86 to 7.59	5.40 to 7.05	5.40 to 7.05

As of the Indebtedness Date, the balance of our interest-bearing short-term borrowings was RMB3,541.23 million, and the balance of our interest-bearing long-term borrowings was RMB7,595.54 million. Our short-term bank borrowings increased from RMB2,484.03 million as of June 30, 2013 to RMB3,541.23 million as of the Indebtedness Date. The proceeds of such additional short-term borrowings were intended to be used for working capital or replacing existing loans. We plan to repay part of our bank borrowings when they fall due after the completion of the Listing, using a portion of the proceeds of the Global Offering. See "Future Plans and Use of Proceeds" for details. As of the Latest Practicable Date, most of our outstanding bank borrowings were made at the applicable benchmark lending rates published by PBOC or even at rates that are 5% or 10% lower than such benchmark rates. We are able to obtain some of our bank borrowings at favorable interest rates without providing any securities primarily due to our sound credit history and stable profitability and capability to repay loans. Our Group's economy of scale in Hebei Province and the positive general credit market conditions also enable us to negotiate favorable interest rate with local banks. As of the Latest Practicable Date, we had total unused bank facilities of RMB4.28 billion.

We are subject to a number of restricted covenants under certain loan agreements with PRC commercial banks. For example, we must have prior written consent from the banks before we dispose of any material assets or conduct any corporate restructurings, and the credit line shall be utilized in proportion to the capital investment and the construction progress of the project. In addition, some of the banks require an asset-liability ratio of the borrower not to exceed 90%. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that they do not know any breach of the covenants contained in our banking facilities constituting event of default nor know any restrictions that will limit our ability to draw down on our unutilized facilities.

Except for the facilities described above, we did not have any outstanding debt securities issued and outstanding or authorized or otherwise created but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as of the Latest Practicable Date. We currently do not have any material external debt financing plan.

Contingencies

We have not made any provision for legal claims during the Track Record Period. Our management does not anticipate that any material liabilities will arise from the contingent liabilities since June 30, 2013 and up to the Latest Practicable Date.

Off-Balance Sheet Arrangements

As of the Latest Practicable Date, we did not have any material off-balance sheet arrangements other than the contingent liabilities and commitments disclosed above.

SUMMARY OF FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
Gross profit margin (%)	38.18	43.25	43.42	45.07
Net profit margin (%)[1]	21.46	18.50	22.36	35.50
Gearing ratio (%)[2]	116.66	113.89	95.11	96.07
Asset-liability ratio (%)[3]	63.18	60.41	55.05	55.05
Return on total assets (%)[4]	5.55	4.69	5.95	5.15
Return on equity (%)[5]	13.33	12.25	14.09	11.47
Current ratio[6]	0.23	1.02	0.81	0.63
Quick ratio[7]	0.20	0.99	0.77	0.59

Note: 1. Net profit margin is calculated based on profit for the year of the respective period divided by revenue.

2. Gearing ratio is calculated based on total borrowings divided by total equity at the end of the respective period.

3. Asset-liability ratio is calculated by dividing total liabilities by total assets.

4. Return on total assets equals the profit for the period divided by the arithmetic mean of the opening and closing balances of total assets of the relevant period expressed as a percentage.

5. Return on equity equals profit for the period divided by the arithmetic mean of the total equity at the beginning and the end of the period.

6. Current ratio is calculated by dividing current assets by current liabilities.

7. Quick ratio is calculated by dividing current assets less inventories by current liabilities.

Gearing Ratio

Our gearing ratio decreased from 116.66% as of December 31, 2010 to 113.89% as of December 31, 2011 mainly due to an increase in total equity as a result of the net profit of the year and the capital contribution from the non-controlling shareholder of Cangzhou OSTC, which impact was partially offset by the increase in total borrowings. Our gearing ratio further decreased to 95.11% as of December 31, 2012 mainly due to a decrease in total borrowings and the increase of total equity as a result of the net profit of the year. As of June 30, 2013, our gearing ratio was 96.07%.

Return on Total Assets

Our return on total assets decreased from 5.55% in 2010 to 4.69% in 2011 and increased to 5.95% in 2012. Our return on total assets reached 5.15% for the six months ended June 30, 2013. Our return on total assets was relatively lower in 2011 as we invested in the construction projects in Huanghua Port, which increased the amount of our total assets.

Return on equity

Our return on equity was 13.33% in 2010 and 12.25% in 2011. In 2012, our return on equity increased to 14.09% due to a significant increase in our net profit. Our return on equity was 11.47% for the first half of 2013.

Current Ratio

Our current ratio increased from 0.23 as of December 31, 2010 to 1.02 as of December 31, 2011 and decreased to 0.81 as of December 31, 2012. Our current ratio decreased from 0.81 as of December 31, 2012 to 0.63 as of June 30, 2013.

Quick Ratio

Our quick ratio increased from 0.20 as of December 31, 2010 to 0.99 as of December 31, 2011 and decreased to 0.77 as of December 31, 2012. Our quick ratio further decreased to 0.59 as of June 30, 2013.

LISTING EXPENSES

We did not incur any listing expenses during the Track Record Period. We expect to incur listing expenses (including underwriting commissions and fees) amounting to approximately HK$254.07 million in the second half of 2013, assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the stated range of the Offer Price of between HK$5.25 per H Share and HK$6.70 per H Share. See "Underwriting — Underwriting Arrangements and Expenses." Our Directors do not expect such expenses to have a material adverse effect on our financial results for the year ending December 31, 2013.

FINANCIAL RISK MANAGEMENT

We face a variety of financial risks in the ordinary course of business, including interest rate risk, credit risk and liquidity risk. In analyzing such risks, we periodically identify and evaluate risks. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Interest Rate Risk

As we have certain interest-bearing borrowings, we may be affected by changes in market interest rates. Our policy is to manage our interest cost using a mix of fixed and variable rate debts. We currently do not have any interest rate hedging policy. As of December 31, 2010, 2011 and 2012 and June 30, 2013, the balances of our interest-bearing short term borrowings were RMB2,539.00 million, RMB4,194.00 million, RMB2,564.53 million and RMB2,484.03 million, respectively, and the balances of our interest-bearing long term borrowings were RMB6,677.50 million, RMB6,522.73 million, RMB7,355.08 million and RMB7,643.27 million, respectively. As of the Latest Practicable Date, most of our outstanding bank borrowings were made at the applicable benchmark lending rates published by PBOC or even at rates that were 5% or 10% lower than such benchmark rates. For further information, please refer to the section headed "Risk Factors — Our leverage may affect our ability to expand, and any increase in interest rates may increase our financing costs, which may adversely impact our business and operations."

Credit Risk

Our credit risk mainly arise from trade receivables, cash and cash equivalents, pledged deposits and other receivables.

Generally, we require advance payment in our coal handling services and most of the metal ore business. With respect to the other types of cargo, we accept payments post services. Receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

The maximum of the credit risk represents the carrying amount of each of the financial assets in the balance sheet net of the provision of any impairment.

Liquidity Risk

We aim to maintain sufficient cash and keep the flexibility of funding from an adequate amount of available committed credit facilities. Within the respective periods, the maturity profile of the Group's financial liabilities as at the end of each of the relevant periods, based on the contractual undiscounted payments, is as follows:

	As of December 31, 2010				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
			(RMB'000)		
Trade payables	—	51,760	—	—	51,760
Financial liabilities included in other payables and accruals	3,035,516	322,892	—	—	3,358,408
Interest-bearing bank borrowings	—	2,927,696	4,151,166	3,764,987	10,843,849
Total	3,035,516	3,302,348	4,151,166	3,764,987	14,254,017

	As of December 31, 2011				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
			(RMB'000)		
Trade payables	—	73,467	—	—	73,467
Financial liabilities included in other payables and accruals	1,955,138	31,670	—	—	1,986,808
Interest-bearing bank borrowings	—	4,672,437	3,450,476	4,814,606	12,937,519
Total	1,955,138	4,777,574	3,450,476	4,814,606	14,997,794

	As of December 31, 2012				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
			(RMB'000)		
Trade payables	—	68,762	—	—	68,762
Financial liabilities included in other payables and accruals	1,669,390	18,298	—	—	1,687,688
Interest-bearing bank borrowings	—	3,062,274	4,009,330	5,501,312	12,572,916
Total	1,669,390	3,149,334	4,009,330	5,501,312	14,329,366

	As of June 30, 2013				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
			(RMB'000)		
Trade payables	—	80,114	—	—	80,114
Financial liabilities included in other payables and accruals	1,597,946	17,717	—	—	1,615,663
Interest-bearing bank borrowings	—	3,062,130	4,529,333	5,702,384	13,293,847
Total	1,597,946	3,159,961	4,529,333	5,702,384	14,989,624

DIVIDEND POLICY

We may declare and pay dividends by cash or by other means that we consider appropriate in the future. Distribution of dividends shall be formulated by our Board at their discretion and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations and other factors that our Directors

may consider relevant. In any event, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of accumulated losses, if any;
- allocation to the statutory common reserve fund an amount equivalent to 10% of our profit after tax, as determined under PRC GAAP; and
- allocation, if any, to a discretionary common reserve fund an amount approved by the shareholders in a shareholders' meeting.

The minimum allocation to the statutory common reserve fund is 10% of our profit after tax, as determined under PRC GAAP. When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocation to this statutory common reserve fund will be required. Under PRC laws, after completion of the Global Offering, dividends may be paid only out of distributable profits as determined under PRC GAAP or IFRS, whichever is lower. Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

In the future, we expect to distribute no less than 40% of our annual distributable net profits as dividends. There is, however, no assurance that we will be able to distribute dividends of such amount or any amount each year or in any year. The amount of dividend actually distributed to the shareholders of the Company will depend upon the Group's earnings and financial conditions, operating requirements and capital requirements and approval of the Company's board of directors and shareholders. In addition, declaration and/or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

Dividend Distribution Prior to the Listing

Dividend Distribution for Year 2008

Pursuant to the resolutions passed at the general shareholders' meetings for the year 2008 dated May 22, 2009, as of December 31, 2008, the distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was approximately RMB512.19 million. Based on the total 4,275,000,000 shares by the end of 2008, we declared cash dividends in an amount of RMB153.90 million to all the shareholders, i.e., RMB0.36 (taxes included) for every 10 shares. The remaining distributable reserve of approximately RMB358.29 million after such distribution would be carried over for future distribution. As of July 2009, all such dividends had been paid up.

Dividend Distribution for Year 2009

Pursuant to the resolutions passed at the first extraordinary general shareholders' meeting for the year 2010 dated September 12, 2010, as of December 31, 2009, our distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was approximately RMB1,096.35 million. Based on the distributable reserve and the total 4,275,000,000 shares by the end of 2009, we declared cash dividends in a total amount of RMB1,094.40 million, which is equivalent to RMB2.56 (taxes included) for every 10 shares, to all shareholders. All such dividends have been paid up.

Dividend Distribution for Period from January 1, 2010 to June 30, 2010

Pursuant to the resolutions passed at the second extraordinary general shareholders' meeting for the year 2010 dated December 10, 2010, as of June 30, 2010, the distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was RMB601.49 million. Based on the total 4,275,000,000 shares as of June 30, 2010, we declared cash dividends in a total amount of RMB300.75 million to all shareholders, which is equivalent to RMB0.70 (taxes included) for every

10 shares. Pursuant to the shareholders' resolution, such distribution shall have been completed by December 31, 2010. In addition, pursuant to such shareholders' resolutions dated December 10, 2010, we also declared cash dividends in a total amount of RMB300.74 million, equivalent to RMB0.70 (taxes included) for every 10 shares, which shall have been distributed by March 31, 2011. All of such dividends have been distributed according to the shareholders' resolutions.

Dividend Distribution for Year 2011

Pursuant to the resolutions passed at the general shareholders' meetings for the year 2011 dated April 24, 2012, as of December 31, 2011, the distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was RMB1,351.12 million. Based on the total 4,275,000,000 shares as of December 31, 2011, we declared cash dividends in a total amount of RMB405.34 million to all shareholders, which is equivalent to RMB0.95 (taxes included) for every 10 shares. Such dividend distribution plan has been completed.

Dividend Distribution for Year 2012

Pursuant to the resolutions passed at the general shareholders' meeting for the year 2012 dated April 19, 2013, as of December 31, 2012, the distributable reserve to our shareholders (being the retained profits determined under PRC GAAP) was RMB2,183.26 million. Based on the undistributed profits and the total 4,275,000,000 shares as of December 31, 2012, we declared cash dividends in the total amount of RMB1,090.13 million, which is equivalent to RMB2.55 for every 10 shares, to all the shareholders. All of such cash dividends have been distributed in June 2013.

In addition, pursuant to the resolutions passed at the first extraordinary general shareholders' meeting for the year 2013 dated July 11, 2013, as of December 31, 2012, our distributable reserve (being the retained profits determined under PRC GAAP) was RMB2,183.26 million. Giving effect to the first tranche of cash dividends approved at the general shareholders' meeting for the year 2012 dated April 19, 2013, which have been subsequently distributed in June 2013, the balance of the total distributable reserve (being the retained profits determined under PRC GAAP) as of December 31, 2012 shall be RMB1,093.14 million. Based on the distributable reserve and the total 4,275,000,000 shares as of December 31, 2012, we declared a second tranche of cash dividends in the total amount of RMB1,090.13 million, which is equivalent to RMB2.55 for every 10 shares, to all the shareholders. As of the Latest Practicable Date, we have paid RMB926.63 million of the aforesaid dividends to the existing Shareholders.

Distributable Reserves

As of June 30, 2013, our distributable reserve, which our dividend distribution shall be based upon, excluding the proposed additional 2012 dividend of RMB1,090.13 million, amounted to RMB1,168.57 million (being the retained profits determined under PRC GAAP).

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets is based on our audited consolidated net assets attributable to the owners of our Company as of June 30, 2013, as shown in Appendix I — Accountants' Report to this prospectus, adjusted as described below. Our unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purpose only. Limited by its nature, our unaudited pro forma adjusted consolidated net tangible assets might not give a true picture of our financial condition.

The following unaudited pro forma adjusted consolidated net tangible assets have been prepared to illustrate the effect of the Global Offering on our consolidated net tangible assets as of June 30, 2013 as if the Global Offering has proceeded on June 30, 2013.

	Consolidated net tangible assets attributable to the owners of our Company as of June 30, 2013[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share[3]	Unaudited pro forma adjusted consolidated net tangible assets per Share[4]
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB)	(HK$)
Based on an Offer Price of HK$5.25 per Share	9,265,614	2,943,473	12,209,087	2.43	3.07
Based on an Offer Price of HK$6.70 per Share	9,265,614	3,777,336	13,042,950	2.59	3.28

Notes:

(1) The consolidated net tangible assets attributable to the owners of the Company as of June 30, 2013 is arrived at after deducting the other intangible assets of RMB105.22 million and goodwill of RMB59,000 from the consolidated net assets of our Group attributable to the owners of the Company as of June 30, 2013 of approximately RMB9,370.89 million as set forth in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK$5.25 and HK$6.70, after deduction of the underwriting fees and related expenses payable by the Company and takes no account of any Share which may be offered for sales upon exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at the PBOC rate of HK$1.00 to RMB0.79 prevailing on November 15, 2013.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 5,029,412,000 shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be offered for sales upon exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at the PBOC rate of HK$1.00 to RMB0.79 prevailing on November 15, 2013.

DISCLOSURES MADE PURSUANT TO RULES 13.13 TO 13.19 OF HONG KONG LISTING RULES

We confirm that as of the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

RECENT DEVELOPMENTS

Based on our unaudited management accounts, as of the Indebtedness Date, we had total current assets of RMB3,517.18 million and total current liabilities of RMB6,447.65 million. Our net current liabilities increased from RMB1,857.92 million as of June 30, 2013 to RMB2,930.46 million as of the Indebtedness Date, mainly attributable to an increase in our short-term bank borrowings by RMB1,057.20 million from June 30, 2013 to the Indebtedness Date. The proceeds from such additional short-term borrowings were intended to be used for working capital or replacing existing loans. Our prepayments, deposits and other receivables decreased from RMB191.68 million as of June 30, 2013 to RMB68.90 million as of the Indebtedness Date mainly because we received a dividend of RMB133 million from our associate company, Caofeidian Shiye Port Company, resulting in a corresponding decrease in dividend receivables. Our trade receivables decreased by RMB15.60 million from RMB218.23 million as of June 30, 2013 to RMB202.63 million as of the Indebtedness Date as one customer with whom we have outstanding trade receivables paid us RMB40 million in the form of bank's acceptance bill, resulting in an increase in our bill receivable and a corresponding decrease in our trade receivable, which was partially offset by new trade receivables incurred in connection with our normal settlement process in our operations. Please refer to "Financial

— Current Assets/Liabilities and Working Capital" for further details of our current assets and current liabilities.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial position or prospects, gross profit margin, revenue or throughput since June 30, 2013 (being the date to which our Company's latest consolidated audited financial results were prepared) and there has been no event since June 30, 2013 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

FUTURE PLANS

See "Business — Business Strategies" for details of our future plans.

USE OF PROCEEDS

We estimate that the net proceeds we will receive from the Global Offering (after deducting the underwriting commissions, fees and anticipated expenses in connection with the Global Offering) will be approximately HK$4,257.32 million, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the Offer Price range of HK$5.25 to HK$6.70 per H Share as stated in this prospectus. We will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders.

We currently intend to apply these net proceeds for the following purposes, assuming the Over-allotment Option is not exercised:

- approximately HK$51.24 million for the procurement of stackers for coal handling services in Qinhuangdao Port to retire and replace aging equipment;
- approximately HK$11.39 million for the procurement of diesel locomotive; and
- the remainder of the net proceeds as follows (the "Remaining Proceed Uses"):
  - approximately 65%, or HK$2,726.55 million, for the construction of two 200,000 tonne-level ore berths in the bulk cargo area of Huanghua Port. The total expected expenditure for the project is approximately RMB5.25 billion. We have begun the preparation work of this project, and the project is expected to be completed by 2014;
  - approximately 25%, or HK$1,048.67 million, for repayment of bank loans, details of which are set out below, and

Bank loan	Interest rates	Maturity	Uses of bank loan
Bank of Communication	6%	January 31, 2014	Replacing existing loan
Industrial and Commercial Bank of China	5.70%	March 13, 2014	Working capital loan
Industrial and Commercial Bank of China	5.70%	March 14, 2014	Working capital loan
China Construction Bank	5.70%	March 14, 2014	Working capital loan
Bank of Communication	5.40%	April 24, 2014	Replacing existing loan

  - approximately 10%, or HK$419.47 million, for working capital and other general corporate purposes.

After giving effect to the repayment of RMB828.45 million (HK$1,048.67 million) of our bank loan as listed above, we would have RMB9,298.85 million of bank loans outstanding as of June 30, 2013.

If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK$652.96 million (after deducting the underwriting commissions, fees and other relevant expenses in connection with the Global Offering), assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the Offer Price range of HK$5.25 to HK$6.70 per H Share. We will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders under the Over-allotment Option.

If the Offer Price is set at HK$6.70 per H Share (being the high end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering

will increase by approximately HK$524.12 million. If the Offer Price is set at HK$5.25 per H Share (being the low end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering will decrease by approximately HK$531.40 million.

The net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering (after deducting estimated expenses payable by the Selling Shareholders in connection with the Global Offering and assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$396.03 million, assuming an Offer Price of HK$5.25 per H Share, or approximately HK$451.10 million, assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the Offer Price range, or approximately HK$505.41 million, assuming an Offer Price of HK$6.70 per H Share. If the Over-allotment Option is exercised in full, such net proceeds are estimated to be approximately HK$455.44 million, assuming an Offer Price of HK$5.25 per H Share, or approximately HK$518.77 million, assuming an Offer Price of HK$5.98 per H Share, being the approximate mid-point of the Offer Price range, or approximately HK$581.23 million, assuming an Offer Price of HK$6.70 per H Share. The Company will not receive any of such proceeds. In accordance with relevant PRC laws and regulations, the Selling Shareholders will be required to contribute the net proceeds they receive from the Global Offering to the NSSF.

We will adjust the allocation of the net proceeds among the Remaining Proceed Uses on a pro rata basis should the amount of proceeds received differ from the estimated amount due to the Offer Price being different from the above estimate and/or the exercise of any Over-allotment Option.

To the extent that the net proceeds are not immediately applied to the above purposes, we intend to place the funds into short-term deposits with banks or financial institutions in Hong Kong or the PRC as permitted by the relevant laws and regulations. We will comply with the PRC laws relating to foreign exchange registration and proceeds remittance.

HONG KONG UNDERWRITERS

The Hong Kong Public Offering shall be fully underwritten by the Hong Kong Underwriters. The Hong Kong Underwriters are:

Joint Lead Managers

Citigroup Global Markets Asia Limited

China International Capital Corporation Hong Kong Securities Limited

The Hongkong and Shanghai Banking Corporation Limited

UBS AG, Hong Kong Branch

J.P. Morgan Securities (Asia Pacific) Limited

China Merchants Securities (HK) Co., Limited

BOCOM International Securities Limited

Industrial Securities (Hong Kong) Capital Limited

Co-Managers

First Shanghai Securities Limited

Sun Hung Kai Investment Services Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on November 28, 2013. Pursuant to the Hong Kong Underwriting Agreement, we are offering 82,986,000 H Shares for subscription by the public in Hong Kong on and subject to the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

- the Listing Committee of the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein (including any additional H Shares which may be issued upon the exercise of the Over-allotment Option); and

- certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)),

the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers to subscribe for the Hong Kong Public Offer Shares which are being offered but not taken up under the Hong Kong Public Offering on the terms and subject to the conditions in this prospectus, the

Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed upon between us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any local, national, regional or international event, or series of events, in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemics, pandemics (including but not limited to SARS, swine or avian flu, H5N1, H1N1 and such related/mutated forms), outbreaks of diseases, economic sanction, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, Japan, Singapore or the European Union (taken as a whole) (each a "**Relevant Jurisdiction**"); or

(ii) any change or development involving a prospective change, or any event or series of events likely to result in any change, or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency credit or market conditions (including, without limitation, any conditions affecting stock and bond markets, money and foreign exchange markets) in or affecting any Relevant Jurisdiction; or

(iii) any moratorium, suspension or restriction on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or a material devaluation of the Hong Kong dollars or the Renminbi against any foreign currencies, or any disruption in monetary or trading or securities settlement or clearance services, procedures or matters in or affecting any Relevant Jurisdiction; or

(iv) any general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a disruption in commercial banking, foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or

(v) any new laws, policies or regulations or any change or development involving a prospective change in existing laws, policies or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(vi) a change or prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction, in each case adversely affecting an investment in the H Shares; or

(vii) any petition for the winding up or liquidation of the Company, or the Company makes any compromise or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or anything analogous thereto occurs in respect of the Company; or

(viii) any material adverse change or development or event involving a prospective material adverse change in the Group's assets, liabilities, profits, losses, performance, condition, business, financial, earnings, trading position or prospects (taken as a whole); or

(ix) any litigation, claim or legal action of any third party being threatened or instigated against any member of the Group or any material contravention of any applicable laws or regulations in Hong Kong or the PRC or the Hong Kong Listing Rules by any member of the Group; or

(x) any material non-compliance of this prospectus or any Offer Document (as defined in the Hong Kong Underwriting Agreement) or any aspect of the Global Offering with the Hong Kong Listing Rules or any other applicable Laws,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) (1) has or will or is likely to have a material adverse effect on the business, financial position, results of operations or prospects of the Group as a whole, or (2) has or will or is likely to have a material adverse effect on the success of the Global Offering or (3) has or will or is likely to have the effect of making it inadvisable or impracticable for any material part of the Hong Kong Underwriting Agreement (including underwriting), the Hong Kong Public Offering or the Global Offering to be performed in accordance with its terms; or

(b) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:

(i) any statement or expression of opinion contained in this prospectus, the Application Forms, the formal notice, the web proof information pack and/or any announcement issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect; or

(ii) any matter not having been disclosed in this prospectus has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, result in a misstatement therein or constitute an omission therefrom (including any supplement or amendment thereto); or

(iii) any material breach on the part of the Company of any of its obligations under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(iv) any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to relevant provisions under the Hong Kong Underwriting Agreement which liability has or will or is likely to have a material adverse effect on the business, financial position, results of operations or prospects of the Group as a whole; or

(v) any material adverse change or development involving a prospective material adverse change in the business, financial position, results of operations or prospects of the Group as a whole; or

(vi) any of the representations, warranties and undertakings given under the Hong Kong Underwriting Agreement is (or would when repeated be) untrue, incorrect, inaccurate or

misleading in any respect (in the case of any representation, warranty or undertaking already qualified as to materiality) or in any material aspect (in the case of any representation, warranty and undertaking not already qualified as to materiality); or

(vii) the Company withdraws this prospectus (and/or any other documents used in connection with the Global Offering) or the Global Offering.

Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Hong Kong Listing Rules, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except:

(a) in certain circumstances prescribed by Rule 10.08 of the Hong Kong Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option).

Undertaking by our Controlling Shareholder

Pursuant to Rule 10.07(1) of the Hong Kong Listing Rules, our Controlling Shareholder, HPG, has undertaken to the Hong Kong Stock Exchange that it will not, and will procure that the relevant registered holder(s) of our Shares will not, save as permitted under the Hong Kong Listing Rules:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the date on which dealings in our H Shares commence on the Hong Kong Stock Exchange (the "**First Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Company's Shares in respect of which it is shown in this prospectus to be the beneficial owner; and

(b) during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in sub-paragraph (a) above, and to such extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder of our Company.

HPG has further undertaken to the Hong Kong Stock Exchange and us that, within the First Six-Month Period and the Second Six-Month Period, it will:

(a) when it pledges or charges any Shares or other securities of our Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) as security for a bona fide commercial loan, immediately inform our Company of any such pledge or charge and the number of Shares or other securities of our Company so pledged or charged; and

(b) when it receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company pledged or charged that any of such Shares or other securities of our Company will be disposed of, immediately inform us of any such indication.

We will also, as soon as we have been informed of the above matters (if any) by HPG, inform the Hong Kong Stock Exchange and disclose such matters in accordance with the publication

requirements under Rule 2.07C of the Hong Kong Listing Rules as soon as possible after being so informed.

Undertakings to the Hong Kong Underwriters

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date when the First Six-Month Period expires, we will not, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, claim, right or preference granted to any third party, or any other encumbrance or security interest of any kind over, or agree to transfer or dispose of or create any of the foregoing over, either directly or indirectly, conditionally or unconditionally, any H Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of our Company) or deposit any H Shares or other securities of our Company with a depositary in connection with any issuance of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any H Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any other securities of our Company); or

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above, or

(d) offer to or agree to do any of the foregoing or announce any intention to effect any transaction described in paragraphs (a), (b) or (c) above,

in each case, whether any of the foregoing transactions described in paragraphs (a) to (c) above is to be settled by delivery of H Shares or such other securities of our Company, or in cash or otherwise (whether or not such issuance and delivery of H Shares or securities will be completed within such period).

In the event of an issue or disposal of any H Shares or any interest therein during the Second Six-Month Period, we will take all reasonable steps to ensure that such an issue or disposal, will not, and no other act of us will, create a disorderly or false market for the H Shares or any other securities of us.

Indemnity

We have agreed to indemnify, among others, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their

obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement, as the case may be.

Hong Kong Underwriters' Interest in our Company

Save for its obligations under the Hong Kong Underwriting Agreement and as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interests in our Company or any other member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

The International Offering

In connection with the International Offering, it is expected that we and the Selling Shareholders will enter into the International Underwriting Agreement with, among others, the Joint Global Coordinators, the Joint Bookrunners and the International Underwriters on or about the Price Determination Date, shortly after the determination of the Offer Price. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase, or procure purchasers to purchase, their respective applicable proportions of the International Offer Shares being offered pursuant to the International Offering.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

Over-allotment and Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than the otherwise prevailing price in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the H Shares. Any market purchases of the H Shares may be effected on any stock exchange, including

the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 124,477,000 H Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares;

(e) selling or agreeing to sell the H Shares to liquidate any position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Hong Kong Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on January 3, 2014. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager may not necessarily result in the market share of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with

the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Total Commission and Expenses

The Underwriters will receive an underwriting commission of 2.5% of the Offer Price of all the Offer Shares (including Offer Shares sold pursuant to the exercise of the Over-allotment Option but excluding any Sale Shares). Our Company may also at our sole and absolute discretion pay an additional incentive fee of such amount determined by us to any or all of the Underwriters.

Assuming an Offer Price of HK$5.98 per Offer Share (being the approximate mid-point of the indicative Offer Price range), the aggregate commissions and fees, together with Hong Kong Stock Exchange listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK$254.10 million in total (assuming the Over-allotment Option is not exercised). The Selling Shareholders will pay the SFC transaction levy and Hong Kong Stock Exchange trading fees in respect of the Sale Shares.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3.07 of the Hong Kong Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering consists of (subject to adjustment and the Over-allotment Option):

- the Hong Kong Public Offering of 82,986,000 H Shares (subject to adjustment as mentioned below) in Hong Kong as described below under "— The Hong Kong Public Offering"; and

- the International Offering of an aggregate of 746,867,000 H Shares (subject to adjustment as mentioned below and the Over-allotment Option) outside the United States (including professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States to QIBs in reliance on Rule 144A or another exemption under the U.S. Securities Act as described below under "— The International Offering — Allocation." At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, the Joint Global Coordinators (on behalf of the International Underwriters), have an option to require us to allot and issue and the Selling Shareholders to sell an aggregate of up to 124,477,000 additional Offer Shares, representing approximately 15.00% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.42% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Investors may apply for the H Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the H Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 16.50% of the enlarged issued share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 18.56% of the enlarged issued share capital of the Company after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the sub-section headed "— The International Offering — Over-allotment Option" below.

Our Company has obtained the requisite PRC governmental approvals, including the approval of the CSRC, in respect of the Global Offering.

The number of H Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the sub-section below headed "The Hong Kong Public Offering — Reallocation."

THE HONG KONG PUBLIC OFFERING

Number of H Shares initially offered

We are initially offering 82,986,000 H Shares at the Offer Price, representing approximately 10.00% of the H Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of H Shares initially offered under the Hong Kong Public Offering will represent approximately 1.65% of our Company's total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and

companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out below in "— Conditions of the Global Offering."

Allocation

Allocation of H Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. The allocation of Hong Kong Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of Hong Kong Public Offer Shares available under the Hong Kong Public Offering will initially be divided into two pools for allocation purposes as follows:

- Pool A: The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with a total subscription price (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) of HK$5 million or less; and

- Pool B: The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with a total subscription price (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) of more than HK$5 million and up to the total value of Pool B.

For the purpose of this sub-section only, the "subscription price" for the Offer Shares means the price payable on application therefore. Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Public Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Public Offer Shares from either Pool A or Pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any application for more than 50% of the 82,986,000 Offer Shares initially included in the Hong Kong Public Offering (i.e., 41,493,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have indicated interest in or have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

Reallocation

Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Global

Offering if specific pre-designated levels of total demand in the Hong Kong Public Offering are reached:

- If the number of the Hong Kong Public Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 248,956,000 H Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering.

- If the number of the Hong Kong Public Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 331,942,000 H Shares, representing 40% of the Offer Shares initially available under the Global Offering.

- If the number of the Hong Kong Public Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 414,927,000 H Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, under particular circumstances, be reallocated as between these offerings by the Joint Global Coordinators. Subject to the foregoing paragraph, the Joint Global Coordinators may reallocate H Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators may in their sole and absolute discretion (but shall have no obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Public Offer Shares in such amounts as they deem appropriate.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of H Shares Initially Offered

Subject to the reallocation as described above, the number of H Shares to be initially offered under the International Offering will be 746,867,000 H Shares, representing approximately 90.00% of the Offer Shares under the Global Offering. Among the said 746,867,000 H Shares under the International Offering, 671,426,000 H Shares are offered by us and 75,441,000 H Shares are offered by the Selling Shareholders, representing approximately 80.91% and 9.09% of the Offer Shares under the Global Offering respectively. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of H Shares initially offered under the International Offering will represent approximately 14.85% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. International Offer Shares will be selectively placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for such Offer Shares. The International Offering is subject, among other things, to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, H Shares after the listing of the H Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of H Shares on a basis which would lead to the establishment of a solid shareholder base which would be to our benefit and to that of the shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we and the Selling Shareholders are expected to grant the Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Global Coordinators (on behalf of the International Underwriters) have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 calendar days after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue and the Selling Shareholders to sell an aggregate of up to 124,477,000 additional Offer Shares, representing approximately 15.00% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.42% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

The Selling Shareholders

The Selling Shareholders are initially offering a total of 75,441,000 Sale Shares as part of the Global Offering. The Selling Shareholders may sell up to an additional 11,316,000 Sale Shares if the Over-allotment Option is exercised in full.

Pursuant to a letter issued by the NSSF (She Bao Ji Jin Fa [2013] No. 139) on October 12, 2013, the NSSF instructed us to (i) arrange for the sale of the Sale Shares, which shall equal to 10% of all of the Shares that our state-owned Shareholders (excluding Daqin Railway) shall relinquish for the benefit of the NSSF in connection with our Global Offering pursuant to relevant PRC laws and regulations, and (ii) remit the proceeds from the sale of the Sale Shares, after deduction of expenses to an account designated by the NSSF.

PRICING AND ALLOCATION

Offer Price Range

The Offer Price will be not more than HK$6.70 per H Share and is expected to be not less than HK$5.25 per H Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price Payable on Application

Applicants for Hong Kong Public Offer Shares under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$6.70 for each Hong Kong Public Offer Share (plus 1% brokerage, 0.003% SFC transaction levy, and 0.005% Hong Kong Stock Exchange trading fee). If the Offer Price is less than HK$5.25, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the H Shares in the International Offering. Prospective investors will be required to specify the number of H Shares under the International Offering they would be willing to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around December 5, 2013 and in any event no later than December 10, 2013 by agreement among the Joint Global Coordinators, for themselves and on behalf of the Underwriters, and our Company, for ourselves and on behalf of the Selling Shareholders, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

If, for any reason, our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before December 10, 2013, the Global Offering will not proceed and will lapse.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Joint Global Coordinators, for themselves and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, and with the prior written consent of the Company, reduce the indicative Offer Price range and/or the number of Offer Shares below those stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.portqhd.com**) notices of the reduction. Upon issue of such a notice, the revised indicative Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators, for themselves and on behalf of the Underwriters, and our Company, for ourselves and on behalf of the Selling Shareholders, will be fixed within such

revised range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds of the Global Offering, and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of such reduction.

Before submitting applications for Hong Kong Public Offer Shares, applicants should consider the possibility that any announcement of a reduction in the indicative offer price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators, for themselves and on behalf of the Underwriters, and our Company, for ourselves and on behalf of the Selling Shareholders, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, under certain circumstances, be reallocated between these two offerings at the discretion of the Joint Global Coordinators (after consultation with the Company).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Public Offer Shares are expected to be announced on December 11, 2013 (Wednesday) in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.portqhd.com**).

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to the agreement between our Company, for ourselves and on behalf of the Selling Shareholders, and the Joint Global Coordinators, for themselves and on behalf of the Underwriters, on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or about the Price Determination Date.

Please refer to the section headed "Underwriting" in this prospectus for further details with respect to the underwriting arrangements.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee granting listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option), subject only to allotment and the dispatch of share certificates in respect thereof, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;

- the Offer Price having been duly agreed upon among us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the execution and delivery of the price determination agreement on or around the Price Determination Date;

- the execution and delivery of the International Underwriting Agreement by the parties thereto on or around the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in such agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before December 10, 2013, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the sub-section headed "How to Apply for Hong Kong Public Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, December 12, 2013, it is expected that dealings in the Offer Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, December 12, 2013. Our H Shares will be traded in board lots of 500 H Shares each.

HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at (**www.eipo.com.hk**); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Public Offer Shares.

Unless permitted by the Hong Kong Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;

- an associate (as defined in the Hong Kong Listing Rules) of any of the above;
- a connected person (as defined in the Hong Kong Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through (**www.eipo.com.hk**).

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. to 12:00 noon from November 29, 2013 to December 4, 2013:

(i) any of the following offices of the Joint Bookrunners (in respect of Hong Kong Public Offering):

Citigroup Global Markets Asia Limited
50th Floor, Citibank Tower, Citibank Plaza
3 Garden Road
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

UBS AG, Hong Kong Branch
2 International Finance Centre
52/F, 8 Finance Street
Central, Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F., One Exchange Square
Central, Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central, Hong Kong

Industrial Securities (Hong Kong) Capital Limited
Unit 3201, 32/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

First Shanghai Securities Limited
19/F, Wing On House
71 Dex Voeux Road Central, Hong Kong

Sun Hung Kai Investment Services Limited
42/F, The Lee Gardens
33 Hysan Avenue, Causeway Bay, Hong Kong

(ii) any of the branches of the following receiving bank:

Bank of Communications Co., Ltd. Hong Kong Branch

	Branch Name	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	Wanchai Sub-Branch	G/F., 32–34 Johnston Road
	Chaiwan Sub-Branch	G/F., 121–121A Wan Tsui Road, Chaiwan
Kowloon	Kowloon Sub-Branch	G/F., 563 Nathan Road
	Ngau Tau Kok Sub-Branch	Shop G1 & G2, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
	Tsimshatsui Sub-Branch	Shop 1–3, G/F., 22–28 Mody Road, Tsimshatsui
New Territories	Market Street Sub-Branch	G/F., 53 Market Street, Tsuen Wan
	Shatin Sub-Branch	Shop No. 193, Level 3, Lucky Plaza, Shatin

Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4–4A, Des Voeux Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
	Yun Ping Road Branch	G/F to 2/F, Fortune Centre, 44–48 Yun Ping Road, Causeway Bay, Hong Kong
Kowloon	Mei Foo Stage I Branch	G/F, 1C Broadway, Mei Foo Sun Chuen Stage I, Lai Chi Kok
New Territories	Tai Po Branch	G/F shop No. 2, 23 & 25 Kwong Fuk Road, Tai Po Market, Tai Po
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on November 29, 2013 until 12:00 noon on December 4, 2013 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to Bank of Communications (Nominee) Co. Ltd. — QHD Port Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- November 29, 2013 — 9:00 a.m. to 5:00 p.m.
- November 30, 2013 — 9:00 a.m. to 1:00 p.m.
- December 2, 2013 — 9:00 a.m. to 5:00 p.m.
- December 3, 2013 — 9:00 a.m. to 5:00 p.m.
- December 4, 2013 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on December 4, 2013, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our H Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **Yellow** Application Form for details.

APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at (**www.eipo.com.hk**).

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at (**www.eipo.com.hk**) (24 hours daily, except on the last application day) from 9:00 a.m. on November 29, 2013 until 11:30 a.m. on December 4, 2013 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on December 4, 2013 or such later time under the "Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2 for each "QINHUANGDAO PORT CO., LTD." **White Form eIPO** application submitted via the website www.eipo.com.hk to support the funding of "Source of Dong Jiang—Hong Kong Forest" project initiated by Friends of the Earth (HK).

APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- declare that only one set of electronic application instructions has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 500 Hong Kong Public Offer Shares. Instructions for more than 500 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- November 29, 2013 — 9:00 a.m. to 8:30 p.m.(1)
- November 30, 2013 — 8:00 a.m. to 1:00 p.m.(1)
- December 2, 2013 — 8:00 a.m. to 8:30 p.m.(1)
- December 3, 2013 — 8:00 a.m. to 8:30 p.m.(1)
- December 4, 2013 — 8:00 a.m.(1) to 12:00 noon

Note:
(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on November 29, 2013 until 12:00 noon on December 4, 2013 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on December 4, 2013, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the H Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO** service is also only a facility provided

by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on December 4, 2013.

HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Public Offer Shares. Each application or electronic application instruction in respect of more than 500 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at (**www.eipo.com.hk**).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee will be paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering — Pricing and Allocation".

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warming signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on December 4, 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on December 4, 2013 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on December 11, 2013 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **(www.portqhd.com)** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **(www.portqhd.com)** and the Hong Kong Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on December 11, 2013;
- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on December 11, 2013 to 12:00 midnight on December 17, 2013;

- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from December 11, 2013 to December 14, 2013;

- in the special allocation results booklets which will be available for inspection during opening hours from December 11, 2013 to December 13, 2013 at all the receiving bank branches and sub-branches .

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$6.70 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on December 11, 2013.

DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around December 11, 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on December 12, 2013 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our H Share Registrar at Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on December 11, 2013 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on December 11, 2013, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on December 11, 2013, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on December 11, 2013, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on December 11, 2013 or any other date as determined by HKSCC or HKSCC Nominees.

Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from H Share Registrar at Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on December 11, 2013, or such other date as notified by the Company in the newspapers as the date of dispatch/ collection of Share certificates/ e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on December 11, 2013 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on December 11, 2013, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on December 11, 2013. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on December 11, 2013 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on December 11, 2013. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on December 11, 2013.

ADMISSION OF THE H SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Hong Kong Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Building a better working world

November 29, 2013

The Directors
Qinhuangdao Port Co., Ltd.
Citigroup Global Markets Asia Limited
China International Capital Corporation Hong Kong Securities Limited
HSBC Corporate Finance (Hong Kong) Limited

Dear Sirs,

We set out below our report on the financial information of Qinhuangdao Port Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2010, 2011 and 2012 and June 30, 2013, together with the notes thereto (the "Financial Information"), and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended June 30, 2012 (the "Interim Comparative Information") for inclusion in the prospectus of the Company dated November 29, 2013 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was established as a joint stock company with limited liability on March 31, 2008 in the People's Republic of China (the "PRC", or Mainland China, which excludes, for the purpose of this report, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan).

As at the end of the Relevant Periods, the Company had direct and indirect interests in the subsidiaries as set out in Note 16 below. All companies now comprising the Group have adopted December 31 as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in Note 16 below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for the Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at December 31, 2010, 2011 and 2012 and June 30, 2013 and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

Consolidated statements of comprehensive income

	Notes	Year ended December 31, 2010 RMB'000	2011 RMB'000	2012 RMB'000	Six months ended June 30, 2012 RMB'000 (unaudited)	2013 RMB'000
REVENUE	4	5,109,548	5,734,310	6,250,162	3,020,374	3,386,526
Cost of sales		(3,158,540)	(3,254,410)	(3,536,081)	(1,623,184)	(1,860,196)
Gross profit		1,951,008	2,479,900	2,714,081	1,397,190	1,526,330
Other income and gains	4	19,344	56,354	125,416	120,001	369,477
Selling and distribution expenses		(896)	(1,941)	(496)	(24)	(15)
Administrative expenses		(543,843)	(605,462)	(741,148)	(336,201)	(359,700)
Other expenses		(18,062)	(400,416)	(168,466)	(154,277)	(25,432)
Finance costs	6	(156,459)	(208,906)	(259,209)	(117,974)	(144,514)
Share of profits and losses of:						
Associates		171,102	168,139	154,622	56,744	63,385
Joint ventures		494	313	565	320	(46)
PROFIT BEFORE TAX	5	1,422,688	1,487,981	1,825,365	965,779	1,429,485
Income tax expense	9	(326,088)	(427,332)	(428,069)	(236,310)	(227,273)
PROFIT FOR THE YEAR/PERIOD		1,096,600	1,060,649	1,397,296	729,469	1,202,212
OTHER COMPREHENSIVE INCOME		—	—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		1,096,600	1,060,649	1,397,296	729,469	1,202,212
Attributable to:						
Owners of the parent	10	1,114,991	1,083,914	1,405,958	735,194	1,188,646
Non-controlling interests		(18,391)	(23,265)	(8,662)	(5,725)	13,566
		1,096,600	1,060,649	1,397,296	729,469	1,202,212
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	12	0.26	0.25	0.33	0.17	0.28

Details of the dividends payable and proposed for the Relevant Periods and the six months ended June 30, 2012 are disclosed in Note 11 below.

Consolidated statements of financial position

	Notes	December 31, 2010 RMB'000	December 31, 2011 RMB'000	December 31, 2012 RMB'000	June 30, 2013 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	17,866,939	13,564,031	16,344,421	17,706,594
Prepaid land lease payments	14	584,144	571,305	558,466	552,046
Other intangible assets	15	27,439	96,416	105,458	105,220
Goodwill		—	59	59	59
Investments in joint ventures	17	4,600	4,913	5,233	5,187
Investments in associates	18	833,537	969,352	997,946	968,331
Available-for-sale investments	19	387,902	649,074	681,624	681,624
Long-term prepayments	20	153,493	102,424	240,736	120,920
Deferred tax assets	29	26,308	72,151	78,172	126,118
Total non-current assets		19,884,362	16,029,725	19,012,115	20,266,099
CURRENT ASSETS					
Inventories	21	206,394	209,785	213,404	186,370
Trade and bills receivables	22	159,985	158,059	202,371	255,222
Prepayments, deposits and other receivables	23	111,793	1,627,270	257,163	191,681
Tax recoverable		1,056	26,128	26,128	28,875
Pledged deposits	24	2,706	3,911	—	481
Cash and cash equivalents	24	1,088,572	5,715,271	3,492,887	2,524,072
Total current assets		1,570,506	7,740,424	4,191,953	3,186,701
CURRENT LIABILITIES					
Trade payables	25	51,760	73,467	68,762	80,114
Other payables and accruals	26	4,032,226	3,030,918	2,384,527	2,315,040
Interest-bearing bank borrowings	27	2,539,000	4,194,000	2,564,534	2,484,034
Tax payable		207,877	312,897	176,100	165,434
Total current liabilities		6,830,863	7,611,282	5,193,923	5,044,622
NET CURRENT ASSETS/(LIABILITIES)		(5,260,357)	129,142	(1,001,970)	(1,857,921)
TOTAL ASSETS LESS CURRENT LIABILITIES		14,624,005	16,158,867	18,010,145	18,408,178
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	27	6,677,499	6,522,726	7,355,076	7,643,268
Government grants	28	45,946	226,357	225,544	223,298
Total non-current liabilities		6,723,445	6,749,083	7,580,620	7,866,566
Net assets		7,900,560	9,409,784	10,429,525	10,541,612
EQUITY					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Issued capital	30	4,275,000	4,275,000	4,275,000	4,275,000
Reserves	31	2,907,771	3,589,560	3,908,588	4,005,768
Proposed dividend	11	—	405,337	1,090,125	1,090,125
		7,182,771	8,269,897	9,273,713	9,370,893
Non-controlling interests		717,789	1,139,887	1,155,812	1,170,719
Total equity		7,900,560	9,409,784	10,429,525	10,541,612

Consolidated statements of changes in equity

	Attributable to owners of the parent									
	Issued capital	*Share premium	*Other reserve	*Special reserve	*Statutory surplus reserve	*Retained profits	Proposed dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000 Note 31	RMB'000	RMB'000	RMB'000 Note 11	RMB'000	RMB'000	RMB'000
At January 1, 2010	4,275,000	2,240,185	1,992	—	139,055	1,106,604	—	7,762,836	788,670	8,551,506
Profit for the year	—	—	—	—	—	1,114,991	—	1,114,991	(18,391)	1,096,600
Other comprehensive income for the year	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	1,114,991	—	1,114,991	(18,391)	1,096,600
Proposed and declared 2009 final dividend	—	—	—	—	—	(1,094,400)	—	(1,094,400)	—	(1,094,400)
Proposed and declared 2010 interim dividend	—	—	—	—	—	(601,486)	—	(601,486)	—	(601,486)
Dividends declared and paid to non-controlling interests	—	—	—	—	—	—	—	—	(452)	(452)
Appropriation to statutory surplus reserve	—	—	—	—	113,310	(113,310)	—	—	—	—
Disposal of a subsidiary (Note 33)	—	—	—	—	—	—	—	—	(52,718)	(52,718)
Others	—	—	830	—	—	—	—	830	680	1,510
At December 31, 2010	4,275,000	2,240,185	2,822	—	252,365	412,399	—	7,182,771	717,789	7,900,560
At January 1, 2011	4,275,000	2,240,185	2,822	—	252,365	412,399	—	7,182,771	717,789	7,900,560
Profit for the year	—	—	—	—	—	1,083,914	—	1,083,914	(23,265)	1,060,649
Other comprehensive income for the year	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	1,083,914	—	1,083,914	(23,265)	1,060,649
Proposed 2011 final dividend	—	—	—	—	—	(405,337)	405,337	—	—	—
Dividends declared and paid to non-controlling interests	—	—	—	—	—	—	—	—	(876)	(876)
Appropriation to statutory surplus reserve	—	—	—	—	145,191	(145,191)	—	—	—	—
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	441,440	441,440
Acquisition of a subsidiary (Note 32)	—	—	—	—	—	—	—	—	2,171	2,171
Others	—	—	3,212	—	—	—	—	3,212	2,628	5,840
At December 31, 2011	4,275,000	2,240,185	6,034	—	397,556	945,785	405,337	8,269,897	1,139,887	9,409,784
At January 1, 2012	4,275,000	2,240,185	6,034	—	397,556	945,785	405,337	8,269,897	1,139,887	9,409,784
Profit for the year	—	—	—	—	—	1,405,958	—	1,405,958	(8,662)	1,397,296
Other comprehensive income for the year	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	1,405,958	—	1,405,958	(8,662)	1,397,296
Final 2011 dividend declared	—	—	—	—	—	—	(405,337)	(405,337)	—	(405,337)
Proposed 2012 final dividend	—	—	—	—	—	(1,090,125)	1,090,125	—	—	—
Dividends declared and paid to non-controlling interests	—	—	—	—	—	—	—	—	(1,031)	(1,031)
Appropriation to statutory surplus reserve	—	—	—	—	147,187	(147,187)	—	—	—	—
Net increase in special reserve for the year	—	—	—	17,545	—	(17,545)	—	—	—	—
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	30,000	30,000
Others	—	—	3,195	—	—	—	—	3,195	(4,382)	(1,187)
At December 31, 2012	4,275,000	2,240,185	9,229	17,545	544,743	1,096,886	1,090,125	9,273,713	1,155,812	10,429,525
At January 1, 2013	4,275,000	2,240,185	9,229	17,545	544,743	1,096,886	1,090,125	9,273,713	1,155,812	10,429,525
Profit for the period	—	—	—	—	—	1,188,646	—	1,188,646	13,566	1,202,212
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	1,188,646	—	1,188,646	13,566	1,202,212
Final 2012 dividend declared	—	—	—	—	—	—	(1,090,125)	(1,090,125)	—	(1,090,125)
Proposed additional 2012 dividend	—	—	—	—	—	(1,090,125)	1,090,125	—	—	—
Net increase in special reserve for the period	—	—	—	20,958	—	(20,958)	—	—	—	—
Acquisition of non-controlling interests by injection to a subsidiary	—	—	(1,341)	—	—	—	—	(1,341)	1,341	—
At June 30, 2013	4,275,000	2,240,185	7,888	38,503	544,743	1,174,449	1,090,125	9,370,893	1,170,719	10,541,612

	Attributable to owners of the parent									
	Issued capital	*Share premium	*Other reserve	*Special reserve	*Statutory surplus reserve	*Retained profits	Proposed dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000 Note 31	RMB'000	RMB'000	RMB'000 Note 11	RMB'000	RMB'000	RMB'000
At January 1, 2012	4,275,000	2,240,185	6,034	—	397,556	945,785	405,337	8,269,897	1,139,887	9,409,784
Profit for the period (unaudited)	—	—	—	—	—	735,194	—	735,194	(5,725)	729,469
Other comprehensive income for the period (unaudited)	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the period (unaudited)	—	—	—	—	—	735,194	—	735,194	(5,725)	729,469
Final 2011 dividend declared	—	—	—	—	—	—	(405,337)	(405,337)	—	(405,337)
Net increase in special reserve for the period (unaudited)	—	—	—	19,404	—	(19,404)	—	—	—	—
Contribution from non-controlling interests (unaudited)	—	—	—	—	—	—	—	—	30,000	30,000
Dividends declared and paid to non-controlling interests (unaudited)	—	—	—	—	—	—	—	—	(392)	(392)
At June 30, 2012 (unaudited)	4,275,000	2,240,185	6,034	19,404	397,556	1,661,575	—	8,599,754	1,163,770	9,763,524

* These reserve accounts comprise the consolidated reserves of RMB2,907,771,000, RMB3,589,560,000, RMB3,908,588,000, and RMB4,005,768,000 in the consolidated statements of financial position as at December 31, 2010, 2011 and 2012 and June 30, 2013, respectively.

Consolidated statements of cash flows

	Notes	Year ended December 31, 2010 RMB'000	2011 RMB'000	2012 RMB'000	Six months ended June 30, 2012 RMB'000 (unaudited)	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		1,422,688	1,487,981	1,825,365	965,779	1,429,485
Adjustments for:						
Depreciation	13	838,784	826,883	857,115	410,325	484,787
Amortization of other intangible assets	15	8,072	8,239	6,287	3,100	3,575
Amortization of prepaid land lease payments	14	9,625	9,625	9,625	4,813	4,813
Bank interest income	4	(10,035)	(16,344)	(19,186)	(6,857)	(10,112)
Government grants recognized		(3,058)	(7,495)	(6,513)	(3,226)	(297,189)
Finance costs	6	156,459	208,906	259,209	117,974	144,514
Gain on disposal of a subsidiary	4	(5,371)	—	—	—	—
Loss on remeasurement of previously held equity interest in a business combination achieved in stages	32	—	59	—	—	—
Provision for/(reversal of) impairment of trade and other receivables	5	6,148	85,615	(49,995)	(61,374)	(13,701)
Provision for impairment of property, plant and equipment	5	7,840	—	—	—	11,577
Dividend income from available-for-sale investments	4	—	(30,000)	(47,631)	(47,631)	(45,000)
Loss on disposal of items of property, plant and equipment	5	4,041	299,017	164,951	153,305	13,325
Share of profits and losses of joint ventures		(494)	(313)	(565)	(320)	46
Share of profits of associates		(171,102)	(168,139)	(154,622)	(56,744)	(63,385)
		2,263,597	2,704,034	2,844,040	1,479,144	1,662,735
Decrease/(increase) in inventories		(29,406)	(3,391)	(3,619)	(18,453)	27,034
Decrease/(increase) in pledged deposits		(2,706)	(1,205)	3,911	(18,704)	(481)
Decrease/(increase) in trade and bills receivables		15,221	952	(45,513)	(57,689)	(60,262)
Decrease/(increase) in prepayments, deposits and other receivables		16,254	(6,985)	(4,235)	(4,792)	1,048
Increase/(decrease) in trade payables		27,866	21,707	(4,705)	18,885	11,352
Increase/(decrease) in other payables and accruals		120,044	28,538	(66,513)	(66,645)	39,662
Cash generated from operations		2,410,870	2,743,650	2,723,366	1,331,746	1,681,088
Interest received		10,035	16,344	19,186	6,857	10,112
Tax paid		(237,921)	(393,227)	(570,887)	(399,507)	(288,632)
Net cash flows from operating activities		2,182,984	2,366,767	2,171,665	939,096	1,402,568

Consolidated statements of cash flows (continued)

	Notes	Year ended December 31, 2010 RMB'000	2011 RMB'000	2012 RMB'000	Six months ended June 30, 2012 RMB'000 (unaudited)	2013 RMB'000
Net cash flows from operating activities		2,182,984	2,366,767	2,171,665	939,096	1,402,568
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of items of property, plant and equipment		(3,097,464)	(2,705,384)	(3,597,980)	(2,120,187)	(1,694,542)
Additions to prepaid land lease payments		(128,571)	—	—	—	—
Additions to other intangible assets		(15,839)	(78,074)	(16,252)	—	(3,852)
Acquisition of a subsidiary, net of cash acquired	32	—	3,786	—	—	—
Decrease/(increase) in non-pledged time deposits with original maturity of three months or more when acquired		—	(209,000)	53,000	(100,000)	19,738
Additions of investments in associates		(84,000)	(124,000)	(15,000)	(15,000)	(40,000)
Purchase of available-for-sale investments		(202,300)	(178,872)	(32,550)	(32,250)	—
Proceeds from disposal of a subsidiary	33	1,829	12,000	40,000	—	—
Proceeds from disposal of items of property, plant and equipment		18,389	3,745,629	904,431	895,690	208,017
Dividends received from available-for-sale investments		—	30,000	47,631	47,631	45,000
Government grants received		8,910	187,906	5,700	300	294,943
Dividends received from a joint venture and associates		105,951	154,379	140,246	—	—
Net cash flows from/(used in) investing activities		(3,393,095)	838,370	(2,470,774)	(1,323,816)	(1,170,696)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans raised		5,163,499	4,330,227	4,037,684	2,875,822	1,902,692
Repayment of bank loans		(2,618,000)	(2,830,000)	(4,834,800)	(3,806,000)	(1,695,000)
Interest paid		(351,740)	(433,329)	(686,623)	(360,075)	(298,516)
Dividend paid		(1,395,146)	(300,740)	(405,337)	(344,547)	(1,090,125)
Dividends paid to non-controlling interests		(463)	(876)	(11,199)	(8,670)	—
Contribution from non-controlling interests		—	441,440	30,000	30,000	—
Refund of port construction fee		3,610	5,840	—	—	—
Net cash flows from/(used in) financing activities		801,760	1,212,562	(1,870,275)	(1,613,470)	(1,180,949)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(408,351)	4,417,699	(2,169,384)	(1,998,190)	(949,077)
Cash and cash equivalents at the beginning of each year/period		1,496,923	1,088,572	5,506,271	5,506,271	3,336,887
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		1,088,572	5,506,271	3,336,887	3,508,081	2,387,810
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position	24	1,088,572	5,715,271	3,492,887	3,817,081	2,524,072
Less: Time deposits with original maturity of more than three months	24	—	(209,000)	(156,000)	(309,000)	(136,262)
Cash and cash equivalents as stated in the consolidated statements of cash flows		1,088,572	5,506,271	3,336,887	3,508,081	2,387,810

Statements of financial position

	Notes	December 31, 2010 RMB'000	December 31, 2011 RMB'000	December 31, 2012 RMB'000	June 30, 2013 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	8,227,242	7,505,614	6,962,864	6,810,356
Prepaid land lease payments	14	456,376	446,751	437,126	432,313
Other intangible assets	15	14,271	22,711	17,162	18,072
Investments in subsidiaries	16	1,621,657	3,385,388	3,429,423	3,589,423
Investment in a joint venture	17	1,254	2,304	2,304	2,304
Investments in associates	18	644,087	727,296	742,296	782,296
Available-for-sale investments	19	355,500	499,750	532,000	532,000
Long-term prepayments	20	—	48,472	205,468	92,604
Deferred tax assets	29	25,671	72,346	77,181	77,525
Total non-current assets		11,346,058	12,710,632	12,405,824	12,336,893
CURRENT ASSETS					
Inventories	21	202,005	207,945	211,021	182,841
Trade and bills receivables	22	144,507	148,389	181,827	228,618
Prepayments, deposits and other receivables	23	105,762	91,671	48,593	182,745
Cash and cash equivalents	24	242,281	544,460	999,568	822,971
Total current assets		694,555	992,465	1,441,009	1,417,175
CURRENT LIABILITIES					
Trade payables	25	79,196	44,544	44,103	48,490
Other payables and accruals	26	1,168,531	901,335	765,375	818,894
Interest-bearing bank borrowings	27	1,690,000	3,230,000	2,472,000	2,412,000
Tax payable		208,271	312,095	174,902	143,758
Total current liabilities		3,145,998	4,487,974	3,456,380	3,423,142
NET CURRENT LIABILITIES		(2,451,443)	(3,495,509)	(2,015,371)	(2,005,967)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,894,615	9,215,123	10,390,453	10,330,926
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	27	1,850,000	550,000	658,000	823,000
Government grants	28	45,946	226,357	221,668	219,421
Total non-current liabilities		1,895,946	776,357	879,668	1,042,421
Net assets		6,998,669	8,438,766	9,510,785	9,288,505
EQUITY					
Issued capital	30	4,275,000	4,275,000	4,275,000	4,275,000
Reserves	31	2,723,669	3,758,429	4,145,660	3,923,380
Proposed dividend	11	—	405,337	1,090,125	1,090,125
Total equity		6,998,669	8,438,766	9,510,785	9,288,505

1. CORPORATE INFORMATION

The Company was established as a joint stock company with limited liability on March 31, 2008 in the PRC. The registered office of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province, the PRC.

In the opinion of the directors (the "Directors"), the holding company and the ultimate holding company of the Company is Hebei Port Group Co., Ltd. ("HPG"), which is a state-owned enterprise established on August 28, 2002 in the PRC.

During the Relevant Periods, the Group was principally engaged in provision of integrated port services including stevedoring, stacking, warehousing, transportation and logistics and handling various types of cargo including coal, metal ores, oil, liquefied chemicals, containers and general cargo.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with IFRSs, which comprise standards and interpretations approved by the IASB. All IFRSs effective for the accounting period commencing from January 1, 2013, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IFRS 9	*Financial Instruments*[2]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — *Investment Entities*[1]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies*[1]

[1] Effective for annual periods beginning on or after January 1, 2014

[2] Effective for annual periods beginning on or after January 1, 2015

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

This Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Subsidiaries

A subsidiary is an investee over which the Group has power such that the Group is able to direct the investee's relevant activities, has exposure or rights to the investee's variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns.

Joint arrangements

Certain of the Group's activities are conducted through joint arrangements. A joint arrangement is classified as either a joint operation or a joint venture, based on the rights and obligations of the parties to the arrangement.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post acquisition results is included in the consolidated statement of comprehensive income. Where the profit sharing ratios are different to the Group's equity interest, the share of post-acquisition results of the joint ventures is determined based on the agreed profit sharing ratio. Unrealized gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Groups investments in the joint ventures, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures and is not individually tested for impairment.

The results of joint ventures are included in the Company's statement of comprehensive income to the extent of dividend received and receivable. The Company's investments in joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results is included in the consolidated statement of comprehensive income. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The results of associates are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognized in profit or loss or as a change to other comprehensive income. If the contingent

consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which

case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Annual rates
Buildings	2.77% to 4.85%
Terminal facilities	3.23% to 4.85%
Plant and machinery	2.77% to 48.5%
Vessels and motor vehicles	9.7% to 48.5%
Furniture and fixtures	6.47% to 48.5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents building, terminal facilities and plant under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives. The principal estimated useful lives of software and sea area use rights are 5 years and 50 years, respectively.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, or available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification 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 financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognized in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under IAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in other income and gains in profit or loss. The loss arising from impairment is recognized in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognized in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the

probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or

- 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

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

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group firstly assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income and gains in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is removed from other comprehensive income and recognized in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or ''prolonged" requires judgment. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss — is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognized directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and

there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from 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 the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period 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 tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise depreciation and amortization, power and fuel costs, labor and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognized based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Pension scheme

The employees of the Group in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

In addition to the central pension scheme, the Group implemented a pension annuity plan for its employees in Mainland China pursuant to which the Group contributes to the plan regularly, based on a percentage of the employees' basic salary. The Group has no further obligation, once the required contribution has been made and the contribution is recognized as expense as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Foreign currencies

The Financial Information is presented in RMB which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. 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.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Transfer of construction in progress to property, plant and equipment

Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. It requires management's judgment and estimation to determine when the project under construction is substantially ready for its intended use, i.e. when it is capable of commercial operation based on the overall assessment of trial operation results.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

(ii) Impairment of receivables

Impairment of receivables is made based on management's assessment of their recoverability. The identification of impairment of receivables requires management's judgment and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying values of the receivables and impairment loss/reversal of impairment of the receivables in the period in which such an estimate is changed.

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

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the Relevant Periods. Non-financial assets with definite lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell 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 value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and deductible temporary differences can be utilized. Significant management judgment is 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. Further details are contained in Note 29 to the Financial Information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment: provision of integrated port services. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

During the Relevant Periods and the six months ended June 30, 2012, more than 90% of the Group's revenue is generated from customers located in Mainland China and all of the non-current assets of the Group were located in Mainland China.

Information about major customers

During the Relevant Periods and the six months ended June 30, 2012, there were two single customers who contributed over 10% of the Group's revenue individually.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	857,203	719,192	793,151	425,382	393,266
Customer B	728,019	798,714	834,159	411,696	505,806

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue					
Integrated port services	4,831,776	5,486,873	5,984,241	2,884,885	3,260,135
Other comprehensive services	277,772	247,437	265,921	135,489	126,391
	5,109,548	5,734,310	6,250,162	3,020,374	3,386,526
Other income and gains					
Other income					
Bank interest income	10,035	16,344	19,186	6,857	10,112
Dividend income from available-for-sale investments	—	30,000	47,631	47,631	45,000
Government grants*	3,058	7,923	7,942	3,226	298,424
Foreign exchange differences, net	—	174	—	—	—
	13,093	54,441	74,759	57,714	353,536
Gains					
Gain on disposal of a subsidiary (Note 33)	5,371	—	—	—	—
Reversal of impairment of trade and other receivables, net*	—	—	49,995	61,374	13,701
Others	880	1,913	662	913	2,240
	6,251	1,913	50,657	62,287	15,941
	19,344	56,354	125,416	120,001	369,477

* The government grant of RMB298,424,000 in the six months ended June 30, 2013 included RMB294,842,000 and the reversal of impairment of trade and other receivables of RMB49,995,000, RMB61,374,000 (unaudited) and RMB13,701,000 in 2012 and the six months ended June 30, 2012 and 2013 included RMB58,401,000, RMB58,401,000 (unaudited) and RMB21,855,000, respectively, which were in connection with the transfer of Huanghua Port public infrastructure as disclosed in Note 13 to the Financial Information.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of services provided	3,158,540	3,254,410	3,536,081	1,623,184	1,860,196
Depreciation (Note 13)	838,784	826,883	857,115	410,325	484,787
Amortization of other intangible assets (Note 15)	8,072	8,239	6,287	3,100	3,575
Amortization of prepaid land lease payments (Note 14)	9,625	9,625	9,625	4,813	4,813
Loss on disposal of items of property, plant and equipment*	4,041	299,017	164,951	153,305	13,325
Gain on disposal of a subsidiary (Note 33)	(5,371)	—	—	—	—
Employee benefit expense (including directors' and supervisors' remuneration (Note 7)):					
Wages, salaries and bonuses	1,183,653	1,317,598	1,548,642	684,695	773,657
Pension scheme contributions	196,587	222,623	252,546	126,008	146,101
	1,380,240	1,540,221	1,801,188	810,703	919,758
Provision for/(reversal of) impairment of trade and other receivables	6,148	85,615	(49,995)	(61,374)	(13,701)
Provision for impairment of property, plant and equipment	7,840	—	—	—	11,577
Dividend income from available-for-sale investments	—	(30,000)	(47,631)	(47,631)	(45,000)
Minimum lease payments under operating leases of property, plant and equipment	213,555	174,190	169,640	88,574	84,284
Auditors' remuneration	1,874	1,674	1,691	250	125
Bank interest income	(10,035)	(16,344)	(19,186)	(6,857)	(10,112)

* The loss on disposal of items of property, plant and equipment of RMB299,017,000, RMB164,951,000 and RMB153,305,000 (unaudited) in 2011, 2012 and the six months ended June 30, 2012 included RMB292,233,000, RMB152,609,000 and RMB152,609,000 (unaudited), respectively, which were in connection with the transfer of Huanghua Port public infrastructure as disclosed in Note 13 to the Financial Information.

6. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank borrowings					
— wholly repayable within five years	259,429	236,102	321,212	256,549	157,428
— wholly repayable over five years	95,224	206,029	362,207	102,384	140,508
	354,653	442,131	683,419	358,933	297,936
Less: Interest capitalized	(198,194)	(233,225)	(424,210)	(240,959)	(153,422)
	156,459	208,906	259,209	117,974	144,514

7. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration during the Relevant Periods and the six months ended June 30, 2012, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	1,079	1,249	2,048	426	980
Performance related bonuses	—	—	—	—	—
Pension scheme contributions	21	125	265	98	256
	1,100	1,374	2,313	524	1,236

(a) Executive Directors

	Year ended December 31, 2010				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Cui Zhongjian	—	582	—	—	582
— Xing Luzhen	—	—	—	—	—
— He Shanqi	—	—	—	—	—
	—	582	—	—	582

	Year ended December 31, 2011				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Cui Zhongjian*	—	436	—	—	436
— Xing Luzhen	—	—	—	—	—
— He Shanqi	—	—	—	—	—
	—	436	—	—	436

	Year ended December 31, 2012				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Xing Luzhen	—	—	—	—	—
— He Shanqi	—	—	—	—	—
— Wang Lubiao**	—	498	—	69	567
	—	498	—	69	567

	Six months ended June 30, 2013				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Xing Luzhen	—	—	—	—	—
— He Shanqi	—	263	—	76	339
— Wang Lubiao	—	173	—	55	228
	—	436	—	131	567

	Six months ended June 30, 2012 (unaudited)				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Xing Luzhen	—	—	—	—	—
— He Shanqi	—	—	—	—	—
— Wang Lubiao**	—	72	—	17	89
	—	72	—	17	89

(b) Non-executive Directors

	Year ended December 31, 2010				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Zhao Ke	—	—	—	—	—
— Zheng Yunming	—	—	—	—	—
— Duan Gaosheng	—	—	—	—	—
	—	—	—	—	—

	Year ended December 31, 2011				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Zhao Ke	—	—	—	—	—
— Zheng Yunming	—	—	—	—	—
— Duan Gaosheng	—	—	—	—	—
	—	—	—	—	—

	Year ended December 31, 2012				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Zhao Ke	—	—	—	—	—
— Zheng Yunming	—	—	—	—	—
— Duan Gaosheng	—	—	—	—	—
	—	—	—	—	—

	Six months ended June 30, 2013				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Zhao Ke	—	—	—	—	—
— Zheng Yunming	—	—	—	—	—
— Duan Gaosheng	—	—	—	—	—
	—	—	—	—	—

	Six month ended June 30, 2012 (unaudited)				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Zhao Ke	—	—	—	—	—
— Zheng Yunming	—	—	—	—	—
— Duan Gaosheng	—	—	—	—	—
	—	—	—	—	—

(c) Independent Non-executive Directors

	Year ended December 31, 2010				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Yu Shulian	—	100	—	—	100
— Liu Xue	—	100	—	—	100
	—	200	—	—	200

	Year ended December 31, 2011				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Yu Shulian	—	100	—	—	100
— Liu Xue	—	100	—	—	100
	—	200	—	—	200

	Year ended December 31, 2012				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Hong Shanxiang	—	—	—	—	—
— Yu Shunlian	—	100	—	—	100
— Liu Xue	—	100	—	—	100
	—	200	—	—	200

	Six months ended June 30, 2013				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Hong Shanxiang	—	—	—	—	—
— Yu Shulian	—	50	—	—	50
— Liu Xue	—	50	—	—	50
	—	100	—	—	100

	Six months ended June 30, 2012 (unaudited)				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Hong Shanxiang	—	—	—	—	—
— Yu Shulian	—	50	—	—	50
— Liu Xue	—	50	—	—	50
	—	100	—	—	100

(d) Supervisors

	Year ended December 31, 2010				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Ge Ying	—	—	—	—	—
— Cao Dong***	—	94	—	21	115
— Bi Keshuang	—	203	—	—	203
— Qi Guiqiu	—	—	—	—	—
— Xue Tiemin***	—	—	—	—	—
	—	297	—	21	318

	Year ended December 31, 2011				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Ge Ying	—	—	—	—	—
— Cao Dong	—	354	—	71	425
— Bi Keshuang	—	259	—	54	313
— Qi Guiqiu	—	—	—	—	—
— Xue Tiemin	—	—	—	—	—
	—	613	—	125	738

	Year ended December 31, 2012				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Ge Ying	—	—	—	—	—
— Ning Zhongyou**	—	—	—	—	—
— Chen Shaojun**	—	385	—	66	451
— Cao Dong	—	567	—	72	639
— Ma Chengzhu**	—	351	—	38	389
— Bi Keshuang****	—	47	—	20	67
— Qi Guiqiu****	—	—	—	—	—
— Xue Tiemin****	—	—	—	—	—
	—	1,350	—	196	1,546

	Six months ended June 30, 2013				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Ge Ying	—	—	—	—	—
— Ning Zhongyou	—	—	—	—	—
— Chen Shaojun	—	182	—	46	228
— Cao Dong	—	174	—	53	227
— Ma Chengzhu*****	—	88	—	26	114
— Yang Jun*****	—	—	—	—	—
	—	444	—	125	569

	Six months ended June 30, 2012 (unaudited)				
	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
— Ge Ying	—	—	—	—	—
— Ning Zhongyou**	—	—	—	—	—
— Chen Shaojun**	—	60	—	16	76
— Cao Dong	—	116	—	36	152
— Ma Chengzhu**	—	31	—	9	40
— Bi Keshuang****	—	47	—	20	67
— Qi Guiqiu****	—	—	—	—	—
— Xue Tiemin****	—	—	—	—	—
	—	254	—	81	335

* The executive director resigned in July 2011.

** The directors or supervisors were appointed in April 2012.

*** Cao Dong was appointed in August 2010 and Xue Tiemin was appointed in May 2010.

**** Qi Guiqiu, Bi Keshuang and Xue Tiemin resigned in April 2012.

***** Ma Chengzhu resigned in April 2013 and Yang Jun was appointed in June 2013.

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the Relevant Periods and the six months ended June 30, 2012.

8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the headcounts of the five highest paid employees within the Group for the Relevant Periods and the six months ended June 30, 2012 is as follows:

	Number of employees				
	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
Directors (Note 7)	1	—	1	1	2
Supervisors (Note 7)	—	—	1	1	2
Non-director and non-supervisor employees	4	5	3	3	1

Details of the remuneration of the above non-director and non-supervisor, highest paid employees are as follows:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	1,852	2,636	1,800	513	173
Performance related bonuses	—	—	—	—	—
Pension scheme contributions	270	431	326	163	55
	2,122	3,067	2,126	676	228

The remuneration of the non-director and non-supervisor, highest paid employees fell within the band of nil to HK$1,000,000.

9. INCOME TAX EXPENSE

The provision for Mainland China current income tax is based on a statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current-Mainland China Charged for the year/ period	326,908	473,175	434,090	241,134	275,219
Deferred (Note 29)	(820)	(45,843)	(6,021)	(4,824)	(47,946)
Tax expenses for the year/period	326,088	427,332	428,069	236,310	227,273

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate applicable in Mainland China to the tax expense at the Group's effective tax rate is as follows:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	1,422,688	1,487,981	1,825,365	965,779	1,429,485
Tax at the statutory tax rate	355,672	371,995	456,341	241,445	357,371
Expenses not deductible for tax*	1,508	78,085	36,275	38,655	9,426
Tax losses not recognized	9,659	4,546	4,627	3,060	4,121
Income not subject to tax	—	(7,500)	(11,908)	(11,908)	(11,250)
Profits and losses attributable to joint ventures and associates	(42,899)	(42,113)	(38,797)	(14,266)	(15,834)
Non-deductible expenses from previous periods confirmed to be deductible by tax authority*	—	—	—	—	(110,558)
Deductible temporary difference not recognized	2,148	22,319	—	—	—
Utilized deductible temporary difference not recognized	—	—	(18,469)	(20,676)	(6,003)
	326,088	427,332	428,069	236,310	227,273

* Included in the expenses not deductible for tax in 2011, 2012 and the six months ended June 30, 2012, RMB73,058,000, RMB37,500,000 and RMB37,500,000 (unaudited) were in connection with the transfer of Huanghua Port public infrastructure as disclosed in Note 13 to the Financial Information, respectively. The expenses were confirmed by the tax authority to be deductible in the six months ended June 30, 2013.

The Group's effective tax rates are 23%, 29%, 23%, 24% (unaudited) and 16% for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 respectively.

The share of tax attributable to associates and joint ventures amounting to RMB51,080,000, RMB14,657,000, RMB29,664,000, RMB10,014,000 (unaudited) and RMB6,500,000 for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, respectively, is included in "Share of profits and losses of: associates and joint ventures" in the consolidated statements of comprehensive income.

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profits attributable to owners of the parent for the years ended December 31, 2010, 2011, 2012 and the six months ended June 30, 2012 and 2013 include the profits of RMB1,065,110,000, RMB1,435,101,000, RMB1,472,365,000, RMB767,164,000 (unaudited) and RMB867,845,000, respectively, which have been dealt with in the financial statements of the Company.

11. DIVIDENDS

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Proposed dividend	—	405,337	1,090,125	—	1,090,125
Proposed and declared dividend	1,695,886	—	—	—	—

Pursuant to the resolution of the board meeting dated June 16, 2013, the Company proposed additional 2012 dividend with the amount of RMB1,090,125,000 which had been approved by the Company's shareholders at the first extraordinary general shareholders' meeting for the year 2013 dated July 11, 2013.

The rates of dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profits attributable to ordinary equity holders of the parent for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 and the weighted average number of ordinary shares in issue during the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Earnings					
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	1,114,991	1,083,914	1,405,958	735,194	1,188,646

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	'000	'000	'000	'000 (unaudited)	'000
Shares					
Weighted average number of ordinary shares	4,275,000	4,275,000	4,275,000	4,275,000	4,275,000

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods and the six months ended June 30, 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Terminal facilities	Plant and machinery	Vessels and motor vehicles	Furniture and fixtures	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2010	2,189,686	2,916,278	5,840,390	289,761	122,287	5,469,879	16,828,281
Additions	—	—	411	3,754	3,532	4,561,415	4,569,112
Transfers	(54,601)	16,259	156,265	79,180	10,986	(208,089)	—
Disposals	(907)	—	(17,349)	(116)	(557)	(16,076)	(35,005)
Disposal of a subsidiary	—	—	—	—	—	(510,812)	(510,812)
At December 31, 2010	2,134,178	2,932,537	5,979,717	372,579	136,248	9,296,317	20,851,576
Accumulated depreciation:							
At January 1, 2010	214,919	268,765	1,540,575	87,575	46,594	—	2,158,428
Depreciation provided for the year	99,822	111,435	571,001	35,723	20,803	—	838,784
Disposals	(94)	—	(11,978)	(52)	(451)	—	(12,575)
At December 31, 2010	314,647	380,200	2,099,598	123,246	66,946	—	2,984,637
Accumulated impairment:							
At January 1, 2010	—	—	—	—	—	—	—
Provision provided	—	—	—	—	—	7,840	7,840
Disposal of a subsidiary	—	—	—	—	—	(7,840)	(7,840)
At December 31, 2010	—	—	—	—	—	—	—
Net book value:							
At December 31, 2010	1,819,531	2,552,337	3,880,119	249,333	69,302	9,296,317	17,866,939
Cost:							
At January 1, 2011	2,134,178	2,932,537	5,979,717	372,579	136,248	9,296,317	20,851,576
Additions	—	—	522	642	1,480	1,877,173	1,879,817
Transfer	2,943	—	48,804	9,027	16,394	(77,168)	—
Disposals*	(315)	(26)	(92,599)	(1,546)	(2,072)	(5,325,365)	(5,421,923)
Acquisition of a subsidiary	—	—	—	495	2,143	—	2,638
At December 31, 2011	2,136,806	2,932,511	5,936,444	381,197	154,193	5,770,957	17,312,108
Accumulated depreciation:							
At January 1, 2011	314,647	380,200	2,099,598	123,246	66,946	—	2,984,637
Depreciation provided for the year	100,081	111,568	552,084	41,518	21,632	—	826,883
Disposals	(270)	(26)	(60,798)	(1,465)	(1,839)	—	(64,398)
Acquisition of a subsidiary	—	—	—	94	861	—	955
At December 31, 2011	414,458	491,742	2,590,884	163,393	87,600	—	3,748,077
Net book value:							
At December 31, 2011	1,722,348	2,440,769	3,345,560	217,804	66,593	5,770,957	13,564,031

Group

	Buildings	Terminal facilities	Plant and machinery	Vessels and motor vehicles	Furniture and fixtures	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2012	2,136,806	2,932,511	5,936,444	381,197	154,193	5,770,957	17,312,108
Additions	17	—	1,403	703	1,760	3,655,853	3,659,736
Transfers	57,541	2,253,912	768,980	90,858	39,511	(3,210,802)	—
Disposals	(18,902)	—	(24,079)	(2,245)	(395)	(32)	(45,653)
At December 31, 2012	2,175,462	5,186,423	6,682,748	470,513	195,069	6,215,976	20,926,191
Accumulated depreciation:							
At January 1, 2012	414,458	491,742	2,590,884	163,393	87,600	—	3,748,077
Depreciation provided for the year	108,604	123,144	551,276	42,625	31,466	—	857,115
Disposals	(3,612)	—	(17,532)	(1,936)	(342)	—	(23,422)
At December 31, 2012	519,450	614,886	3,124,628	204,082	118,724	—	4,581,770
Net book value:							
At December 31, 2012	1,656,012	4,571,537	3,558,120	266,431	76,345	6,215,976	16,344,421
Cost:							
At January 1, 2013	2,175,462	5,186,423	6,682,748	470,513	195,069	6,215,976	20,926,191
Additions	—	—	—	258	425	1,860,650	1,861,333
Transfers	85,952	590,290	31,234	71,546	4,379	(783,401)	—
Disposals	(66)	—	(10,311)	(2,866)	(809)	(1,004)	(15,056)
At June 30, 2013	2,261,348	5,776,713	6,703,671	539,451	199,064	7,292,221	22,772,468
Accumulated depreciation:							
At January 1, 2013	519,450	614,886	3,124,628	204,082	118,724	—	4,581,770
Depreciation provided for the period	50,946	104,345	288,571	27,166	13,759	—	484,787
Disposals	(65)	—	(8,673)	(2,769)	(753)	—	(12,260)
At June 30, 2013	570,331	719,231	3,404,526	228,479	131,730	—	5,054,297
Accumulated impairment:							
At January 1, 2013	—	—	—	—	—	—	—
Provision provided	—	—	9,331	2,161	85	—	11,577
At June 30, 2013	—	—	9,331	2,161	85	—	11,577
Net book value:							
At June 30, 2013	1,691,017	5,057,482	3,289,814	308,811	67,249	7,292,221	17,706,594

* The disposal of construction in process with cost of RMB5,325,365,000 in 2011 included transfer of Huanghua Port public infrastructure of RMB5,218,452,000. In April 2011, Cangzhou Bohai Port Co., Ltd. ("Cangzhou Bohai"), a subsidiary of the Company, entered into an agreement with Cangzhou Port Group Company Ltd., a company affiliated with Cangzhou government, in connection with transfer of Huanghua Port public infrastructure being constructed by Cangzhou Bohai with a carrying amount of RMB5,218,452,000 to Cangzhou Port Group Company Ltd. at a total consideration of RMB5,218,452,000. The Group transferred the ownership of Huanghua Port public infrastructure to Cangzhou Port Group Company Ltd. pursuant to the relevant government policies to build Huanghua Port into a landlord port with respect to which the local port authority acts as the regulatory body and landlord, while port operations, especially cargo handling, are carried out by the Group. The transfer was recorded as a disposal of items of property, plant and equipment in 2011. In addition, according to the transfer agreement, Cangzhou Port Group Company Ltd. should pay Cangzhou Bohai an additional amount of RMB236,659,000 as a compensation for the interest expenses incurred by Cangzhou Bohai on the bank loans it borrowed in connection with the construction of Huanghua Port public infrastructure. The amount was further adjusted down by RMB18,113,000 to RMB218,546,000 in 2012 as agreed between Cangzhou Bohai and Cangzhou Port Group Company Ltd.

