



# 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

# 2020 ANNUAL REPORT



\*For identification purposes only

# IMPORTANT NOTICE

- I. **The Board, the supervisory committee, the directors, supervisors and senior management of the Company hereby warrant that the contents of this annual report are true, accurate and complete, and there are no false representations, misleading statements or material omissions, and are jointly and severally responsible for the legal liabilities of the Company.**
- II. **All directors of the Company have attended the Board meeting.**
- III. **Ernst & Young Hua Ming LLP issued a standard unqualified audit report for the Company.**
- IV. **CAO Ziyu, the head of the Company, GUO Xikun, the chief financial officer, and XIE Hui, the head of accounting department (Accounting Officer) have declared that they warrant the truthfulness, accuracy and completeness of the financial statements in this annual report.**
- V. **The profit distribution proposal or proposal to transfer capital reserve to share capital for the reporting period as considered by the Board**

Taking into account of operation and capital of the Company, on the basis of total share capital of 5,587,412,000 shares as at 31 December 2020, the Company proposes to pay cash dividend of RMB0.64 (tax inclusive) for every 10 shares to all shareholders, with a total cash dividend amounting to RMB357,594,368.00.

If there is any change to the total share capital registered at the date of the subsequent implementation of interest distribution, the Company intends to keep the total distribution unchanged and makes corresponding adjustment to the distribution ratio.

- VI. **Statement for the risks involved in the forward-looking statements**

Applicable    Not applicable

Forward-looking statements, such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of investment risks.

- VII. **Is there any misappropriation of funds by the Controlling Shareholder and its related parties for non-operating purposes**

No

- VIII. **Is there any external guarantee made in violation of the required decision-making procedures?**

No

- IX. **Are there more than half of the directors who cannot guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company**

No

- X. **Warning of major risks**

The Company has described relevant risks in this report. Please refer to "IV. (IV) Potential Risks" of "Section 5 Report of the Board of Directors" in this report for more details.

- XI. **Others**

Applicable    Not applicable

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# SECTION I DEFINITIONS

## I. DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the meanings as follows:

### DEFINITIONS OF USEFUL EXPRESSIONS

A Share(s)	the domestic listed RMB ordinary share(s) in the share capital of QHD Port with a nominal value of RMB1.00 each, which are listed on the SSE
Audit Committee	the Audit Committee of the Board
Berth	the place of a dock designated for a vessel to moor
Board or Board of Directors	The board of directors of QHD Port
Bulk cargo	loose commodity cargo that is transported in volume size including dry bulk cargo and liquid bulk cargo
Cangzhou Bohai Port	Cangzhou Bohai Port Co., Ltd.* (滄州渤海港務有限公司), a company established in the PRC with limited liability on 31 October 2007, and merged with Cangzhou Mineral Port in January 2021
Cangzhou Mineral Port	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驛港礦石港務有限公司), a company established in the PRC with limited liability on 10 April 2012, with 97.59% of its equity interest held by the Company as at the date of this report
Caofeidian Coal Port	Tangshan Caofeidian Coal Stevedoring Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company established in the PRC with limited liability on 29 October 2009, with 51.00% of its equity interest held by the Company as at the date of this report
Caofeidian Port	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
Company or the Company	Qinhuangdao Port Co., Ltd.* and its subsidiaries
Corporate Governance Code corresponding period of 2019	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules the twelve months ended 31 December 2019
CSRC	China Securities Regulatory Commission
Daqin Railway	the railway line from Hanjialing Station in Datong County, Shanxi Province to the Liucun South Station in Qinhuangdao City, Hebei Province
Director(s)	Director(s) of QHD Port
Economic hinterland or Hinterland	Hinterland connected with the port by means of transportation, a territory scope in the port where cargoes are generated from or cargoes to be transshipped through the port are consumed
General cargo	a general terms for cargoes of various varieties, nature and packaging forms
H Share(s)	Hong Kong listed ordinary share(s) in the share capital of QHD Port with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
Harbor	land and water surface of the port within the territory of the port and demarcated by the administrative agency of local government
Hebei Port, HPG, controlling shareholder or QHD Port Group	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which directly holds 54.27% equity interest of the Company
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
HPG Finance	Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)
Huanghua Port	Huanghua Port in Cangzhou City, Hebei Province
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
Prospectus	the Prospectus for the Initial Public Offering and Listing of A Shares of Qinhuangdao Port Co., Ltd. issued by the Company on SSE on 13 July 2017
QHD Port	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC on 31 March 2008
Qinhuangdao Port	Qinhuangdao Port in Qinhuangdao City, Hebei Province
Reporting Period or the Year	the twelve months ended 31 December 2020
Shanghai Listing Rules	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Terminal	designated for mooring vessels, loading and unloading cargoes and boarding travelers
TEU	a statistical conversion unit for containers, a container of twenty feet in length (i.e. one TEU)
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

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### I. PROFILE OF THE COMPANY

Company name (in Chinese)	秦皇島港股份有限公司
Abbreviation in Chinese	秦港股份
Company name (in English)	QINHUANGDAO PORT CO., LTD.
Abbreviation in English	QHD PORT
Legal representative of the Company	CAO Ziyu

### II. CONTACT PERSON AND CONTACT METHOD

	Secretary to the Board	Securities Representative
Name	MA Xiping	ZHANG Nan
Address	35 Haibin Road, Qinhuangdao, Hebei Province	35 Haibin Road, Qinhuangdao, Hebei Province
Telephone	0335-3099676	0335-3099676
Facsimile	0335-3093599	0335-3093599
E-mail	qggf@portqhd.com	qggf@portqhd.com

### III. BASIC INFORMATION

Registered address of the Company	35 Haibin Road, Qinhuangdao, Hebei Province
Postal code of registered address of the Company	066001
Business address of the Company in the PRC	35 Haibin Road, Qinhuangdao, Hebei Province
Postal code of the business address of the Company in the PRC	066001
Website address of the Company	www.portqhd.com
E-mail	qggf@portqhd.com

### IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name of media of information disclosure designated by the Company	Securities Times and China Securities Journal
Website designated by the CSRC for publication of annual report	www.sse.com.cn
International website designated by the Stock Exchange for information disclosure	www.hkexnews.hk
Place where annual report is available for inspection	the Securities Department of QHD Port

### V. SHARES OF THE COMPANY

#### Information on Shares of the Company

Types of Shares	Stock exchanges of listing	Stock abbreviation	Stock codes	Stock abbreviation before changes
A Shares	Shanghai Stock Exchange	QHD PORT	601326	Not Applicable
H Shares	The Stock Exchange of Hong Kong Limited	QHD PORT	03369	Not Applicable

### VI. OTHER RELEVANT INFORMATION

Auditor appointed by the Company (domestic)	Name of auditor	Ernst & Young Hua Ming LLP
	Office address	Room, 01-12, Level 17, Ernst & Young Tower Oriental Plaza, No 1 East Chang An Avenue, Dongcheng District, Beijing
	Signing accountants	Wang Tianqing, Cheng Xianming
A sponsor performing continuous supervision duties during the Reporting Period	Name of sponsor	China International Capital Corporation Limited
	Office address	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Signing sponsor representatives	Ma Qinghai, Du Yiqing
	Continuous supervision period	From 16 August 2017 to 31 December 2021
Legal Advisor	Hong Kong: Herbert Smith Freehills LLP 23rd Floor Gloucester Tower 15 Queen's Road Central Hong Kong	
	PRC: King & Wood Mallesons 18th Floor, East Tower, World Financial Center 1 Dongsanhuan Zhonglu, Chaoyang District, Beijing, PRC	
Share Registrar	H Shares: Hong Kong Registrars Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong	
	A Shares: China Securities Depository & Clearing Corp. Ltd. Shanghai Branch 36th Floor, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai	

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE PAST THREE YEARS

#### (I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2020	2019	Increase/decrease for the current period as compared to the corresponding period of the previous year (%)	2018
Operating revenue	6,455,853,710.64	6,722,730,009.09	-3.97	6,876,632,377.63
Net profit attributable to Shareholders of the listed Company	995,132,015.27	931,247,331.39	6.86	810,263,268.11
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	949,204,357.02	866,409,682.83	9.56	767,106,116.81
Net cash flow generated from operating activities	2,555,826,406.42	2,453,136,528.16	4.19	2,697,203,346.76

	At the end of 2020	At the end of 2019	Increase/decrease as at the end of the current period as compared to the corresponding period of the previous year (%)	At the end of 2018
Net assets attributable to Shareholders of the listed Company	15,216,180,502.61	14,610,442,895.38	4.15	13,894,972,220.29
Total assets	26,243,366,760.77	25,479,855,440.54	3.00	25,959,191,003.13

#### (II) Major financial indicators

Major financial indicators	2020	2019	Increase/decrease for the current period as compared to the corresponding period of the previous year (%)	2018
Basic earnings per share (RMB/Share)	0.18	0.17	5.88	0.15
Diluted earnings per share (RMB/Share)	0.18	0.17	5.88	0.15
Basic earnings per share after deducting non-recurring profits and losses (RMB/Share)	0.17	0.16	6.25	0.14
Weighted average return on net assets (%)	6.54	6.53	Increased by 0.01 percentage point	5.90
Weighted average return on net assets after deducting non-recurring profits and losses (%)	6.24	6.08	Increased by 0.16 percentage point	5.59

Description of major accounting data and financial indicators of the Company for the first three years as at the end of the Reporting Period

Applicable  Not applicable

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### VIII. EXTRACTED FROM FINANCIAL STATEMENTS IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

Unit: '000 Currency: RMB

	2020	2019	2018	2017	2016
<b>Summary of income statement</b>					
Revenue	6,455,854	6,722,730	6,876,632	7,033,249	4,911,006
Gross profit	2,588,154	2,878,924	2,857,585	2,505,864	1,337,569
Total profit	1,233,832	1,093,249	1,028,185	1,229,781	485,281
Net profit attributable to owners of the parent company	995,132	931,247	810,263	962,971	365,029
Basic/diluted earnings per share (RMB cents)	17.81	16.67	14.50	18.38	7.26
<b>Summary of balance sheet</b>					
Cash and bank balances	3,554,825	2,805,072	2,607,072	1,983,285	1,857,033
Net current liabilities	-727,498	-475,228	603,204	1,228,795	1,987,701
Total assets	26,243,367	25,479,855	25,959,191	25,774,835	26,290,687
Interest-bearing bank borrowings	6,818,265	6,715,548	7,432,290	8,124,014	11,266,402
Gearing ratio (%)	38.65%	38.82%	42.26%	43.47%	51.82%
Net assets per Share (RMB)	2.72	2.61	2.49	2.40	2.27
Return on net assets (%)	6.54	6.53	5.90	7.80	3.14
<b>Summary of cash flow statement</b>					
Net cash flows from operating activities	2,555,826	2,453,137	2,697,203	2,903,248	1,488,869
Net cash flows from investing activities	-1,764,487	-829,314	-70,421	-1,686,538	-85,788
Net cash flows from financing activities	-724,345	-1,495,357	-1,647,966	-1,351,607	-1,645,427
Net increase in cash and cash equivalents	64,578	130,753	985,327	-150,659	-226,651

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### IX. DIFFERENCE IN ACCOUNTING DATA BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

- (I) Differences between the net profits and net assets attributable to the listed company shareholders in accordance with IFRS and Chinese Accounting Standards for Business Enterprises  
 Applicable  Not applicable
- (II) Differences between the net profits and net assets attributable to the listed company shareholders in accordance with foreign accounting standards and Chinese Accounting Standards for Business Enterprises  
 Applicable  Not applicable
- (III) Description of difference between domestic and overseas accounting standards:  
 Applicable  Not applicable