The Group made a provision of RMB292,233,000 for business tax and surcharges according to the then applicable tax laws and regulations for the proceeds from transfer of Huanghua Port public infrastructure, which was recorded in the loss on disposal of items of property, plant and equipment in 2011 as these taxes and surcharges were not covered by the transfer proceeds from Cangzhou Port Group Company Ltd. Such business tax and surcharges were fully paid in 2012.

In 2012, the Group paid the dredging costs of RMB150,000,000 and stamp duty of RMB2,609,000 in connection with the transfer of Huanghua Port public infrastructure to Cangzhou Port Group Company Ltd., which was recorded in the loss on disposal of items of property, plant and equipment in 2012 as the costs were not covered by the transfer proceeds.

The aforementioned losses on disposal of items of property, plant and equipment of RMB292,223,000 and RMB150,000,000 in 2011 and 2012, respectively, were regarded as non-deductible expense in respective year as deduction of these expenses were not confirmed by tax authority. In the six months ended June 30, 2013, these expenses were confirmed by tax authority to be deductible.

In January 2013, the Group received a government grant of RMB294,842,000 from Cangzhou government as the compensation for the business tax and surcharges of RMB292,233,000 and the stamp duty of RMB2,609,000 paid by the Group in connection with the transfer of Huanghua Port public infrastructure to Cangzhou Port Group Company Ltd.

In 2011, Cangzhou Port Group Company Ltd. paid a total of RMB3,850,000,000 as part of the transfer proceeds. The Group made a provision of RMB80,256,000 for impairment of the remaining overdue receivables in the aggregate amount of RMB1,605,111,000, which include the remaining balance of RMB1,368,452,000 of the transfer proceeds and the aforementioned interest expenses of RMB236,659,000. In 2012 and the six months ended June 30, 2013, Cangzhou Port Group Company Ltd. further paid the remaining balance of RMB1,368,452,000 of the transfer proceeds and the aforesaid interest expense. Accordingly the Group reversed the provision of RMB58,401,000 and RMB21,855,000 in 2012 and the six months ended June 30, 2013, respectively.

Company

	Buildings	Terminal facilities	Plant and machinery	Vessels and motor vehicles	Furniture and fixtures	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2010	2,173,665	2,916,278	5,423,304	277,171	119,240	94,451	11,004,109
Additions	—	—	—	—	284	158,857	159,141
Transfers	(54,601)	16,259	154,963	78,999	10,498	(206,118)	—
Disposals	(907)	—	(17,351)	(116)	(406)	(2,293)	(21,073)
At December 31, 2010	2,118,157	2,932,537	5,560,916	356,054	129,616	44,897	11,142,177
Accumulated depreciation:							
At January 1, 2010	214,313	268,765	1,502,256	84,028	45,953	—	2,115,315
Depreciation provided for the year	99,324	111,435	547,392	33,819	20,086	—	812,056
Disposals	(94)	—	(11,978)	(52)	(312)	—	(12,436)
At December 31, 2010	313,543	380,200	2,037,670	117,795	65,727	—	2,914,935
Net book value:							
At December 31, 2010	1,804,614	2,552,337	3,523,246	238,259	63,889	44,897	8,227,242
Cost:							
At January 1, 2011	2,118,157	2,932,537	5,560,916	356,054	129,616	44,897	11,142,177
Additions	—	—	—	—	118	109,551	109,669
Transfers	2,943	—	48,804	2,825	16,196	(70,768)	—
Disposals	(315)	(26)	(92,318)	(1,026)	(1,894)	(27)	(95,606)
At December 31, 2011	2,120,785	2,932,511	5,517,402	357,853	144,036	83,653	11,156,240
Accumulated depreciation:							
At January 1, 2011	313,543	380,200	2,037,670	117,795	65,727	—	2,914,935
Depreciation provided for the year	99,583	111,568	528,892	38,772	20,508	—	799,323
Disposals	(270)	(26)	(60,673)	(961)	(1,702)	—	(63,632)
At December 31, 2011	412,856	491,742	2,505,889	155,606	84,533	—	3,650,626
Net book value:							
At December 31, 2011	1,707,929	2,440,769	3,011,513	202,247	59,503	83,653	7,505,614
Cost:							
At January 1, 2012	2,120,785	2,932,511	5,517,402	357,853	144,036	83,653	11,156,240
Additions	—	—	—	—	94	269,456	269,550
Transfers	1,238	498	2,148	2,713	28,626	(35,223)	—
Disposals	(16,662)	—	(24,079)	(358)	(257)	(33)	(41,389)
At December 31, 2012	2,105,361	2,933,009	5,495,471	360,208	172,499	317,853	11,384,401
Accumulated depreciation:							
At January 1, 2012	412,856	491,742	2,505,889	155,606	84,533	—	3,650,626
Depreciation provided for the year	107,819	102,278	514,972	37,670	29,075	—	791,814
Disposals	(2,831)	—	(17,530)	(306)	(236)	—	(20,903)
At December 31, 2012	517,844	594,020	3,003,331	192,970	113,372	—	4,421,537
Net book value:							
At December 31, 2012	1,587,517	2,338,989	2,492,140	167,238	59,127	317,853	6,962,864

Company

	Buildings	Terminal facilities	Plant and machinery	Vessels and motor vehicles	Furniture and fixtures	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2013	2,105,361	2,933,009	5,495,471	360,208	172,499	317,853	11,384,401
Additions	—	—	—	—	—	249,469	249,469
Transfers	85,952	27,691	(69,517)	69,050	4,349	(117,525)	—
Disposals	(65)	—	(10,311)	(2,866)	(807)	(1,004)	(15,053)
At June 30, 2013	2,191,248	2,960,700	5,415,643	426,392	176,041	448,793	11,618,817
Accumulated depreciation:							
At January 1, 2013	517,844	594,020	3,003,331	192,970	113,372	—	4,421,537
Depreciation provided for the period	49,974	55,792	248,874	21,049	11,918	—	387,607
Disposals	(65)	—	(8,673)	(2,769)	(753)	—	(12,260)
At June 30, 2013	567,753	649,812	3,243,532	211,250	124,537	—	4,796,884
Accumulated impairment:							
At January 1, 2013	—	—	—	—	—	—	—
Provision provided	—	—	9,331	2,161	85	—	11,577
At June 30, 2013	—	—	9,331	2,161	85	—	11,577
Net book value:							
At June 30, 2013	1,623,495	2,310,888	2,162,780	212,981	51,419	448,793	6,810,356

14. PREPAID LAND LEASE PAYMENTS

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At the beginning of year/period	481,240	609,811	609,811	609,811
Additions	128,571	—	—	—
At the end of year/period	609,811	609,811	609,811	609,811
Accumulated amortization:				
At the beginning of year/period	(15,239)	(25,667)	(38,506)	(51,345)
Amortization capitalized as property, plant and equipment for the year/period	(803)	(3,214)	(3,214)	(1,607)
Amortization recognized as expenses for the year/period	(9,625)	(9,625)	(9,625)	(4,813)
At the end of year/period	(25,667)	(38,506)	(51,345)	(57,765)
Net book value:				
At the end of year/period	584,144	571,305	558,466	552,046

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At the beginning and end of year/period	481,240	481,240	481,240	481,240
Accumulated amortization:				
At the beginning of year/period	(15,239)	(24,864)	(34,489)	(44,114)
Amortization recognized as expenses for the year/period	(9,625)	(9,625)	(9,625)	(4,813)
At the end of year/period	(24,864)	(34,489)	(44,114)	(48,927)
Net book value:				
At the end of year/period	456,376	446,751	437,126	432,313

The leasehold land is held under long-term leases and situated in Mainland China.

15. OTHER INTANGIBLE ASSETS

Group

	Sea area use rights	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1, 2010	—	38,172	38,172
Additions	11,972	3,867	15,839
Disposal of a subsidiary	—	(21)	(21)
At December 31, 2010	11,972	42,018	53,990
Accumulated amortization:			
At January 1, 2010	—	(18,486)	(18,486)
Amortization charged for the year	—	(8,072)	(8,072)
Disposal of a subsidiary	—	7	7
At December 31, 2010	—	(26,551)	(26,551)
Net book value:			
At December 31, 2010	11,972	15,467	27,439
Cost:			
At January 1, 2011	11,972	42,018	53,990
Additions	61,520	16,554	78,074
At December 31, 2011	73,492	58,572	132,064
Accumulated amortization:			
At January 1, 2011	—	(26,551)	(26,551)
Amortization capitalized as property, plant and equipment for the year	(858)	—	(858)
Amortization charged for the year	—	(8,239)	(8,239)
At December 31, 2011	(858)	(34,790)	(35,648)
Net book value:			
At December 31, 2011	72,634	23,782	96,416

Group

	Sea area use rights	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1, 2012	73,492	58,572	132,064
Additions	10,826	5,426	16,252
Disposals	—	(92)	(92)
At December 31, 2012	84,318	63,906	148,224
Accumulated amortization:			
At January 1, 2012	(858)	(34,790)	(35,648)
Amortization capitalized as property, plant and equipment for the year	(923)	—	(923)
Amortization charged for the year	—	(6,287)	(6,287)
Disposals	—	92	92
At December 31, 2012	(1,781)	(40,985)	(42,766)
Net book value:			
At December 31, 2012	82,537	22,921	105,458
Cost:			
At January 1, 2013	84,318	63,906	148,224
Additions	30	3,822	3,852
At June 30, 2013	84,348	67,728	152,076
Accumulated amortization:			
At January 1, 2013	(1,781)	(40,985)	(42,766)
Amortization capitalized as property, plant and equipment for the period	(515)	—	(515)
Amortization charged for the period	—	(3,575)	(3,575)
At June 30, 2013	(2,296)	(44,560)	(46,856)
Net book value:			
At June 30, 2013	82,052	23,168	105,220

Company

	Software			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At the beginning of year/period	38,122	40,740	57,260	57,626
Additions	2,618	16,520	458	3,769
Disposals	—	—	(92)	—
At the end of year/period	40,740	57,260	57,626	61,395
Accumulated amortization:				
At the beginning of year/period	(18,469)	(26,469)	(34,549)	(40,464)
Amortization charged for the year/period	(8,000)	(8,080)	(6,007)	(2,859)
Disposals	—	—	92	—
At the end of year/period	(26,469)	(34,549)	(40,464)	(43,323)
Net book value:				
At the end of year/period	14,271	22,711	17,162	18,072

16. INVESTMENTS IN SUBSIDIARIES

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	1,621,657	3,385,388	3,429,423	3,589,423

Particulars of the subsidiaries are as follow:

Company name		Place and date of registration	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
			RMB'000	Direct (%)	Indirect (%)	
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	(a)	PRC October 31, 2007	2,460,000	95.93	—	Port construction and operation
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	(a)	PRC June 10, 2008	6,740	84	—	Provision of cargo tallying services
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	(a)	the PRC October 30, 2007	400,000	55	—	Provision of container terminal and logistic services
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	(a)	PRC October 29, 2009	1,800,000	51	—	Port construction and operation
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	(a)	PRC March 22, 2006	10,000	100	—	Provision of equipment and spare part trading services
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	(b)	PRC April 10, 2012	100,000	70	—	Port construction and operation
Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	(c)	PRC April 26, 2007	3,750	68	—	Provision of coal information consultation and agency services
Qinhuangdao Port Group Shanhaiguan Terminal Co., Ltd. (秦皇島港務集團山海關碼頭有限公司)	(d)	PRC May 25, 2007	200,000	60	—	Port construction and operation
Qinhuangdao Qinyun Energy Development Co., Ltd. (秦皇島秦雲能源開發有限公司)	(e)	PRC February 20,1998	30,000	80	—	Provision of coal trading services
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限責任公司)	(f)	PRC August 30, 2011	1,000	—	56	Provision of cargo tallying services
Cangzhou Bohai Mineral Terminal Co., Ltd. (滄州渤海礦石碼頭有限公司)	(g)	PRC September 12, 2008	20,000	—	100	Port construction and operation
Cangzhou Bohai Container Terminal Co., Ltd. (滄州渤海集運碼頭有限公司)	(h)	PRC March 11, 2009	20,000	—	100	Port construction and operation

(a) The statutory financial statements for the years ended December 31, 2010, 2011 and 2012 were audited by Shinewing Certified Public Accountants ("Shinewing", 信永中和會計師事務所).

(b) The subsidiary was established by the Company in 2012. The statutory financial statements for the year ended December 31, 2012 were audited by Shinewing.

(c) The subsidiary was acquired by the Company in 2011. The details of the transaction are set out in Note 32 below. The statutory financial statements for the years ended December 31, 2011 and 2012 were audited by Shinewing.

(d) The subsidiary was disposed of by the Company in 2010. The details of the transaction are set out in Note 33 below.

(e) The subsidiary commenced liquidation procedures in 2010 and no statutory financial statements have been prepared since then. In 2012, the liquidation was completed.

(f) The subsidiary was established by the Group in 2011. The statutory financial statements for the years ended December 31, 2011 and 2012 were audited by Shinewing.

(g) The subsidiary was liquidated in 2011. The statutory financial statements for the year ended December 31, 2010 were audited by Shinewing.

(h) The subsidiary was liquidated in 2012. The statutory financial statements for the years ended December 31, 2010 and 2011 were audited by Shinewing.

Financial information of a subsidiary that has a material non-controlling interest is provided below:

Proportion of equity interest held by non-controlling interest:

	Place of registration	At December 31, 2010	At December 31, 2011	At December 31, 2012	At June 30, 2013
Company name					
Tangshan Caofeidian Coal Port Co., Ltd (唐山曹妃甸煤炭港務有限公司)	PRC	49%	49%	49%	49%
Accumulated balances of material non-controlling interests		441,000	882,000	883,289	883,289
Profit allocated to material non-controlling interests		—	—	1,289	—

The summarized financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	Year ended December 31, 2010 RMB'000	Year ended December 31, 2011 RMB'000	Year ended December 31, 2012 RMB'000	Six months ended June 30, 2012 RMB'000 (unaudited)	Six months ended June 30, 2013 RMB'000
Summarized statements of profit or loss:					
Revenue	—	—	—	—	—
Profit after tax	—	—	2,631	—	—
Total comprehensive income	—	—	2,631	—	—
Attributable to non-controlling interests	—	—	1,289	—	—
Dividends paid to non-controlling interests	—	—	—	—	—

	At December 31, 2010 RMB'000	At December 31, 2011 RMB'000	At December 31, 2012 RMB'000	At June 30, 2013 RMB'000
Summarized statements of financial position:				
Current assets	90,589	870,770	714,980	629,939
Non-current assets	1,190,554	2,220,134	3,799,793	3,997,659
Current liabilities	(147,643)	(78,178)	(749,067)	(709,200)
Non-current liabilities	(233,500)	(1,212,726)	(1,963,076)	(2,115,768)
Net assets	900,000	1,800,000	1,802,630	1,802,630
Attributable to owners of the parent	459,000	918,000	919,341	919,341
Attributable to non-controlling interests	441,000	882,000	883,289	883,289

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Summarized cash flow information:					
Investing	(936,568)	(1,045,162)	(858,145)	(286,356)	(141,106)
Financing	139,326	1,825,363	702,274	345,568	52,080
Net increase/(decrease) in cash and cash equivalents	(797,242)	780,201	(155,871)	59,212	(89,026)

17. INVESTMENTS IN JOINT VENTURES

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	4,600	4,913	5,233	5,187

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investment, at cost	1,254	2,304	2,304	2,304

Particulars of the joint ventures are as follows:

Company name	Place and date of registration	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
		RMB'000	Direct (%)	Indirect (%)	
Qinhuangdao Honggang Terminal Services Co., Ltd. (秦皇島鴻港裝卸服務有限公司)	PRC March 26, 2008	5,000	35	—	Provision of cargo loading and unloading services
Qinhuangdao Wanhui Logistics Co., Ltd. (秦皇島萬匯物流有限公司)	PRC March 6, 2006	500	—	49	Provision of logistic services

The percentages of voting power and profit sharing are the same as the percentage of equity interest attributable to the Group.

The summarized financial information of the Group's joint ventures in aggregate is set below:

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the joint ventures' assets and liabilities:				
Non-current assets	532	466	563	476
Current assets	4,616	5,339	5,273	5,101
Current liabilities	(548)	(892)	(603)	(390)
Net assets	4,600	4,913	5,233	5,187

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Share of the joint ventures' results:					
Revenue	6,885	7,586	8,794	3,981	3,499
Expenses	(6,227)	(7,153)	(7,996)	(3,635)	(3,469)
Tax	(164)	(120)	(233)	(26)	(76)
Profit/(loss) after tax	494	313	565	320	(46)
Total comprehensive income/(loss)	494	313	565	320	(46)

18. INVESTMENTS IN ASSOCIATES

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	833,537	969,352	997,946	968,331

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	644,087	727,296	742,296	782,296

Particulars of an associate that is individually material to the Group is as follows:

	Place and date of registration	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
		RMB'000	Direct (%)	Indirect (%)	
Company name					
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	PRC September 4, 2002	2,000,000	35	—	Port construction and operation

The percentages of voting power and profit sharing are the same as the percentage of equity interest attributable to the Group. Tangshan Caofeidian Shiye Port Co., Ltd. is involved in provision of integrated port services including stevedoring, stacking, warehousing, transportation and logistics and handling metal ores cargo in Caofeidian port. The Group's interest in the above associate is accounted for using the equity method in the consolidated financial statements. The summarized financial information of the associate is set out below:

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	1,217,813	1,837,793	1,450,218	1,776,546
Non-current assets	5,083,436	5,270,272	6,770,390	6,703,435
Current liabilities	(1,399,870)	(1,351,740)	(1,872,357)	(1,420,073)
Non-current liabilities	(2,586,680)	(3,166,000)	(3,712,506)	(4,622,826)
Non-controlling interests	(609)	(613)	(5,256)	(5,710)
Net assets	**2,314,090**	**2,589,712**	**2,630,489**	**2,431,372**
Proportion of the Group's ownership	35%	35%	35%	35%
Carrying amount of the investment	809,932	906,399	920,671	850,980

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	1,358,495	1,739,940	1,496,753	762,531	836,186
Profit after tax	486,040	475,626	430,377	156,445	174,685
Other comprehensive income	—	—	—	—	—
Total comprehensive income	486,040	475,626	430,377	156,445	174,685
Profit attributable to non-controlling interests	4	(4)	257	132	(454)
Profit attributable to owners of the parent	486,036	475,630	430,120	156,313	175,139
Group's share of profit for the year/period	170,114	166,469	150,632	54,756	61,140

The Group received dividend from the associate of RMB105,000,000, RMB154,000,000 and RMB140,000,000 in 2011, 2012 and 2013, respectively. The Group received no dividend from the associate in the six months ended June 30, 2012 and 2013. As at December 31, 2010, 2011 and 2012 and June 30, 2013, the associate had no significant contingent liabilities.

Particulars of the associates that are individually immaterial to the Group are as follows:

Company name	Place and date of registration	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
		RMB'000	Direct (%)	Indirect (%)	
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	PRC September 27, 2002	4,000	40	—	Provision of coal and energy product examination and inspection services
Qinhuangdao Xingao Qingang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	PRC November 24, 2008	50,000	40	—	Provision of steel and construction material trading services
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	PRC March 15, 2012	50,000	30	—	Cargo import and export, sale of mineral products, port and railway construction
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	PRC May 20, 2011	200,000	—	20	Cargo handling and weighing, steel storage, dispatch, import and export, real estate development
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	PRC March 7, 2013	1,000,000	20	—	Railway investment and construction
Qinhuangdao Seaborne Coal Trading Market Co., Ltd.* (秦皇島海運煤炭交易市場有限公司)	PRC April 26, 2007	3,750,000	40	—	Provision of coal information consultation and agency services

* The associate was acquired by the Company and became a subsidiary of the Company in 2011. The details of the transaction are set out in Note 32 below.

The summarized financial information of these individually immaterial associates in aggregate is set out below:

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associates' assets and liabilities:				
Assets	32,449	66,184	138,919	191,258
Liabilities	(8,844)	(3,231)	(61,644)	(73,907)
Net assets	**23,605**	**62,953**	**77,275**	**117,351**

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Share of the associates' results:					
Revenue	13,992	12,999	10,990	5,465	4,189
Profit after tax	980	1,142	348	414	72

19. AVAILABLE-FOR-SALE INVESTMENTS

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	387,902	649,074	681,624	681,624

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	355,500	499,750	532,000	532,000

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. They are measured at cost less impairment at each reporting date. As the investments do not have quoted market prices in an active market and the range of reasonable fair value estimate is significant, the Directors are of the opinion that their fair values cannot be reliably measured. The Group does not intend to dispose of the investments in the near future.

20. LONG-TERM PREPAYMENTS

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for purchase of items of plant, property and equipment	73,193	102,424	240,736	120,920
Prepayment for an available-for-sale investment	80,300	—	—	—
	153,493	102,424	240,736	120,920

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for purchase of items of plant, property and equipment	—	48,472	205,468	92,604

21. INVENTORIES

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	104,298	113,820	115,936	92,722
Spare parts and consumables	98,112	94,747	95,699	90,960
Finished goods	3,984	1,218	1,769	2,688
	206,394	209,785	213,404	186,370

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	104,181	113,198	115,322	92,262
Spare parts and consumables	97,824	94,747	95,699	90,579
	202,005	207,945	211,021	182,841

22. TRADE AND BILLS RECEIVABLES

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	94,630	115,261	157,462	218,231
Bills receivable	65,355	42,798	44,909	36,991
	159,985	158,059	202,371	255,222

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	83,922	119,394	138,368	196,823
Bills receivable	60,585	28,995	43,459	31,795
	144,507	148,389	181,827	228,618

The Group normally requires payment in advance from its customers and allows credit terms of not more than 90 days to certain established customers. Customers with a good track record could be granted a longer credit period. The Group seeks to maintain strict control over its outstanding

receivables and has a credit control policy to minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables, based on the invoice date, as at the end of Relevant Periods is as follows:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	42,928	52,305	68,001	97,048
3 to 6 months	5,374	5,012	24,188	37,919
6 to 12 months	50,866	63,952	51,404	39,862
Over 12 months	6,250	4,778	23,939	60,883
	105,418	126,047	167,532	235,712
Provision for impairment	(10,788)	(10,786)	(10,070)	(17,481)
	94,630	115,261	157,462	218,231

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	31,871	57,444	49,439	78,529
3 to 6 months	5,213	4,839	22,883	36,493
6 to 12 months	50,824	63,343	51,251	37,857
Over 12 months	2,138	1,655	23,851	60,266
	90,046	127,281	147,424	213,145
Provision for impairment	(6,124)	(7,887)	(9,056)	(16,322)
	83,922	119,394	138,368	196,823

The movements in the provision for impairment of trade receivables are as follows:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of year/period	9,674	10,788	10,786	10,070
Provision for impairment	1,114	980	1,201	7,411
Amount written off as uncollectible	—	(985)	(1,917)	—
Acquisition of a subsidiary	—	3	—	—
At the end of year/period	10,788	10,786	10,070	17,481

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of year/period	5,035	6,124	7,887	9,056
Provision for impairment	1,089	1,763	1,169	7,266
At the end of year/period	6,124	7,887	9,056	16,322

As at December 31, 2010, 2011 and 2012 and June 30, 2013, included in the above provision for impairment of trade receivables of the Group with amount of RMB5,674,000, RMB4,698,000, RMB1,661,000 and RMB1,655,000, respectively, are provision for individually impaired trade receivables with carrying amounts before provision of RMB5,674,000, RMB4,698,000, RMB1,661,000 and RMB1,655,000, respectively.

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments. The Group does not hold any collateral or other credit enhancements over these balances.

There are no trade receivables that are not individually nor collectively considered to be impaired.

The amounts due from related parties as at the end of the Relevant Periods are set out in Note 38 below.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	6,518	12,402	17,573	2,700
Receivable in respect of disposal of a subsidiary	102,601	86,400	39,200	39,200
Receivable in respect of disposal of items of property, plant and equipment*	—	1,524,856	196,692	—
Dividend receivables	—	—	1,027	134,027
Others	2,674	3,612	2,671	15,754
	111,793	1,627,270	257,163	191,681

* The balance of receivables in respect of disposal of items of property, plant and equipment as at December 31, 2011 and 2012 were in connection with the transfer of Huanghua Port public infrastructure as disclosed in Note 13 to the Financial Information.

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	1,127	2,425	6,948	443
Receivable in respect of disposal of a subsidiary	102,601	86,400	39,200	39,200
Dividend receivables	—	—	1,027	134,027
Others	2,034	2,846	1,418	9,075
	105,762	91,671	48,593	182,745

An aged analysis of the prepayments, deposits and other receivables as at the end of the Relevant Periods, is as follows:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	116,713	1,620,699	20,762	152,409
1 to 2 years	1,004	96,420	219,198	860
2 to 3 years	624	246	56,020	56,110
Over 3 years	5,473	5,887	676	683
	123,814	1,723,252	296,656	210,062
Provision for impairment	(12,021)	(95,982)	(39,493)	(18,381)
	111,793	1,627,270	257,163	191,681

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	110,819	5,049	8,996	143,336
1 to 2 years	182	96,302	487	716
2 to 3 years	377	82	56,014	56,010
Over 3 years	—	377	459	464
	111,378	101,810	65,956	200,526
Provision for impairment	(5,616)	(10,139)	(17,363)	(17,781)
	105,762	91,671	48,593	182,745

The movements in the provision for impairment are as follows:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of year/period	6,987	12,021	95,982	39,493
Provision for/(reversal of) impairment**	5,034	84,635	(51,196)	(21,112)
Amount written off as uncollectible	—	(674)	(5,293)	—
At the end of year/period	12,021	95,982	39,493	18,381

** The provision for impairment of RMB84,635,000 and the reversal of impairment of RMB51,196,000 and RMB21,112,000 in years ended December 31, 2011 and 2012 and the six months ended June 30, 2013, respectively, included provision for impairment of RMB80,256,000 and the reversal of impairment of RMB58,401,000 and RMB21,855,000, respectively, which were in connection with the transfer of the Huanghua Port public infrastructure as disclosed in Note 13 to the Financial Information.

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of year/period	513	5,616	10,139	17,363
Provision for impairment	5,103	4,523	7,224	418
At the end of year/period	5,616	10,139	17,363	17,781

The amounts due from related parties as at the end of the Relevant Periods are set out in Note 38 below.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,091,278	5,510,182	3,336,887	2,388,291
Time deposits with original maturity of more than three months	—	209,000	156,000	136,262
	1,091,278	5,719,182	3,492,887	2,524,553
Less: Pledged deposits	(2,706)	(3,911)	—	(481)
Cash and cash equivalents	1,088,572	5,715,271	3,492,887	2,524,072

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	242,281	544,460	949,568	722,971
Time deposits with original maturity of more than three months	—	—	50,000	100,000
Cash and cash equivalents	242,281	544,460	999,568	822,971

As at December 31, 2010 and 2011, all of the Group's cash and cash equivalents were denominated in RMB. As at December 31, 2012 and June 30, 2013, the Group's cash and cash equivalents denominated in foreign currencies amounted to RMB128,000 and RMB382,000, respectively. The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Pledged deposits were held in designated bank accounts as guarantee deposits for letters of credit and performance guarantees.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Time deposits with original maturity of more than three months earn interest at fixed interest rates for varying periods of between three months and one year. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the Relevant Periods, based on the invoice date, is as follows:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	39,922	64,547	64,021	71,997
3 to 6 months	4,529	236	265	465
6 to 12 months	2,793	2,706	1,305	4,116
Over 12 months	4,516	5,978	3,171	3,536
	51,760	73,467	68,762	80,114

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	33,919	39,002	42,325	46,632
3 to 6 months	4,302	62	25	87
6 to 12 months	1,390	434	1,237	741
Over 12 months	39,585	5,046	516	1,030
	79,196	44,544	44,103	48,490

The trade payables are unsecured, non-interest-bearing and are normally settled on three-month terms.

The amounts due to related parties as at the end of the Relevant Periods are set out in Note 38 below.

26. OTHER PAYABLES AND ACCRUALS

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for purchase of items of property, plant and equipment	2,925,464	1,891,032	1,619,185	1,510,613
Advances from customers	444,809	463,090	487,693	532,660
Other taxes and surcharges payables	112,306	457,934	128,847	84,374
Dividends payable	310,192	10,168	—	—
Port construction fee payables	55,955	25,417	6,434	6,434
Payables for staff costs	116,703	123,086	80,299	82,343
Rental payables	16,378	—	—	38,322
Others	50,419	60,191	62,069	60,294
	4,032,226	3,030,918	2,384,527	2,315,040

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for purchase of items of property, plant and equipment	115,106	102,089	59,619	78,514
Advances from customers	437,197	452,940	459,217	504,570
Other taxes and surcharges payables	107,746	162,517	124,338	79,766
Dividends payable	300,740	—	—	—
Payables for staff costs	114,108	118,892	78,420	79,559
Port construction fee payables	55,955	25,417	6,434	6,434
Rental payables	224	—	—	30,245
Others	37,455	39,480	37,347	39,806
	1,168,531	901,335	765,375	818,894

The above balances are non-interest-bearing.

The amounts due to related parties as at the end of the Relevant Periods are set out in Note 38 below.

27. INTEREST-BEARING BANK BORROWINGS

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans–unsecured	9,216,499	10,716,726	9,919,610	10,127,302
Repayable:				
Within one year	2,539,000	4,194,000	2,564,534	2,484,034
Over one year but within two years	2,264,000	629,334	462,787	967,619
Over two years but within five years	967,598	1,535,769	2,068,068	2,078,392
Over five years	3,445,901	4,357,623	4,824,221	4,597,257
	9,216,499	10,716,726	9,919,610	10,127,302
Less: Portion classified as current liabilities	(2,539,000)	(4,194,000)	(2,564,534)	(2,484,034)
Long-term portion	6,677,499	6,522,726	7,355,076	7,643,268

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans–unsecured	3,540,000	3,780,000	3,130,000	3,235,000
Repayable:				
Within one year	1,690,000	3,230,000	2,472,000	2,412,000
Over one year but within two years	1,500,000	362,000	248,000	623,000
Over two years but within five years	350,000	188,000	410,000	200,000
	3,540,000	3,780,000	3,130,000	3,235,000
Less: Portion classified as current liabilities	(1,690,000)	(3,230,000)	(2,472,000)	(2,412,000)
Long-term portion	1,850,000	550,000	658,000	823,000

The effective interest rates at which the bank loans bearing interest are as follows:

	At December 31,			At June 30,
	2010	2011	2012	2013
Effective interest rate range (%)	4.44 to 5.76	4.13 to 7.59	4.86 to 7.59	5.40 to 7.05

28. GOVERNMENT GRANTS

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	45,946	226,357	225,544	223,298

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	45,946	226,357	221,668	219,421

Government grants received by the Group as financial subsidies were mainly for environment-protection projects and certain research and development activities and were recognized as income over the periods necessary to match the grants on a systematic basis to the costs that they were intended to compensate. There are no unfulfilled conditions or contingencies relating to the grants.

The movements in government grants during the Relevant Periods are as follows:

Group

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of year/period	40,094	45,946	226,357	225,544
Additions	8,910	188,334	7,129	296,178
Recognized as income during the year/period	(3,058)	(7,923)	(7,942)	(298,424)
At the end of year/period	45,946	226,357	225,544	223,298

Company

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	40,094	45,946	226,357	221,668
Additions	8,910	187,906	1,700	100
Recognized as income during the year/period	(3,058)	(7,495)	(6,389)	(2,347)
At the end of year/period	45,946	226,357	221,668	219,421

29. DEFERRED TAX ASSETS

The movements in deferred tax assets during the Relevant Periods are as follows:

Group

	Asset impairment provision	Accrued employee benefits	Government grants	Others*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2010	4,185	11,280	10,023	—	25,488
Deferred tax credited/(charged) to profit or loss during the year (Note 9)	(613)	(30)	1,463	—	820
At December 31, 2010 and January 1, 2011	3,572	11,250	11,486	—	26,308
Deferred tax credited to profit or loss during the year (Note 9)	740	—	45,103	—	45,843
At December 31, 2011 and January 1, 2012	4,312	11,250	56,589	—	72,151
Deferred tax credited/(charged) to profit or loss during the year (Note 9)	2,315	—	(203)	3,909	6,021
At December 31, 2012 and January 1, 2013	6,627	11,250	56,386	3,909	78,172
Deferred tax credited/(charged) to profit or loss during the period (Note 9)	4,664	—	(562)	43,844	47,946
At June 30, 2013	11,291	11,250	55,824	47,753	126,118

* Others mainly represented deductible temporary differences resulting from trial operation of Huanghua Port in construction phase.

Company

	Asset impairment provision	Accrued employee benefits	Government grants	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2010	1,387	11,250	10,023	—	22,660
Deferred tax credited to profit or loss during the year	1,548	—	1,463	—	3,011
At December 31, 2010 and January 1, 2011	2,935	11,250	11,486	—	25,671
Deferred tax credited to profit or loss during the year	1,572	—	45,103	—	46,675
At December 31, 2011 and January 1, 2012	4,507	11,250	56,589	—	72,346
Deferred tax credited/(charged) to profit or loss during the year	2,098	—	(1,172)	3,909	4,835
At December 31, 2012 and January 1, 2013	6,605	11,250	55,417	3,909	77,181
Deferred tax credited/(charged) to profit or loss during the period	4,815	—	(562)	(3,909)	344
At June 30, 2013	11,420	11,250	54,855	—	77,525

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deferred tax assets have not been recognized in respect of the following items as they have arisen in the Group's subsidiaries that have been loss-making for some time or were once in construction phase and it is not considered probable that taxable profits will be available against which the following items can be utilized in the near future. The tax loss will expire in one to five years for offsetting against future taxable profits.

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	38,635	56,816	66,981	83,466
Deductible temporary differences	8,603	89,599	23,056	4,241
	47,238	146,415	90,037	87,707

30. ISSUED CAPITAL

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Registered, issued and fully paid:				
4,275,000,000 ordinary shares of RMB1 each	4,275,000	4,275,000	4,275,000	4,275,000

31. RESERVES

Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity.

Company

	Share premium	Special reserve	Statutory surplus reserve	Retained profits	Proposed dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2010	2,241,365	—	138,917	971,794	—	3,352,076
Profit for the year	—	—	—	1,067,479	—	1,067,479
Other comprehensive income for the year	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	1,067,479	—	1,067,479
Proposed and declared 2009 final dividend	—			(1,094,400)	—	(1,094,400)
Proposed and declared 2010 interim dividend	—			(601,486)	—	(601,486)
Appropriation to statutory surplus reserve	—	—	113,310	(113,310)	—	—
At December 31, 2010	2,241,365	—	252,227	230,077	—	2,723,669
At January 1, 2011	2,241,365	—	252,227	230,077	—	2,723,669
Profit for the year	—	—	—	1,440,097	—	1,440,097
Other comprehensive income for the year	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	1,440,097	—	1,440,097
Proposed 2011 final dividend	—	—	—	(405,337)	405,337	—
Appropriation to statutory surplus reserve	—	—	145,191	(145,191)	—	—
At December 31, 2011	2,241,365	—	397,418	1,119,646	405,337	4,163,766
At January 1, 2012	2,241,365	—	397,418	1,119,646	405,337	4,163,766
Profit for the year	—	—	—	1,477,356	—	1,477,356
Other comprehensive income for the year	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	1,477,356	–	1,477,356
Final 2011 dividend declared	—	—	—	—	(405,337)	(405,337)
Proposed 2012 final dividend	—	—		(1,090,125)	1,090,125	—
Appropriation to statutory surplus reserve	—	—	147,187	(147,187)	—	—
Net increase in special reserve for the year	—	15,637	—	(15,637)	—	—
At December 31, 2012	2,241,365	15,637	544,605	1,344,053	1,090,125	5,235,785

Company

	Share premium	Special reserve	Statutory surplus reserve	Retained profits	Proposed dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2013	2,241,365	15,637	544,605	1,344,053	1,090,125	5,235,785
Profit for the period	—	—	—	867,845	—	867,845
Other comprehensive income for the period	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	867,845	–	867,845
2012 final dividend declared	—	—	—	—	(1,090,125)	(1,090,125)
Proposed additional 2012 dividend	—	—	—	(1,090,125)	1,090,125	—
Net increase in special reserve for the period	—	18,652	—	(18,652)	—	—
At June 30, 2013	2,241,365	34,289	544,605	1,103,121	1,090,125	5,013,505
At January 1, 2012	2,241,365	—	397,418	1,119,646	405,337	4,163,766
Profit for the period (unaudited)	—	—	—	767,995	—	767,995
Other comprehensive income for the period (unaudited)	—	—	—	—	—	—
Total comprehensive income for the period (unaudited)	—	—	—	767,995	–	767,995
Final 2011 dividend declared (unaudited)	—	—	—	—	(405,337)	(405,337)
Net increase in special reserve for the period (unaudited)	—	19,253	—	(19,253)	—	—
At June 30, 2012 (unaudited)	2,241,365	19,253	397,418	1,868,388	—	4,526,424

Special reserve

In accordance with the Production Safety Law of the PRC, the Group is required to accrue a safety fund for its port services in Mainland China by appropriating a portion of its net profit to the special reserve based on certain percentage of its annual revenue from port services starting from February 2012 onwards. As at December 31, 2012 and June 30, 2013, the Group's safety fund reserve accrued but not utilized, amounted to RMB17,545,000 and RMB38,503,000, respectively.

Statutory surplus reserves

In accordance with the PRC Company Law and the respective articles of association, the Company and its subsidiaries are required to appropriate 10% of their net profits after tax, as determined under the Chinese Accounting Standards, to their respective statutory surplus reserves until the reserve balances reach 50% of their respective registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company and its subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of registered capital of the Company and its subsidiaries. These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

32. ACQUISITION OF A SUBSIDIARY

Qinhuangdao Seaborne Coal Trading Market Co., Ltd. ("QSCTMC") is principally engaged in the coal information consultation and agency services. The Company previously held 40% equity interest in QSCTMC. Pursuant to the resolution of the general meeting of QSCTMC dated December 13, 2011, the Company made an additional capital injection of RMB3,264,000 in cash into QSCTMC to acquire an additional 28% equity interest in QSCTMC. Together with the 40% equity interest previously held by the Company, the Company holds 68% equity interest in QSCTMC after the capital injection and QSCTMC became a subsidiary of the Company. The acquisition was completed on December 23, 2011 when the Company obtained control over the operating and financial policies of QSCTMC. The Group acquired this business to enlarge the range of services provided.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of the non-controlling interest in QSCTMC's identifiable net assets.

The fair values of the identifiable assets and liabilities of QSCTMC as at the date of acquisition were as follows:

	Notes	Fair value recognized on acquisition
		RMB'000
Cash and cash equivalents		7,050
Trade and bills receivables		6
Prepayments, deposits and other receivables		15
Property, plant and equipment	13	1,683
Other payables and accruals		(3,970)
Available-for-sale investment		2,000
Total identifiable net assets at fair value		6,784
Non-controlling interests		(2,171)
Goodwill on acquisition		59
		4,672
Satisfied by:		
Cash		3,264
Fair value of 40% equity interest in QSCTMC previously held by the Company*		1,408
		4,672

* The carrying value of the 40% equity interest in QSCTMC immediately before the acquisition date was RMB1,467,000. The difference between the fair value and the carrying value amounting to RMB59,000 is included in other expenses in the consolidated statements of comprehensive income.

An analysis of the cash flows in respect of the acquisition of QSCTMC is as follows:

	RMB'000
Cash and cash equivalents acquired	7,050
Cash consideration paid	(3,264)
Net inflow of cash and cash equivalents included in cash flows from investing activities	3,786

From the date of the acquisition, QSCTMC contributed revenue of nil, RMB14,114,000, RMB7,353,000 (unaudited) and RMB3,698,000 for the years ended December 31, 2011 and 2012 and the six months ended June 30, 2012 and 2013, respectively, and contributed profit before tax of nil, RMB2,630,000, RMB1,736,000 (unaudited) and loss before tax of RMB2,914,000 for the years ended December 31, 2011 and 2012 and the six months ended June 30, 2012 and 2013, respectively. Had

the combination been taken place at the beginning of 2011, revenue and profit of the Group for 2011 would have been RMB5,745,854,000 and RMB1,061,976,000, respectively.

33. DISPOSAL OF A SUBSIDIARY

On August 27, 2010, the Company entered into an agreement to dispose of its entire 60% equity interest in Qinhuangdao Port Group Shanhaiguan Terminal Co., Ltd. ("Shanhaiguan Terminal") to Qinhuangdao Development Zone State-owned Assets Management Co., Ltd., the other shareholder of Shanhaiguan Terminal, an independent third party. The cash consideration was RMB120,001,000. The transaction was completed on September 16, 2010 when the Company lost control over the operating and financial policies of Shanhaiguan Terminal.

	Notes	RMB'000
Net assets disposed of:		
Cash and cash equivalents		10,171
Long-term prepayments		10,457
Other payables and accruals		(356,266)
Other intangible assets	15	14
Property, plant and equipment	13	502,972
		167,348
Non-controlling interests		(52,718)
Gain on disposal of a subsidiary	4	5,371
		120,001
Satisfied by:		
Cash*		120,001

An analysis of the cash flows in respect of the disposal of Shanhaiguan Terminal is as follows:

	RMB'000
Cash consideration received in 2010*	12,000
Cash and cash equivalents disposed of	(10,171)
Net inflow of cash and cash equivalents in respect of disposal of a subsidiary	1,829

* Among the cash consideration, RMB12,000,000, RMB12,000,000 and RMB40,000,000 were received in 2010, 2011 and 2012, respectively. The remaining consideration of RMB56,001,000 has not been settled as at the date of this report and was included in prepayments, deposits and other receivables.

34. CONTINGENT LIABILITIES

As at December 31, 2010, 2011 and 2012 and June 30, 2013, neither the Group nor the Company had any significant contingent liabilities.

35. PLEDGE OF ASSETS

Details of the Group's assets pledged for letters of credit and performance guarantees are disclosed in Note 24 above.

36. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of property, plant and equipment under operating lease agreements, with leases negotiated for terms ranging from one to nine years.

At the end of the Relevant Periods, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	16,325	121,225	121,054	68,604
After 1 year but within 5 years	64,785	169,514	64,614	64,614
After 5 years	48,461	32,307	16,154	8,077
	129,571	323,046	201,822	141,295

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	—	104,900	104,900	52,450
After 1 year but within 5 years	—	104,900	—	—
	—	209,800	104,900	52,450

37. COMMITMENTS

Capital commitments at the end of the Relevant Periods not provided for in the Financial Information were as follows:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of property, plant and equipment:				
— Contracted, but not provided for	3,157,033	1,405,665	2,335,598	1,300,655
— Authorized, but not contracted for	757,038	1,005,186	839,659	958,470
	3,914,071	2,410,851	3,175,257	2,259,125
Capital expenditure in respect of capital injection in existing joint ventures and associates:				
— Contracted, but not provided for	117,040	—	—	160,000
— Authorized, but not contracted for	—	—	200,000	285,000
	117,040	—	200,000	445,000
	4,031,111	2,410,851	3,375,257	2,704,125

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of property, plant and equipment:				
— Contracted, but not provided for	45,198	283,538	319,890	374,742
— Authorized, but not contracted for	757,038	1,005,186	839,659	958,470
	802,236	1,288,724	1,159,549	1,333,212
Capital expenditure in respect of capital injection in exiting subsidiaries, joint ventures and associates:				
— Contracted, but not provided for	117,040	—	160,000	160,000
— Authorized, but not contracted for	589,000	—	350,000	1,435,000
	706,040	—	510,000	1,595,000
	1,508,276	1,288,724	1,669,549	2,928,212

38. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the Relevant Periods and the six months ended June 30, 2012:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Integrated port service income received from:					
Associates	1,800	304	—	—	—
Subsidiaries of HPG		—	8,806	—	19,822
Other related parties	46,563	44,685	39,458	25,009	20,987
	48,363	44,989	48,264	25,009	40,809
Other comprehensive services income received from:					
HPG	10,488	9,760	11,661	5,251	5,652
Subsidiaries of HPG	6,776	4,622	7,011	2,544	18,793
Associates	2,399	3,122	5,220	2,709	1,063
A joint venture	315	868	1,865	18	12
Other related parties	535	877	594	311	3,011
	20,513	19,249	26,351	10,833	28,531
Rental income received from					
Associates	2,846	2,550	—	—	—
A subsidiary of HPG	1,588	1,588	1,588	794	—
	4,434	4,138	1,588	794	—
Other comprehensive services provided by:					
HPG	31,866	46,944	76,728	18,731	25,530
Subsidiaries of HPG	2,196	2,338	3,237	954	45
Other related parties	—	—	1,118	—	639
	34,062	49,282	81,083	19,685	26,214
Rental expense paid to HPG	130,673	130,524	129,459	65,262	64,647
Construction and maintenance services provided by:					
Subsidiaries of HPG	69,116	90,439	222,076	59,041	67,578
Project management services provided by:					
A subsidiary of HPG	59,674	4,695	32,280	10,267	3,415
Loading and unloading services provided by:					
A joint venture	89,388	106,180	119,503	51,833	54,621

Other related parties represent the joint ventures and associates of HPG.

The above related party transactions were conducted in accordance with the terms/agreements mutually agreed between the parties.

(b) Outstanding balances with related parties:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables:				
HPG	1,131	—	—	901
Subsidiaries of HPG	776	638	689	7,428
Associates	1,715	—	988	576
Other related parties	228	872	841	5,908
	3,850	1,510	2,518	14,813
Prepayments, deposits and other receivables:				
HPG	222	1,156	194	402
Associates	—	—	—	1,300
	222	1,156	194	1,702
Long-term prepayments:				
Subsidiaries of HPG	—	5,684	19,645	7,423
Trade payables				
HPG	—	4	—	814
Subsidiaries of HPG	2,121	1,646	1,760	6,473
A joint venture	—	—	307	9,021
	2,121	1,650	2,067	16,308
Other payables and accruals				
HPG	79,373	59,636	48,845	84,775
Subsidiaries of HPG	53,121	64,767	31,827	35,797
A joint venture	—	2,008	—	
Other related parties	—	199	—	110
	132,494	126,610	80,672	120,682

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables:				
Subsidiaries of HPG	776	560	689	6,402
Associates	1,715	—	988	576
Other related parties	228	217	408	3,918
Subsidiaries	361	17,699	—	725
HPG	—	—	—	901
	3,080	18,476	2,085	12,522

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments, deposits and other receivables:				
HPG	48	982	194	402
Subsidiaries	116	—	—	6,759
An associate	—	—	—	1,300
	164	982	194	8,461
Long-term prepayments:				
Subsidiaries of HPG	—	5,684	19,645	7,423
A subsidiary	—	7,120	—	—
	—	12,804	19,645	7,423
Trade payables:				
HPG	—	4	—	814
Subsidiaries of HPG	2,121	1,646	1,686	6,473
A joint venture	—	—	—	8,718
Subsidiaries	36,752	126	844	4,000
	38,873	1,776	2,530	20,005
Other payables and accruals:				
HPG	8,012	4,428	2,786	30,640
Subsidiaries of HPG	4,493	16,758	14,182	16,066
Other related parties	—	199	—	—
Subsidiaries	446	19	1,830	—
	12,951	21,404	18,798	46,706

Other related parties represent the joint ventures and associates of HPG.

The balances with related parties are mainly trade in nature, unsecured, non-interest-bearing and repayable or receivable on demand.

(c) Commitments with related parties

As lessee

As at the end of the Relevant Periods, the Group and Company had total future minimum lease payments under non-cancellable operating leases with a related party as follows:

Group

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
HPG	129,571	323,046	201,822	141,295

Company

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
HPG	—	209,800	104,900	52,450

Construction services

As at the end of the Relevant Periods, the Group and Company entered into certain agreements with subsidiaries of HPG for construction of terminal facilities, plant and machinery. The total payments regarding to these agreements are as follows:

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Subsidiaries of HPG	6,576	131,446	69,174	69,155

(d) Compensation of key management personnel of the Group:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short term employee benefits	2,694	3,373	3,957	1,048	1,498
Pension scheme contributions	276	448	625	296	418
	2,970	3,821	4,582	1,344	1,916

Further details of directors' and supervisors' emoluments are included in Note 7 above.

(e) In April 2011, the Port Construction Command Office of Shanxi Province in Qinhuangdao ("Shanxi Port Construction Command", established to manage the relevant investments made by the Planning Committee of Shanxi Provincial Government), a third party, initiated a civil lawsuit in the Higher People's Court of Hebei Province against the Company and HPG, as co-defendants, claiming that the port investment agreement between the Planning Committee of Shanxi Provincial Government and the Qinhuangdao Port Management Bureau of Ministry of Transport of the PRC (the predecessor of HPG) had been terminated and the Company and HPG should return Shanxi Provincial Government approximately RMB144,884,000, which includes the investment principal provided by Shanxi Port Construction Command, accrued interests and management fees. HPG issued a commitment letter on April 16, 2012 in which HPG committed to reimburse the Company for all losses in connection with the lawsuit. As at the date of this report, the court proceedings are still ongoing and no ruling has been made by the Higher People's Court of Hebei Province. The Directors are of the opinion that the lawsuit has no significant impact on the Financial Information.

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

(g) The Group enters into extensive transactions covering purchases or sales of goods, property, plant and equipment and other assets and receiving or providing of services with some state-owned enterprises, in the normal course of business on terms comparable to those with non state-owned enterprises. The transactions with these state-owned enterprises are individually not significant, except for the individually significant transactions with certain state-owned enterprises as disclosed in Note 13, Note 32 and Note 33.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at December 31, 2010, 2011 and 2012 and June 30, 2013 are as follows:

Financial assets

December 31, 2010

	Group			Company		
	Loans and receivables	Available-for-sale investments	Total	Loans and receivables	Available-for-sale investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	—	387,902	387,902	—	355,500	355,500
Long-term prepayment for an available-for-sale investment	—	80,300	80,300	—	—	—
Trade and bills receivables	159,985	—	159,985	144,507	—	144,507
Financial assets included in prepayments, deposits and other receivables (Note 23)	105,275	—	105,275	104,635	—	104,635
Pledged deposits	2,706	—	2,706	—	—	—
Cash and cash equivalents	1,088,572	—	1,088,572	242,281	—	242,281
	1,356,538	468,202	1,824,740	491,423	355,500	846,923

December 31, 2011

	Group			Company		
	Loans and receivables	Available-for-sale investments	Total	Loans and receivables	Available-for-sale investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	—	649,074	649,074	—	499,750	499,750
Trade and bills receivables	158,059	—	158,059	148,389	—	148,389
Financial assets included in prepayments, deposits and other receivables (Note 23)	1,614,868	—	1,614,868	89,246	—	89,246
Pledged deposits	3,911	—	3,911	—	—	—
Cash and cash equivalents	5,715,271	—	5,715,271	544,460	—	544,460
	7,492,109	649,074	8,141,183	782,095	499,750	1,281,845

December 31, 2012

	Group			Company		
	Loans and receivables	Available-for-sale investments	Total	Loans and receivables	Available-for-sale investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	—	681,624	681,624	—	532,000	532,000
Trade and bills receivables	202,371	—	202,371	181,827	—	181,827
Financial assets included in prepayments, deposits and other receivables (Note 23)	239,590	—	239,590	41,645	—	41,645
Cash and cash equivalents	3,492,887	—	3,492,887	999,568	—	999,568
	3,934,848	681,624	4,616,472	1,223,040	532,000	1,755,040

June 30, 2013

	Group			Company		
	Loans and receivables	Available-for-sale investments	Total	Loans and receivables	Available-for-sale investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	—	681,624	681,624	—	532,000	532,000
Trade and bills receivables	255,222	—	255,222	228,618	—	228,618
Financial assets included in prepayments, deposits and other receivables (Note 23)	188,981	—	188,981	182,302	—	182,302
Pledged deposits	481	—	481	—	—	—
Cash and cash equivalents	2,524,072	—	2,524,072	822,971	—	822,971
	2,968,756	681,624	3,650,380	1,233,891	532,000	1,765,891

Financial liabilities

Group

	Financial liabilities at amortized cost			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	51,760	73,467	68,762	80,114
Financial liabilities included in other payables and accruals	3,358,408	1,986,808	1,687,688	1,615,663
Interest-bearing bank borrowings	9,216,499	10,716,726	9,919,610	10,127,302
	12,626,667	12,777,001	11,676,060	11,823,079

Company

	Financial liabilities at amortized cost			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	79,196	44,544	44,103	48,490
Financial liabilities included in other payables and accruals	509,480	166,986	103,400	154,999
Interest-bearing bank borrowings	3,540,000	3,780,000	3,130,000	3,235,000
	4,128,676	3,991,530	3,277,503	3,438,489

40. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amounts			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Available-for-sale investments	387,902	649,074	681,624	681,624
Long-term prepayment for an available-for-sale investment	80,300	—	—	—
Trade and bills receivables	159,985	158,059	202,371	255,222
Financial assets included in prepayments, deposits and other receivables	105,275	1,614,868	239,590	188,981
Pledged deposits	2,706	3,911	—	481
Cash and cash equivalents	1,088,572	5,715,271	3,492,887	2,524,072
	1,824,740	8,141,183	4,616,472	3,650,380

	Fair values			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Available-for-sale investments	387,902	649,074	681,624	681,624
Long-term prepayment for an available-for-sale investment	80,300	—	—	—
Trade and bills receivables	159,985	158,059	202,371	255,222
Financial assets included in prepayments, deposits and other receivables	105,275	1,614,868	239,590	188,981
Pledged deposits	2,706	3,911	—	481
Cash and cash equivalents	1,088,572	5,715,271	3,492,887	2,524,072
	1,824,740	8,141,183	4,616,472	3,650,380

Group

	Carrying amounts			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade payables	51,760	73,467	68,762	80,114
Financial liabilities included in other payables and accruals	3,358,408	1,986,808	1,687,688	1,615,663
Interest-bearing bank borrowings	9,216,499	10,716,726	9,919,610	10,127,302
	12,626,667	12,777,001	11,676,060	11,823,079

	Fair values			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade payables	51,760	73,467	68,762	80,114
Financial liabilities included in other payables and accruals	3,358,408	1,986,808	1,687,688	1,615,663
Interest-bearing bank borrowings	9,216,499	10,716,726	9,919,610	10,127,302
	12,626,667	12,777,001	11,676,060	11,823,079

Company

	Carrying amounts			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Available-for-sale investments	355,500	499,750	532,000	532,000
Trade and bills receivables	144,507	148,389	181,827	228,618
Financial assets included in prepayments, deposits and other receivables	104,635	89,246	41,645	182,302
Cash and cash equivalents	242,281	544,460	999,568	822,971
	846,923	1,281,845	1,755,040	1,765,891

	Fair values			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Available-for-sale investments	355,500	499,750	532,000	532,000
Trade and bills receivables	144,507	148,389	181,827	228,618
Financial assets included in prepayments, deposits and other receivables	104,635	89,246	41,645	182,302
Cash and cash equivalents	242,281	544,460	999,568	822,971
	846,923	1,281,845	1,755,040	1,765,891

Company

	Carrying amounts			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade payables	79,196	44,544	44,103	48,490
Financial liabilities included in other payables and accruals	509,480	166,986	103,400	154,999
Interest-bearing bank borrowings	3,540,000	3,780,000	3,130,000	3,235,000
	4,128,676	3,991,530	3,277,503	3,438,489

	Fair values			
	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade payables	79,196	44,544	44,103	48,490
Financial liabilities included in other payables and accruals	509,480	166,986	103,400	154,999
Interest-bearing bank borrowings	3,540,000	3,780,000	3,130,000	3,235,000
	4,128,676	3,991,530	3,277,503	3,438,489

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

Unlisted available-for-sale equity investments are stated at cost less impairment because the investments do not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that in the opinion of the Directors, the fair value cannot be measured reliably.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

All financial assets and liabilities for which fair value was measured or disclosed in the Financial Information are categorized within level 2 of the fair value hierarchy at the end of the Relevant Periods.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, management of the Company meets regularly to analyze and formulate measures to manage the Group's exposure to these risks.

Interest rate risk

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

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group currently does not have any interest rate hedging policy.

As at June 30, 2013, the Group's borrowings of RMB9,377,302,000 (December 31, 2012: RMB9,639,610,000, December 31, 2011: RMB10,316,726,000 and December 31, 2010: RMB7,816,499,000) were with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change by 50 basis points in interest rate, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

	Group	
	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		RMB'000
Six months ended June 30, 2013		
RMB	50	(23,444)
RMB	(50)	23,444
Six months ended June 30, 2012 (unaudited)		
RMB	50	(23,642)
RMB	(50)	23,642
Year ended December 31, 2012		
RMB	50	(48,198)
RMB	(50)	48,198
Year ended December 31, 2011		
RMB	50	(51,584)
RMB	(50)	51,584
Year ended December 31, 2010		
RMB	50	(39,082)
RMB	(50)	39,082

Credit risk

The Group normally requires payment in advance from its customers for the coal handling services and allows credit terms to certain established customers for other services and trading. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

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 June 30, 2013, 64% (December 31, 2012: 65%, December 31, 2011: 54%, December 31, 2010: 53%) of the Group's trade receivables were due from a single customer. The customer is a large scale state-owned enterprise with good reputation and financial situation. The management communicated with the customer regarding its financial situation and the repayment schedule on a regular basis to monitor the credit risk closely. The Group did not hold any collateral or other credit enhancements over the balances of trade receivables.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits and other receivables, arising from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 22 above.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity profile of the Group's and the Company's financial liabilities as at the end of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

Group

December 31, 2010

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	51,760	—	—	51,760
Financial liabilities included in other payables and accruals	3,035,516	322,892	—	—	3,358,408
Interest-bearing bank borrowings	—	2,927,696	4,151,166	3,764,987	10,843,849
	3,035,516	3,302,348	4,151,166	3,764,987	14,254,017

December 31, 2011

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	73,467	—	—	73,467
Financial liabilities included in other payables and accruals	1,955,138	31,670	—	—	1,986,808
Interest-bearing bank borrowings	—	4,672,437	3,450,476	4,814,606	12,937,519
	1,955,138	4,777,574	3,450,476	4,814,606	14,997,794

December 31, 2012

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	68,762	—	—	68,762
Financial liabilities included in other payables and accruals	1,669,390	18,298	—	—	1,687,688
Interest-bearing bank borrowings	—	3,062,274	4,009,330	5,501,312	12,572,916
	1,669,390	3,149,334	4,009,330	5,501,312	14,329,366

June 30, 2013

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	80,114	—	—	80,114
Financial liabilities included in other payables and accruals	1,597,946	17,717	—	—	1,615,663
Interest-bearing bank borrowings	—	3,062,130	4,529,333	5,702,384	13,293,847
	1,597,946	3,159,961	4,529,333	5,702,384	14,989,624

Company

December 31, 2010

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	79,196	—	—	79,196
Financial liabilities included in other payables and accruals	203,502	305,978	—	—	509,480
Interest-bearing bank borrowings	—	1,816,739	1,906,976	—	3,723,715
	203,502	2,201,913	1,906,976	—	4,312,391

December 31, 2011

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	44,544	—	—	44,544
Financial liabilities included in other payables and accruals	160,132	6,854	—	—	166,986
Interest-bearing bank borrowings	—	3,340,158	590,872	—	3,931,030
	160,132	3,391,556	590,872	—	4,142,560

December 31, 2012

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	44,103	—	—	44,103
Financial liabilities included in other payables and accruals	97,392	6,008	—	—	103,400
Interest-bearing bank borrowings	—	2,572,264	703,558	—	3,275,822
	97,392	2,622,375	703,558	—	3,423,325

June 30, 2013

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	—	48,490	—	—	48,490
Financial liabilities included in other payables and accruals	149,805	5,194	—	—	154,999
Interest-bearing bank borrowings	—	2,542,181	866,016	—	3,408,197
	149,805	2,595,865	866,016	—	3,611,686

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables and other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the Relevant Periods were as follows:

	At December 31,			At June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	51,760	73,467	68,762	80,114
Other payables and accruals	4,032,226	3,030,918	2,384,527	2,315,040
Interest-bearing bank borrowings	9,216,499	10,716,726	9,919,610	10,127,302
Less: Cash and cash equivalents	(1,088,572)	(5,715,271)	(3,492,887)	(2,524,072)
Net debt	12,211,913	8,105,840	8,880,012	9,998,384
Equity attributable to owners of the parent	7,182,771	8,269,897	9,273,713	9,370,893
Capital and net debt	19,394,684	16,375,737	18,153,725	19,369,277
Gearing ratio	**63%**	**49%**	**49%**	**52%**

42. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the resolution of the board of directors' meeting dated June 16, 2013, the Company proposed to pay a cash dividend of RMB1,090,125,000 (RMB0.255 per share) to its shareholders. The proposed dividend was approved by the shareholders at the first extraordinary general shareholders' meeting for the year 2013 dated July 11, 2013.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to June 30, 2013.

Yours faithfully
ERNST & YOUNG
Certified Public Accountants
Hong Kong

The information set out in this Appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets of our Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on June 30, 2013. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of the financial position of our Group.

	Consolidated net tangible assets attributable to the owners of the Company as of June 30, 2013[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share[3]	Unaudited pro forma adjusted consolidated net tangible assets per Share[4]
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$5.25 per Share	9,265,614	2,943,473	12,209,087	2.43	3.07
Based on an Offer Price of HK$6.70 per Share	9,265,614	3,777,336	13,042,950	2.59	3.28

Notes:

(1) The consolidated net tangible assets attributable to the owners of the Company as of June 30, 2013 is arrived at after deducting the other intangible assets of RMB105.22 million and goodwill of RMB59,000 from the consolidated net assets of our Group attributable to the owners of the Company as of June 30, 2013 of approximately RMB9,370.89 million as set forth in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK$5.25 and HK$6.70, after deduction of the underwriting fees and related expenses payable by the Company and takes no account of any Share which may be offered for sales upon exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at the PBOC rate of HK$1.00 to RMB0.79 prevailing on November 15, 2013.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 5,029,412,000 shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be offered for sales upon exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at the PBOC rate of HK$1.00 to RMB0.79 prevailing on November 15, 2013.

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this prospectus.

22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong



To the Directors of Qinhuangdao Port Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Qinhuangdao Port Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at June 30, 2013 and related notes as set out in Appendix II to the Prospectus issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Section A of Appendix II.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at June 30, 2013 as if the transaction had taken place at June 30, 2013. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended June 30, 2013, on which an accountant's report has been published.

DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable

assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

OPINION

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
ERNST & YOUNG
Certified Public Accountants
Hong Kong

November 29, 2013

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of values of the properties of the Group as at September 30, 2013.



Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

The Directors
Qinhuangdao Port Co., Ltd.
35 Haibin Road
Qinhuangdao
Hebei Province
China

November 29, 2013

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which Qinhuangdao Port Co., Ltd. (the "Company") and its subsidiaries (hereinafter referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such properties as at September 30, 2013 ("date of valuation") for the purpose of incorporation in a Public Offering Document.

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The market value is understood as the value of an asset or liability estimated without regard to costs of sale and purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing Property No. 1 in Group I, which is held for owner-occupation by the Group in the PRC, due to the nature of the buildings and structures that were constructed, there are no readily identifiable market comparables, and the buildings and structures cannot be valued on the basis of direct comparison. Therefore, we have adopted the Depreciated Replacement Cost ("DRC") Approach to value this property. DRC Approach is based on an estimate of the market value for the existing use of the land plus the current replacement costs of the buildings and structures, from which deductions are then made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The DRC Approach is subject to adequate potential profitability of the concerned business. Our valuation applies to the whole of the complex or development as a unique interest and no piecemeal transaction of the complex or development is assessed.

In valuing Property Nos. 2 to 5 in Group I, which are also held by the Group for owner-occupation in the PRC, we have adopted the direct comparison approach by making reference to the comparable market transactions assuming sale with the benefit of vacant possession.

In valuing the properties in Group II, which are leased and occupied by the Group in the PRC, we have assigned no commercial value to these properties, due to the prohibition against assignments or sub-lettings or otherwise due to the lack of substantial profit rents.

We have been provided with extracts of documents in relation to the titles to the properties. However, we have not searched the original documents to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all relevant matters. We have also relied on the legal opinion issued by the Group's PRC legal adviser, King & Wood Mallesons Lawyers, regarding the titles to the properties. Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Site inspections of the properties were carried out during the period between June 17, 2013 and July 5, 2013 by Mr. James Woo, Mr. Qi Denghui and Mr. Zhang Gang. Mr. James Woo is a corporate member of the Royal Institution of Chartered Surveyors; Mr. Qi Denghui is a qualified engineer and Mr. Zhang Gang is a Chartered Member of the Chartered Institute of Housing.

In the course of our valuation, we have complied with the requirements set out in Chapter 5 and Practice Notes 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts are stated in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C.K. Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Anthony C K Lau is a qualified surveyor and has over 20 years' post-qualification experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

No.	Property	Capital value in existing state as at September 30, 2013	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2013
		(RMB)		(RMB)
Group I – Properties held by the Group for owner occupation in the PRC				
1.	Five wharfs together with various ancillary facilities located at north of Jianshe Avenue, Qinhuangdao, Hebei Province, PRC	7,100,000,000	100%	7,100,000,000
2.	Room No. 2, Level 1, Building No. 1, Hande Plaza, Beiguan Community, Gulou Sub-district Office, Gaizhou, Liaoning Province, PRC	990,000	100%	990,000
3.	Building Nos. 7, 8 and 9, Xinyuan Construction Materials Wholesale Market, Bohai New District, Cangzhou, Hebei Province, PRC	19,000,000	95.93%	18,226,700
4.	Three parcels of land located at west of Planned Road No. 12, Bohai New District, Cangzhou, Hebei Province PRC	395,000,000	95.93%	378,923,500
5.	Unit No. A-303, Fubao Shangcheng, Haigang District, Qinhuangdao, Hebei Province, PRC	1,800,000	100%	1,800,000
	Sub-total:	7,516,790,000		7,499,940,200

No.	Property	Capital value in existing state as at September 30, 2013 (RMB)	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2013 (RMB)
Group II – Properties leased and occupied by the Group in the PRC				
6.	Various buildings and structures located at north of Jianshe Avenue, Qinhuangdao, Hebei Province, PRC	No commercial value		No commercial value
7.	Room 0101, Unit 1, Block 4, Yihe Xiyuan, No. 25 Xinkai South Lane, Xinghualing District, Taiyuan, Shanxi Province, PRC	No commercial value		No commercial value
8.	Room 0201, Unit 1, Block 4, Yihe Xiyuan, No. 25 Xinkai South Lane, Xinghualing District, Taiyuan, Shanxi Province, PRC	No commercial value		No commercial value
9.	Unit No. 6-4-601, Nanma Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, PRC	No commercial value		No commercial value
10.	Room 1804, Block E, Yuanhai Dianli Garden, Guangming Avenue, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, PRC	No commercial value		No commercial value
11.	A commercial building located at Huanghuagang Development Zone, Cangzhou, Hebei Province, PRC	No commercial value		No commercial value

No.	Property	Capital value in existing state as at September 30, 2013	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2013
		(RMB)		(RMB)
12.	Unit 405, Building No. 4, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	No commercial value		No commercial value
13.	Unit 507, Building No. 5, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	No commercial value		No commercial value
14.	Portion of an office building and a dormitory building located at Yuantai Warehouse Co., Ltd., Bohai New District, Cangzhou, Hebei Province, PRC	No commercial value		No commercial value
15.	Unit 301, Building No. 3, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	No commercial value		No commercial value
16.	Unit 506, Building No. 5, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	No commercial value		No commercial value
17.	Various units located at Apartment Block No.3, Bohai International Convention Centre, Tangshan, Hebei Province, PRC	No commercial value		No commercial value

No.	Property	Capital value in existing state as at September 30, 2013	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2013
		(RMB)		(RMB)
18.	Nine residential units located at Bohai New District, Cangzhou, Hebei Province, PRC	No commercial value		No commercial value
19.	One warehouse unit located at east of Municipal Coal Inspection Center, Jianshe Avenue, Haigang District, Qinhuangdao, Hebei Province, PRC	No commercial value		No commercial value
20.	Unit 504, Building No. 5, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	No commercial value		No commercial value
	Sub-total	Nil		Nil
	Total:	**7,516,790,000**		**7,499,940,200**

VALUATION CERTIFICATE

Group I – Properties held by the Group for owner-occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2013
1.	Five wharfs together with various ancillary facilities located at north of Jianshe Avenue, Qinhuangdao, Hebei Province, PRC	The property comprises five wharfs together with various ancillary facilities erected on 21 parcels of land with a total site area of approximately 6,169,743.09 sq.m. (66,411,115 sq.ft.). The property comprises five wharfs with a total length of approximately 12,200.00 meters and a total designed annual capacity of approximately 750,000.00 TEU. They were completed in between 1973 and 2006. The ancillary facilities comprise offices, dormitories, canteens, plant rooms, transformer rooms and other ancillary structures with a total gross floor area of approximately 283,887.32 sq.m. (3,055,763 sq.ft.), which were completed in between 1983 and 2010. The property is located at north of Jianshe Avenue, Haigang District, Qinhuangdao. It takes approximately 5 minutes' driving distance to the center of Qinhuangdao. Developments in the vicinity are predominated by some residential, commercial and composite buildings. The land use rights of the property have been granted for a term expiring on April 18, 2058 for port use.	As at the date of valuation, the property was occupied by the Group for port use.	RMB7,100,000,000 (100% interest attributable to the Group: RMB7,100,000,000)

Notes:

1. Pursuant to 21 State-owned Land Use Rights Certificates – Qin Ji Guo Yong (2008) Di Nos. 112 to 114, 116 to 119, 121, 122, 132 to 136, 139 to 142 and 159 and Qin Ji Guo Yong (2013) Di Hai Nos. 066 and 067 dated between May 30, 2008 and June 4, 2013, the land use rights of 21 parcels of land with a total site area of 6,169,743.09 sq.m. have been granted to Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司) ("the Company") for a term expiring on April 18, 2058 for port use respectively.

2. Pursuant to 39 Building Ownership Certificates – Qin Huang Dao Shi Fang Quan Zheng Qin Fang Zi Di Nos. 000012678 to 000012681, 000012683, 000012685 to 000012689, 000059554, 000059556, 000059557, 20010485, 20010489 to 20010492, 20010495, 20010497, 20010504, 20010507 to 20010509, 20010511, 20010512, 20010592 to 20010596, 20010598 to 20010600, 20010602, 20010605, 20010608, 20010609 and 20010748, the building ownership of the property with a total gross floor area of 283,887.32 sq.m. is vested in the Company for office, warehouse and other uses.

3. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the Company has legally obtained the land use rights and building ownership of the property; and

   ii. the Company is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2013
2.	Room No. 2, Level 1, Building No. 1, Hande Plaza, Beiguan Community, Gulou Sub-district Office, Gaizhou, Liaoning Province, PRC	The property was completed in 2000 with a total gross floor area of approximately 149.94 sq.m. (1,614 sq.ft.). The property is located at Beiguan Community, Gulou Sub-district Office, Gaizhou. It takes approximately 5 minutes' driving distance to the center of Gaizhou. Developments in the vicinity are predominated by some residential, commercial and composite buildings.	As at the date of valuation, the property was occupied by the Group for office use.	RMB990,000 (100% interest attributable to the Group: RMB990,000)

Notes:

1. Pursuant to the Building Ownership Certificate – Fang Quan Zheng Gai Zi Di No. 600077406, the building ownership of the property with a gross floor area of 149.94 sq.m. is vested in Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司) ("the Company") for office use.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the Company has legally obtained the building ownership of the property; and

   ii. the Company is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2013
3.	Building Nos. 7, 8 and 9, Xinyuan Construction Materials Wholesale Market, Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises three blocks of 2-storey office buildings erected on 21 parcels of land with a total site area of approximately 2,073.40 sq.m. (22,318 sq.ft). The property was completed in 2008 with a total gross floor area of approximately 3,710.16 sq.m. (39,936 sq.ft.). The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The land use rights of the property have been granted for a term expiring on August 30, 2044 for commercial use.	As at the date of valuation, the property was occupied by the Group for office use.	RMB19,000,000 (95.93% interest attributable to the Group: RMB18,226,700

Notes:

1. Pursuant to 21 State-owned Land Use Rights Certificates – Cang Bo Guo Yong (2010) Di Nos. 0269 to 0289 dated March 22, 2010, the land use rights of 21 parcels of land with a total site area of 2,073.40 sq.m. have been granted to Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司) ("Cangzhou Bohai"), a 95.93%-owned subsidiary of the Company, for a term expiring on August 30, 2044 for commercial use.

2. Pursuant to 21 Building Ownership Certificates – Huang Gang Fang Quan Zheng Q Zi Di Nos. 010089 to 010109 dated December 21, 2009, the building ownership of the property with a total gross floor area of 3,710.16 sq.m. is vested in Cangzhou Bohai for office use.

3. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   I. Cangzhou Bohai has legally obtained the land use rights and building ownership of the property; and

   II. Cangzhou Bohai is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2013
4.	Three parcels of land located at west of Planned Road No. 12, Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises three parcels of land with a total site area of approximately 343,315.05 sq.m. (3,695,443 sq.ft.). The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The land use rights of the property have been granted for a term expiring on October 28, 2050 for other business and financial uses.	As at the date of valuation, the property was vacant.	RMB395,000,000 (95.93% interest attributable to the Group: RMB378,923,500)

Notes:

1. Pursuant to three State-owned Land Use Rights Certificates – Cang Bo Guo Yong (2011) Di Nos. 10 to 12, the land use rights of three parcels of land with a total site area of 343,315.05 sq.m. have been granted to Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司) ("Cangzhou Bohai"), a 95.93%-owned subsidiary of the Company, for a term expiring on October 28, 2050 for other business and financial uses.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. Cangzhou Bohai has legally obtained the land use rights of the property; and

   ii. Cangzhou Bohai is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2013
5.	Unit No. A-303, Fubao Shangcheng, Haigang District, Qinhuangdao, Hebei Province, PRC	The property comprises a office unit of three-storey office building erected on one parcels of land with a total site area of approximately 93.25 sq.m. (1,004 sq.ft). The property was completed in 2007 with a total gross floor area of approximately 120.90 sq.m. (1,301 sq.ft.). The property is located at southeast of Hebei Street, Haigang District, Qinhuangdao. It takes approximately 10 minutes' driving distance to the center of Qinhuangdao. Developments in the vicinity are predominated by some residential, commercial and composite buildings. The land use rights of the property have been granted for a term expiring on March 9, 2044 for commercial use.	As at the date of valuation, the property was occupied by the Group for office use.	RMB1,800,000 (100% interest attributable to the Group: RMB1,800,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate – Qin Ji Guo Yong (2008) Di Qin Kai Shang No. 021 dated May 13, 2008, the land use rights of a parcel of land with a site area of 93.25 sq.m. have been granted to Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司) ("Ruigang Tech"), a 100%-owned subsidiary of the Company, for a term expiring on March 9, 2044 for commercial use.

2. Pursuant to the Building Ownership Certificate – Qin Huang Dao Shi Fang Quan Zheng Qin Fang Zi Di No. 20010287, the building ownership of the property with a gross floor area of approximately 120.90 sq.m. is vested in Ruigang Tech for office use.

3. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. Ruigang Tech has legally obtained the land use rights and building ownership of the property; and

   ii. Ruigang Tech is entitled to occupy, use, transfer, let, mortgage or by other legal means dispose of the property.

Group II – Properties leased and occupied by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
6.	Various buildings and structures located at north of Jianshe Avenue, Qinhuangdao, Hebei Province, PRC	The property comprises 459 buildings and various structures with a total gross floor area of approximately 282,452.80 sq.m. (3,040,322 sq.ft.), which was completed in 1984 to 2006. The property is located at north of Jianshe Avenue, Haigang District, Qinhuangdao. It takes approximately 5 minutes' driving distance to the center of Qinhuangdao. Developments in the vicinity are predominated by some residential, commercial and composite buildings. The property with a total gross floor area of approximately 282,452.80 is leased to the Group from Branch of Port Service Management of Hebei Port Group Co., Ltd. (河北港口集團有限公司港口服務管理分公司) (the "Lessor 1"), Hebei Port Group (河北港口集團有限公司) (the "Lessor 2"), Branch of Guesthouse of Hebei Port Group Co., Ltd. (河北港口集團 有限公司賓館分公司) (the "Lessor 3"), and Branch of Logistics of Hebei Port Group Co., Ltd. (河北港口集團有限公司後勤分公司) (the "Lessor 4"), which are connected parties to the Group, for three concurrent terms commencing on January 1, 2011, January 1, 2012 and January 1, 2013 and expiring on December 31, 2015, December 31, 2012 and December 31, 2013 respectively at a total annual rental of RMB123,067,621.69. The total annual rental comprises the buildings, various structures, port equipment and facilities and other applicable civil engineering facilities.	The property was occupied by the Group for office, warehouse and ancillary uses.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated March 28, 2011, entered into between the Lessor 1 and Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司) ("the Company"), and the supplementary agreement dated July 11, 2013 , entered into between the Lessor 2 and the Company, the Lessors agreed to lease portion of the property, port equipment and facilities and other applicable civil engineering facilities with a total gross floor area of approximately 255,295.05 sq.m. to the Company for a term commencing on January 1, 2011 and expiring on December 31, 2015 at an annual rental of RMB104,900,000.

2. Pursuant to the tenancy agreement dated January 9, 2013, entered into between the Lessor 3 and Capital Settlement Center of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司資金結算中心) ("Capital Settlement Center"), the Lessor 2 agreed to lease portion of the property with a gross floor area of approximately 120.00 sq.m. to Capital Settlement Center for a term commencing on January 1, 2013 and expiring on December 31, 2013 at an annual rental of RMB100,000.

3. Pursuant to the tenancy agreement dated August 7, 2012, entered into between the Lessor 4 and the Company, the Lessor 3 agreed to lease portion of the property with a gross floor area of approximately 7,491.67 sq.m. to the Company for a term commencing on January 1, 2012 and expiring on December 31, 2012 at an annual rental of RMB1,914,121.69.

4. Pursuant to the tenancy agreement dated May 20, 2012, entered into between the Lessor 1 and Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司) ("Xin'gangwan Container Company"), the Lessor 1 agreed to lease portion of the property and various structures with a total gross floor area of approximately 19,546.08 sq.m. to Xin'gangwan Container Company for a term commencing on January 1, 2012 and expiring on December 31, 2012 at an annual rental of RMB16,153,500.

5. As advised by the Group, the portion of the property with a gross floor area of approximately 7,491.67 sq.m. is currently under lease renewal procedures.

6. As advised by the Group, the portion of the property and various structures are currently under lease renewal procedures.

7. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. 262 buildings out of the property are legal and effective and the lessees are entitled to occupy and use such buildings;

   ii. in respect of the remaining buildings which have not obtained the Building Ownership Certificate, since the lessors have obtained the State-owned Land Use Rights Certificates for most of the buildings and promised to undertake the loss come from the title issue, it will not have any substantial adverse effect to the operation of the Group; and

   iii. non-registration of the tenancy agreements will not affect their validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
7.	Room 0101, Unit 1, Block 4, Yihe Xiyuan, No. 25 Xinkai South Lane, Xinghualing District, Taiyuan, Shanxi Province, PRC	The property comprises a residential unit with a gross floor area of approximately 152.28 sq.m. (1,639 sq.ft.), which was completed in 2007. The property is located at west of Xinkai South Lane, Xinghualing District, Taiyuan. It takes approximately 5 minutes' walking distance to Taiyaun East Railway Station. Developments in the vicinity are predominated by some residential, commercial and composite buildings. The property is leased to the Group from Wang Bin (王彬), an independent third party, for a term commencing on September 1, 2013 and expiring on August 31, 2014 at an annual rental of RMB65,300.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated September 10, 2012, entered into between Wang Bin (王彬) ("Lessor") and Qinhuangdao Port Co., Ltd. Shanxi Office (秦皇島港股份有限公司山西辦事處) ("Shanxi Office"), the Lessor agreed to lease the property with a gross floor area of approximately 152.28 sq.m. to Shanxi Office for a term commencing on September 1, 2013 and expiring on August 31, 2014 at an annual rental of RMB65,300.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Shanxi Office is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
8.	Room 0201, Unit 1, Block 4, Yihe Xiyuan, No. 25 Xinkai South Lane, Xinghualing District, Taiyuan, Shanxi Province, PRC	The property comprises a residential unit with a gross floor area of approximately 152.28 sq.m. (1,639 sq.ft.), which was completed in 2007. The property is located at west of Xinkai South Lane, Xinghualing District, Taiyuan. It takes approximately 5 minutes' walking distance to Taiyaun East Railway Station. Developments in the vicinity are predominated by some residential, commercial and composite buildings. The property is leased to the Group from Wang Yifang (王義芳), an independent third party, for a term commencing on September 1, 2013 and expiring on August 31, 2014 at an annual rental of RMB60,000.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated September 10, 2012, entered into between Wang Yifang (王義芳) ("Lessor") and Qinhuangdao Port Co., Ltd. Shanxi Office (秦皇島港股份有限公司山西辦事處) ("Shanxi Office"), the Lessor agreed to lease the property with a gross floor area of approximately 152.28 sq.m. to Shanxi Office for a term commencing on September 1, 2013 and expiring on August 31, 2014 at an annual rental of RMB60,000.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Shanxi Office is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
9.	Unit No. 6-4-601, Nanma Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, PRC	The property comprises a residential unit with a gross floor area of approximately 59.04 sq.m. (636 sq.ft.), which was completed in 2008. The property is located at north of Guangming Avenue and east of Tongdao North Road, Xincheng District, Hohhot. It takes approximately 5 minutes' driving distance to Hohhot Railway Station. Developments in the vicinity are predominated by some residential, commercial and composite buildings. The property is leased to the Group from Hu Wenqing (胡文慶), an independent third party, for a term commencing on February 1, 2013 and expiring on January 31, 2015 at an annual rental of RMB26,400.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated January 30, 2013, entered into between Hu Wenqing (胡文慶) ("Lessor") and Qinhuangdao Port Co., Ltd (秦皇島港股份有限公司) ("the Company"), the Lessor agreed to lease the property with a gross floor area of approximately 59.04 sq.m. to the Company for a term commencing on February 1, 2013 and expiring on January 31, 2015 at an annual rental of RMB26,400.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and the Company is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
10.	Room 1804, Block E, Yuanhai Dianli Garden, Guangming Avenue, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, PRC	The property comprises a residential unit with a gross floor area of approximately 131.36 sq.m. (1,414 sq.ft.), which was completed in 2009. The property is located at north of Guangming Avenue and east of Tongdao North Road, Xincheng District, Hohhot. It takes approximately 5 minutes' driving distance to Hohhot Railway Station. Developments in the vicinity are predominated by some residential, commercial and composite buildings. The property is leased to the Group from Li Haitai (李海臺), an independent third party, for a term commencing on February 1, 2013 and expiring on January 31, 2015 at an annual rental of RMB33,600.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated January 30, 2013, entered into between Li Haitai (李海臺) ("Lessor") and Qinhuangdao Port Co., Ltd (秦皇島港股份有限公司) ("the Company"), the Lessor agreed to lease the property with a gross floor area of approximately 131.36 sq.m. to the Company for a term commencing on February 1, 2013 and expiring on January 31, 2015 at an annual rental of RMB33,600.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and the Company is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
11.	A commercial building located at Huanghuagang Development Zone, Cangzhou, Hebei Province, PRC	The property comprises a commercial building with a gross floor area of approximately 1,836.13 sq.m. (19,764 sq.ft.), which was completed in 2005. The property is located at Huanghuagang Development Zone, Huanghuagang. It takes approximately 60 minutes' driving distance to the centre of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The property is leased to the Group from Huanghuagang Qinyu Labour Service Co., Ltd. (黃驊港勤裕勞動服務有限公司), an independent third party, for a term commencing on January 1, 2013 and expiring on December 31, 2013 at an annual rental of RMB253,200.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated January 1, 2013, entered into between Huanghuagang Qinyu Labour Service Co., Ltd. (黃驊港勤裕勞動服務有限公司) ("Lessor") and Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司) ("Cangzhou OSTC"), the Lessor agreed to lease the property with a gross floor area of approximately 1,836.13 sq.m. to Cangzhou OSTC for a term commencing on January 1, 2013 and expiring on December 31, 2013 at an annual rental of RMB253,200.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Cangzhou OSTC is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
12.	Unit 405, Building No. 4, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises a office unit with a gross floor area of approximately 180.37 sq.m. (1,942 sq.ft.), which was completed in 2009. The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The property is leased to the Group from Zhu Xicai (朱希才), an independent third party, for a term commencing on April 5, 2013 and expiring on April 5, 2014 at an annual rental of RMB40,000.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated April 15, 2013, entered into between Zhu Xicai (朱希才) ("Lessor") and Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司) ("Cangzhou Bohai"), the Lessor agreed to lease the property with a gross floor area of approximately 180.37 sq.m. to Cangzhou Bohai for a term commencing on April 5, 2013 and expiring on April 5, 2014 at an annual rental of RMB40,000.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Cangzhou Bohai is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
13.	Unit 507, Building No. 5, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises a office unit with a gross floor area of approximately 174.99 sq.m. (1,884 sq.ft.), which was completed in 2009. The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The property is leased to the Group from Liu Fuxue (劉富學), an independent third party, for a term commencing on July 1, 2013 and expiring on July 1, 2014 at an annual rental of RMB38,000.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated July 3, 2013, entered into between Liu Fuxue (劉富學) ("Lessor") and Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司) ("Cangzhou Bohai"), the Lessor agreed to lease the property with a gross floor area of approximately 174.99 sq.m. to Cangzhou Bohai for a term commencing on July 1, 2013 and expiring on July 1, 2014 at an annual rental of RMB38,000.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Cangzhou Bohai is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
14.	Portion of an office building and a dormitory building located at Yuantai Warehouse Co., Ltd., Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises portion of a 4-storey office building and the whole of a dormitory building with a total gross floor area of approximately 2,715.00 sq.m. (29,224 sq.ft.), which was completed in 2003. The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The property is leased to the Group from Cangzhou Bohai New District Yuantai Warehouse Co., Ltd. (滄州渤海新區元泰倉儲有限公司), an independent third party, for a term commencing on January 1, 2013 and expiring on December 31, 2013 at an annual rental of RMB927,300.	The property was occupied by the Group for office/ dormitory use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement entered into between Cangzhou Bohai New District Yuantai Warehouse Co., Ltd. (滄州渤海新區元泰倉儲有限公司) ("Lessor") and Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司) ("Cangzhou Bohai"), the Lessor agreed to lease the property with a total gross floor area of approximately 2,715.00 sq.m. to Cangzhou Bohai for a term commencing on January 1, 2013 and expiring on December 31, 2013 at an annual rental of RMB927,300.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Cangzhou Bohai is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
15.	Unit 301, Building No. 3, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises a office unit with a gross floor area of approximately 174.17 sq.m. (1,875 sq.ft.), which was completed in 2011. The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The property is leased to the Group from Shang Yinzhang (尚銀章), an independent third party, for a term commencing on April 5, 2013 and expiring on April 5, 2014 at an annual rental of RMB42,000.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated April 5, 2013, entered into between Shang Yinzhang (尚銀章) ("Lessor") and Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司) ("Cangzhou Bohai"), the Lessor agreed to lease the property with a gross floor area of approximately 174.17 sq.m. to Cangzhou Bohai for a term commencing on April 5, 2013 and expiring on April 5, 2014 at an annual rental of RMB42,000.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Cangzhou Bohai is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
16.	Unit 506, Building No. 5, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises a office unit with a gross floor area of approximately 174.99 sq.m. (1,884 sq.ft.), which was completed in 2011. The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The property is leased to the Group from Yu Lifeng (于立鳳), an independent third party, for a term commencing on May 11, 2013 and expiring on May 11, 2014 at an annual rental of RMB40,000.	The property was occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated May 9, 2013, entered into between Yu Lifeng (于立鳳) ("Lessor") and Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司) ("Cangzhou Mineral"), the Lessor agreed to lease the property with a gross floor area of approximately 174.99 sq.m. to Cangzhou Mineral for a term commencing on May 11, 2013 and expiring on May 11, 2014 at an annual rental of RMB40,000.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Cangzhou Mineral is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
17.	Various apartments located at Apartment Block No.3, Bohai International Convention Centre, Tangshan, Hebei Province, PRC	The property comprises 21 residential units with a total gross floor area of approximately 2,626.00 sq.m. (28,266 sq.ft.), which was completed in 2008. The property is located at north of Bohai Avenue, Tangshan. It takes approximately 30 minutes' driving distance to the center of Tanghai Town. Developments in the vicinity are predominated by some villages and bare sites. The property is leased to the Group from Bohai International Convention Center Co., Ltd. (渤海國際會議中心有限公司), an independent third party, for a term from July 1, 2012 until it is terminable upon serving a month's notice by the Group at an annual rental of RMB2,130,000.	The property was occupied by the Group for dormitory/ office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated November 5, 2009, entered into between Bohai International Convention Center Co., Ltd. (渤海國際會議中心有限公司) ("Lessor") and Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) ("Caofeidian Shiye Port Company"), the Lessor agreed to lease the property with a total gross floor area of approximately 2,626.00 sq.m. to Caofeidian Shiye Port Company for a term from July 1, 2012 until it is terminable upon serving a month's notice by the Group at an annual rental of RMB2,130,000.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
18.	Nine residential units located at Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises nine residential units with a total gross floor area of approximately 855.00 sq.m. (9,203 sq.ft.). The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The property is leased to the Group from various independent third parties, for four concurrent terms commencing on January 1, 2013, February 15, 2013, May 1, 2013 and June 10, 2013 and expiring on December 31, 2013, April 30, 2014 and June 10, 2014 respectively, at a total annual rental of RMB166,500.	The property was occupied by the Group for dormitory use.	No commercial value

Notes:

1. Pursuant to nine tenancy agreements dated between January 22, 2013 and January 30, 2013, entered into between Shi Huasong (時華松), Dai Qiaoling (戴巧玲), Liu Jianxiu (劉建秀), Zhang Shiliang (張世亮), Li Yaze (李亞澤), Liu Jinming (劉金明), Yang Haiqin (楊海芹), Zhang Zhihui (張智慧) and Yang Hao (楊浩) ("Lessors") and Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司) ("Cangzhou OSTC"), the Lessors agreed to lease the property with a total gross floor area of approximately 855.00 sq.m. to Cangzhou OSTC for various terms commencing on January 1, 2013, February 15, 2013, May 1, 2013 and June 10, 2013 and expiring on December 31, 2013, April 30, 2014 and June 10, 2014 respectively, at a total annual rental of RMB166,500.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. non-registration of the tenancy agreements will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
19.	One warehouse unit located at east of Municipal Coal Inspection Center, Jianshe Avenue, Haigang District, Qinhuangdao, Hebei Province, PRC	The property comprises one warehouse unit with a gross floor area of approximately 55.00 sq.m. (592 sq.ft.), which was completed in 2003. The property is located at north of Jianshe Avenue, Haigang District, Qinhuangdao. It takes approximately 15 minutes' driving distance to the center of Qinhuangdao. Developments in the vicinity are predominated by some residential, commercial and composite buildings. The property is leased to the Group from Liu Zhiwei (劉志偉), an independent third party, for a term commencing on February 1, 2012 and expiring on January 31, 2017 at an annual rental of RMB30,000.	The property is occupied by the Group for office/ warehouse use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated December 1, 2011, entered into between Liu Zhiwei (劉志偉) ("Lessor") and Qinhuangdao Ruigang Technology Import & Expert Co., Ltd. (秦皇島瑞港技術進出口有限公司) ("Ruigang Tech"), the Lessor agreed to lease the property with a gross floor area of approximately 55.00 sq.m. to Ruigang Tech for a term commencing on February 1, 2012 and expiring on January 31, 2017 at an annual rental of RMB30,000.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective; and

   ii. non-registration of the tenancy agreement will not affect its validity.

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at September 30, 2013
20.	Unit 504, Building No. 5, Xinyuan Construction Materials Market, Bohai New District, Cangzhou, Hebei Province, PRC	The property comprises a office unit with a gross floor area of approximately 177.01 sq.m. (1,905 sq.ft.), which was completed in 2009. The property is located at Bohai New District, Huanghuagang. It takes approximately 60 minutes' driving distance to the center of Huanghuagang. Developments in the vicinity are predominated by some villages, composite buildings and bare sites. The property is leased to the Group from Zhang Xiaohong (張曉紅), an independent third party, for a term commencing on August 1, 2013 and expiring on August 1, 2014 at an annual rental of RMB40,000.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated August 1, 2013, entered into between Zhang Xiaohong (張曉紅) ("Lessor") and Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司) ("Cangzhou Mineral"), the Lessor agreed to lease the property with a gross floor area of approximately 177.01 sq.m. to Cangzhou Mineral for a term commencing on August 1, 2013 and expiring on August 1, 2014 at an annual rental of RMB40,000.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal adviser, which contains, inter-alias, the following information:

   i. the tenancy agreement is legal and effective and Cangzhou Mineral is entitled to occupy and use the property; and

   ii. non-registration of the tenancy agreement will not affect its validity.

TAXATION OF SECURITY HOLDERS

The following is a summary of certain PRC and Hong Kong tax consequences of the ownership of H Shares by an investor that purchases such H Shares in connection with the Global Offering and holds the H Shares as capital assets. This summary does not purport to address all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular investors, some of which may be subject to special rules. This summary is based on the tax laws of the PRC and Hong Kong as in effect on the date hereof, as well as on the *Agreement Between the U.S. and the PRC for the Avoidance of Double Taxation* (the "Treaty"), all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This section of the prospectus does not address any aspects of Hong Kong or PRC taxation other than income tax, capital gains tax, stamp duty and estate duty. Prospective investors are urged to consult their tax advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

PRC

Taxation of Dividends

Individual Investors. According to the *Individual Income Tax Law of China* (《中華人民共和國個人所得税法》) (the "Individual Income Tax Law"), as enacted by the Standing Committee of the fifth National People's Congress on September 10, 1980 and as amended respectively on October 31, 1993, August 30, 1999, October 27, 2005, June 29, 2007, December 29, 2007 and June 30, 2011, and the Provisions for Implementation of Individual Income Tax Law of the PRC (the "Provisions"), as promulgated by the State Council on and effective as of January 28, 1994 and as amended respectively on December 19, 2005, February 28, 2008 and July 19, 2011, dividends paid by PRC companies are ordinarily subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a company in the PRC is normally subject to a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. However, 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 (《國家税務總局關於外商投資企業、外國企業和外籍人士取得股票(股權)轉讓收益和股息所得税問題的通知》) ("Taxation Notice") was issued on July 21, 1993. Pursuant to the Taxation Notice, a PRC company is provisionally not subject to any withholding tax in respect of dividends paid to individuals on shares listed on overseas stock exchange (overseas shares, e.g. H Shares). However, the Taxation Notice was repealed under the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents (《關於公佈全文失效廢止、部分條款失效廢止的税收規範性文件目錄的公告》) issued by the State Administration of Taxation on January 4, 2011.

Pursuant to the Notice on Matters concerning the Levy and Administration of Individual Income, Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《關於國税發 [1993] 045號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011] 348號)) promulgated by the State Administration of Taxation recently, generally the PRC individual income tax at the rate of 10% is applicable to dividends paid by non-foreign invested enterprises which have had their public offering in Hong Kong to the individual holders of H Shares who are non-PRC nationals. For the individual holders of H Shares receiving dividends who are citizens from countries that have entered into income tax treaties with the PRC with the tax rates lower than 10%, non-foreign invested enterprises which have had their public offering in Hong Kong will apply on behalf of the such holders to seek entitlement of the lower preferential tax treatments, and upon approval by the tax authorities, the amounts which are over the withheld tax will be refunded. For the individual holders of H shares receiving dividends who are citizens from countries that entered into income tax treaties with the PRC

with the tax rates higher than 10% but lower than 20%, non-foreign invested enterprises which have had their public offering in Hong Kong are required to withhold the tax at the agreed rates under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens from countries without taxation agreements with the PRC or are under other situations, non-foreign invested enterprises which have had their public offering in Hong Kong are required to withhold the tax at the rate of 20%.

Enterprises. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) with respect to taxes on income signed on August 21, 2006, the PRC Government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25% equity interest in a PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company.

According to the Enterprise Income Tax Law of the PRC which took effect on January 1, 2008 ("the new EIT Law") and the *Provision for Implementation of Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法實施條例》) which both became effective on January 1, 2008, the non-resident enterprises shall be subject to 10% enterprise tax for the income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, there is no connection between the dividends and bonuses received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

According to the *Notice Regarding Questions on Withholding Enterprise Income tax When PRC Resident Enterprises Distribute Dividends to Non-resident Enterprise Shareholders of H Shares (Guoshuihan [2008]No. 897)* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (國税函[2008]897號) issued by the State Administration of Taxation, which became effective on November 6, 2008, PRC resident enterprises should withhold enterprise income tax at a rate of 10% when they distribute dividends to non-resident enterprise shareholders of H Shares from the year of 2008. Such withholding tax may be reduced pursuant to an applicable taxation treaty.

Tax Treaties. Investors who do not reside in the PRC and reside in countries that have entered into avoidance of double taxation treaties with the PRC may be entitled to a reduction of the withholding tax imposed on the payment of dividends to investors of our Company who do not reside in the PRC. The PRC currently has double-taxation treaties with many nations in the world, which include but not limited to:

- Australia;
- Canada;
- France;
- Germany;
- Japan;
- Malaysia;
- the Netherlands;
- Singapore;

- the United Kingdom; and
- the United States.

Taxation of Capital Gains

In accordance with the Individual Income Tax Law and the *Implementation Rules of the Individual Income Tax Law of China* (《中華人民共和國個人所得税法實施條例》) ("Implementation Rules"), individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. The Implementation Rules also provide that the MOF shall draft measures for collection of individual income tax from income on the transfer of shares, and such measures are subject to the approval of the State Council. However, as of the Latest Practicable Date, no such measures have been drafted and enacted. Under the *Circular Declaring That Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by MOF and State Administration of Taxation on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed enterprises continues to be exempted from individual income tax. After the latest amendment to the Individual Income Tax Law on December 29, 2007 and its Implementation Rules on February 18, 2008, the State Administration of Taxation has not stated whether it will continue to exempt from individual income tax income derived by individuals from the transfer of listed shares. However, on December 31, 2009, MOF, State Administration of Taxation and CSRC jointly issued the *Circular on Related Issues on Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation* (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) (Cai Shui [2009] No. 167), which states that individuals' income from transferring listed shares on certain domestic exchanges shall continue to be exempted from the individual income tax, except for the shares of certain specified companies under certain situations which are subject to sales limitations (as defined in such Circular and its supplementary notice issued on November 10, 2010). As of the Latest Practicable Date, no legislation has expressly provided individual income tax shall be collected from non-Chinese resident individuals on the sale of shares in PRC resident enterprises listed on overseas stock exchanges, and in practice such tax has not been collected by the PRC tax authorities.

According to the new EIT Law and the *Provision for Implementation of Enterprise Income Tax Law of the PRC*, the non-resident enterprises shall be subject to 10% enterprise tax for the income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, there is no connection between the gains received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable taxation treaty.

Additional PRC Tax Considerations

PRC Stamp Duty. PRC stamp duty imposed on the transfer of shares of PRC publicly traded companies under the Provisional Regulations should not apply to the acquisition and disposal by non-PRC investors of H Shares outside of the PRC by virtue of the *Provisional Regulations of China Concerning Stamp Duty* (《中華人民共和國印花税暫行條例》), which became effective on October 1, 1988 and which provide that PRC stamp duty is imposed only on documents executed or received within the PRC that are legally binding in the PRC and are protected under PRC laws.

Estate Tax. No liability for estate tax under PRC laws will arise from a non-PRC national's holding of H Shares.

HONG KONG

Taxation on Dividends

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the H Shares. However, trading gains from the sale of H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trading, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on unincorporated businesses at a rate of 15%. Gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Share is effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the H Shares. The duty is charged at the ad valorem rate of 0.1 % of the consideration for, or (if greater) the value of, the H Shares transferred to or from each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of H Shares. In addition, a fixed duty of HK$5.00 is charged on each instrument of transfer (if required). Where a sale or purchase of the H Shares is effected by a person who is not a resident of Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the stamp duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

TAXATION OF THE COMPANY IN THE PRC

Income Tax

From January 1, 1994, income tax payable by PRC enterprises, including state-owned enterprises and share system enterprises, was governed by the *PRC Enterprise Income Tax Provisional Regulations* (《中華人民共和國企業所得税暫行條例》) (the "EIT Regulations") which took effect from January 1, 1994, and which provided for an income tax rate of 33% unless a lower rate is provided by law, administrative regulations or State Council regulations. Our Company was generally subject to tax at a rate of 33% pursuant to the EIT Regulations.

On March 16, 2007, the 10th NPC adopted the new EIT Law. The new EIT Law came into effect on January 1, 2008, according to which the enterprise income tax rate in the PRC was reduced from 33% to 25% and is in line with the rate applicable to foreign investment enterprises and foreign enterprises. At the same time, the Income Tax Law of the PRC Concerning Foreign Investment Enterprises and Foreign Enterprises and the EIT Regulations has ceased to be effective.

Value Added Tax

Pursuant to the *Provisional Regulations of the PRC Concerning Value Added Tax* (《中華人民共和國增值税暫行條例》) effective from January 1, 1994 which was amended in November 2008 and their implementing rules, the sale of products within the PRC, the importation of products and the provision of processing and/or repair services within the PRC by our Company are subject to value

added tax ("VAT"). Pursuant to the *Plan for the Pilot Practice of Levying Value Added Tax in Lieu of Business Tax* (《營業税改徵增值税試點方案》) (Cai Shui [2011] No.110) issued by the MOF and the State Administration of Taxation and the *Notice on* Issuing the Work Plan of *the Pilot Practice of Levying Value Added Tax in Lieu of Business Tax* in Hebei Province issued by the General Office of the People's Government of Hebei Province (《河北省人民政府辦公廳關於印發河北省營業税改征增值税試點工作方案的通知》) (Ban Zi [2013] No.46), since August 1, 2013, value added tax of 11% shall apply to the Company's transportation industry and value added tax of 6% shall apply to the Company's some modern service industries. VAT payable is calculated as "output VAT" minus "input VAT."

Business Tax

Pursuant to the *Provisional Regulations of the PRC Conceding Business Tax* (《中華人民共和國營業税暫行條例》) effective from January 1, 1994 which was amended in November 2008 and the relevant implementing rules, a business tax is imposed on enterprises which provide taxable services, transfer intangible property or sell real estate in the PRC. The business tax is levied at a rate from 3% to 20% on the provision of taxable services, transfer of intangible property or sale of real estate in the PRC.

FOREIGN EXCHANGE CONTROL

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the new *Regulation of Foreign Exchange* (中華人民共和國外匯管理條例) (the "Foreign Exchange Regulations"), which took effect on April 1, 1996. The Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to approval of the SAFE while capital account items are still subject to the SAFE's approval. The Foreign Exchange Regulations was subsequently amended on January 14, 1997 and on August 1, 2008. This latest amendment affirmatively states that the state shall not restrict international current account payments and transfers.

On June 20, 1996, PBOC promulgated the *Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange* (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations"), which took effect on July 1, 1996. The Settlement Regulations superseded the *Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange* (《結匯、售匯及付匯暫行規定》) and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

On October 25, 1998, PBOC and SAFE promulgated the *Notice Concerning Closure of the Foreign Exchange Swap Business Activities* (《關於停辦外匯調劑業務的通知》) pursuant to which and with effect from December 1, 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprise shall come under the banking system for the settlement and sale of foreign exchange.

On July 21, 2005, PBOC announced that from the same date, the PRC would implement a managed floating exchange rate system based on market supply and demand and with reference to a basket of currencies. Therefore, the Renminbi was no longer only pegged to the U.S. dollar. PBOC would announce the closing price of a foreign currency such as the U.S. dollar against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day. This closing price will be used as the middle price for quoting the Renminbi exchange rate on the following working day.

Since January 4, 2006, PBOC improved the method of generating the middle price for quoting the Renminbi exchange rate by introducing an enquiry system while keeping the match-making system in the inter-bank spot foreign exchange market. In addition, PBOC provided liquidity in the foreign exchange market by introducing the market-making system in the inter-bank foreign exchange market. After the introduction of the enquiry system, the generation of the middle price for quoting the Renminbi was transformed to a mechanism under which PBOC authorized the China Foreign Exchange Trading System to determine and announce the middle price for quoting the Renminbi against the U.S. dollar, based on the enquiry system, at 9:15 am on each business day.

The foreign exchange income under the current items may be reserved or sold to financial institutions operating foreign exchange sale of settlement business. Before reserving the foreign exchange income under the capital items or selling it to any financial institution operating foreign exchange sale of settlement business, approval of the competent foreign exchange administrative authorities shall be obtained, unless it is otherwise provided by the State.

PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of the SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises, which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises, which in accordance with regulations are required to pay dividends to shareholders in foreign currency, may, on the strength of general meeting resolutions of such PRC enterprises or board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, such as direct investment and capital contribution, is still subject to restriction and prior approval from the SAFE and its relevant branch must be sought.

Dividends to holders of H Shares are fixed in Renminbi but must be paid in Hong Kong dollars. We prepare our consolidated financial statements in Renminbi.

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against the U.S. dollar in the market during the prior day. PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange markets. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, still requires the approval of the SAFE and other relevant authorities.

This Appendix sets out summaries of certain aspects of PRC laws and regulations which are relevant to the Group's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix IV — Taxation and Foreign Exchange" to this prospectus. This Appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain of the material differences between PRC and Hong Kong company law, certain requirements of the Hong Kong Listing Rules and additional provisions required by the Hong Kong Stock Exchange for inclusion in the articles of association of the PRC issuers.

PRC JUDICIAL SYSTEM

Under the *PRC Constitutional Law* (《中華人民共和國憲法》) and the *Law of the PRC of Organization of the People's Courts* (《中華人民共和國人民法院組織法》), the judicial system in PRC is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are organized into civil, criminal, and administrative divisions. The intermediate people's courts are organized into divisions similar to those of the basic people's courts, and are further organized into other special divisions to hear cases such as Intellectual Property cases. The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the local people's courts at all levels and all special people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts.

The people's courts employ a "second instance as final" system. A party may appeal against a judgment or order of the people's court of first instance to the people's court at the next higher level. Second judgments or awards given at the next higher level are final. First judgments or awards of the Supreme People's Court are also final. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a judgment or order in force which has been given in any people's court at a lower level, or the president of the people's court finds an error in a judgment or order in force, the case may then be retried according to the judicial supervision procedures.

The *Civil Procedure Law of the PRC* (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law"), which was adopted on April 9, 1991 and amended on October 28, 2007 and August 31, 2012, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by an express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action or other jurisdictions which have substantial connections with the dispute. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may impose the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award granted by an arbitration panel in the PRC, the other party may apply to the people's court to request for enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement and the time limit is two year. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a people's court against a party who is not located within the PRC and does not own any property in the PRC, may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order.

In the case of an application or request for recognition and enforcement of a legally effective judgment or order of a foreign court, the people's court shall, after having examined it in accordance with the international treaties entered into or acceded to by the PRC or with the principle of reciprocity and having arrived at the conclusion that it does not contravene the primary principles of the laws of the PRC nor violates its sovereignty, security or social and public interests, recognize the validity of the judgment or order, and, if required, issue a writ of enforcement and enforce it in accordance with the relevant regulations. If the application or request contravenes the primary principles of the laws of the PRC or violates its sovereignty, security or social and public interests, the people's court shall not recognize and enforce it.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

On December 29, 1993, the Standing Committee of the Eighth NPC adopted the PRC Company Law (《中華人民共和國公司法》) which came into effect on July 1, 1994 and was amended for the first time on December 25, 1999, the second time on August 28, 2004 and the third time on October 27, 2005. The newly amended PRC Company Law has been promulgated and became effective from January 1, 2006.

On July 4, 1994, the Special Regulations (《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》) were passed at the Twenty-Second Standing Committee Meeting of the State Council, and they were promulgated and implemented on August 4, 1994. The Special Regulations are formulated according to the provisions of Sections 85 and 155 of the PRC Company Law (1993) in respect of the overseas share subscription and listing of joint stock limited companies. The Mandatory Provisions (《到境外上市公司章程必備條款》) were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Accordingly, the Mandatory Provisions have been incorporated in the Articles of Association (which are summarized in the appendix headed "Appendix VI — Summary of the Articles of Association" to this prospectus).

Copies of the Chinese text of the PRC Company Law, Special Regulations and the Mandatory Provisions are available for inspection as mentioned in the appendix headed "Appendix VIII — Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus.

General

A "joint stock limited liability company" (hereinafter referred to as "company") is a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal nominal value. The liability of its shareholders is limited to the extent of the shares held by them, and the liability of the company is limited to the full amount of all the assets owned by it.

A state-owned enterprise that is restructured into a company must comply with the conditions and requirements specified by law and administrative regulation, for the modification of its operation mechanisms, the systematic handling and evaluation of the company's assets and liabilities and the establishment of internal management organs.

A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the amount subscribed. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liabilities associated with the debts of the invested enterprises.

A company must conduct its business in accordance with law and professional ethics.

Incorporation

A company may be incorporated by promotion or subscription.

A company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC.

Companies incorporated by promotion are companies with the registered capital entirely subscribed for by the promoters. Where companies are incorporated by subscription, the promoters are required to subscribe for not less than 35% of the total number of shares of a company unless otherwise stipulated by laws and regulations, and the remaining shares can be offered to the public or specific persons, unless otherwise required by law.

The PRC Company Law has provided that the minimum registered capital of a joint stock limited liability company is RMB5 million. For companies incorporated by promotion, the registered capital has to be the total capital subscribed for by all promoters as registered with the relevant administration bureau for industry and commerce; for companies established by public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administration bureau for industry and commerce.

Pursuant to the PRC Securities Law (《中華人民共和國證券法》), the total capital of a company which proposes to apply for its shares to be listed on a stock exchange must not be less than RMB30 million.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and shall 15 days before the meeting give notice to all subscribers or make a public announcement of the date of the inaugural meeting.

The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. At the inaugural meeting, matters including the adoption of draft articles of association proposed by the promoter(s) and the election of the board of directors and the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company.

A company is formally established and has the status of a legal person after the approval for registration has been given by the relevant administration bureau for industry and commerce and a business license has been issued.

A company's promoters shall individually and collectively be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, that can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value provided that the amount of capital contribution in cash by all shareholders must not be less than 30% of a company's registered capital.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency.

Under the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from the territories of Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, subscripted in foreign currencies and listed overseas are known as overseas listed foreign invested shares, and those shares issued to investors within the PRC other than the territories specified above and subscripted in Renminbi are known as Domestic Shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the State Council. Under the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by law or administrative regulation. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. Directors, supervisors and senior management shall not transfer any share of the company they hold within six months after their resignation. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Increase in Capital

Under the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting.

Save for the above-mentioned shareholder approval requirement, for a public offering of new shares, the PRC Securities Law provides that the company shall: (i) have a sound organizational

structure with satisfactory operating record; (ii) have the capability of continuing profitability and a healthy financial position; (iii) have no false statements and other material breaches in the financial and accounting documents of the last three years; (iv) fulfill other conditions required by the securities administration department of the State Council as approved by the State Council.

Public offer requires the approval of the securities administration department of the State Council.

After payment in full for the new shares issued, a company must change its registration with the relevant administration bureau for industry and commerce and issue a public notice accordingly.

Reduction of Share Capital

Subject to the minimum registered capital requirements, a company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and an inventory of the assets;

(ii) the reduction of registered capital must be approved by shareholders in general meeting;

(iii) the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;

(iv) the creditors of the company may within the statutory prescribed time limit require the company to pay its debts or provide guarantees covering the debts; and

(v) the company must apply to the relevant administration bureau for industry and commerce for registration of the reduction in registered capital.

Repurchase of Shares

A company may not purchase its own shares other than for the purpose of:

(i) reducing its capital by canceling its shares or merging with another company holding its shares;

(ii) granting shares as a reward to the staff of the company; or

(iii) purchasing the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting.

The shares of the company to be repurchased by itself as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any funds for such purpose shall be paid out of after-tax profits of the company, and the shares so purchased shall be transferred to the company's staff within a year. The Mandatory Provisions provide that upon obtaining approvals in accordance with the articles of association of the company and from the relevant supervisory authorities, a company may repurchase its issued shares for the foregoing purposes by way of a general offer to its shareholders or purchase on a stock exchange or an off-market contract.

Transfer of Shares

Shares may be transferred in accordance with the relevant laws and regulations.

Shareholders

Shareholders have such rights and obligations as set forth in the articles of association of the company. The articles of association of a company are binding on each shareholder.

Under the PRC Company Law and the Mandatory Provisions, the rights of a shareholder include:

(i) to attend in person or appoint a proxy to attend shareholders' general meetings, and to vote in respect of the number of shares held;

(ii) to transfer his shares in accordance with applicable laws and regulations and the articles of association of the company;

(iii) to inspect the company's articles of association, shareholders' registers, records of debentures, minutes of shareholders' general meetings, board resolutions, supervisors resolutions, financial and accounting reports and put forward proposals or raise questions about the business operations of the company;

(iv) if any directors or senior officers damages the shareholder's interests by violating law or administrative regulations or article of association, the shareholders may lodge an action in the people's court;

(v) to receive dividends and other distributions in respect of the number of shares held;

(vi) to obtain surplus assets of the company upon its termination in proportion to his or her shareholding; to claim against other shareholders who abuse their shareholders' rights for the damages; and

(vii) any other shareholders' rights specified in the company's articles of association.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by him/her, not to abuse shareholders' right to damage the interests of the company or other shareholders of the company; not to abuse the independent status of the company as a legal person and the limited liability to damage the interests of the creditors of the company and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the governing body of the company, which exercises its powers in accordance with the PRC Company Law.

The shareholders' general meeting exercises the following principal powers:

(i) to decide on the company's operational policies and investment plans;

(ii) to elect or remove the directors and supervisors who are not representatives of the employees and decide on matters relating to the remuneration of directors and supervisors;

(iii) to consider and approve reports of the board of directors;

(iv) to consider and approve reports of the supervisory committee or the supervisors;

(v) to consider and approve the company's proposed annual financial budget and financial accounts;

(vi) to consider and approve the company's proposals for profit distribution and for recovery of losses;

(vii) to decide on any increase or reduction in the company's registered capital;

(viii) to decide on the issue of bonds by the company;

(ix) to decide on issues such as merger, division, dissolution or liquidation of the company or the conversion of the company and other matters;

(x) to decide on the appointment, resignation or dismissal of the accounting firm;

(xi) to amend the articles of association of the company; and

(xii) other powers specified in the articles of association of the company.

Shareholders' general meeting is required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number specified in the company's articles of association;

(ii) the losses of the company which are unrecoverable reach one-third of the company's total paid up share capital;

(iii) a request by a shareholder that holds, or by shareholders that hold in aggregate, 10% or more of the company's shares;

(iv) when deemed necessary by the board of directors;

(v) when the supervisory committee proposes convening it; or

(vi) other matters required by the company's articles of association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors.

Notice of the shareholders' general meeting shall be given to all shareholders 20 days before the meeting under the PRC Company Law and 45 days under the Special Regulations and the Mandatory Provisions, stating the matters to be considered at the meeting. Under the Special Regulations and the Mandatory Provisions, shareholders wishing to attend are required to give to the company written confirmation of their attendance 20 days prior to the meeting.

Shareholders present at a shareholders' general meeting have one vote for each share they hold, but the company shall have no vote for any of its own shares the company holds.

Resolutions proposed at the shareholders' general meeting shall be adopted by more than half of the voting rights cast by shareholders present (including those represented by proxies) at the meeting, with the exception of matters relating to merger, division, dissolution, increase or reduction in registered capital, change in the form of the company or amendments to the articles of association which shall be adopted by shareholders with two-thirds or more of the voting rights cast by shareholders present (including those represented by proxies) at the meeting.

Shareholders may entrust a proxy to attend shareholders' general meetings on his or her behalf by a power of attorney which sets out the scope of exercising the voting rights.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. However, the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% or more of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders by public announcement of the matters to be considered at the meeting and the date and place of the meeting and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic invested shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders for this purpose.

Directors

A company shall have a board of directors, which shall consist of 5 to 19 members and there can be staff representatives of our Company. Under the PRC Company Law, each term of office of a director shall not exceed three years. A director may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors at least ten days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an extraordinary meeting of the board of directors.

Under the PRC Company Law, the board of directors exercises the following powers:

(i) to convene the shareholders' general meeting and report on its work to the shareholders;

(ii) to implement the resolution of the shareholders' general meeting;

(iii) to decide on the company's business plans and investment plans;

(iv) to formulate the company's proposed annual financial budget and final accounts;

(v) to formulate the company's proposals for profit distribution and for recovery of losses;

(vi) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vii) to prepare plans for the merger, division or dissolution of the company;

(viii) to decide on the company's internal management structure;

(ix) to appoint or dismiss the company's president, and based on the president's recommendation, to appoint or dismiss vice presidents and financial officers of the company and to decide on their remuneration;

(x) to formulate the company's basic management system; and

(xi) any other power given under the articles of association of the company.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors.

If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the PRC Company Law, the following persons may not serve as a director of a company:

(i) persons without civil capacity or with restricted civil capacity;

(ii) persons who have committed the offense of corruption, bribery, taking of property, misappropriation of property or destruction of the socialism market economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offense, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

(iii) persons who are former directors, factory managers or managers of a company or enterprise which has become bankrupt and been liquidated due to mismanagement and who are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked or business operation shut down due to violation of the law and who are personally liable, where less than three years have elapsed since the date of the revocation of the business license;

(v) persons who have a relatively large amount of debt due and outstanding; or

(vi) Other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in the appendix headed "Appendix VI — Summary of the Articles of Association" to this prospectus).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises, among others, the following powers:

(i) to preside over shareholders' general meetings and convene and preside over meetings of the board of directors; and

(ii) to check on the implementation of the resolutions of the board of directors.

The legal representative of a company in accordance with the company's articles of association, is the chairman of the board of directors.

The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The

Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in the appendix headed "Appendix VI — Summary of the Articles of Association" to this prospectus) contain further elaborations of such duties.

Supervisors

A company shall have a supervisory committee composed of not less than three members. Each term of office of a supervisor is three years and he may serve consecutive terms if re-elected.

The supervisory committee is made up of shareholders representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

Requirements in relation to the power of the supervisory committee under the PRC Company Law are as follows:

(i) to examine the company's financial affairs;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of any director or senior management who violates the laws, regulations, articles of association or shareholders' resolution;

(iii) to require any director or senior management whose act is detrimental to the company's interests to rectify such act;

(iv) to propose the convening of extraordinary shareholders' general meetings and, in the event that the board of directors fails to perform the duties of convening and presiding shareholders' meetings to convene and preside over shareholders' meetings;

(v) to propose any proposals to shareholders' general meetings;

(vi) to commence any action against any directors or senior management; and

(vii) other powers specified in the company's articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutates mutandis to supervisors of a company.