### X. MAJOR FINANCIAL DATA IN EACH QUARTER OF 2020

Unit: Yuan Currency: RMB

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating revenue	1,390,695,541.93	1,604,706,537.19	1,700,098,009.26	1,760,353,622.26
Net profit attributable to Shareholders of the listed Company	252,346,656.99	323,395,155.30	390,596,672.78	28,793,530.20
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	243,337,471.49	310,916,083.60	378,408,985.43	16,541,816.50
Net cash flow generated from operating activities	586,706,545.87	685,014,321.49	922,649,427.52	361,456,111.54

Description of difference between quarter data and disclosed regular reporting data

- Applicable  Not applicable



## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### XI. NON-RECURRING PROFIT AND LOSS ITEMS AND THEIR AMOUNTS

√ Applicable    □ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	Amount in 2020	Note (if applicable)	Amount in 2019	Amount in 2018
Profit or loss on disposal of non-current assets	-3,694,557.72		17,437,001.11	8,927,740.73
Tax refund or exemption in relation to documents of unauthorized approval or without formal approval or of incidental nature				
Government grants recognized in profit or loss (except for the government grants that are closely related to the business of the Company and received in accordance with the uniform state's regulations)	52,393,095.84		47,163,278.19	38,695,191.40
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss				
The excess of the fair value of identifiable net assets acquired over the cost for acquisition of subsidiaries, associates and joint ventures				
Profit/loss of non-monetary asset swap				
Profit/loss from entrusted investment or asset management	3,763,645.88		5,677,585.95	6,464,446.94
Provision for impairment of assets due to force majeure i.e. natural disaster				
Profit/loss from debt restructuring				
Corporate restructuring expenses, i.e. expenses on employee placement, integration costs, etc.				
Profit/loss from the excess of the fair value of a transaction of unfair consideration				
Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger				
Profit/loss from contingencies irrelevant to the normal operations of the Company				
Profit/loss from the change of fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment except for those gain/loss relating to the hedging transactions under company's normal operating business				
Write back of the provision for impairment of accounts receivable, contract assets that is individually tested for impairment				
Profit/loss from external entrusted loans				
Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement				
Effects of one-off adjustment to current profit/loss in accordance with laws and regulations on taxation and accounting, etc.				
Income of entrustment fees from entrusted operations				
Other non-operating income or expenses other than the above items	8,353,464.27		923,720.51	7,823,065.22
Other profit or loss items that fall within the meaning of non-recurring profit and loss	2,007,824.21		16,886,790.00	
Impact on non-controlling interests	-2,224,477.69		-3,180,743.71	-2,835,216.26
Impact on income tax	-14,671,336.54		-20,069,983.49	-15,918,076.73
Total	45,927,658.25		64,837,648.56	43,157,151.30

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### XII. ITEMS MEASURED AT FAIR VALUE

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Movement in the current period	Effect amount on profit in the current period
Other equity investments	792,793,162.66	787,081,978.59	-5,711,184.07	0.00
Total	792,793,162.66	787,081,978.59	-5,711,184.07	0.00

### XIII. OTHERS

Applicable  Not applicable

# SECTION III BUSINESS HIGHLIGHTS

## I. PRINCIPAL BUSINESS, OPERATING MODEL AND INDUSTRY DEVELOPMENT OF THE COMPANY DURING THE REPORTING PERIOD

### (I) Principal Business

The Company provides highly integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. We handle various types of cargoes mainly including coal, metal ores, oil and liquefied chemicals, containers, general cargoes and other goods.

### (II) Operating Model

#### 1. Procurement Model

The Company is mainly engaged in stevedoring and stacking cargo, port management and relevant supporting services, and as compared with production enterprises, it has less demand of raw materials. Major purchases of the Company include resources, stevedoring and transportation equipment.

The purchase of resources includes materials, low-value consumables, energy (including water and electricity) and accessories, among which, the purchase of energy accounts for the majority of the total purchase of the Company. All of the above production materials shall be independently purchased by the Company through entering into relevant contracts. Resources of more than RMB100,000 and qualified for tendering shall be purchased by the Company by way of tendering, and resources of more than RMB500,000 shall be purchased through public tendering. Resources of under RMB100,000, which are not subject to tendering, shall be purchased through comparison of quality and price, business negotiation and catalogue procurement.

The purchase of stevedoring and transportation equipment will be conducted by the technology and equipment department, resource supply center and various primary units according to the type of equipment.

#### 2. Production Model

Main production processes of the Company include cargo stevedoring, cargo stacking and handling within the port, and stevedoring of cargoes by road transportation.

The Company has a complete production operation system and organizational management system, complete terminal and logistics facilities and ancillary machinery equipment system, complete and independent information operation, management and network system for the operation of various production businesses.

#### 3. Marketing Model

The Company has an independent marketing system to continuously improve its service level, maintain its existing customer base, and actively explore new customer resources.

##### (1) Marketing Model of Coal Business

The Company has an independent marketing system for its coal business, and the port coal business is directly managed by the Company's production department with no distribution and agency system. The Company has set up offices in Taiyuan and Hohhot, covering the whole hinterland of cargo sources and coordinating cargo flow.

The Company mainly negotiated business by attending transportation conferences of various industries and order placing meetings across the country, and adopted the mode of mutual visits between ports and customers. At the same time, the Company continued to improve its service quality, carried out in-depth marketing work, established and improved its online marketing system to provide "one-stop" services to customers. The Company will adjust and optimize the existing business model according to the changes in the market situation, actively communicate with customers, carry out various featured businesses such as coal blending business, special facilities, quasi-liner shipping and online business platform, enter into long-term port operation contracts with major coal shipping enterprises and end users of coal, jointly determine the base of annual transshipment volume, and appropriately provide reserved stacking yards and berths to facilitate coal transshipment by customers using port resources.