The Special Regulations provide that a company's directors and supervisors shall have fiduciary duties. They are required to faithfully perform their duties, protect the interest of the company and not to use their positions for their own benefit.

Managers and Senior Officers

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

(i) in charge of the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;

(ii) arrange for the implementation of the company's annual business and investment plans;

(iii) formulate plans for the establishment of the company's internal management structure;

(iv) formulate the basic administration system of the company;

(v) formulate the company's internal rules;

(vi) recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);

(vii) attend board meetings as a non-voting attendant; and

(viii) other powers conferred by the board of directors or the company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior management of a company includes the financial officer, secretary of the board of directors and other executives as specified in the article of association of the company.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to managers and officers of the company.

The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior management of a company have been incorporated in the Articles of Association, a summary of which is set out in the appendix headed "Appendix VI — Summary of the Articles of Association" to this prospectus.

Duties of Directors, Supervisors, Managers and Senior Officers

A director, supervisor, manager and other senior officer of a company are required under the PRC Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. A director, supervisor, manager and other senior officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company save as permitted by the relevant laws and regulations or by the shareholders.

A director, supervisor, manager and other senior officer who contravenes any law, regulation or the company's articles of association in the performance of his/her duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officer of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

Finance and Accounting

A company shall establish its financial and accounting systems according to PRC laws, administrative regulations and the provisions of the responsible financial department of the State Council and at the end of each financial year, prepare a financial report which shall be audited and verified as provided by law.

A company shall deposit its financial statements at the company for inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders. A company incorporated by public subscription must publish its financial statements.

The common reserve of a company comprises the statutory surplus reserve, the discretionary common reserve and the capital common reserve.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory surplus reserve (except where the reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profits, subject to a resolution of the shareholders' general meeting, the company may make an allocation to a discretionary common reserve.

When the company's statutory surplus reserve is not sufficient to make up for the company's losses of the previous years, current year profits shall be used to make up for the losses before allocations are set aside for the statutory surplus reserve.

After the company has made up for its losses and make allocations to its statutory surplus reserve the remaining profits could be available for distribution to shareholder in proportion to the number of shares held by the shareholders except as otherwise provided in the articles of association of such company limited by shares.

The capital common reserve of a company is made up of the premium over the nominal value of the shares of the company on issue and other amounts required by the relevant governmental authority to be treated as the capital common reserve.

The common reserve of a company shall be applied for the following purposes:

(i) to make up the company's losses other than the capital common reserve;

(ii) to expand the business operations of the company; and

(iii) to increase the registered capital of the company by the issue of new shares to shareholders in proportion to their existing shareholdings in the company or by increasing the nominal value of the shares currently held by the shareholders provided that if the statutory surplus reserve is converted into registered capital, the balance of the statutory surplus reserve after such conversion shall not be less than 25% of the registered capital of the company before such conversion.

Appointment and Retirement of Auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and to review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next following annual general meeting.

If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at shareholders' general meetings and shall be filed with the CSRC for record.

Distribution of Profits

The PRC Company Law provides that a company is restricted from distributing profits before accumulated losses have been made up and statutory common reserve have been drawn. The Special Regulations provide that the dividends and other distributions to be paid to holders of

overseas listed foreign invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies approval department authorized by the State Council and the CSRC according to the Mandatory Provisions. In relation to matters involving the company's registration, the company shall apply for change of registration with the authority.

Dissolution and Liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the people's court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the PRC Company Law, a company shall be dissolved in any of the following events:

(i) the term of its operations set down in its articles of association has expired or events of dissolution specified in its articles of association have occurred;

(ii) the shareholders in general meeting have resolved to dissolve the company;

(iii) the company is dissolved by reason of its merger or demerger;

(iv) the company is subject to the revocation of business license, a closure order or elimination in accordance with laws; or

(v) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the people's court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (i), (ii), (iv) and (v) above, a liquidation committee must be formed within 15 days after the occurrence of the cause of dissolution so as to carry out liquidation. Members of the liquidation committee shall be composed of the directors or any other people as determined by the shareholders' meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for its establishment.

The liquidation committee shall notify the company's creditors within ten days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. The liquidation committee shall exercise the following powers during the liquidation period:

(i) to handle the company's assets and to prepare a balance sheet and an inventory of the assets;

(ii) to notify creditors or issue public notices;

(iii) to deal with and settle any outstanding business of the company;

(iv) to pay any tax overdue;

(v) to settle the company's financial claims and liabilities;

(vi) to handle the surplus assets of the company after its debts have been paid off; and

(vii) to represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the shareholders of the company in proportion to the number of shares held by them.

During the liquidation period, the company shall not engage in operating activities unrelated to the liquidation.

If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon the completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the people's court for confirmation. Thereafter, the report shall be submitted to the companies registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of liquidation committee is liable to indemnify the company and its creditors in respect of any loss arising from his willful or material default.

Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company's plan to issue overseas listed foreign invested shares and domestic invested shares which has been approved by the securities regulatory authority of the State Council may be implemented by the board of directors of a company by way of separate issues, within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

A shareholder may apply, in accordance with the relevant provisions set out in the PRC Civil Procedure Law, to a people's court in the event that share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in "Appendix VI — Summary of the Articles of Association."

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law has been amended as follows:

The trading of shares of a company on a stock exchange may be suspended if so decided by the stock exchange under one of the following circumstances:

(i) the registered capital or shareholding distribution no longer comply with the necessary requirements for a listed company;

(ii) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;

(iii) the company has committed a major breach of the law;

(iv) the company has incurred losses for three consecutive years; or

(v) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the PRC Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (i) above, or the company has refused to rectify the situation in the case described in (ii) above, or the company fails to become profitable in the next subsequent year in the case described in (iv) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was responsible for co-ordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC was the regulatory body of the Securities Committee and responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In 1998, the State Council dissolved the Securities Committee and assigned its function to the CSRC. The CSRC is also responsible for the regulation and supervision of the national stocks and futures market according to PRC laws, regulations and authorizations.

The PRC Securities Law took effect on July 1, 1999 and was revised for the first time on August 28, 2004 and the second time on October 27, 2005. This is the first national securities law in the PRC, and it is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the PRC Securities Law provides that a PRC company must obtain prior approval from the State

Council's regulatory authorities to list its shares outside the PRC. Article 239 of the PRC Securities Law provides that specific provisions in respect of shares of companies in the PRC which are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The *Arbitration Law of the PRC* (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994 and became effective on September 1, 1995. It is applicable to contract disputes and other property disputes between natural person, legal person and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of a PRC company listed in Hong Kong and, in the case of the Hong Kong Listing Rules, also in contracts with each of the Directors and Supervisors, to the effect that whenever any disputes or claims concerning corporate affairs arise between holders of the H Shares and the company; holders of the H Shares and the directors, supervisors, manager or other senior officers; or holders of the H Shares and holders of the domestic shares, arising out of any rights or obligations conferred or imposed by the articles of association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, managers or other senior management of the company, shall be subject to the arbitration. Disputes in respect of who is the shareholder and disputes in relation to the register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission ("CIETAC") in accordance with its rules or the Hong Kong International Arbitration Centre ("HKIAC") in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

Under the Arbitration Law and the PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration tribunal if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration tribunal.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》, 簡稱《紐約公約》) (the "New York

Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the State to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

In June 1999, the Arrangement Concerning Mutual Enforcement of Arbitral Awards Between the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) was made between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. This arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on February 1, 2000. The arrangement is made in accordance with the spirit of the New York Convention. Under the arrangement, awards made by PRC arbitration bodies pursuant to the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitral awards pursuant to the Arbitration Ordinance of Hong Kong are also enforceable in the PRC.

ESTABLISHMENT OF OVERSEAS OPERATIONS RULES AND REGULATIONS

According to the Provisions for Overseas Investment Management (《境外投資管理辦法》) as promulgated by MOFCOM and the Provisions on the Foreign Exchange Administration of Overseas Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the SAFE, upon obtaining approval from the MOFCOM to establish enterprises overseas, PRC enterprises shall apply for foreign exchange registration for overseas investments.

According to the Tentative Administrative Provisions on the Approval of Overseas Investment Projects (《境外投資項目核准暫行管理辦法》), promulgated by the NDRC, investment projects involving the use of a large amount of foreign exchange would require the verification and approval by the NDRC or the State Council. If there is any change with respect to the investor or equity holding of a project that has been verified and approved, an application for amendment shall be made to the NDRC.

HONG KONG LAWS AND REGULATIONS

Company Law

The Hong Kong law applicable to a company with share capital incorporated in Hong Kong is based on the Companies Ordinance and is supplemented by common law. Our Company, which is a joint stock limited liability company established in the PRC, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law applicable to a joint stock limited liability company established in the PRC issuing overseas listed foreign shares to be listed on the Hong Kong Stock Exchange.

Set out below is a summary of the material differences between the Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited liability company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison:

(i) Corporate subsisting

Under Companies Ordinance, a company having share capital is incorporated by the Registrar of Companies in Hong Kong issuing a certificate of incorporation and upon its incorporation, a company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company.

Under the PRC Company Law, a joint stock limited liability company may be incorporated by either the promotion method or the subscription method. A joint stock limited liability company must have a minimum registered capital of RMB5 million, or higher as may otherwise be required by the laws and regulations. Hong Kong law does not prescribe any minimum capital requirements for a Hong Kong company. Under the PRC Company Law, the monetary contributions by all the shareholders must not be less than 30% of the registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(ii) Share capital

Under Hong Kong law, the authorized share capital of a Hong Kong company is the amount of share capital which the company is authorized to issue and a company is not bound to issue the entire amount of its authorized share capital. The authorized share capital of a Hong Kong company may exceed its issued share capital. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not recognize the concept of authorized share capital. The registered capital of a joint stock limited liability company is the amount of the issued share capital. Any increase in registered capital must be approved by the shareholders at a general meeting and by the relevant governmental and regulatory authorities in the PRC (if required).

Under the PRC Laws, a company which is authorized by the relevant securities administration authority to list its shares on a stock exchange must have a registered capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the capital contributions may be in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or under-valuation of the assets. The monetary contribution shall not be less than 30% of a joint stock limited liability company's registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(iii) Restrictions on shareholding and transfer of shares

Under PRC laws, the domestic shares in the share capital of a joint stock limited liability company which are denominated and subscribed for in Renminbi may only be subscribed or traded by the State, PRC legal and natural persons. The overseas listed foreign shares issued by a joint stock limited liability company which are denominated in Renminbi and subscribed for in a currency other than Renminbi, except as otherwise permitted under the Trial Measures for the Administration of Overseas Securities Investment by Qualified Domestic Institutional Investors (《合格境內機構投資者境外證券投資管理試行辦法》), may only be subscribed and traded by investors from Hong Kong Special Administrative Region, the Macau Special Administrative Region, Taiwan or any country and territory outside the PRC.

Under the PRC Company Law, shares in a joint stock limited liability company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Hong Kong Stock Exchange. Shares in a joint stock limited liability company held by its directors, supervisors and management personnel and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and

transfers of shares under Hong Kong law apart from the six-month lock up on our Company's issue of shares and the 12-month lock up on the Controlling Shareholder's disposal of shares, as illustrated by the undertakings given by our Company to the Hong Kong Stock Exchange as described in the section headed "Underwriting" in this prospectus.

(iv) Financial assistance for acquisition of shares

The PRC Company Law does not contain any provision prohibiting or restricting a joint stock limited liability company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. The Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under Companies Ordinance.

(v) Variation of class rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variation of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in the appendix headed "Appendix VI — Summary of the Articles of Association" to this prospectus. Under Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of the company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Our Company (as required by the Hong Kong Listing Rules and the Mandatory Provisions) has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed shares and domestic listed shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) where our Company issues, upon the approval by special resolution of the Shareholders in general meeting, either separately or concurrently once every 12 months, not more than 20% of each of our existing issued Domestic Shares or overseas-listed foreign-invested Shares; (ii) where our Company completes, with 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, our plan (made at the time of our establishment) to issue Domestic Shares and overseas-listed foreign-invested Shares; and (iii) upon the approval by the securities regulatory authorities of the State Council, the unlisted Shares held by our Shareholders become listed and traded on an overseas stock exchange.

(vi) Directors

The PRC Company Law, unlike Companies Ordinance, does not contain any requirements relating to the declaration of interests in material contracts by a director, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits such as guarantees in respect of directors' liability and prohibition against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain requirements and restrictions in relation to the foregoing matters similar to those applicable under Hong Kong law.

(vii) Supervisory committee

Under the PRC Company Law, the board of directors and managers of a joint stock limited liability company is subject to the supervision and inspection of a supervisory committee. But there is

no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

(viii) Derivative action by shareholders

Hong Kong law permits shareholders, with the permission of a court, to start a derivative action on behalf of and under the name of a company against directors in breach of their duties. The PRC Company Law gives shareholders of a joint stock limited liability company the right that in the event that the directors and senior managers violate their fiduciary obligations to a company, shareholders individually or jointly holding over 1% of the shares in the company for more than 180 days consecutively may request in writing the supervisory committee to initiate proceedings in the people's court. In the event that the supervisory committee violates their fiduciary obligations to a company, the above said shareholders may request in writing the board of directors to initiate proceedings in the people's court. Upon receipt of such request in writing from the shareholders, if the supervisory committee or the board of directors refuse to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall for the benefit of the company's interests, have the right to initiate proceedings directly to the court in its own name.

The Mandatory Provisions further provide that directors, supervisors and officers in breach of their duties to the company shall compensate the company. In addition, every director and supervisor of a joint stock limited liability company applying for a listing of its foreign shares on the Hong Kong Stock Exchange is required to give an undertaking in favor of the company as agent for each shareholder to comply with the articles of association. This allows shareholders to act against directors and supervisors in default.

(ix) Protection of minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make a court order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC Company Law does not contain similar safeguards. The Mandatory Provisions, however, contain provisions to the effect that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

(x) Notice of shareholders' meetings

Under the PRC Company Law, notice of a shareholders' general meeting must be given 20 days before the meeting, while notice of an extraordinary meeting must be given 15 days before the meeting or, in the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made 30 days prior to it being held. Under the Special Regulations and the Mandatory Provisions, 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum notice periods of a general meeting convened for considering an ordinary resolution and a special resolution are 14 days and 21 days, respectively; and the notice period for an annual general meeting is 21 days.

(xi) Quorum for shareholders' meetings

Under Hong Kong law, the quorum for a general meeting is two members unless the articles of association of the company otherwise provided. For one member companies, one member will be a quorum. The PRC Company Law does not specify any quorum requirement for shareholders' general meeting but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, the company shall within five days notify shareholders by public announcement and the shareholders' general meeting may be held thereafter.

(xii) Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a shareholders' general meeting except in cases of proposed amendment to the articles of association, increase or reduction of share capital, and merger, demerger or dissolution of a joint stock limited liability company or changes to the form of the company, which require two-thirds or more of votes cast by shareholders present at a shareholders' general meeting.

(xiii) Financial disclosure

A joint stock limited liability company is required under the PRC Company Law to make available at its office for inspection by shareholders its annual balance sheet, profit and loss account, changes in financial position and other relevant annexures 20 days before an annual general meeting. In addition, a public company under the PRC Company Law must publish its financial situation. The annual balance sheet has to be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report which are to be tabled before the company in its annual general meeting not less than 21 days before such meeting.

A joint stock limited liability company is required under the PRC laws to prepare its financial statements in accordance with the PRC accounting standards. The Mandatory Provisions require that the company must, in addition to preparing accounts according to the PRC GAAP, have its accounts prepared and audited in accordance with IFRS or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

(xiv) Information on directors and shareholders

The PRC Company Law gives shareholders the right to inspect and copy the articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

(xv) Receiving agent

Under both the PRC and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years while that under the PRC laws is two years. The Mandatory Provisions require the appointment by the company of a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited liability company in respect of such foreign shares.

(xvi) Corporate reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of being wound up voluntarily to another company pursuant to section 237 of the Companies Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 166 of the Companies Ordinance which requires the sanction of the court. Under PRC laws, the merger, demerger, dissolution or change to the form of a joint stock limited liability company has to be approved by shareholders in general meeting.

(xvii) Arbitration of disputes

In Hong Kong, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

(xviii) Mandatory transfers

Under the PRC Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no such requirements under Hong Kong law.

(xix) Remedies of a company

Under the PRC Company Law, if a director, supervisor or management personnel in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or management personnel should be responsible to the company for such damages. In addition, in compliance with the Mandatory Provisions, the Articles of Association set out remedies to our Company similar to those available under Hong Kong law (including recovery of profits made by a director, supervisor or officer).

(xx) Dividends

Pursuant to the relevant PRC laws and regulations, the company shall withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder.

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its listed foreign shares until after the expiry of the applicable limitation period.

(xxi) Fiduciary duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors, officers, and management personnel owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or damage the interests of the company.

(xxii) Closure of register of shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas the articles of association of a company provide, as required by the PRC Company Law and the Mandatory Provisions, that share transfers may not be registered within 30 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Hong Kong Listing Rules

The Hong Kong Listing Rules provide additional requirements which apply to an issuer which is incorporated in the PRC as a joint stock limited liability company and seeks a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of such principal additional requirements which apply to our Company:

(i) Compliance Advisor

A company seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance advisor acceptable to the Hong Kong Stock Exchange for the period from its listing date up to the date of sending of annual report to the shareholders for the first full year's financial results, to provide the company with professional advice on continuous compliance with the Hong Kong Listing Rules and all other applicable laws, regulations, rules, codes and guidelines.

If the Hong Kong Stock Exchange is not satisfied that the compliance advisor is fulfilling its responsibilities adequately, it may require the company to terminate the compliance advisor's appointment and appoint a replacement.

The compliance advisor must keep the company informed on a timely basis of changes in the Hong Kong Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company. It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

(ii) Accountants' report

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Hong Kong Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong. Such report will normally be required to conform to either Hong Kong or international standards on accounting or PRC accounting standards.

(iii) Process agent

Our Company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Hong Kong Stock Exchange and must notify the Hong Kong Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

(iv) Public shareholdings

If at any time there are existing issued securities of a PRC issuer other than foreign shares which are listed on the Hong Kong Stock Exchange, the Hong Kong Listing Rules require that the aggregate amount of H shares and other securities held by the public must constitute not less than 25% of the PRC issuer's issued share capital and that the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, having an expected market capitalization at the time of listing of not less than HK$50 million.

The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK$10,000 million.

(v) Independent non-executive directors and supervisors

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

(vi) Restrictions on purchase and subscription of its own securities

Subject to governmental approvals and the provisions of the Articles of Association, our Company may repurchase our own H Shares on the Hong Kong Stock Exchange in accordance with the provisions of the Hong Kong Listing Rules. Approval by way of special resolution of the holders of Domestic Shares and the holders of H Shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, our Company is required to provide information on any proposed or actual purchases of all or any of our equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Codes on Takeovers and Mergers and Share Purchases and any similar PRC laws of which they are aware, if any. Any general mandate given to the Directors to repurchase H Shares must not exceed 10% of the total amount of existing issued H Shares.

(vii) Mandatory Provisions

With a view to increasing the level of protection afforded to investors, the Hong Kong Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Hong Kong Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the supervisory committee of the company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in the appendix headed "Appendix VI — Summary of the Articles of Association" to this prospectus.

(viii) Redeemable Shares

Our Company must not issue any redeemable Shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of the H Shares are adequately protected.

(ix) Right of First Refusal

Except in the circumstances mentioned below, the Directors are required to obtain the approval by a special resolution of Shareholders in general meeting, and the approvals by special resolutions of

the holders of Domestic Shares and H Shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the Articles of Association, prior to authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities.

No such approval will be required under the Hong Kong Listing Rules, but only to the extent that, the existing Shareholders of our Company have by special resolution in general meeting given a mandate to the Directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing Domestic Shares and H Shares as at the date of the passing of the relevant special resolution or of such Shares that are part of our plan at the time of our establishment to issue Domestic Shares and H Shares and which plan is implemented within 15 months from the date of approval by the CSRC.

(x) Supervisors

Our Company is required to adopt rules governing dealings by the Supervisors in securities of our Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Hong Kong Listing Rules) issued by the Hong Kong Stock Exchange.

Our Company is required to obtain the approval of the Shareholders in a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to our Company or any of our subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of our Company or our subsidiaries: (i) the contract is for a duration that may exceed three years; or (ii) the contract expressly requires our Company to give more than one year's notice or to pay compensation or make other payments equivalent to more than one year's emoluments.

The remuneration and appraisal committee of our Company or an independent board committee must form a view in respect of service contracts that require Shareholders' approval and advise Shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of our Company and the Shareholders as a whole and advise Shareholders on how to vote.

(xi) Amendment to the Articles of Association

Our Company is required not to permit or cause any amendment to be made to the Articles of Association which would cause the same to cease to comply with the mandatory provisions of the Hong Kong Listing Rules relating to such Articles of Association.

(xii) Documents for inspection

Our Company is required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by Shareholders at reasonable charges of the following:

- a complete duplicate register of Shareholders;
- a report showing the state of the issued share capital of our Company;
- our Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;
- special resolutions of our Company;

- reports showing the number and nominal value of securities repurchased by our Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares and H Shares);

- a copy of the latest annual return filed with SAIC or other competent PRC authority; and

- for Shareholders only, copies of minutes of meetings of Shareholders.

(xiii) Receiving agents

Our Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

(xiv) Statements in listing documents and share certificates

Our Company is required to ensure that all of our listing documents and share certificates include the statements stipulated below and to instruct and cause each of our share registrars not to register the subscription, purchase or transfer of any of our Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect that the acquirer of the Shares:

- agrees with our Company and each Shareholder of our Company, and our Company agrees with each Shareholder of our Company, to observe and comply with the PRC Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;

- agrees with our Company, each Shareholder, Director, Supervisor, manager and officer of our Company, and our Company acting for itself and for each Director, Supervisor, manager and officer of our Company agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with our Company and each Shareholder of our Company that the H Shares are freely transferable by the holder thereof; and

- authorizes our Company to enter into a contract on his behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his obligation to Shareholders as stipulated in the Articles of Association.

(xv) Compliance with the PRC Company Law, the Special Regulations and the Articles of Association

Our Company is required to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association.

(xvi) Contract between our Company and its Directors, officers and Supervisors

Our Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

- that the Director or officer is required to observe and comply with the PRC Company law, the Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases and an agreement with our Company that remedies shall be provided in accordance with the Articles of Association and that neither their contract nor their office are capable of assignment;

- an undertaking by the Director or officer, acting as agent for each Shareholder, to our Company to observe and comply with his obligations to Shareholders as stipulated in the Articles of Association;

- an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning the affairs of our Company between our Company and the Directors or officers and between a holder of H Shares and a Director or officer of our Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its securities arbitration rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitration body elected by the claimant. Such arbitration will be final and conclusive;

- if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of HKIAC;

- PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations;

- the award of the arbitration body is final and shall be binding on the parties thereto;

- the agreement to arbitrate is made by the Director or officer with our Company on our own behalf and on behalf of each Shareholder; and

- any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearings in open session and to publish its award.

Our Company is also required to enter into a contract in writing with every Supervisor containing statements in substantially the same terms.

(xvii) Subsequent listing

Our Company must not apply for the listing of any of the H Shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of foreign Shares are adequately protected.

(xviii) English translation

All notices or other documents required under Chapter 13 of the Hong Kong Listing Rules to be sent by our Company to the Hong Kong Stock Exchange are required to be in the English language, or accompanied by a certified English translation.

(xix) General

If any change in the PRC laws or market practices materially alters the validity or accuracy of any of the statements in Rule 19A.01 of the Hong Kong Listing Rules, then the Hong Kong Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including our Company, subject to special conditions as the Hong Kong Stock Exchange considers appropriate. Whether or not any such changes in the PRC laws or market practices occur, the Hong Kong Stock Exchange retains its general power under the Hong Kong Listing Rules to impose additional requirement and make special conditions in respect of the Listing.

Other Legal and Regulatory Provisions

Upon Listing, the provisions of the SFO, the Codes on Takeovers and Mergers and Share Repurchases and such other relevant ordinances and regulations as may be applicable to companies listed on the Hong Kong Stock Exchange will apply to our Company.

Securities Arbitration Rules

The Articles of Association provide that certain claims arising from the Articles of Association or the PRC Company Law shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The securities arbitration rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases in the following circumstances. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties including witnesses and the arbitrators being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party) or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic communications. For the purpose of the securities arbitration rules, a PRC party means a party domiciled in the PRC.

This Appendix sets out a summary of the Articles of Association adopted on July 11, 2013 and its subsequent amendments, which will be effective from the date of listing of H shares on the Hong Kong Stock Exchange. As the purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not contain all the information that is important to investors. As stated in the "Appendix VIII — Documents Delivered to the Registrar of Companies and Available for Inspection" in this Prospectus, the full text of the Articles of Association in Chinese is available for inspection.

1. DIRECTORS AND BOARD OF DIRECTORS

(a) Responsibilities

The Directors, Supervisors and the senior management owe fiduciary duties and duties of diligence to the Company. Where a Director, Supervisor or senior management is in breach of his/her duties owed to the Company, in addition to any rights and remedies provided for in the relevant laws and administrative regulations, the Company is entitled to adopt the following measures:

(i) to claim against such Director, Supervisor or senior management for losses incurred by the Company as a result of his/her breach of duty;

(ii) to rescind any contracts or transactions entered into between the Company and the Director, Supervisor or senior management and between the Company and a third party where such third party has knowledge or should have had knowledge of the breach of duty;

(iii) to forfeit the profits made by the Director, Supervisor or senior management as a result of his/her breach of duty;

(iv) to recover any monies received by the Director, Supervisor or senior management which should have been received by the Company, including, without limitation, commissions;

(v) to demand the refund by the Director, Supervisor or senior management of the interest earned or may have been earned on any monies which should have been received by the Company.

Each Director, Supervisor and senior management of the Company shall abide by his/her fiduciary principles in the discharge of his/her duties, and not to place himself in a position where his/her interests and duties may conflict. Such principles include (but are not limited to):

(i) to act in good faith for the best interest of the Company;

(ii) to perform his/her duties within the scope of his/her authorization;

(iii) to exercise the discretion vested in him personally and not allow himself/herself to act under the direction of other person, unless and to the extent permitted by laws and administrative regulations or with the informed consent of Shareholders at general meeting, and not to delegate the exercise of his/her discretion;

(iv) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;

(v) not to enter into any contract, transaction or arrangement with the Company except in accordance with the Articles of Association or with the informed consent of Shareholders at general meeting;

(vi) not to use the Company's assets for his/her personal benefit in any manner without the informed consent of Shareholders at general meeting;

(vii) not to accept bribes or other illegal income by virtue of his/her position and not to expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;

(viii) not to accept commissions in connection with the Company's transactions without the informed consent of Shareholders at general meeting;

(ix) to abide by the Articles of Association, faithfully perform his/her duties and protect the interests of the Company, and not to use/her his position and powers in the Company for personal interests;

(x) not to compete with the Company in any way except with the informed consent of Shareholders at general meeting;

(xi) not to misappropriate the Company's funds or lend the Company's funds to others, not to open any bank account in his/her own name or other name for the deposit of the Company's assets, and not to provide security for debt of Shareholders of the Company or any other individuals with the company's assets;

(xii) not to disclose confidential information of the Company acquired while in office without the informed consent of Shareholders at general meeting and not to use such information other than for the interests of the Company, save and except the disclosure of information to a court or other government authorities where the disclosure (1) is required by law; (2) is required for public interest; or (3) is required for the personal interests of the Director, Supervisor or senior management.

A Director, Supervisor and senior management shall not direct the following persons or institutions ("Related Parties") to do acts that the Directors, Supervisors and senior management are prohibited from doing:

(i) the spouse or minor child of a Director, Supervisor and senior management;

(ii) a trustee for a Director, Supervisor and senior management or any person referred to in (i);

(iii) a partner of a Director, Supervisor and senior management or of any person referred to in (i) and (ii);

(iv) a company in which that a Director, Supervisor and senior management have de facto control solely or jointly with any persons referred to in (i), (ii) and (iii) or with any of other Directors, Supervisors and senior management of the Company;

(v) the Director, Supervisor, the senior management of a controlled company referred to in (iv).

The good faith obligation of the Directors, Supervisors and senior management may survive the expiry of their terms; their obligation to keep the trade secrets of the Company in confidence shall survive the expiry of their terms until such secrets are known to the public. The duration of other obligations shall be determined on the basis of fairness, depending on the length of time from the occurrence of the events to the expiry of their terms, as well as the circumstances and conditions under which the relationship with the Company is terminated.

Subject to the Articles of Association, the liabilities of a Director, Supervisor and senior management arising from the violation of his/her obligations may be released with the informed consent of Shareholders at general meetings.

In addition to obligations imposed by the relevant laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, the Directors, Supervisors and senior management shall have the following obligations to the Shareholders in the performance of their duties:

(i) not to allow the operation of the Company to go beyond the business scope specified by its business license;

(ii) to act in good faith for the best interest of the Company;

(iii) not to deprive the Company of its assets in any way, including (but not limited to) opportunities beneficial to the Company; and

(iv) not to deprive Shareholders of their rights and interests, including (but not limited to) the rights to participate in distribution and to vote, except through the reorganization of the Company approved by Shareholders at general meeting in accordance with the Articles of Association.

The Directors, Supervisors and senior management of the Company shall exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances when performing their duties.

(b) Power to allot and issue shares

There is no provision in the Articles of Association empowering the Board to allot or issue shares. In order to allot or issue shares, the Board shall prepare a proposal for approval by Shareholders at general meeting by way of special resolution. Any such allotment or issue shall be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

(c) Power to dispose of the assets of the Company

If the sum of the expected value of the fixed assets to be disposed of and the total value received from the disposal of fixed assets within four months immediately preceding the proposed disposal exceeds 33% of the value of fixed assets based on the latest audited balance sheet submitted to the general meeting, the Board shall not dispose of or agree to dispose of such fixed assets without prior approval of shareholders at general meeting. The disposal shall include the transfer of rights and interests in assets, but does not include the provision of guarantees with fixed assets. The validity of the disposal of fixed assets of the Company shall not be affected by the violation of the above restrictions.

(d) Indemnification or compensation for loss of office

The employment contract entered into between the Company and the Directors or Supervisors shall have such provisions to entitle them compensation or other payments for loss of office or retirement as a result of the acquisition of the Company subject to prior approval of the general meeting. Acquisition of the Company refers to any of the following:

(i) a general offer to all Shareholders; or

(ii) an offer is made by any person such that the offeror will become the Controlling Shareholder of the Company (as defined in the Articles of Association).

If any Director or Supervisor does not comply with the above provisions, any proceeds from the disposal received by such Director or Supervisor shall be attributable to distributed to those persons

who have sold their shares under the offer on pro rata basis. The expenses of distribution shall be borne by such Director or Supervisor and not shall not be deducted from the sum being distributed.

(e) Loans to Directors, Supervisors or senior management

The Company shall not provide loan or loan guarantee to Directors, Supervisors or senior management of the Company or its parent company or their Related Parties.

The following transactions are not subject to the foregoing prohibition:

(i) the provision of a loan or a guarantee for a loan by the Company to its subsidiaries;

(ii) the provision of a loan or a guarantee for a loan or any other funds by the Company to any of its Directors, Supervisors or senior management to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to properly perform his/her duties, in accordance with the terms of an employment contract approved by the general meeting; and

(iii) the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, Supervisors, senior management or other Related Parties where the ordinary course of its business includes the making of loans or the giving of guarantees and provided that the making of such loans or the giving of such guarantees is on normal commercial terms.

A loan made by the Company in breach of the prohibition above shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan. A guarantee for a loan provided by the Company in breach of such prohibition shall be unenforceable against the Company unless:

(i) the loan was made to a person connected with a Director, Supervisor or senior management of the Company or its parent company and at the time the loan was advanced the lender did not aware of the relevant circumstances; or

(ii) the collateral provided by the Company is sold lawfully by the lender to the buyer in good faith. For the purposes of the above provisions, "guarantee" includes the assumption of liabilities by the guarantor or provision of properties to ensure the performance of obligations.

(f) Giving financial assistance to purchase the shares of the Company

Subject to the Articles of Association:

(i) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to a person who acquires or is proposing to acquire shares in the Company. Such person includes any person who directly or indirectly undertakes obligations as a result of the acquisition of shares in the Company; and

(ii) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the abovementioned obligor for the purposes of reducing or discharging his/her obligations.

The following transactions are not prohibited:

(i) the provision of financial assistance where the Company's principal purpose for giving that assistance is genuinely for the Company's interests and not for the purpose of acquiring the Company's shares or the provision of such assistance is incidental to some broader objective of the Company;

(ii) a distribution of the Company's assets by way of dividend;

(iii) a distribution of dividends by way of shares;

(iv) a reduction of share capital, repurchase of shares of the Company or a restructuring of the share capital in compliance with the Articles of Association;

(v) the provision of loans by the Company in the ordinary course of its business, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are reduced, the assistance is provided out of distributable profits; and

(vi) the Company's contribution to employees' share schemes provided that the Company's net assets are not thereby reduced or, to the extent that those assets are thereby reduced, the assistance is provided out of distributable profits.

For the purpose of the above provisions:

(i) "financial assistance" includes, but not limited to:

(a) gifts;

(b) guarantees (including assumption of liabilities or provision of property to ensure that the performance of obligations), compensation (excluding compensation for mistakes of the Company), release or waiver of rights;

(c) provision of loans or entering into contracts pursuant to which the Company shall perform obligations before others, change of the parties to the loans/contracts and the assignment of the rights in the loans/contracts; or

(d) financial assistance provided by the Company in any other manner which will render the Company insolvent, loss or significant decreases in net assets.

(ii) "undertaking an obligation" includes the undertaking of an obligation by making an agreement or arrangement (whether enforceable or not and whether solely or jointly with others) or by changing one's financial position by any other means.

(g) Disclosure of interests in and voting on contracts with the company or any of its subsidiaries

Where a Director, Supervisor and senior management are in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service entered into between the Company and the Director, Supervisor and senior management), he/she shall declare the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board.

Unless the interested Director, Supervisor and senior management have disclosed their interest in accordance with the above requirement and the contract, transaction or arrangement has been approved by the Board at a meeting in which the interested Director is not included in the quorum nor participate in voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of obligation by the Director, Supervisor and senior management concerned.

A Director, Supervisor and senior management is deemed to be interested in a contract, transaction or arrangement in which their Related Parties or associates have interest.

(h) Remuneration

The Company shall enter into agreements in writing with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the general meeting, including:

(i) emoluments in respect of their services as Director, Supervisor or senior management of the Company;

(ii) emoluments in respect of their services as Director, Supervisor or senior management of subsidiaries of the Company;

(iii) emoluments otherwise in connection with services for the management of the Company or subsidiaries thereof; and

(iv) payments by way of compensation for loss of office, or in connection with their retirement from office.

(v) unless provided for in the above contracts, no proceedings shall be initiated by a Director or Supervisor against the Company for anything due to him in respect of the matters specified above.

(i) Retirement, appointment and removal

The following persons may not serve as a Director, Supervisor or senior management of the Company:

(i) an individual who has no civil capacity or has restricted civil capacity;

(ii) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the socialist market economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;

(iii) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked and due to a violation of the law and who were personally liable, and less than three years have elapsed since the date of the revocation of the business license;

(v) persons who have failed to pay a relatively large debt when due and outstanding;

(vi) persons who have committed criminal offences and are still under investigation by administration authorities;

(vii) persons who were not allowed to be heads of enterprises as stipulated by laws and administrative regulations, or regulations of competent authorities;

(viii) persons who are not natural persons;

(ix) persons who have been convicted of offences of violating provisions of the relevant securities laws or regulations and offences of fraud or acting in bad faith by the relevant authority, where less than five years have lapsed since the date of conviction;

(x) other circumstances which are applicable pursuant to the provisions of the laws and administrative regulations, or regulations of the competent authorities.

The election of Directors and Supervisors or employment of senior management in violation of the aforesaid provisions shall be null and void. Directors, Supervisors and senior management committing the above during their term of office shall be released of his/her duties by the Company.

The validity of an act of a Director, Supervisor and senior management on behalf of the Company are not, *vis-à-vis* a bona fide third party, affected by any irregularity in his/her office, election or any defect in his/her qualification.

The Board shall consist of nine to 13 Directors, including executive Directors, non-executive Directors and independent Directors, and the exact number of Directors shall be determined by the general meeting. The abovementioned executive Directors refer to directors who participate in the production, operation and management of the Company; non-executive Directors refer to directors who do not participate in the production, operation and management of the Company; and independent Directors refer to directors who do not hold positions other than Directors and do not have any other relationships with the Company and substantial shareholders.

The Board shall be elected at the general meeting. The Directors serve three-year terms. Upon expiration of the term, the Director may be re-elected (an independent non-executive Director may not be elected for more than 6 years consecutively).

A Director is not required to hold any shares in the Company.

The chairman and vice chairman of the Board shall be elected and dismissed by a vote of more than one half of the Directors. Subject to compliance with related laws and administrative regulations, the general meeting may remove any Directors whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract.

Written notices regarding nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be delivered to the Company after the day of dispatch of the notice of the general meeting and seven days before the general meeting is convened. The period between nomination and acceptance of nomination shall not be less than seven days.

(j) Power of obtaining loans

The Articles of Association do not contain any special provision in respect of the manner in which the power of obtaining loans may be exercised by the Directors nor do they contain any special provision in respect of the manner in which such power may be raised, other than (a) provisions which give the Directors the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures shall be approved by the Shareholders of the Company in a general meeting by way of a special resolution.

2. AMENDMENTS TO THE ARTICLES

The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend its Articles of Association.

Any amendment to the Articles of Association involving the Mandatory Provisions shall become effective upon approval by company approval authorities authorized by the State Council. Where the amendment of the Articles of Association involves the registration of the Company, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

3. SPECIAL VOTING PROCEDURES OF CLASS SHAREHOLDERS

Any Shareholder who holds different types of shares is a class Shareholder. Any plan of the Company to change or abolish the rights of a class Shareholder is subject to the approval of the

general meeting in the form of a special resolution and the approval of the affected class Shareholders at a separately convened Shareholders' meeting in accordance with the Articles of Association before it can be implemented.

The rights of a class Shareholder shall be viewed as changed or abolished under any of the following circumstances:

(a) increase/reduce the number of shares of such class, or increase/reduce the number of shares of such class with equal or more voting rights, distribution rights and other privileges than the shares of such class;

(b) convert all or part of the shares of such class into other class or convert another class of shares, partly or wholly, into the shares of such class or grant such conversion right;

(c) cancel/reduce the right of the shares of such class to receive dividends generated or cumulative dividends;

(d) reduce/cancel the right of the shares of such class to receive dividends on a priority basis or the priority right to receive property distribution in the liquidation of the Company;

(e) increase/cancel or reduce the right of the shares of such class to convert Share rights, options rights, voting rights, transfer rights, pre-emptive rights and the right to obtain the securities of the Company;

(f) cancel/reduce the right of the shares of such class to receive funds payable of the Company in specified currencies;

(g) create new class of shares entitled to equal or more voting rights, distribution rights, or other privileges than the shares of such class;

(h) impose restrictions on the transfer or ownership of the shares of such class or increase such restrictions;

(i) issue subscription or conversion rights for this or other shares of such class;

(j) increase the rights and privileges of other class of shares;

(k) the restructuring plan of the Company may constitute different types of Shareholders to assume responsibilities disproportionately;

(l) amend or abolish clauses regarding class Shareholders stipulated in the Articles of Association.

Whether or not the affected class Shareholders have voting rights at the general meeting, in the event of (b) through (h), (k) and (l), they have voting rights at the class Shareholders' meeting, but the Shareholders that have interests at stake (as defined in the Articles of Association) shall have no voting rights at the class meeting.

The resolution of the class meeting shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class meeting.

When convening a class meeting, 45 days (excluding the date of the meeting) before the meeting is convened, the Company shall send a written notice to inform all registered holders of the class shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send our company a written reply concerning attendance at the meeting 20 days before the meeting.

In the event that the number of shares with voting rights represented by Shareholders planning to attend the meeting accounts for more than one half of the total number of said class shares with voting power at the meeting, the Company may convene a class meeting. If this number is not reached, the Company shall again inform the Shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and the Company may convene a class meeting once the announcement is delivered,

The notice of the class meeting needs only to be sent to the Shareholders who have the right to vote at the meeting.

Insofar as possible, any class meeting shall be held in accordance with the same procedures as those of the general meeting, and any clause that relates to the procedures for convening the general meeting in the Articles of Association shall apply to any class meeting.

Apart from the holders of shares of other class, the holders of domestic shares and the holders of overseas listed foreign shares are considered as different class Shareholders.