##### (2) Marketing Model of Business of Other Types of Cargo

The Company made reference to the marketing model of coal to determine the marketing model of business of other cargo types, so as to establish an extensive and stable sales network, actively explore business opportunities in the economic hinterland and establish stable and long-term cooperation relationship with customers.

## SECTION III BUSINESS HIGHLIGHTS

### (III) Industry Overview

Port is the hub of resource allocation and plays a vital role in the transportation system. The port industry is an important fundamental industry for national economic and social development and is closely related to the development of macro economy. Port plays an important role in meeting the transportation need of national energy, raw materials and other bulk materials, supporting economic, social and trade development, improving people's living standards, and enhancing the comprehensive strength of the country.

The cargoes for transshipment at ports are divided into five major categories, namely dry bulk cargo, liquid bulk cargo, general cargo, containers and Ro-Ro vehicles. Transportation of bulk cargo in bulk and general cargo in container is conducive to enhancing transport efficiency and reducing transport costs, which has become the development trend in the global marine transportation industry.

With the continuous expansion of the functions of ports, port enterprises have gradually developed from a pure sea-land cargo transshipment provider to an integrated logistics service provider, providing integrated logistics support for the transportation by vessels, vehicles and trains as well as the storage, driving the formation of a port-surrounding industrial park with processing, wholesale, distribution, storage and other functions near the ports, which greatly enhanced the competitiveness of the ports as integrated transportation connection points.

The Company is a large-scale public terminal operator for dry bulk cargoes in the world. Qinhuangdao Port is the main hub port of the "West-East coal transportation" and "North-South coal transportation" in coal transportation in China, and has maintained a leading position in terms of the amount of water discharged from coal for many years. With the implementation of the cross-port operation strategy, Caofeidian Coal Port has been put into operation in the past few years and the business of Cangzhou Mineral Port continues to develop. The Company has carried out diverse business strategy and intensified its efforts in ore, container and general cargo.

## II. MATERIAL CHANGES IN MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

Applicable  Not applicable

Please refer to "III. (III) Analysis on assets and liabilities" of "SECTION 5 Report of the Board of Directors" for the details of changes in major assets.

Including: overseas assets of 57,296,118.71 (Unit: Yuan, Currency: RMB), representing 0.22% of the total assets.

## III. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable  Not applicable

### 1. The Company is a leading public terminal operator for dry bulk cargoes in the world. It implements the cross-port operation strategy of Qinhuangdao Port, Tangshan Port and Cangzhou Port, and operates Qinhuangdao Port, which is an important port for seaborne coal in China, and continuously expands the business in Tangshan region and Cangzhou region.

As the main port of the "West-East coal transportation" and "North-South coal transportation" in coal transportation in China, Qinhuangdao Port plays an important role in ensuring the safety of national energy transportation. In recent years, the Company has further expanded its business in Tangshan Caofeidian and Cangzhou Huanghai Port. Tangshan Caofeidian Coal Port Co., Ltd., a subsidiary of the Company, officially commenced operation in 2019. The construction of Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghai Port in Cangzhou City officially started in June 2020.

### 2. The economic hinterland of the Company covers a wide range of areas with large service radius, and has a solid foundation for development.

The economic hinterland of the Company mainly includes upstream and downstream part: the upstream part mainly comprises North China, Northeast China and Northwest China, as well as Shandong and Henan which are important production bases of energy and raw materials in China. Meanwhile, they are also important bases of heavy chemical industry of China, providing sufficient supply for the business development of the Company; while the downstream part mainly comprises Shanghai, Jiangsu, Zhejiang, Fujian, Guangdong and other provinces (cities). The above-mentioned provinces (cities) are not only the main areas where resources are consumed in China, but also the areas where resources are scarce. Strategic materials such as oil, coal, iron ore and grain are required to be imported in large quantities or transported from other regions of China.

The Company has continuously improved its economic service capacity for the Hinterland, and has opened a number of inland ports, container depots and new routes, further enhancing its service capacity for the port Hinterland in the "Three Norths" area and central and southern Hebei.

## SECTION III BUSINESS HIGHLIGHTS

### 3. The Company has superior port resources and transportation conditions in bulk or sparse shipping.

The Bohai Rim region is located along the northern coast of China, with the coastline length accounting for approximately one-third of the country, and where more than 40 ports are widely distributed. The ports have good natural conditions, marine transportation, railways, highways and air transportation routes are highly concentrated, forming a three-dimensional land-sea-air transportation network centered on ports, and the collection and distribution are convenient. The Daqin Railway, which relies on the Qinhuangdao and Caofeidian ports of the Company, is the largest modern and professional coal transportation line in the world in terms of annual transportation volume. The Company continues to promote the construction of the “railway transit (公轉鐵)” project to open new special railway lines, thereby further enhancing the railway port dredging capacity.

### 4. The Company has mainly targeted at large-scale high-quality customers and constantly promotes marketing and improves service quality.

Our customers are mainly large-scale coal, electricity and steel enterprises, including National Coal Group, National Energy Investment Group, Zhejiang Energy Group, Yitai Group, Datong Coal Mine Group, Shougang Group and Hebei Iron & Steel Group.

The Company has strengthened the implementation of grid-based marketing, further consolidated the “responsibility system of account managers”, optimized the business handling process of online business halls, and made every effort to meet the personalized reasonable requirements of customers and improve customer satisfaction.

### 5. The Company constantly enhances its efforts in technology innovation and project construction.

The Company has completed the construction of the supporting security system for the cloud data center of the Smart Port Demonstration Project of the Ministry of Transport, the online optimization of the intelligent production management platform, and the development of customer APP infrastructure. The network hall e-commerce platform has been promoted and applied in three places, namely Qinhuangdao, Caofeidian, and Cangzhou, and realized the entire online process of coal, metal ore, general and other cargoes and other businesses. The Company has promoted unmanned transformation, launched intelligent entrance system, and completed the construction of the remote centralized management and control system for railway crossings and the automatic collection and dredging port system of Cangzhou Ore Port Company. The digitization of coal sites in Caofeidian has been successfully advanced.

### 6. The Company promotes to reduce costs and increase efficiency, continuing to improve the operation and management levels.

The Company has made full use of national policies and reduced taxation and financing costs. The Company has increased the integration of internal units, optimized the management structure, and withdrawn from loss-making investment companies. The Company has paid close attention to key cost control and reduced operating costs through transformation of management technology. The Company has fully carried out benchmarking and upgrading, and operation and management level and economic effectiveness were further improved.

### 7. The Company has been committed to building green and safe ports.

The Company has invested in the construction of shore power facilities, enhanced the effort in updating mobile machinery, and carried out special treatment of mobile pollution sources. The Company has carried out the greening improvement project in the harbor to improve the greening level of the harbor. The Company has consolidated its responsibility for safe production, promoted the construction of a dual control system, and conducted evaluation works on safety and production risk ratings.

# SECTION IV CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of the Company for the year ended 31 December 2020.

## I. ANALYSIS OF THE MACROECONOMIC CONDITION

In 2020, the world-wide Covid-19 has brought huge impact on the global economy, leading the GDP decline in various countries to hit historical records. With the increasingly tightening of international trading environment, the surge of anti-globalization, multinational trade investment has declined, and the normal cycling of industrial chain and supply chain has been blocked. In the face of severe and complex external situation, China has taken strong measures to control the domestic epidemic, continuously deepen the structural reform of supply side, and increase the application of macroeconomic policy to respond to economic development, thus taking the lead in achieving stable growth, with an increase of 2.3% in the annual GDP.

## II. PERFORMANCE OF MAJOR BUSINESS AND DIVIDENDS

In 2020, the Company actively responded to the external environment change, exerted lots of efforts in the prevention and control of the epidemic situation while focusing on production and operation, continuously innovated business models, expanded its market, improved efficiency, and optimized its service. By overcoming heavy difficulties, it has maintained the smooth operation of port production, with the annual throughput increasing by 0.5% year-on-year. The Company continued to reduce costs and increase efficiency, carry out institutional integration, and streamlining, making new breakthroughs in the Company's reform.

During the Year, the Group has achieved a total throughput for all types of cargoes of 376 million tonnes. The throughput of coals, metal ores, oil and liquefied chemicals, containers and the general and other cargoes amounted to 219 million tonnes, 118 million tonnes, 2.45 million tonnes, 1.34 million TEUs and 21.92 million tonnes, respectively. The Company has achieved an operating income of RMB6.456 billion during the year, representing a decrease of 3.97% as compared with the corresponding period last year. The net profit attributable to owners of the parent company amounted to RMB995 million, representing an increase of 6.86% as compared with the corresponding period last year. The Board of Directors proposed to distribute a final dividend of RMB0.64 per 10 shares (inclusive of tax) for the Year.

## III. BUSINESS REVIEW

As one of the largest public port operator for major dry bulk cargoes in the world, a pivotal port-of-call for China's domestic coal trade and one of the most important ore port operators in the Bohai Rim, the Company provides coal and relevant logistics services, metal ores and relevant logistics services, oil and liquefied chemicals and relevant logistics services, general bulk cargoes and relevant logistics services, containers and relevant logistics services and value-added port services.

In the year, in the face of external disadvantageous factors, the Company has achieved overall steady production by improving operational efficiency, optimizing the goods structure, promoting marketization reform, and enhancing port digital transformation.

In terms of coal, the COVID 19 epidemic has led to a slowdown in macroeconomic growth; imported coal has squeezed market share in domestic trade; clean energy and UHV cross-regional power transmission is in priority and has further reduced the proportion of coal consumption. The Company continued to promote gridization, targeted marketing, paid close attention to customer needs, decreased the time of unloading and shipping, made the layout of sites more scientific, and improved the storage capacity of static sites. In terms of metal ore, it maintained good cooperation with international mining companies and large steel companies in the hinterland, provided mixed minery value-added services, continuously optimized the operating process, and enhanced the efficiency of port transportation. In terms of general cargoes, it strengthened the strategic cooperation with Yanshan Iron and Steel Company, steadily increasing the steel transportation; restarted the ore berths to carry out the unloading operation of imported bauxite. In terms of containers, it vigorously promoted the "dry bulk to containers" transportation to realize the packing shipments of fly ash, copper concentrate, coal, etc. It also increased the development of the hinterland supply, and set up three inland field stations one after another. In terms of oil and liquid chemical, it independently carried out transit kerosene train loading operations, and upgraded the operations of fuel oil and offshore oil.

## SECTION IV CHAIRMAN'S STATEMENT

### IV. CAPITAL OPERATION

China's capital market reform has been deepened, demonstrated by the implementation of the new Securities Law and the introduction of new regulations on refinancing in the year, bringing new opportunities and challenges to listed companies. In 2021, the Company will study the latest policy, continue to enhance the management, improve various rules and regulations, make full use of advantages in the dual capital platforms of A + H shares, carry out capital operation when appropriate, and raise funds for the Company through multiple channels.

### V. OUTLOOK AND PROSPECTS

At present, there is still high uncertainty in global epidemic development, leading unclear outlook for economic recovery and policy introduction. Factors such as domestic energy structural adjustment, the increasing of railway transportation, etc. have brought adverse effects to the Company. However, the Company also faces new development opportunities: the "dual circulation" development paradigm, in which domestic and overseas markets reinforce each other, with the domestic market as the mainstay, is taking shape, and the macro environment of port development is becoming more active; the concentration of coal resources is getting higher and higher, and the traditional characteristics of low and peak seasons in coal industry is weakening; the coal-electricity integration accelerates, and the upstream and downstream of coal industry is more closely related. In terms of science and technology development, the application of 5G, cloud computing, artificial intelligence and other emerging technologies in the port operations has accelerated the construction process of smart ports, creating favorable conditions for the steady development of the Company's business.