The special procedures for voting by the class Shareholders shall not apply under the following circumstances:

(a) upon the approval by a special resolution at the general meeting, the Company either separately or concurrently issues domestic shares and overseas-listed foreign shares once every 12 months, and the number of those shares to be issued shall not account for more than 20% of each of its outstanding shares; or

(b) the plan to issue domestic shares and overseas-listed foreign shares upon the establishment of the Company is completed within 15 months of the date of approval by the securities regulatory agency of the State Council.

Upon the approval by the securities regulatory authorities of the State Council, the unlisted shares of the Company held by Shareholders may become listed and traded on an overseas stock exchange subject to the regulatory procedures, regulations and requirements of such overseas stock market. Resolution of class meeting is not required for the listing and trading of such shares on an overseas stock exchange.

4. SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY MAJORITY VOTE

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than the one half votes represented by Shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution more than the two thirds of votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution.

5. VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)

The ordinary Shareholders have the right to attend or appoint a proxy to attend general meetings and to vote thereat. Shareholders (or proxies) when voting at a general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

When voting at a general meeting, Shareholders (including their proxies) who are entitled two or more votes are not required to vote against or in favor with their total number of votes. In the case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

6. GENERAL MEETINGS

The general meetings are divided into annual general meetings and extraordinary general meetings. General meetings are called by the Board. The general meetings shall be convened once a year and be held within six months from the end of the previous financial year.

7. NOTIFICATION AND AGENDA OF GENERAL MEETINGS

The general meeting is the governing body of the Company that can perform duties and exercise powers in accordance with the law.

Apart from special circumstances such as where the Company is in crisis, without the approval of a special resolution of the general meeting, the Company shall not enter into a contract with any person other than the Directors, Supervisors and senior management that would make a person responsible for the management of all or part of the main business of the Company.

Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:

(a) the number of Directors is less than the minimum number required in the Articles of Association;

(b) the uncovered losses of the Company reach one-third of its total paid-in share capital;

(c) the Shareholders holding more than 10% of outstanding issued shares of the Company with voting rights separately or jointly request to convene an extraordinary general meeting in writing;

(d) the Board considers it necessary;

(e) the Supervisory Committee proposes convening an extraordinary general meeting; or

(f) any circumstances stipulated in laws, administrative regulations, departmental rules or the Articles of Association.

To convene a general meeting, the Company shall give written notices 45 days before the date of the meeting, informing all registered Shareholders of the matters proposed to be considered at the meeting and the date and venue of the meeting. Shareholders who will attend the meeting shall return the written replies to the Company 20 days before the date of the meeting.

Shareholders separately or jointly holding 3% or more of shares carrying voting rights shall have the right to put forward new proposals in writing to the convener of the applicable meeting 10 days before the date of the general meeting.

The Company shall calculate, according to the written replies received 20 days before the date of the general meeting, the number of shares carry voting rights that the Shareholders intending to attend the general meeting represent. The Company may convene a general meeting if the number of shares carrying voting rights represented by Shareholders intending to attend accounts for more than one half of total number of shares carrying voting rights. Otherwise, the Company shall make an announcement, within five days, once again notifying the Shareholders of the matters proposed to be considered and the date and venue of the meeting before the general meeting may be convened.

The notice of a general meeting shall meet the following requirements:

(a) conform to the ways as stipulated in the Articles of Association;

(b) specify the venue, duration, date and time of the meeting;

(c) specify the matters to be deliberated at the meeting;

(d) provide such information and explanations as are necessary for the Shareholders to exercise an informed judgment on the matters to be discussed before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another company, to repurchase shares, to reorganize the share capital or to restructure the Company in any other way, the conditions of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the reasons for and consequences of such proposal must be properly explained;

(e) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor and senior management in the matters to be discussed and the effect of the matters to be discussed on them in their capacity as Shareholders in so far as it is different from the effect on other Shareholders of the same class;

(f) contain the text of any special resolutions proposed to be passed at the general meeting;

(g) contain conspicuously a statement that all Shareholders are entitled to attend, and Shareholders with the right to attend and vote are entitled to appoint one or more proxies to attend and vote and that a proxy need not be a Shareholder;

(h) specify the time and place for lodging proxy forms for the relevant meeting;

(i) specify the date of the share register listing the Shareholders that have the right to attend the Shareholders' meeting;

(j) specify the name and contact number of the contact person for the meeting;

(k) specify the time and procedures of voting for general meeting hold online or by other ways in the notice of the general meeting.

Unless otherwise provided by relevant laws, administrative regulations, securities regulatory requirements of the place where the shares of the Company are listed and the Articles of Association, notices of general meetings shall be served on the Shareholders (whether or not they are entitled to vote at the meeting) by personal delivery or prepaid mail to their addresses registered in the register of Shareholders. For holders of domestic shares, notice of general meeting may be made by way of public announcement.

This announcement shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of domestic shares shall be deemed to have received the notice of our general meeting. Subject to the laws and regulations of the place where the shares of the Company are listed and relevant requirements of the Hong Kong Stock Exchange, notice of general meeting may be sent or provided to holders of overseas-listed foreign invested shares by other applicable ways according to the Articles of Association.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings and resolutions at that general meeting.

Shareholders who request to convene an extraordinary general meeting or class meeting shall abide by the following procedures:

(a) Shareholders, separately or jointly, holding 10% or more shares with the right to vote at the proposed meeting may sign one or more written request of the same format, stating the matters to be discussed, to propose the convening of an extraordinary general meeting or a class meeting. The Board shall convene an extraordinary meeting or a class meeting upon receipt of such written request. Shareholding aforesaid shall be based on that on the day the written request is issued by the Shareholders.

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

If Shareholders call and convene a meeting by themselves since the Board fail to convene a meeting in accordance with the foresaid requirements, the reasonable expenses incurred shall be borne by the Company and be deducted from the amounts due to the Directors as a result of lose of office.

Shareholders individually or collectively holding more than 3% of the shares of the Company may propose extraordinary proposal and submit the same in writing to convener no later than 10 days prior to the convening of the general meeting. The convener shall issue supplemental notice of the general meeting within two days upon receipt of the proposal and shall submit the extraordinary proposal to general meeting for consideration. The contents of the extraordinary proposal shall fall into the scope of authority of the general meeting and it shall have the specific subjects and matters to be resolved.

Except for the foregoing, the convener shall not amend the resolutions set out in the notice of the general meeting or propose additional resolutions after the dispatch of the notice of general meeting.

Shareholders' general meeting shall be convened by the Board and chaired by the chairman. Where the chairman is unable to attend the meeting for any reason, the vice chairman shall convene and chair the meeting. Where both the chairman and vice chairman are unable to attend the meeting, the chairman may assign a Director to convene and chair the meeting on his/her behalf. In the absence of any assignment, shareholders attending the meeting may elect one person to chair the meeting. If the Shareholders, for any reason, fail to elect a chairman of the meeting, the Shareholder (including the proxy) present and has the largest number of shares carrying the right to vote shall act as the chairman of the meeting.

For general meeting convened by the Supervisory Committee on its own, the chairman of the Supervisory Committee shall chair the meeting. Where the chairman of the Supervisory Committee is unable or fail to perform his/her duties, the Supervisor nominated by a majority of the Supervisors shall chair the meeting.

For general meeting convened by the Shareholders on their own, the convener shall elect a representative to chair the meeting.

The following matters shall be resolved by an ordinary resolution at the general meeting:

(a) work reports of the Board and the Supervisory Committee;

(b) profit distribution plans and loss recovery plans drafted by the Board;

(c) appointment and removal of members of the Board and the Supervisory Committee assumed by non-employee representatives, their remuneration and form of payment;

(d) the annual budget/final account report, balance sheet, income statement and other financial statements of the Company;

(e) appointment and removal of accounting firm and fee payable to the accounting firm by the Company;

(f) guarantees which require the approval of the general meeting;

(g) save as required by laws, administrative regulations, securities regulatory requirements of the place where the shares of the Company are listed or requirements of the Articles of Association, all other matters except those required to be adopted by special resolution.

The following matters shall be resolved by a special resolution at the general meeting:

(a) increase/decrease of share capital and the issue of shares of any class, warrants and other similar securities;

(b) issue of debentures of the Company;

(c) division, merger, dissolution and liquidation of the Company and transformation of the Company;

(d) amendments to our Articles of Association;

(e) purchase or disposal of major assets within a year where the amount of guarantees exceeds 30% of the latest audited net assets of the Company;

(f) share incentive scheme;

(g) other matters as required by the laws, administrative regulations, securities regulatory requirements of the place where the shares of the Company are listed or the Articles of Association, and as approved by ordinary resolution of the general meeting which may have significant effect on the Company and need to be passed by special resolution.

8. QUORUM FOR SHAREHOLDERS' GENERAL MEETING

The Company may convene a general meeting if the number of shares carrying voting rights represented by Shareholders intending to attend accounts for at least half of the total number of shares carrying voting rights. The Company may convene a class meeting, if the number of shares of the class carrying voting rights represented by Shareholders intending to attend accounts for at least half of the total number of such shares of the class.

9. SHARE TRANSFER

Unless otherwise provided by laws, administrative regulations, departmental rules and securities regulatory requirements of the place where the shares of the Company are listed, shares of the Company are freely transferable in accordance with laws and are not attached with any lien.

All overseas-listed foreign shares which are fully paid-up and listed on the Hong Kong Stock Exchange can be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reasons, unless:

(a) the instrument of transfer or other documents which is related to or may affect the title of any shares are registered and payment was made to the Company pursuant to a fee specified in the Listing Rules of Hong Kong Stock Exchange;

(b) the instrument of transfer only involves overseas-listed foreign shares listed on the Hong Kong Stock Exchange;

(c) the stamp duty as required by the laws of Hong Kong chargeable on the instrument of transfer has been paid;

(d) provide the relevant share certificate and other proof of title as reasonably requested by the Board;

(e) if it is intended to transfer the shares to joint holders, then the maximum number of joint holders shall not exceed four;

(f) the fully paid-up shares shall be free from any restriction on the right of transfer (expect where permitted by the Hong Kong Stock Exchange) and the Company does not have any lien on the relevant shares; and

(g) no transfer shall be made to minors or persons of unsound mind or under other legal disability.

No change in the share register due to the transfer of shares may be made within thirty (30) days before the date of a general meeting or within five (5) days before the record date for the Company's distribution of dividends.

10. RIGHTS OF THE COMPANY TO REPURCHASE OUTSTANDING ISSUED SHARES

Under any of the following circumstances, the Company may repurchase our outstanding issued shares pursuant to the requirements of the laws, administrative regulations, department rules and the Articles of Association:

(a) cancellation of shares to reduce share capital of the Company;

(b) merge with other companies which hold these shares;

(c) grant shares to employee of the Company as incentives;

(d) purchase the shares from shareholders who vote against any resolutions adopted at the general meeting concerning the merger and division of the Company; or

(e) other circumstances as required by the laws and administrative regulations and as approved by the competent authorities of the PRC.

In the event the Company repurchase shares for reasons stated in (a) through (c) of the preceding paragraph, related resolutions shall be adopted at the general meeting in accordance with the Articles of Association. If the Company repurchase the shares according to the provision of the preceding paragraph under the circumstances set forth in (a), the shares so repurchased shall be cancelled within ten days from the date of repurchase and shall complete registration in respect of change in registered capital with the industry and commerce administration department in a timely manner. In

the event of the circumstances set forth in (b) and (d), the shares repurchased shall be transferred or cancelled within six months. In the event that the Company repurchase shares pursuant to the provision of (c) in the preceding paragraph, the shares repurchased within an accounting year may not exceed 5% of the total shares issued. The fund used for such repurchase must be allocated from the after-tax net profit of the Company and the shares repurchased shall be transferred to the employee within one year.

The Company may repurchase its shares in any of the following ways subject to the approval of relevant state competent authorities:

(a) offer to repurchase shares from all shareholders on a pro-rata basis;

(b) repurchase shares through public trading on the stock exchange;

(c) repurchase shares by an agreement outside a stock exchange;

(d) other ways approved by the securities regulatory authorities under the Stated Council.

Where the Company repurchase the shares by an agreement outside a stock exchange, it shall obtain prior approval at the general meeting pursuant to the Articles of Association of the Company. Likewise, subject to the prior approval of the general meeting, the Company may dissolve or change the contract signed in the aforesaid manner or waive any of its rights in the contract. As for the redeemable shares that the Company is entitled to repurchase, if they are not repurchased in the market or by bidding, the price of the share may not exceed a certain maximum limit. If the shares are repurchased by bidding, a proposal to bid must be made to all shareholders on equal terms. The contract that repurchase the shares include, but not limited to, an agreement that consents to undertake the obligation to repurchase the shares and obtain the rights to repurchase.

The Company shall not assign a contract to repurchase any shares or any of its rights thereunder.

Unless the Company is being liquidated, it must comply with the following provisions in relation to the repurchase of the issued shares:

(a) if the Company repurchases the shares at par value, such amount shall be made out of the distributable profits and out of proceeds of a fresh issue of shares made for that purpose;

(b) if the Company repurchases the shares at a premium to par value, amount equivalent to the par value shall be made out of the Company's distributable profits and out of the proceeds of a fresh issue of shares made for that purpose. Amount of the portion in excess of the par value shall be effected as follows:

    (i) if the shares being repurchased were issued at par value, such amount shall be made out of the Company's distributable profits;

    (ii) if the shares being repurchased were issued at a premium to par value, payment shall be made out of the Company's distributable profits or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall exceed neither the aggregate of the premiums received by the Company on the issue of the shares repurchased nor the current amount (including the premiums on the fresh issue) of the Company's capital reserve account;

(c) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:

    (i) acquisition of rights to repurchase the shares;

(ii) amendment of any contract to repurchase the shares;

(iii) release of any of the Company's obligations under contract to repurchase the shares.

(d) after the total par value of the cancelled shares was deducted from the registered share capital of the Company in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be transferred to the Company's capital reserve account.

11. DIVIDENDS AND METHODS OF DISTRIBUTION

The Company may distribute dividends in the form of cash, shares or other ways in accordance with laws, administrative regulations, rules of competent departments and securities regulatory requirements of the place where the shares of the Company are listed.

Cash dividends and other payments payable by the Company to holders of domestic shares shall be payable in Renminbi. Cash dividends and other payments payable to holders of overseas-listed foreign shares shall be denominated and declared in Renminbi and payable in foreign currency. Foreign currencies payable for the cash dividends and other payments by the Company to holders of overseas-listed foreign shares shall be obtained pursuant to relevant regulations of the SAFE.

The Company shall appoint receiving agents on behalf of holders of the overseas-listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their overseas-listed foreign shares. The receiving agents appointed by the Company shall fulfill the requirements set by the laws of the listing place or all the relevant regulations of securities transactions. The receiving agents appointed by the Company on behalf of holders of the overseas-listed foreign shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

12. PROXIES

Any Shareholder entitled to attend and vote at the general meeting shall be entitled to appoint one or more persons (whether a Shareholder or not) as his/her proxy to attend and vote on his/her behalf, and a proxy so appointed shall:

(a) speak at the meeting on behalf of the Shareholder so represented;

(b) have authority to demand or join in demanding a poll;

(c) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have right to vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorized in writing. If the appointor is a legal person either under seal or under the hand of a Director or attorney duly authorized. The instrument appointing a proxy shall be deposited at the Company's domicile or at such other place as specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy propose to vote or the time specified for voting. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointor, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as specified in the notice convening the meeting.

If the appointor is a legal person, its legal representative or any person authorized by resolutions of its board of directors or other governing body may attend the general meeting as the appointor's representative.

Any form issued to a Shareholder by the Board of the Company for the purpose of appointing a proxy shall enable the Shareholder, according to his/her free will, to instruct his/her proxy to vote in favor of or against the motions proposed and in respect of each individual matter to be voted on at the meeting. Such proxy form shall contain a statement that in the absence of instructions of the appointor, the proxy may vote as he/she thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointor, revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of such events as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

13. REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company may, in accordance with the understanding and agreements between the securities regulatory authority of the State Council and the overseas securities regulatory authorities, maintain the register of Shareholders of overseas-listed foreign shares and appoint overseas agent(s) to manage such share register. The original register of overseas-listed foreign shares in Hong Kong shall be maintained at Hong Kong.

The Company shall maintain the duplicates of the share register for holders of overseas-listed foreign shares at the Company's registered office. The appointed overseas agent(s) shall always ensure the consistency between the original and the duplicate of the register for holders of overseas-listed foreign shares.

If there is any inconsistency between the original and the duplicate of register for holders of overseas-listed foreign shares, the original shall prevail.

The Company shall keep a complete register of Shareholders.

The register of Shareholders shall comprise the following parts:

(a) register(s) of shareholders, other than those specified in items (b) and (c) below, kept at the registered office of the Company;

(b) register(s) of holders of the Company's overseas-listed foreign shares kept in the place of the stock exchange(s) where those overseas-listed securities are traded;

(c) register(s) of shareholders kept at other places as the Board of Directors thinks necessary for the purpose of listing.

Each part of the register of Shareholders shall not overlap. No transfer of shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register. The alteration or rectification of any part of the register of Shareholders shall be carried out in accordance with the laws of the place where such part of the register is maintained.

No changes may be made to the register of Shareholders for the purpose of transfer for shares within 30 days prior to the date of a general meeting or 5 days prior to the record date for confirming the Company's distribution of dividends.

When the Company decides to convene a general meeting, distribute dividends, liquidate or carry out other activities which require the determination of shareholding, the Board or the convener of the general meeting shall fix a date for the purpose of determining the shareholding. A person who is registered in the register as Shareholders of the Company at the end of the date for determining the shareholding shall be a Shareholder of the Company.

Any person who objects to the contents in the register of Shareholders and wishes to register his/her name (title) on, or delete his/her name (title) therefrom may apply to the court which has the jurisdiction to amend the register. The right of the Shareholders to information includes, but without limitation, the followings:

(a) the right to receive the Articles of Association after payment of costs;

(b) the right to inspect and copy, subject to payment of a reasonable fee:

  (i) all parts of the register of members;

  (ii) personal particulars of each of the Company's Directors, Supervisors and senior management;

  (iii) status of the Company's share capital;

  (iv) receipt of the Company's debt;

(c) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;

(d) minutes of general meetings, resolutions of meetings of the Board, resolutions of the Supervisory Committee and financial and accounting reports.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents indicating the class and number of shares they hold. After confirmation of the shareholder's identity, the Company shall provide such information based on the shareholder's request.

14. RIGHTS AND RESTRICTIONS OF THE CONTROLLING SHAREHOLDER

Except for obligations imposed by laws, administrative regulations or required by the stock exchange on which shares of our Company are listed, the Controlling Shareholder shall not exercise its voting rights in respect of the following matters in a manner prejudicial to the interests of the Shareholders generally or of some part of the Shareholders:

(a) to relieve a Director and Supervisor of its duty to act in good faith for the best interest of the Company;

(b) to approve the expropriation by a Director and Supervisor (for its own benefit or for the benefit of another person), of the Company's assets, including (but not limited to) any opportunities beneficial to the Company;

(c) to approve the expropriation by a Director and Supervisor (for its own benefit or for the benefit of another person) of the individual rights of the Shareholders, including (but not limited to) any rights to distributions or voting rights save pursuant to a reorganization of the Company submitted to Shareholders for approval in accordance with the Articles of Association.

15. ACCOUNTS AND AUDIT

(a) Financial and accounting system

The Company shall establish its financial and accounting systems and internal audit system in accordance with the laws, administrative regulations and accounting standards formulated by the finance regulatory authority of the State Council.

The Board of the Company shall place financial at every annual general meeting as required by the relevant laws, administrative regulations or provision documents promulgated by local governments and supervisory authorities to be prepared by the Company.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC enterprise accounting standards and regulations, be prepared in accordance with international accounting standards and that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of such Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the two aforesaid set of financial statements shall be adopted.

The financial reports of the Company shall be made available at the Company for inspection by Shareholders 20 days before the annual general meeting. Every Shareholder of the Company is entitled to receive a copy of the financial reports.

A copy of the aforesaid financial report shall, at least 21 days before the date of the general meeting, be delivered in accordance with the Articles of Association or sent by pre-paid post to the registered address of every holder of overseas-listed foreign invested shares, the registered address in the register shall be adopted for the receivers' address.

The interim results or financial information of the Company that the Company announces or discloses shall be prepared according to PRC accounting standards, rules and regulations, and international accounting standards as well as accounting standards of the place at which shares of the Company are listed.

The Company shall disclose its financial reports two times in each financial year, that is, its interim financial reports within 60 days of the end of the first six months of a financial year and its annual financial reports within 120 days of its financial year end.

The Company shall not keep any other books of accounts other than those provided by law.

(b) Appointment and removal of accountants

The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual reports and review the Company's other financial reports.

The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

The Shareholders may remove and replace an accounting firm before the expiry of its term of office by ordinary resolution, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal and replacement.

The remuneration of an accounting firm and the manner in which such remuneration is determined shall be decided by the general meeting. The remuneration of the accounting firm which has filled the vacancy and is appointed by the Board of Directors shall be decided by the Board of Directors.

The Company's appointment of, removal of or non-reappointment of an accounting firm shall be determined by the general meeting, and filed with the securities supervisory authority of the State Council.

Prior to the removal or the non-renewal of the appointment of the accounting firm, an advance notice shall be issued by the Company 30 days before to inform the accounting firm, and the accounting firm shall have the right to express its view at the general meeting. Where the accounting firm resigns its post, it shall make clear to the general meeting whether there is any impropriety.

The accounting firm may resign its office by depositing at the Company's legal address a written resignation notice. Such notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice, whichever is the later.

Such notice shall include the followings:

(i) a statement to the effect that there are no disclosure connected with its resignation which it considers should be brought to the notice of the Shareholders or creditors of the Company; or

(ii) a statement of any disclosure.

The Company shall send a copy of the notice to the relevant governing authority within 14 days after receiving the aforesaid notice. If the notice contains a statement under circumstance (ii) mentioned in the preceding paragraph, a copy of such statement shall be placed at the Company for Shareholders' inspection. The Company shall also deliver the aforesaid copy by ways regulated in the Article of Association or send by prepaid mail to every holder of overseas-listed foreign shares at the address registered in the register of Shareholders.

Where the accounting firm's notice of resignation contains a statement of any disclosure which should be brought to the notice of the Shareholders or creditors of the Company, it may require the Board of Directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

16. LIQUIDATION OF THE COMPANY

The Company shall be dissolved and liquidated in accordance with laws upon occurrence of any of the following events:

(a) a resolution for dissolution is accepted by the general meeting;

(b) dissolution of the Company is necessary due to a merger or division;

(c) the Company is legally declared insolvent due to its failure to repay debts due;

(d) the business license of the Company is revoked or the Company is ordered to close down or terminate business by relevant laws;

(e) where the Company's operation encounters serious difficulty, continuing operation will cause substantial loss to Shareholders' interest and such difficulty cannot be solved by some other way, Shareholders holding more than 10% of the voting rights of all Shareholders may make requisition to the Court to dissolve the Company;

Where the Company is dissolved by virtue of the reasons set out in item (a),(b),(d) and (e) in the preceding paragraph, the Company shall establish a liquidation committee to start liquidation procedure within 15 days of the day of such reasons happened, and the members of the liquidation committee shall be comprised by the people selected by the Board or the general meeting. During such period, creditors may make application for establishing the liquidation committee comprised by the designated and relevant people to begin the liquidation procedure. Where the Company is dissolved by virtue of the reasons set out in item (c) in the preceding paragraph, the people's court, in

accordance with the relevant laws and regulations, shall organize the Shareholders, the relevant authorities and the relevant professional bodies to establish a liquidation committee for the purpose of dissolution of the Company.

Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay all its debts in full within 12 months from the commencement of the liquidation.

After the general meeting adopts a resolution in favor of the liquidation, the functions and powers of the Board shall be terminated immediately.

The liquidation team shall follow the instructions of the general meeting and shall report to the general meeting at least once a year on the revenue and expenditure of the liquidation team, the business of the Company and the progress of the liquidation, and shall make a final report to the general meeting upon conclusion of the liquidation.

The liquidation team shall within 10 days of its establishment inform the creditors, and shall publish an announcement within 60 days in a newspaper. The creditors shall, within 30 days of the receipt of the notice, or, within 45 days upon receipt of the announcement if a notice is not received, put forward their claims to the liquidation team. The liquidation team shall register such claims. During the period for liquidation, the liquidation committee shall exercise the following functions and powers:

(a) to liquidate the property of the Company and prepare a balance sheet and a asset inventory list separately;

(b) to inform or make an announcement to all creditors;

(c) to deal with and liquidate any business in relation to the Company which is not yet terminated;

(d) to settle any taxes owed and any taxes arising in the course of liquidation;

(e) to liquidate claims and debts;

(f) to handle the remaining assets of the Company remaining after setting all the debts; and

(g) to participate in civil litigation proceedings on behalf of the Company.

The liquidation committee shall examine the assets of the Company, and prepare a balance sheet and an inventory of assets. Upon completion, the liquidation committee shall draw up a proposal for liquidation and submit it to the general meeting or the people's court for confirmation.

If the liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and a assets list, discovers that the Company's assets are insufficient to pay its debts in full, it shall apply to the Court for a declaration of insolvency. After the Court has declared the Company insolvent, the Company's liquidation committee shall turn over any matters regarding the liquidation to the Court.

Following the completion of liquidation of the Company, the liquidation team shall prepare a report on liquidation and a statement of the receipts and payments and financial books and records during the period of liquidation, which shall be audited by the PRC certified accountants and submitted to the general meeting or the relevant governing authority for confirmation.

The liquidation team shall within 30 days after such confirmation by the general meeting or the relevant governing authority submit the aforementioned documents to the Company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

17. OTHER PROVISIONS MATERIAL TO THE COMPANY OR ITS SHAREHOLDERS

(a) General provisions

The Company is a joint stock limited company of perpetual existence.

The Company may invest in other limited companies or joint stock limited companies. However, the joint liabilities of the investment of the Company are restricted by its capital contributor.

The Article of Association regulates the Company, Shareholders, directors, supervisors and senior management. Such people may protect the rights in relation to the Company's matter according to the Article of Association. In accordance with the Article of Association, Shareholder may against each other, the directors, supervisors, senior management as well as the Company. The Company may bring actions against Shareholders, Directors, Supervisors and senior management.

(b) The Company may increase its share capital in the following ways:

(i) public offering new shares;

(ii) non-public offering new shares;

(iii) allotting bonus shares to its existing Shareholders;

(iv) conversion of capital reserve;

(v) any other ways provided by laws, administrative regulations and permitted by securities regulatory authorities of State Council.

The increase of capital of the Company by issuing shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

In compliance with the relevant laws, administrative rules and regulations, the Company shall reduce its registered capital according to the provisions of the Articles of Association.

If the Company reduces the registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

(c) Shareholders

A Shareholder is a person who lawfully holds shares and whose name is recorded in the register of Shareholders. A Shareholder has the rights, and is subject to the obligations based on the class and proportion of the shares he/she holds. Holders of the same class of shares enjoy the same rights and are subject to the same obligations.

The holders of ordinary shares of the Company shall have the following rights:

(i) the right to receive dividends and other forms of distributions according to the number of shares being held;

(ii) the right to demand, convene, preside, attend or appoint a proxy to attend general meetings and to vote thereat according to the law;

(iii) the right to supervise the Company's operations and to raise proposals or inquiries;

(iv) the right to transfer, give or pledge the shares being held in accordance with the laws, administrative regulations and the Articles of Association;

(v) the right to receive relevant information in accordance with the laws and the Articles of Association;

(vi) the right to participate in the distribution of remaining assets of the Company according to the number of shares being held upon termination or liquidation of the Company,;

(vii) the right to demand the Company to purchase his/her shares if he/she disagrees the merger or division of the Company;

(viii) other rights conferred by laws, administrative regulations, department rules and the Articles of Association.

The Company shall not freeze or otherwise impair any of the rights attaching to any share held by a shareholder in any ways only for the reason that the shareholder has failed to disclose his/her interests to the Company.

Share of the Company shall be issued in registered form.

Share certificates shall be signed by the Chairman. Where the stock exchanges on which shares are listed requires the share certificates to be signed by other senior officer of the Company, the share certificates shall also be signed by other senior officer. The share certificates shall take effect after being affixed with the Company's seal or a machine-imprinted seal provided that such seal shall only be affixed with the authority of the Board of Directors. The signatures of the Chairman or other senior officer of the Company on the share certificates may also be printed in mechanical form.

Any person who is a registered Shareholder or who requests to have his name to be entered into the register of Shareholders may, if his/her share certificate (the "original certificate") in respect of shares in the Company is lost, apply to the Company for a new share certificate for replacement.

If a holder of domestic shares loses his/her share certificate and applies to the Company for a replacement, it shall be dealt with in accordance with the relevant provisions of the PRC Company Law.

If a holder of overseas-listed foreign invested shares loses his/her share certificate and applies to the Company for a replacement, it shall be dealt with in accordance with the laws of the place where the register of the holders of overseas-listed foreign invested share is maintained, regulations of the stock exchange where the Company's shares listed or other relevant regulations.

If a holder of overseas-listed foreign invested shares loses its share certificate and applies for a replacement, the issue of such certificate shall comply with the following requirements:

(i) the applicant shall submit an application in the standard form prescribed by the Company accompanied by a notarial certificate or a statutory declaration stating the grounds upon

which the application is made and the circumstances and evidence of the loss of the share certificate and declaring that no other person is entitled to be registered as a Shareholder in respect of the relevant shares.

(ii) before the Company decides to issue the new share certificate for replacement, no statement made by any person other than the applicant requesting to register as a Shareholder in respect of the relevant shares.

(iii) the Company shall, if it decides to issue a new share certificate for replacement to the applicant, make an announcement of the proposed issue of new share certificate for replacement at least once every 30 days for a period of 90 days in such newspapers as designated by the Board.

(iv) prior to the publication of the announcement of issuing new share certificate for replacement, the Company shall delivered to the stock exchange on which its shares are listed a copy of the announcement for approval. The Company shall only publish the announcement upon receipt of a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of 90 days. If an application for new share certificate for replacement is made without the consent of the registered holder of the relevant shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

(v) if, upon expiry of the 90-day exhibition as required by paragraph (iii) and (iv) above, the Company have not received from any person the objection to the issue of the new share certificate, the Company shall issue a new share certificate for replacement in accordance with the application.

(vi) where the Company issues a new share certificate for replacement, it shall forthwith cancel the original share certificate and enter the cancellation and issue in the register of Shareholders accordingly.

(vii) all expenses relating to the cancellation of an original share certificate and the issue of a new share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant.

(d) Untraceable shareholders

The Company shall be entitled to sell the shares of a Shareholder who is untraceable with the legal approval under the following conditions:

(i) during a period of 12 years at least three dividends in respect of the shares distributed by the Company remain unclaimed;

(ii) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an announcement published in the newspapers and notifies the Stock Exchange of such intention.

(e) Duties and responsibilities of the Board and regulations of Board meeting

The Board shall be accountable to the general meeting, and shall have the following duties and responsibilities:

(i) to convene general meetings and present its work report to the general meeting;

(ii) to implement the resolutions of general meetings;

(iii) to decide on the Company's business plans and investment plans;

(iv) to prepare the Company's annual financial budget and final accounts;

(v) to formulate the Company's profit distribution plan and plan for making up for losses;

(vi) to formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of bonds or other securities and listing;

(vii) to prepare plans for merger, division, dissolution and change of the form of the Company;

(viii) to propose material acquisition and repurchase of the Company's shares;

(ix) to decide on investment, acquisition or disposal of assets, mortgage of assets, external guarantees, entrust financing and related transaction of the Company with the authorization of the general meeting;

(x) to decide on the establishment of management structure and to decide on the establishment of branches of the Company;

(xi) to elect Chairman and vice Chairman;

(xii) to appoint or dismiss the general manager of the Company and Secretary to the Board as proposed by the Chairman; and to appoint or dismiss deputy general manager, chief financial officer and other senior management of the Company as proposed by the general manager and to decide on their remuneration and benefits;

(xiii) to formulate the management system of the Company;

(xiv) to propose amendment of the Articles of Association;

(xv) to deal with disclosures of information of the Company;

(xvi) to propose to the general meetings the appointment or replacement of the auditors of the Company;

(xvii) to review work reports of the general manager and inspect his/her work;

(xviii) to formulate and implement the stock incentive scheme of the Company.

(xix) to decide the loan financing of the Company

(xx) to perform other duties and responsibilities conferred by laws, administrative regulations, department rules, the regulatory rules of the stock exchange on which the shares of the Company are listed, the Articles of Association and the general meeting.

Unless otherwise provided by the laws, administrative regulations and the Articles of Association, resolutions of the Board relating to the above, with the exception of items (vi), (vii) and (xiv) above which shall require the consent of more than two thirds of the directors, the remaining shall require the consent of more than half of the directors.

Meetings of the Board shall be held at least four times each year by the Chairman and shall notice all the directors and supervisors by mail at least 14 days before convening the meeting.

The Chairman shall convene the extraordinary meeting of the Board within 10 days from receiving any of the following proposals for convening an extraordinary meeting:

(i) jointly proposed by more than one-third of the directors;

(ii) jointly proposed by more than half of the independent directors;

(iii) proposed by Shareholders who individually or jointly held 10% or more of the shares with voting rights of the Company;

(iv) proposed by the Supervisory Committee;

(v) proposed by the General Manager; or

(vi) proposed by any special committee.

The notice of the extraordinary meeting of the Board shall be delivered 3 business days before the meeting and documents for the meeting shall be delivered within a reasonable period before the meeting.

Directors shall attend meetings of the Board in person. In the event a Director is unable to attend a meeting in person for any reason, he/she may appoint in writing another Director to attend the meeting on his behalf. The power of attorney shall specify the names of the appointing Director and the proxy, matters represented by the power of attorney, limit of authority and the term of validity and shall be signed or stamped by the appointing Director. The proxy shall exercise the rights of a Director within the scope of the authorization. A Director failing to attend the board meeting in person or by proxy shall be deemed as having waived his/her voting rights at such meeting.

Meetings of the Board shall be held only if more than half (1/2) of the Directors (including the Director who appoints another Director to attend the meeting as proxy on his/her behalf) are present. Each Director shall have one vote only. Unless otherwise provided in the Articles of Association, a resolution of the Board shall be passed by more than half of the Directors.

In the event that there is a tie of votes casted for a resolution, the chairman has the right to cast one more vote.

A director shall not vote on any board resolution on his/her own behalf or on behalf of any other Director nor shall he/she be counted in the quorum present at the meeting if he/she has a connected relationship in the proposed resolution. Such meeting of the Board shall be conducted by more than half of the Directors or proxies that do not have a connected relationship in the proposed resolution. The aforesaid resolutions shall be passed by more than half of the Directors or proxies that do not have a connected relationship in the proposed resolution. Where the number of Directors or proxies that do not have a connected relationship in the proposed resolution present at the meeting is less than three, the Board shall submit such resolutions to the general meeting for review.

(f) Independent Directors

The Company shall have at least 3 independent Directors and the number of independent Directors shall not be less than one-third of the total number of Directors. Independent Directors shall perform their duties in accordance with the relevant laws, administrative regulations and department rules

(g) Secretary to the Board of Directors

The secretary to the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board.

(h) Board of supervisors

The Company shall have a Board of Supervisors.

The Board of Supervisors shall be composed of three shareholder representatives and two employee representatives, one of whom shall be the chairman. The terms of office of Supervisors shall be three years, renewable upon re-election. The appointment or removal of the chairman of the Board of Supervisors shall be decided by two thirds or more of the Supervisors.

The number of employee representatives in the Supervisory Committee shall not be less than one-third of the total number of Supervisors. The Supervisors who are not employee representative shall be elected and replaced by the general meeting. The employee representative Supervisors shall be elected and dismissed by the employees of the Company through democratic election at employee representative meeting, employee general meeting or democratic election in other forms.

The Directors and senior management shall not act concurrently as Supervisors.

The Chairman of the Board of Supervisors shall convene at least two Supervisor meetings every year and at least one time every 6 months. Any Supervisor may propose to convene extraordinary meeting of the Supervisory Committee. Notice of meeting shall be delivered to all Supervisors three days before the meeting.

The Supervisory Committee shall have the following duties and responsibilities in accordance with the laws:

(i) to review the regular reports of the Company prepared by the Board and provide written opinions;

(ii) to examine the financial matters of the Company;

(iii) to supervise the performance of the Directors and senior management and to propose the removal of Directors and senior management who have contravened any law, administrative regulations, the Articles of Association or Shareholders' resolutions;

(iv) to demand remedial actions by any Director, the President and other senior management of the Company who acts in a manner which is harmful to the interest of the Company;

(v) to inspect financial information to be submitted to the general meeting by the Board such as financial reports, business reports and profit distribution plans and, in case doubt, to retain professionals such as registered accountants and certified auditors to assist in re-examination at the expense of the Company.

(vi) to propose to convene an extraordinary general meeting, and to convene and preside over general meetings when the Board fails to perform the duty of convening and presiding over the general meeting in accordance with the Company Law;

(vii) to propose resolutions at general meetings;

(viii) to file a lawsuit against the Directors and senior management according to Section 152 of the Company Law;

(ix) to carry out an investigation of any abnormality identified in the operation of the Company and, when necessary, to retain professionals such as accounting and law firms, to assist in the investigation at the expense of the Company;

(x) to perform other duties and responsibilities conferred by the Articles of Association.

Supervisors shall be present at meetings of the Board and make inquiries or opinions to the resolution of the meeting of the Board.

(i) General Manager

The Company shall have one general manager, who shall be appointed and dismissed by the Board.

The general manager shall be accountable to the Board and shall have the following duties and responsibilities:

(i) to oversee the Company's production, operation and management and report to the Board;

(ii) to organize the implementation of the resolutions of the Board, the annual business and investment plans of the Company;

(iii) to establish the management structure of the Company;

(iv) to establish the management system of the Company;

(v) to formulate the rules and regulations of the Company;

(vi) to propose the appointment and dismissal of deputy general manager and chief financial officer by the Board;

(vii) to appoint and dismiss management personnel of the Company other than those required to be appointed or dismissed by the Board, and decide on their remuneration, incentive and punishment;

(viii) to propose to convene the extraordinary meeting of the Board;

(ix) to perform other duties and responsibilities conferred by the Articles of Association and the Board.

(j) Reservation

Before distributing the Company's after-tax profits of the current year, the Company shall allocate 10% of its profits to its statutory reserve until the statutory reserve of the Company is equivalent to 50% or more of its registered capital.

Where the statutory reserve of the Company is insufficient to make up for the losses of the Company brought forward from previous years, the profits generated during the current year shall be used to make up for such losses before making allocation to the statutory reserve in accordance with the preceding paragraph.

After making allocation to the statutory reserve of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also make allocation to the discretionary reserve from the after-tax profits.

After making up for the losses and making allocations to the statutory reserve, any remaining profits shall be distributed to the Shareholders in proportion to their respective shareholdings if so approved by the general meeting.

The statutory reserve of the Company shall only be used for making up for its losses, to expand operation and business or to increase the capital of the Company. However, the capital reserve shall not be used for making up for the losses of the Company.

(k) Settlement of disputes

The Company shall act according to the following principles to settle disputes:

(i) Any disputes and claims between holders of overseas-listed foreign invested shares and the Company; between holders of overseas-listed foreign invested shares and the Directors, Shareholders, Supervisors and senior management; between shareholders of overseas-listed foreign invested shares and holders of domestic shares, that arise from the rights and obligations stipulated in the Articles of Association, the Company Law of the PRC and other relevant laws, administrative regulations shall be referred by the relevant parties to arbitration.

The entire claim or dispute shall be referred to arbitration and all persons (being the Company or Shareholders, Directors, Supervisors or senior management of the Company), who have a cause of action or whose participation is necessary for the resolution of such dispute or claim, shall submit to arbitration. Disputes regarding definition of Shareholders and register of members may be resolved other than by way of arbitration.

(ii) The claimant may refer the arbitration to either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules, and may also refer the arbitration to the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the claimant.

(iii) If the claimant refers the arbitration to the Hong Kong International Arbitration Centre, either party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

(iv) Unless otherwise provided in the laws and administrative regulations, any disputes or claim arising out of item (i) above shall be resolved in accordance with the laws of the PRC;

(v) The decision made by the arbitral body shall be final and conclusive, and shall be binding on the parties.

1. FURTHER INFORMATION

A. Incorporation

Our Company was established under the PRC laws as a joint stock limited liability company on March 31, 2008 with a registered capital of RMB4,275,000,000.