In 2021, in the face of severe and complex production and business situation, the Company will focus on the epidemic prevention and port production operation at the same time, consolidate advantageous business, and effectively strengthen enterprise management, make the port more digital and intelligent, striving to push forward the high quality development of the Company.

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

**By order of the Board**

**CAO Ziyu**

*Chairman*

29 March 2021

# SECTION V REPORT OF THE BOARD OF DIRECTORS

## I. OVERVIEW

### (1) Overall Situation

In 2020, in the face of a sudden and severe epidemic, China has made overall plans and coordinated their advancements to ensure its economic operation continue to recover steadily. It is the first country to achieve positive growth among the world's major economies, with a total GDP of RMB101.5986 trillion, hitting the milestone of RMB100 trillion, an increase of 2.3% over 2019 if calculated at constant prices. Of which figure, the added value of the primary industry was RMB7,775.4 billion, an increase of 3.0%; the added value of the secondary industry was RMB38,425.5 billion, an increase of 2.6%; the added value of the tertiary industry was RMB55,397.7 billion, an increase of 2.1%. In quarterly terms, the GDP growth rates in the first to fourth quarters were -6.8%, 3.2%, 4.9%, and 6.5%, respectively. The Chinese economy has shown a momentum of continuous recovery, demonstrating a strong resilience of its economic development. With the implementation of a series of economic stabilization policies and measures, the domestic economy has continued to grow momentum. New infrastructure projects have been pushed ahead at a faster pace, and electricity and coal consumption have continued to improve, driving the continuous recovery of China's water transport and freight volume. The national cargo throughput of ports was 14.55 billion tonnes in 2020, representing a year-on-year increase of 4.3%, of which domestic and foreign trade throughput increased by 4.4% and 4.0% respectively. While the container throughput was 264 million TEUs, representing a year-on-year increase of 1.2%.

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

In terms of coal business, with the gradual control of the epidemic in our country in 2020, the domestic economy has continued to improve, with the growth rate of fixed asset investment and infrastructure investment turning from negative to positive, and the year-on-year decline in manufacturing investment continuing to narrow, and the fundamentals of the economy driving both coal supply and demand. The annual output of raw coal was 3.84 billion tonnes, representing an increase of 0.9% year-on-year; coal imports were 304 million tonnes, representing an increase of 1.5% year-on-year, while the growth rate was down 4.8% year-on-year. The annual power generation was 7.4 trillion kWh, representing an increase of 2.7% year-on-year, of which thermal power generation increased by 1.2%. Affected by the epidemic prevention and regulatory policies, coal prices first fell and then rose. As coal supply and demand gradually normalized, coal shipments for domestic trade in major northern coastal ports gradually recovered, and the annual shipment volume dropped slightly year-on-year.

In terms of iron ore business, due to the fact that our country's economy was the first to recover in the global epidemic in 2020, under the influence of a series of investment promotion and growth stabilization policies, domestic infrastructure projects have started on a large scale, and domestic steel output has made a new record, with the annual output of pig iron and crude steel of 890 million tonnes and 1.05 billion tonnes, respectively, representing an increase of 4.3% and 5.2% year-on-year, respectively. Steel consumption reached a new high year-on-year, and the demand for iron ore was strong, prompting a substantial increase in our country's iron ore imports. In the whole year, China's cumulative imports of iron ore and its concentrates amounted to 1.17 billion tonnes, representing an increase of 9.5% year-on-year, effectively supporting the iron ore transportation market in coastal ports. The unloading volume of total iron ore for foreign trade from major coastal ports for the whole year was about 1.21 billion tonnes.

In terms of petroleum business, in 2020, crude oil production enterprises have overcome the adverse effects of the epidemic and actively promoted the resumption of work and production and increase of production, which have effectively guaranteed the security of energy supply. The annual crude oil output was 190 million tonnes, representing a year-on-year increase of 1.6%, and the growth rate was up by 0.8 percentage point year-on-year. The growth rate has stabilized and rebounded for two consecutive years. Although the demand for refined oil has declined due to the impact of the epidemic, crude oil processing enterprises still leveraged the opportunity of "low oil prices" to increase crude oil reserves and maintain processing load. The annual crude oil processing volume was 670 million tonnes, representing a year-on-year increase of 3.0%. Supported by the increase in demand for unloading volume of foreign trade crude oil import, unloading volume of the crude oil imports from major ports in China have maintained rapid growth, contributing a relatively high crude oil throughput of coastal ports in general.



# SECTION V REPORT OF THE BOARD OF DIRECTORS

## II. BUSINESS DISCUSSION AND ANALYSIS

During the Reporting Period, the Company achieved a total cargo throughput of 376.26 million tonnes, representing an increase of 1.88 million tonnes or 0.50%, as compared with the throughput of 374.38 million tonnes in the corresponding period of 2019.

The throughputs generated from each of the ports of the Company are as follows:

	2020		2019		Increase/ (Decrease) (million tonnes)	Increase/ (Decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Qinhuangdao Port	193.67	51.47	210.99	56.36	(17.32)	(8.21)
Caofeidian Port	112.16	29.81	98.20	26.23	13.96	14.22
Huanghua Port	70.43	18.72	65.19	17.41	5.24	8.04
<b>Total</b>	<b>376.26</b>	<b>100.00</b>	<b>374.38</b>	<b>100.00</b>	<b>1.88</b>	<b>0.50</b>

During the Reporting Period, the Company achieved a cargo throughput of 193.67 million tonnes in Qinhuangdao Port, representing a decrease of 17.32 million tonnes or 8.21% from 210.99 million tonnes for the corresponding period of 2019. The main reason is that the COVID 19 epidemic has led to a slowdown in macroeconomic growth, imported coal has squeezed market share in domestic trade, clean energy and UHV cross-regional power transmission has further reduced the proportion of coal consumption, and the main supply channels were under-running, resulting in a decrease in annual coal throughput.