Our Company has established a place of business in Hong Kong at Rooms 3907-08, 39th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on September 2, 2013. MA Xiping and KWONG Yin Ping, Yvonne (whose addresses are Room 123, Jiangang Building, Haibin Road, Haigang District, Qinhuangdao, Hebei Province and Flat A, 15/F., Block 2, 7 Tai Hang Road, Causeway Bay, Hong Kong) have been appointed as the authorized representative of our Company for the acceptance of service of process on behalf of our Company in Hong Kong.

As we are incorporated in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix V to this prospectus. A summary of our Articles of Association is set out in Appendix VI to this prospectus.

B. Changes in the registered capital of our Company

At the time of the establishment of our Company on March 31, 2008, our registered capital was RMB4,275,000,000, divided into 4,275,000,000 shares with nominal value of RMB1.00 each, all of which were credited as fully paid up.

Immediately upon completion of the Global Offering, the registered capital of our Company will be RMB5,029,412,000, made up of 4,199,559,000 Domestic Shares and 829,853,000 H Shares (including 75,441,000 Sale Shares to be converted from Domestic Shares), with nominal value of RMB1.00 each, assuming the Over-allotment Option is not exercised.

Immediately upon completion of the Global Offering, the registered capital of our Company will be RMB5,142,573,000, made up of 4,188,243,000 Domestic Shares and 954,330,000 H Shares (including 86,757,000 Sale Shares to be converted from Domestic Shares), with nominal value of RMB1.00 each, assuming the Over-allotment Option is exercised in full.

Save as disclosed in this Appendix, there has been no alteration in our registered capital of since our establishment.

C. Resolutions passed at our shareholders' extraordinary general meeting on July 11, 2013

At our shareholders' extraordinary general meeting held on July 11, 2013, among other things, the following resolutions were passed by the Shareholders:

(a) approving the issue of the H Shares by the Company and the Listing, whereby the number of H Shares to be issued shall not exceed a total of 754,412,000 shares and Joint Bookrunners are granted to exercise the Over-allotment Option of not exceeding 15% of the said H Shares in issue; the issue price of the H Shares will be decided upon completion of the bookbuilding process for the Listing;

(b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall become effective on the Listing Date;

(c) the Company has granted a general mandate to the Board to issue such number of Domestic Shares and/or H Shares which are less than 20% of the H Shares in issue or

Domestic Shares in issue (as the case may be). Such general mandate will become effective from the Listing Date and ends on the earlier of the date of first annual general meeting of the Company after Listing or the date of shareholders' general meeting on which the Shareholders withdraw or revise the terms of the general mandate; and

(d) authorizing the Board to handle all matters relating to, among other thing, the issue of the H Shares and the Listing.

2. REORGANIZATION

In preparation for the Global Offering, we underwent the Reorganization, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus. As confirmed by King & Wood Mallesons Lawyers, our legal advisor as to PRC laws, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization. These approvals include:

(a) on February 28, 2008, People's Government of Hebei Province issued an approval (Ji Zheng Han [2008] 15) approving the Reorganization proposal;

(b) on March 5, 2008, Hebei SASAC issued an approval (Ji Guo Zi Fa Chan Quan Gu Quan [2008] 16) approving the appraisal report furnished by China Enterprise Appraisals Co., Ltd. (China Enterprise Ping Bao Zi [2008] 025) for the assets which were to be injected into the Company as of June 30, 2007;

(c) on March 26, 2008, Hebei SASAC issued an approval (Ji Guo Zi Fa Chan Quan Gu Quan [2008] 27) approving the establishment of the Company;

(d) on March 30, 2008, the Company convened an inaugural meeting;

(e) on March 31, 2008, the Company registered with Hebei Administration for Industry & Commerce and obtained a business license (Registration No. 130000000019419).

3. FURTHER INFORMATION OF OUR SUBSIDIARIES

The list of our principal subsidiaries (for the purpose of the Hong Kong Listing Rules) as of June 30, 2013 is set out under the financial statements in the Accountants' Report as included in Appendix I to this prospectus. Save as disclosed below, there has been no other alteration in the share capital of any of our principal subsidiaries within the two years preceding the date of this prospectus:

- in February, 2012, our Company, by way of sole capital injection, increased the registered capital of Qinhuangdao Coal Market to RMB3.75 million, following which our shareholding in Qinhuangdao Coal Market increased from 40% to 68%.

- in February, 2012, the registered capital of Cangzhou Bohai was increased from RMB500 million to RMB2.3 billion, and further increased to RMB2.46 billion in April, 2013.

- in September, 2013, our Company, by way of sole capital injection, increased the registered capital of Cangzhou Mineral from RMB100 million to RMB925 million, following which our shareholding in Cangzhou Mineral increased from 70% to 96.76%.

4. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of our material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of our business) within two years immediately preceding the date of this prospectus which are or may be material:

(a) the cooperation agreement dated January 9, 2012 entered into between Hebei Iron & Steel Group International Logistics Co., Ltd., Cangzhou Port Group Company Ltd. and our Company pursuant to which the parties agreed to establish a joint venture company with an initial registered capital of RMB50 million (of which 30% of shareholding is held by our Company), which joint venture company shall build four 50,000 tonnes general bulk berths in the Huanghua Port comprehensive zone;

(b) the cooperation agreement dated January 9, 2012 entered into between Hebei Iron & Steel Group International Logistics Co., Ltd., Cangzhou Port Group Company Ltd. and our Company pursuant to which the parties agreed to establish a joint venture company with an initial registered capital of RMB100 million (of which 70% of shareholding is held by our Company), which company shall build four specialized ore berths with designed annual throughput capacity of 200,000 tonnes in the Huanghua Port comprehensive zone;

(c) the entrustment loan contract dated October 29, 2012 entered into between Cangzhou Mineral, Cangzhou Bohai and Bank of Communications Co., Ltd. (Cangzhou Branch) pursuant to which Cangzhou Bohai agreed to entrust Bank of Communications Co., Ltd. (Cangzhou Branch) to lend a one year loan of RMB900 million with an annual interest rate of 9.2514% to Cangzhou Mineral;

(d) the capital contribution agreement dated February 4, 2013 entered into between our Company and Beijing Shougang Resource Recycling Technology Co., Ltd. pursuant to which the parties agreed to establish Tangshan Jingtang Railway with a registered capital of RMB1 billion. Tangshan Jingtang Railway is held as to 20% by our Company and 80% by Beijing Shougang Resource Recycling Technology Co., Ltd. and was planned to be principally engaged in railway transportation of cargo, cargo packaging, storage and dispatch, container shipping and equipment maintenance, according to the agreement;

(e) the cornerstone investment agreement dated November 19, 2013 and entered into between Zhongrong International Trust Co., Ltd., Citigroup Global Markets Asia Limited and the Company, pursuant to which Zhongrong International Trust Co., Ltd. has agreed to acquire at the Offer Price such number of Offer Shares that may be purchased with US$50 million, rounded down to the nearest whole board lot of 500 H Shares;

(f) the cornerstone investment agreement dated November 22, 2013 and entered into between China Coal Hong Kong Limited, Citigroup Global Markets Asia Limited and the Company, pursuant to which China Coal Hong Kong Limited has agreed to acquire at the Offer Price such number of Offer Shares that may be purchased with US$40 million, rounded down to the nearest whole board lot of 500 H Shares;

(g) the cornerstone investment agreement dated November 22, 2013 and entered into between CCCC International Holding Limited, China Merchants Securities (HK) Co., Limited and the Company, pursuant to which CCCC International Holding Limited has agreed to acquire at the Offer Price such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest whole board lot of 500 H Shares;

(h) the cornerstone investment agreement dated November 22, 2013 and entered into between China Datang Overseas (Hong Kong) Co., Limited, Citigroup Global Markets Asia Limited and the Company, pursuant to which China Datang Overseas (Hong Kong) Co., Limited has agreed to acquire at the Offer Price such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest whole board lot of 500 H Shares;

(i) the cornerstone investment agreement dated November 21, 2013 and entered into between Guodian Fuel Ltd., UBS AG, Hong Kong Branch and the Company, pursuant to which Guodian Fuel Ltd. has agreed to acquire at the Offer Price such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest whole board lot of 500 H Shares;

(j) the cornerstone investment agreement dated November 20, 2013 and entered into between Hong Kong Xingyuan Investment & Trading Company Limited, China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Hong Kong Xingyuan Investment & Trading Company Limited has agreed to acquire at the Offer Price such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest whole board lot of 500 H Shares;

(k) the cornerstone investment agreement dated November 20, 2013 and entered into between Taiping General Insurance Company Limited, China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Taiping General Insurance Company Limited has agreed to acquire at the Offer Price such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest whole board lot of 500 H Shares;

(l) the non-competition agreement dated July 11, 2013 entered into between HPG and our Company pursuant to which HPG has agreed not to, among other things, engage or participate in any business or activity that competes or is likely to compete with our core business; and

(m) the Hong Kong Underwriting Agreement.

B. Our intellectual property rights

As of the Latest Practicable Date, our Company has registered or has applied for the following intellectual property rights which are material in relation to our Company's business.

Trademarks

As at the Latest Practicable Date, we have been granted to use the following trademark in the PRC:

No.	Owner	Trademark	Registration Number	Duration	Class
1	HPG		755062	July 7, 2005 — July 6, 2015	39

As at the Latest Practicable Date, we had applied for the registration of the following trademark in Hong Kong:

No.	Owner	Trademark	Registration Number	Application Date	Class
1	HPG		302659195	July 3, 2013	35,37,39

Patents

As at the Latest Practicable Date, we have been granted 24 patents in the PRC, 21 of which fall in the class of Utility Model and 3 of which fall in the class of Invention.

No.	Patent Name	Patentee	Class of Patents	Patent No.	Application Date	Publication Date
1.	皮帶機撕裂檢測裝置 Conveyor tear detection device	The Company	Invention	200810055523.0	2008.07.30	2011.05.04
2.	火車死鉤自動檢測及報警裝置 Automatic detection and alarm device of fixed hooks on train	The Company	Invention	201110214898.9	2011.07.29	2013.06.26
3.	火車死鉤的檢測及保護裝置 Detection and protection device of fixed hooks on train	Yanshan University (燕山大學); Ninth Port Branch	Invention	201010242791.0	2010.08.03	2012.10.24
4.	可調式皮帶機溜槽物料堵塞檢測裝置 Device for detecting clogging of adjustable conveyor belt chute material	The Company	Utility Model	200820078184.3	2008.07.30	2009.09.16
5.	皮帶機轉接塔防溢煤裝置 Coal overflow preventing apparatus of belt conveyer transfer tower	The Company	Utility Model	200820078182.4	2008.07.30	2009.07.01
6.	翻車機料斗移動篦子 Movable grate of tipper hopper	The Company	Utility Model	200820078183.9	2008.07.30	2009.07.01
7.	基於MTS控制的翻車機靠車板 Vehicle-approaching plate for car dumper based on MTS control	The Company	Utility Model	200820078214.0	2008.08.06	2009.07.29
8.	煤炭堆場水除塵上位機監控系統 Coal yard water removing dust upper computer monitoring system	The Company	Utility Model	200820078307.3	2008.08.26	2009.06.03
9.	翻車機可調拉杆的改進結構 Improved structure of adjustable pull rod of car tipper	The Company	Utility Model	200920104307.0	2009.08.20	2010.05.12
10.	新型翻車機系統 Novel car dumper system	The Company	Utility Model	200920104306.6	2009.08.20	2010.05.12

No.	Patent Name	Patentee	Class of Patents	Patent No.	Application Date	Publication Date
11.	齒輪-齒條傳動模式的運行位置檢測計數裝置 Running position detecting and counting device with gear-rack transmission mode	The Company	Utility Model	200920254872.5	2009.12.01	2010.09.08
12.	皮帶機工藝擋板 Technical baffle of conveyor belt	The Company	Utility Model	200920254382.5	2009.11.03	2011.01.12
13.	門機繩差調節機構 Gantry crane rope difference adjusting mechanism	The Company	Utility Model	200920254380.6	2009.11.03	2010.07.28
14.	壓套機模具更換小車 Bushing press mold replacing trolley	The Company	Utility Model	200920254871.0	2009.12.01	2010.09.08
15.	大輪單板起重鉗 Bull-wheel single-plate hoisting tongs	The Company	Utility Model	200920254381.0	2009.11.03	2010.07.21
16.	鋼絲繩放繩轉盤 Steel wire rope releasing rotary disk	The Company	Utility Model	200920254379.3	2009.11.03	2010.07.21
17.	雙吊點C型吊具 Double-lifting point C-shaped lifting appliance	The Company	Utility Model	201020653884.8	2010.12.10	2011.06.22
18.	清艙集裝斗 Hold-clearing containing bucket	The Company	Utility Model	201020653881.4	2010.12.10	2011.07.06
19.	鐵路車廂兩端車鉤端連接檢測裝置 Connecting and detecting device for coupler ends at two ends of railway carriage	The Company	Utility Model	201120284633.1	2011.08.08	2012.04.18
20.	用於電氣化鐵路車廂橫樑防碰觸高壓接觸網的檢測裝置 Detecting device for electrified railway carriage crossbeam touch-prevention high-voltage contact net	The Company	Utility Model	201120284635.0	2011.08.08	2012.04.18
21.	堆料機懸臂防碰撞裝置 Stacker cantilever collision preventing apparatus	The Company	Utility Model	201220581597.X	2012.11.07	2013.05.22

No.	Patent Name	Patentee	Class of Patents	Patent No.	Application Date	Publication Date
22.	用於翻車機待卸車皮表層煤炭自燃檢測裝置 Detecting apparatus for coal self-ignition on the surface of car dumper and car waiting for discharging	The Company	Utility Model	201220581852.0	2012.11.07	2013.05.22
23.	翻車機液壓站驅動工藝優化節能裝置 Driving technology optimizing and energy-saving apparatus for car dumper hydraulic station	The Company	Utility Model	201220582286.5	2012.11.07	2013.05.22
24.	定位車驅動組合優化節能裝置 Driving assembly optimizing and energy-saving apparatus for positioning car	The Company	Utility Model	201220582250.7	2012.11.07	2013.05.22

Under PRC laws, a granted invention has a validity period of 20 years from the date of its application and a granted utility model has a validity period of 10 years from the date of its application.

Software Copyrights

As of the Latest Practicable Date, we have 27 computer software copyrights in possession in the PRC, all of which have been granted the registration certificates of computer software copyright.

No.	Name of Software	Licensee	Registration No.	Date of Initial Publication
1	QGXX 港口計劃統計系統 V1.0 QGXX Port Planning Statistics System V1.0	The Company	2009SR08565	2008.08.02
2	QGXX 港關聯動信息交換系統 V1.0 QGXX Port-Customs Information Exchange System V1.0	The Company	2009SR06291	2008.12.16
3	QGXX 路港合署辦公系統 V1.0 QGXX Port-Railway Shared Office System V1.0	The Company	2009SR06288	2008.12.16
4	QGXX 港口船停時指標細化系統 V1.0 QGXX Port Ship Docking Refinement System V1.0	The Company	2009SR08569	2008.07.01
5	QGXX 引航管理信息系統 V1.0 QGXX Pilotage Management Information System V1.0	The Company	2009SR06290	2008.12.16
6	QGXX 企業多級網站管理系統 V1.0 QGXX Enterprise Multilevel Website Management System V1.0	The Company	2009SR08570	2008.09.10
7	QGXX 企業行政事務管理信息系統 V1.0 QGXX Enterprise Administration Management Information System V1.0	The Company	2009SR08567	2008.06.27

No.	Name of Software	Licensee	Registration No.	Date of Initial Publication
8	QGXX 企業在建工程合同管理系統 V1.0 QGXX Enterprise Ongoing Projects Contracts Management System V1.0	The Company	2009SR08566	2008.08.20
9	QGXX 港口供電生產管理信息系統 V1.0 QGXX Port Power Supply & Production Management Information System V1.0	The Company	2009SR08568	2008.06.23
10	QGXX 港口設備潤滑系統 V1.0 QGXX Port Equipment Lubrication System V1.0	The Company	2009SR08571	2008.07.18
11	QGXX 港口企業技改項目申報系統 V1.0 QGXX Port Enterprise Technology Advancement Projects Application System V1.0	The Company	2009SR08572	2008.06.06
12	QGXX 港口生產統計系統 V1.0 QGXX Port Production Statistics System V1.0	The Company	2009SR06289	2008.12.16
13	QGXX 港口煤炭貨運費收系統 V1.0 QGXX Port Coal Freight Charging System V1.0	The Company	2010SR024654	2010.04.01
14	QGXX 企業門戶網站系統 V1.2 QGXX Enterprise Portal Website System V1.2	The Company	2011SR056695	2010.08.12
15	QGXX 港口雜貨生產管理系統 V1.0 QGXX Port General Cargo Production Management System V1.0	The Company	2011SR056694	2010.09.01
16	QGXX 港口作業可視化管理信息系統 V1.0 QGXX Port Operation Visualization Management Information System V1.0	The Company	2011SR056700	2010.06.09
17	QGXX 散雜貨碼頭電子數據交換平臺 V1.0 QGXX E-data Interchange Platform of Bulk Cargo Terminal V1.0	The Company	2011SR056701	2010.12.26
18	QGXX 港口生產調度管理系統 V1.0 QGXX Port Production Coordination Management System	The Company	2011SR056698	2010.12.16
19	QGXX 港口安全教育培訓檔案管理系統 V1.0 QGXX Port Security Training and Records Management System V1.0	The Company	2011SR056699	2010.12.26
20	QGXX 港口企業資產管理系統 1.32 QGXX Port Enterprise Assets Management System 1.32	The Company	2011SR056693	2010.10.30
21	QGXX 帶式輸送機故障分析與預測系統 V1.0 QGXX Conveyor Belt Malfunction Analysis and Prediction System V1.0	The Company	2011SR056697	Unpublished
22	QGXX 科技管理系統 V1.0 QGXX Science and Technology Management System V1.0	The Company	2011SR056696	Unpublished
23	QGXX 港口煤炭生產管理系統 V1.0 QGXX Port Coal Production Management System V1.0	The Company	2012SR016503	2010.11.17

No.	Name of Software	Licensee	Registration No.	Date of Initial Publication
24	QGXX 港口雜貨貨運費收管理信息系統 V1.0 QGXX Port Bulk Cargo Transportation Fees Charging and Management Information System V1.0	The Company	2013SR033071	2011.04.01
25	QGXX 集成化綜合辦公平臺 V1.0 QGXX Integrated and Centralized Office Platform V1.0	The Company	2013SR033020	2013.03.02
26	QGXX 港口公積金管理系統 V1.0 QGXX Port Accumulation Funds Management System V1.0	The Company	2013SR060916	2012.12.01
27	QGXX 港口工作日誌管理信息系統 V1.0 QGXX Port Work Log Management Information System V1.0	The Company	2013SR060787	2012.06.30

Domain Names

As at the Latest Practicable Date, we have registered the following domain names:

Domain Name	Registrant
www.portqhd.com	The Company
www.qhdportedi.com	The Company
www.秦皇島港EDI.com	The Company
www.秦皇島港股份有限公司.com	The Company
www. 秦港股份.com	The Company
www.qhdport.com	The Company

C. Land use rights

As at the Latest Practicable Date, we owned the following land use rights:

No.	Owner of land use right	Land Use Right certificate	Location	Type of land use right	Area of land use right (sq. m.)	Expiration Date	Other rights of use
1	The Company	Qin Ji Guo Yong [2008] Di No. 142	North of Jianshe Avenue	Grant	20,153.54	April 18, 2058	No
2	The Company	Qin Ji Guo Yong [2008] Di No. 121	Beian Road	Grant	7,068.10	April 18, 2058	No
3	The Company	Qin Ji Guo Yong [2008] Di No. 116	North of Jianshe Avenue	Grant	98,207.20	April 18, 2058	No
4	The Company	Qin Ji Guo Yong [2008] Di No. 141	Eastern zone	Grant	263,940.27	April 18, 2058	No
5	The Company	Qin Ji Guo Yong [2008] Di No. 118	Eastern zone	Grant	831,415.59	April 18, 2058	No

No.	Owner of land use right	Land Use Right certificate	Location	Type of land use right	Area of land use right (sq. m.)	Expiration Date	Other rights of use
6	The Company	Qin Ji Guo Yong [2008] Di No. 119	Eastern zone	Grant	641,139.42	April 18,2058	No
7	The Company	Qin Ji Guo Yong [2008] Di No. 122	South of Jianshe Avenue	Grant	1,143,839.01	April 18, 2058	No
8	The Company	Qin Ji Guo Yong [2008] Di No. 114	Eastern zone	Grant	390,361.66	April 18, 2058	No
9	The Company	Qin Ji Guo Yong [2013] Di Hai No. 066	Eastern zone	Grant	431,841.65	April 18, 2058	No
10	The Company	Qin Ji Guo Yong [2008] Di No. 132	Eastern zone	Grant	438,213.17	April 18, 2058	No
11	The Company	Qin Ji Guo Yong [2008] Di No. 134	Eastern zone	Grant	752,368.17	April 18, 2058	No
12	The Company	Qin Ji Guo Yong [2008] Di No. 113	Eastern zone	Grant	464,012.10	April 18, 2058	No
13	The Company	Qin Ji Guo Yong [2008] Di No. 117	North of Jianshe Avenue	Grant	13,678.71	April 18, 2058	No
14	The Company	Qin Ji Guo Yong [2008] Di No. 133	Eastern zone	Grant	193,738.66	April 18, 2058	No
15	The Company	Qin Ji Guo Yong [2008] Di No. 140	Haibin Road	Grant	201.06	April 18, 2058	No
16	The Company	Qin Ji Guo Yong [2013] Di Hai No. 067	Eastern zone	Grant	91,965.21	April 18, 2058	No
17	The Company	Qin Ji Guo Yong [2008] Di No. 159	Haibin Road	Grant	19,790.43	April 18, 2058	No
18	The Company	Qin Ji Guo Yong [2008] Di No. 136	Eastern zone	Grant	255,404.93	April 18, 2058	No
19	The Company	Qin Ji Guo Yong [2008] Di No. 135	Eastern zone	Grant	70,672.21	April 18, 2058	No
20	The Company	Qin Ji Guo Yong [2008] Di No. 139	Jianshe Avenue (Eastern zone)	Grant	27,705.30	April 18, 2058	No
21	The Company	Qin Ji Guo Yong [2008] Di No. 112	Eastern zone	Grant	14,026.70	April 18, 2058	No

No.	Owner of land use right	Land Use Right certificate	Location	Type of land use right	Area of land use right (sq. m.)	Expiration Date	Other rights of use
22	Ruigang Company	Qin Ji Guo Yong[2008] Kai Shang No. 021	Unit No. A-303, Fubao Shangcheng	Grant	93.25	March 9, 2044	No
23	Cangzhou Bohai	Cang Bo Guo Yong [2011] Di No. 010	South of Planned Road No. 1 and west of Planned Road No. 12, Bohai New District	Grant	171,150.69	October 28, 2050	No
24	Cangzhou Bohai	Cang Bo Guo Yong [2011] Di No. 011	North of Planned Road No. 1 and west of Planned Road No. 12, Bohai New District	Grant	118,019.68	October 28, 2050	No
25	Cangzhou Bohai	Cang Bo Guo Yong [2011] Di No. 012	North of Planned Road No. 3 and west of Planned Road No. 12, Bohai New District	Grant	54,144.68	October 28, 2050	No
26	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0285	Unit 3, Building No. 9, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	97.80	August 30, 2044	No
27	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0284	Unit 2, Building No. 9, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	97.10	August 30, 2044	No
28	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0283	Unit 1, Building No. 9, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	100.90	August 30, 2044	No
29	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0282	Unit 7, Building No. 8, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	100.00	August 30, 2044	No

No.	Owner of land use right	Land Use Right certificate	Location	Type of land use right	Area of land use right (sq. m.)	Expiration Date	Other rights of use
30	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0281	Unit 6, Building No. 8, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	96.20	August 30, 2044	No
31	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0280	Unit 5, Building No. 8, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	100.00	August 30, 2044	No
32	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0279	Unit 4, Building No. 8, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	99.00	August 30, 2044	No
33	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0278	Unit 3, Building No. 8, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	97.30	August 30, 2044	No
34	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0277	Unit 2, Building No. 8, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	97.30	August 30, 2044	No
35	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0276	Unit 1, Building No. 8, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	100.80	August 30, 2044	No
36	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0275	Unit 7, Building No. 7, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	99.70	August 30, 2044	No

No.	Owner of land use right	Land Use Right certificate	Location	Type of land use right	Area of land use right (sq. m.)	Expiration Date	Other rights of use
37	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0274	Unit 6, Building No. 7, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	96.40	August 30, 2044	No
38	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0273	Unit 5, Building No. 7, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	99.50	August 30, 2044	No
39	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0272	Unit 4 Building No. 7, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	99.30	August 30, 2044	No
40	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0271	Unit 3 Building No. 7, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	97.30	August 30, 2044	No
41	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0270	Unit 3 Building No. 7, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	97.20	August 30, 2044	No
42	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0286	Unit 4, Building No. 9 Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	99.70	August 30, 2044	No
43	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0287	Unit 5, Building No. 9, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	100.30	August 30, 2044	No

No.	Owner of land use right	Land Use Right certificate	Location	Type of land use right	Area of land use right (sq. m.)	Expiration Date	Other rights of use
44	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0288	Unit 6, Building No. 9, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	96.60	August 30, 2044	No
45	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0269	Unit 1, Building No. 7, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	101.00	August 30, 2044	No
46	Cangzhou Bohai	Cang Bo Guo Yong [2010] Di No. 0289	Unit 7, Building No. 9, Xinyuan Construction Materials Wholesale Market, Bohai New District	Grant	100.00	August 30, 2044	No

D. Sea area use rights

As of the Latest Practicable Date, along with our subsidiaries, we have eleven sea area use rights with a total gross area of approximately 1,134.13 hectares, all of which are granted the certificates of sea areas use rights.

No.	Proprietor	Sea Area Use Right Certificate	Sea Area (hectare)	Usage Category	Expiration Date
1	The Company	Guo Hai Zheng No. 081100016	42.19	Transportation; Port-related	Oct. 10, 2056
2	The Company	Guo Hai Zheng No. 081310016	422.35	Marine Transportation	Nov. 25, 2052
3	The Company	Guo Hai Zheng No. 081310017	66.15	Marine Transportation	Nov. 24, 2057
4	The Company	Guo Hai Zheng No. 081300013	0.2113	Structures & Non-Permeable Structures	Oct. 31, 2058
5	The Company	Guo Hai Zheng No. 10130058	0.2121	Transportation	Dec. 14, 2060
6	Cangzhou Bohai	Guo Hai Zheng No. 091300006	145.9075	Land Reclamation from Sea, Sea Reclamation by Structures Construction, and Other Open Usage	Mar. 08, 2059
7	Caofeidian Coal	Guo Hai Zheng No. 111100045	251.26	Land Reclamation from Sea; Port Pool	June 16, 2061
8	Cangzhou Bohai	Guo Hai Zheng No. 101300033	50.0094	Land Reclamation from Sea, Sea Reclamation by Permeable Structures	Sep. 27, 2060

No.	Proprietor	Sea Area Use Right Certificate	Sea Area (hectare)	Usage Category	Expiration Date
9	Cangzhou Bohai	Guo Hai Zheng No. 101300027	53.8339	Transportation; Port-related	July 08, 2060
10	Cangzhou Bohai	Guo Hai Zheng No. 2013A13098300828	14.2061	Transportation; Portrelated	Aug. 21, 2063
11	Cangzhou Bohai	Guo Hai Zheng No. 2013A13098300815	87.789	Transportation; Portrelated	Aug. 21, 2063

5. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' Contracts

Each of the executive Director and non-executive Director, entered into a service contract with our Company on November 11, 2013. The principal particulars of these service agreements are (a) for a term of three years commencing from the date on which the relevant Shareholders' approvals for the appointment were obtained and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules and regulations.

Each of the Supervisors entered into a contract in respect of, among others, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration with our Company on November 11, 2013.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Remuneration of Directors and Supervisors

The aggregate amounts of compensation (including fees, salaries, contributions to pension schemes, housing allowances and other allowances, benefits in kind and discretionary bonuses) which were paid to the Directors and Supervisors during the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, were approximately RMB1,100,000, RMB1,374,000, RMB2,313,000 and RMB1,236,000, respectively.

Save as disclosed above, no other payments have been paid or are payable by us to the Directors and Supervisors in respect of the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

There is no arrangement under which any Director has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments by any Director during the current financial year.

Under the existing arrangements currently in force, the aggregate compensation (including remuneration, benefits in kind but excluding discretionary bonuses) payable to the Directors and the Supervisors for the year ending December 31, 2013 are estimated to be approximately RMB2.05 million and RMB1.55 million, respectively.

Each of the Directors and Supervisors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his or her duties.

6. DISCLOSURE OF INTERESTS

A. Disclosure of Interests of the Directors and Supervisors

Immediately following the completion of the Global Offering, none of our Directors or Supervisors has any interest or short positions in our Shares, underlying shares of equity derivatives and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required to be recorded in the register under Section 352 of the SFO or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Hong Kong Listing Rules.

Up to the Latest Practicable Date, none of the Directors or Supervisors or their respective spouses and children under 18 years of age had been granted by the Company or had exercised any rights to subscribe for shares or debentures of the Company or any of its associated corporations.

B. Disclosure of Interests of Substantial Shareholders' Interest

To the best knowledge of our Directors, the following persons will, immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have interests or short position in the Shares or underlying shares which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the Company:

Shareholder	Nature of interest	Number of shares held after the Global Offering	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering (assuming the Over-allotment Option is not exercised)[1]	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering (assuming the Over-allotment Option is not exercised)[2]
HPG[3]	Beneficial owner/ Interest of controlled corporation	3,104,314,204 Domestic Shares	73.92%	61.72%
Qinhuangdao SASAC	Beneficial owner/ Interest of controlled corporation	629,824,026 Domestic Shares	15.00%	12.52%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares (excluding 75,441,000 H Shares to be converted from Domestic Shares) of the Company after the Global Offering.

(2) The calculation is based on the total number of 5,029,412,000 Shares in issue immediately after the Global Offering.

(3) Based on the discussion by the interested parties and the approval by the SASAC, HPG will sell the applicable Sale Shares and remit such proceeds from the sale of the applicable Sale Shares to NSSF on behalf of Daqin Railway.

C. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors, Supervisors or the parties listed in the paragraph headed "Qualification of Experts" of this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to our Group or are proposed to be acquired or disposed of by or leased to our Group;

(b) none of the Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business taken as a whole;

(c) neither of the parties listed in the paragraph headed "Qualification of Experts" of this Appendix:

  (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiary; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;

(d) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Hong Kong Stock Exchange;

(e) as at the Latest Practicable Date, none of the Directors, Supervisors, or their associates, or any Shareholders (who to the knowledge of the Directors owns more than 5% of our issued share capital), had any interest in our top five business customers;

(f) no amount, securities or benefit has been paid, allotted or given within the two years preceding the date of this prospectus to the promoter nor is any such amount, securities or benefit intended to be paid, allotted or give. None of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with our business; and

(g) none of the Directors or Supervisors has been paid in cash or shares or otherwise by any person in respect of the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, as an inducement to join or upon joining the Company, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

7. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or our subsidiaries.

B. Litigation

As of the Latest Practicable Date, save as disclosed in this prospectus, we are not engaged in any material litigation, arbitration or administrative proceedings which could have a material effect on our financial condition or results of operations. So far as the Directors are aware, no such litigation, arbitration or administrative proceedings of material importance is pending or threatened against the company.

C. Restrictions on Share Repurchases

Please refer to "Appendix V — Summary of Principal Legal and Regulatory Provisions — (vi) Restrictions on purchase and subscription of its own securities" for details.

D. Joint Sponsors

Each of the Joint Sponsors, namely, Citigroup Global Markets Asia Limited, China International Capital Corporation Hong Kong Securities Limited and HSBC Corporate Finance (Hong Kong) Limited satisfies the independence criteria applicable to sponsors pursuant to Rule 3A.07 of the Hong Kong Listing Rules.

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

E. Compliance advisor

We will appoint Citigroup Global Markets Asia Limited as our compliance advisor upon Listing in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

F. Preliminary expenses

The estimated preliminary expenses incurred or to be incurred by our Company are approximately HK$254.07 million and are payable by our Company.

G. Qualification of experts

The qualifications of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this prospectus, are as follows:

Name	Qualification
Citigroup Global Markets Asia Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities as defined under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 5 (advising on future contracts) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
HSBC Corporate Finance (Hong Kong) Limited	Licensed to conduct type 6 (advising on corporate finance) regulated activities as defined under the SFO
King & Wood Mallesons Lawyers	PRC legal advisor
Ernst & Young	Certified Public Accountants
Savills Valuation and Professional Services Limited	Independent property valuer and consultant
Drewry Maritime Service (Asia) Pte Ltd	Industry advisor

H. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effect on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is HK$2.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix IV — Taxation and Foreign Exchange" to this prospectus.

I. No material adverse change

Save as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2013.

J. Binding effect

This prospectus shall have the effect, if an application is made in pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

K. Miscellaneous

(1) Information in relation to the Huang Jianhua case

Facts

Huang Jianhua ("**Huang**") was formerly the chairman and general manager of HPG, and from March 2008 to December 2009, was also the chairman of our Company. Upon the restructuring of HPG in 2009, Huang ceased to be the chairman of our Company and also did not hold any position of director, supervisor or senior management of our Company.

On December 4, 2010, Hebei SASAC announced that Huang was subject to serious disciplinary actions due to his breach of laws and regulations. On February 13, 2011, Huang was arrested for suspected bribery. On November 3, 2011, according to the judgment of the Intermediate People's Court of Zhangjiakou City, Hebei Province, Huang, who illegally abused his official position to facilitate others to receive favorable treatment illegally and accept bribery of over RMB20.23 million and US$110,000 in exchange for personal gains, was convicted of bribery charges. The court sentenced Huang to death, the execution of which was suspended for two years, and permanent deprivation of his political rights and personal property. Huang served the punishment in accordance to the judgment (the "**Huang case**").

No Material Impact on our Company

Our Directors are of the view that the Huang case did not have any material impact on our Company for the following reasons:

(1) Since December 2009, Huang was no longer the chairman of our Company, or did not hold any position of director, supervisor or senior management of our Company. Since the beginning of the Huang case, none of our then and current Directors, Supervisors or senior management was subject to any investigations, any criminal penalty, administrative punishment, or any party disciplinary actions, or was disqualified from their official positions. In addition, all of our Directors, Supervisors and senior management have continued to discharge their duties normally.

(2) The Huang case was a case involving violation of laws by Huang as an individual. Since the beginning of the Huang case, our Company provided our full cooperation to the relevant government authorities to assist the investigation against Huang. Our Company was not served with any notice or legal document requiring our Company to participate in the legal proceedings of the Huang case, nor was subject to any penalties as a result of the Huang case.

(3) As the illegal acts of Huang mainly took place prior to 2009 or did not involve our Company, such illegal acts did not materially affect the financial position of our Company during the Track Record Period, and neither was our Company's ordinary course of business adversely affected.

Corporate Governance Measures

Since the establishment of our Company, we have implemented comprehensive internal control system and measures to ensure sound corporate governance in place for our Company, including measures which (1) clarify authorization and power delegation for each layer of management from shareholder's meetings, board of directors, chairman of the board to the general manager, (2) ensure secured and proper funds usage, (3) adopt stringent risk control for external investments, (4) strengthen project management for engineering projects, (5) optimize procurement and purchase system and plug the loopholes of the procurement process, (6) enhance the control policy in respect of fund raising, and (7) provide guidance for transactions with related parties.

Since the Huang case, the boards for our Shareholders, Directors, Supervisors and all board committees have been performing their duties and functions as normal. We have not known, or do not know any material change, or impact, on the corporate governance of our Company.

(2) Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus: (i) we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any of the shares or loan capital of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) there are no founder, management or deferred shares nor any debentures in our Company;

(d) the Company has no outstanding convertible debt securities or debentures;

(e) there are no arrangements under which future dividends are waived or agreed to be waived;

(f) there have been no interruptions in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought; and

(h) our Company currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the Sino-Foreign Joint Venture Law of the PRC.

L. Consents

Each of the Joint Sponsors, Ernst & Young, Savills Valuation and Professional Services Limited, King & Wood Mallesons Lawyers, and Drewry Maritime Service (Asia) Pte Ltd, as referred to in the paragraph headed "Qualification of Experts" in this Appendix has given and has not withdrawn their respective written consent to the issue of this prospectus with the inclusion of any of its certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it is included.

M. Promoters

The Promoters of our Company are QPG (which was subsequently renamed to HPG), Daqin Railway, Datong Mine, China Shipping, China Life Investment, Shougang Group, Beijing Enterprises, Qinhuangdao Industrial, Hebei Communications, and Hebei SA Holdings. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, security or benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the Promoter named above in connection with the Global Offering or the related transactions described in this prospectus.

N. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in the section headed "Connected Transactions" in this prospectus and in note 38 of the "Accountants' Report" in Appendix I to this prospectus.

O. Personal guarantees

The Directors and Supervisors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

P. Particulars of Selling Shareholders

Particulars of the Selling Shareholders are as follows:

Name of the Selling Shareholders	Description	Registered Office	Number of Sale Shares offered in the Global Offering	Number of Sale Shares offered in the Global Offering (assuming full exercise of the Over-allotment Option)
Hebei Port Group Co., Ltd. . . .	PRC corporation	Unit D, Jindao Building, Caofeidian Comprehensive Service Zone (Sanjia), Tangshan, Hebei, PRC	56,533,901	65,013,857
State-owned Assets Supervision and Administration Commission of the People's Government of Qinhuangdao	PRC government	No. 321 Gangcheng Da Road, Haigang District, Qinhuangdao, Hebei, PRC	11,314,208	13,011,327
Hebei Construction & Investment Communications Investment Co., Ltd.	PRC corporation	Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang, Hebei, PRC	3,820,831	4,393,951
China Shipping (Group) Company	PRC corporation	No. 700 Dong Da Ming Road, Shanghai, PRC	754,412	867,573
China Life Investment Holding Company Limited	PRC corporation	11/F, 17 Financial Street, Xicheng District, Beijing, PRC	754,412	867,573
Shougang Group	PRC corporation	Shijingshan Road, Shijingshan District, Beijing, PRC	754,412	867,573

Name of the Selling Shareholders	Description	Registered Office	Number of Sale Shares offered in the Global Offering	Number of Sale Shares offered in the Global Offering (assuming full exercise of the Over-allotment Option)
Beijing Enterprises Group Company Limited	PRC corporation	Room 1701, 4/F, 38 North Dongsanhuan Road, Chaoyang District, Beijing, PRC	754,412	867,573
Datong Coal Mine Group Co., Ltd.	PRC corporation	Xin Ping Wang, Mining District, Datong City, Shanxi, PRC	754,412	867,573

The number of Sale Shares to be sold by the Selling Shareholders will not be more than 86,757,000 (assuming full exercise of the Over-allotment Option).

Q. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in the paragraph headed "Appendix VII — Statutory and General Information — Other Information — Consents" to this prospectus;

(c) a copy of each of the material contracts referred to in the paragraph headed "Appendix VII — Statutory and General Information — Further Information about our Business — Summary of our Material Contracts" to this prospectus; and

(d) the names, description and addresses of the Selling Shareholders.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Kirkland & Ellis at 26th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association in Chinese;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in "Appendix I — Accountants' Report" to this prospectus;

(c) the audited consolidated financial statements of the Group for each of the three years ended December 31, 2010, 2011 and 2012 and for the six months ended June 30, 2013;

(d) the letter relating to the unaudited pro forma financial information of the Group, the text of which is set out in "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus;

(e) the letter, the summary of values, the valuation certificates and valuation report relating to the property interests of our Group prepared by Savills Valuation and Professional Services Limited, the texts of which are set out in "Appendix III — Property Valuation" to this prospectus;

(f) the PRC legal opinions issued by King & Wood Mallesons Lawyers, our PRC legal advisor, dated November 29, 2013 in respect of our general matters and property interests of the Group;

(g) the material contracts referred to in the paragraph headed "Appendix VII — Statutory and General Information — Further Information about our Business — Summary of our Material Contracts" to this prospectus;

(h) the written consents referred to in the paragraph headed "Appendix VII — Statutory and General Information — Other Information — Consents" to this prospectus;

(i) the service contracts referred to in the paragraph headed "Appendix VII — Statutory and General Information — Further Information about our Directors and Supervisors — Particulars of Directors' and Supervisors' Contracts" to this prospectus; and

(j) the PRC Company Law, the Special Regulations and the Mandatory Provisions together with unofficial English translations thereof.



秦皇岛港股份有限公司

QINHUANGDAO PORT CO.,LTD.*