The Company achieved a cargo throughput of 112.16 million tonnes in Caofeidian Port, representing an increase of 13.96 million tonnes or 14.22% from 98.20 million tonnes for the corresponding period of 2019. It is mainly due to the fact that the country has vigorously promoted the resumption of work and production and accelerated domestic infrastructure construction, boosting the demand for steel. The operating rate of iron and steel enterprises in Tangshan was higher than 2019, and the demand for iron ore has increased. At the same time, the Company persisted in improving quality and efficiency and implementing fine management, stabilized major customers, acquired new customers, provided high-quality value-added services, and continuously enhance market competitiveness.

The Company achieved a cargo throughput of 70.43 million tonnes in Huanghua Port, representing an increase of 5.24 million tonnes or 8.04% from 65.19 million tonnes for the corresponding period of 2019. It is mainly because the Company has strengthened its market development efforts, actively visited customers in the Hinterland, vigorously promoted "road to railway" transportation, improved port navigation capacity and operational efficiency, and increased the throughput of iron ore and bauxite. At the same time, the Company strengthened the container transportation cooperation across Tianjin and Hebei ports, and opened container "daily shift" transportation along the Huanghua-Tianjin line, which has increased the container throughput.

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

	2020		2019		Increase/ (Decrease) (million tonnes)	Increase/ (Decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Coal	219.24	58.27	232.62	62.14	(13.38)	(5.75)
Metal ore	117.67	31.27	106.02	28.32	11.65	10.99
Oil and liquefied chemicals	2.45	0.65	2.56	0.68	(0.11)	(4.30)
Container	14.98	3.98	16.99	4.54	(2.01)	(11.83)
General and other cargoes	21.92	5.83	16.19	4.32	5.73	35.39
<b>Total</b>	<b>376.26</b>	<b>100.00</b>	<b>374.38</b>	<b>100.00</b>	<b>1.88</b>	<b>0.50</b>

# SECTION V REPORT OF THE BOARD OF DIRECTORS

## 1. Coal handling services

During the Reporting Period, the Company achieved a total coal throughput of 219.24 million tonnes, representing a decrease of 13.38 million tonnes or 5.75% from 232.62 million tonnes for the corresponding period of 2019. The main reason for this reduction is due to the impact of the COVID 19 epidemic and the macroeconomic situation. The supply and demand of coal were weaker, and clean energy such as hydropower and wind power further squeezed the market of thermal power.

## 2. Metal ore handling services

During the Reporting Period, the Company achieved a total metal ores throughput of 117.67 million tonnes, representing an increase of 11.65 million tonnes or 10.99% from 106.02 million tonnes for the corresponding period of 2019. The main reason for this increase is that the country has intensified its efforts in infrastructure construction, steel demand has increased, steel enterprises in the Hinterland have sound production performance, and demand for iron ore has also grown; the Company has strengthened the port construction of the bulk or sparse shipping system, improved the metal ore dredging capacity, and continued to increase market development efforts, leading that the throughput of bauxite, copper ore and other cargoes increased year-on-year.

## 3. Oil and liquefied chemicals handling services

During the Reporting Period, the Company recorded a total oil and liquefied chemicals throughput of 2.45 million tonnes, representing a decrease of 0.11 million tonnes or 4.30% from 2.56 million tonnes for the corresponding period of 2019. The decrease was mainly due to the fact that the main source of asphalt plants in the Hinterland of the Company, influenced by the epidemic and market demand, temporarily stopped production, and therefore the import of crude oil decreased.

## 4. Container services

During the Reporting Period, the throughput of containers of the Company reached 1,344,647TEU, equivalent to a total throughput of 14.98 million tonnes, representing an increase of 178,924TEU or 15.35% compared to the same period in 2019 (1,165,723TEU and 16.99 million tonnes). The main reason is that the Company has dug deep into the Hinterland for sources of goods, established inland ports to improve radiation capability of the Hinterland, actively developed container sea-rail combined transportation, successfully launched the “dry bulk to containers” business, strengthened coordination and interaction with Tianjin Port, made full use of Tianjin Port trunk line resources to increase throughput volume.

## 5. General cargoes handling services

During the Reporting Period, the Company recorded a total throughput of general and other cargoes of 21.92 million tonnes, representing an increase of 5.73 million tonnes or 35.39% from 16.19 million tonnes for the corresponding period of 2019. The main reason for this increase is that the Company and Yanshan Iron and Steel Co., Ltd. cooperated in the development of railway and water combined transportation for steel, which increased the throughput of steel; the downstream demand for cement, water slag, sand and gravel materials was relatively high, increasing the shipment volume.

## 6. Ancillary port services and value-added services

The Company also provides a variety of ancillary port services and value-added services. Our ancillary port services include tugging, tallying, trans-shipping, and shipping agency services. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse business. In 2020, the operating revenue of ancillary port services and value-added services of the Company amounted to RMB241.7291 million, representing a decrease of RMB38.8867 million or 13.86% from RMB280.6158 million for the corresponding period of 2019.

# SECTION V REPORT OF THE BOARD OF DIRECTORS

## III. OPERATING RESULTS OF MAJOR BUSINESSES FOR THE REPORTING PERIOD

In 2020, the Company has achieved an operating income of RMB6,455.8537 million, representing a year-on-year decrease of 3.97%; the operating cost amounted to RMB3,867.6997 million, representing a year-on-year increase of 0.62%; total profit of RMB1,233.8324 million, representing a year-on-year increase of 12.86%; net profit of RMB899.6033 million, representing a year-on-year increase of 8.59%; net profit attributable to shareholders of the listed company amounted to RMB995.1320 million, representing a year-on-year increase of 6.86%.

### (I) Analysis on major operating business

1. Analysis on the changes in the relevant items in income statement and statement of cash flows

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of the previous year	Change in proportion (%)
Operating revenue	6,455,853,710.64	6,722,730,009.09	-3.97
Operating costs	3,867,699,685.07	3,843,805,904.72	0.62
Selling expenses		89,828.30	-100.00
Administrative expenses	891,955,858.32	1,287,074,303.82	-30.70
Research and development expenses	11,469,425.68	12,397,156.60	-7.48
Financial expenses	266,699,264.59	301,711,409.91	-11.60
Net cash flows from operating activities	2,555,826,406.42	2,453,136,528.16	4.19
Net cash flows from investing activities	-1,764,487,066.98	-829,313,540.63	-112.76
Net cash flows from financing activities	-724,345,229.66	-1,495,356,872.95	51.56

2. Analysis on revenue and cost

Applicable  Not applicable

## SECTION V REPORT OF THE BOARD OF DIRECTORS

In 2020, the revenue of the Company amounted to RMB6,455.8537 million, representing a decrease of 3.97% as compared with the corresponding period last year, which was mainly due to the slight decrease in coal throughput of the Company during the year.

In 2020, the operating costs of the Company amounted to RMB3,867.6997 million, representing an increase of 0.62% as compared with the corresponding period of last year, which was mainly due to the increase in consumption expense of machinery and dredging costs resulted from the increase in throughput of the Company for the Year.

(1). **Principal Operations of the Company by Industries, Products and Regions:**

Unit: Yuan Currency: RMB

Principal Operations by Industries						
By industries	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease of revenue as compared with that in the last year (%)	Increase/ decrease of operating cost as compared with that in the last year (%)	Increase/ decrease of gross profit margin as compared with that in the last year
Service in relation to coal and relevant products	4,714,512,609.80	2,507,194,545.87	46.82%	-8.04	3.64	decrease of 5.99 percentage points
Service in relation to metal ore and relevant products	1,053,278,471.59	764,580,106.20	27.41%	-2.24	-5.25	increase of 2.31 percentage points
Service in relation to general and other cargoes	453,231,556.23	401,412,009.24	11.43%	86.59	50.36	increase of 21.34 percentage points
Container service	81,815,855.55	76,803,362.71	6.13%	-8.04	-9.06	increase of 1.06 percentage points
Fluid cargo service	53,502,873.90	65,173,057.51	-21.81%	-12.07	-4.45	decrease of 9.71 percentage points
Revenue from others	99,512,343.57	52,536,603.55	47.21%	-20.96	-73.47	increase of 104.47 percentage points

Principal Operations by Regions						
By regions	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease of revenue as compared with that in the last year (%)	Increase/ decrease of operating cost as compared with that in the last year (%)	Increase/ decrease of gross profit margin as compared with that in the last year
Qinhuangdao	4,419,304,178.73	2,316,095,892.12	47.59	-9.40	-3.10	decrease of 3.41 percentage points
Others	2,036,549,531.91	1,551,603,792.95	23.81	10.38	6.73	increase of 2.60 percentage points

(2). **Analysis on production and sales**

Applicable  Not applicable

# SECTION V REPORT OF THE BOARD OF DIRECTORS

## (3). Analysis on cost

Unit: Yuan

Information of segment							
Segment	Component of costs	Current period	Percentage over total costs for the current period (%)	Corresponding period of last year	Percentage over total costs for the corresponding period of last year (%)	Changes in amount over last year (%)	Remark
Service in relation to coal and relevant products	operating cost	2,507,194,545.87	64.82	2,419,218,450.48	62.94	3.64	
Service in relation to metal ore and relevant products	operating cost	764,580,106.20	19.77	806,954,971.65	20.99	-5.25	
Service in relation to general and other cargoes	operating cost	401,412,009.24	10.38	266,967,236.58	6.95	50.36	
Container service	operating cost	76,803,362.71	1.99	84,456,795.68	2.2	-9.06	
Service in relation to liquefied cargoes	operating cost	65,173,057.51	1.69	68,207,352.24	1.77	-4.45	
Revenue from others	operating cost	52,536,603.55	1.36	198,001,098.09	5.15	-73.47	

## (4). Major sales customers and suppliers

Applicable  Not applicable

The sales of the five largest customers amounted to RMB2,431.4153 million, accounting for 37.66% of the total annual sales; of which sales to the largest customers amounted to RMB817.4045 million accounting for 12.66% of the total annual sales; among the five largest customers' sales, related party sales amounted to RMB0.00 million, accounting for 0.00% of the total annual sales.

The purchase amount of the five largest suppliers was RMB693.9783 million, accounting for 24.75% of the total annual purchase; of which the purchase amount from the top supplier was RMB402.1887 million, accounting for 14.34% of the total annual purchase; among the five largest suppliers' purchase, related party purchase amounted to RMB565.0556 million, accounting for 20.15% of the total annual purchase.

Other details

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

## 3. Expenses

Applicable  Not applicable

In 2020, the administrative expenses of the Company amounted to RMB891.9559 million, representing a decrease of 30.70% as compared with the corresponding period last year, mainly attributable to the decrease in the provision for costs on employees who leave their posts and wait for retirement.

During 2020, financial expenses of the Company amounted to RMB266.6993 million, representing a decrease of 11.60% as compared with the corresponding period last year, which was mainly attributable to the decrease of interest expense resulting from the decrease in the size of the borrowings as compared with the corresponding period last year.

During 2020, the impairment losses of credit of the Company amounted to RMB1.5690 million, representing a year-on-year increase of 93.78%, which was mainly attributable to the combined effects of the increase in the expected credit losses with the aging of other receivables and the recovery of certain accounts receivable and the reversal into allowance of bad debt made in previous years by the Company during the Year.

During 2020, the impairment losses of assets of the Company amounted to RMB84.3794 million, representing a year-on-year increase of 30.21%, which was mainly attributable to the combined effects of the increase in the provision for impairment on the equity interest in Jinji International Container Terminal Co., Ltd. and Bohai Jin-Ji Port Investment and Development Company Limited held by the Company directly and indirectly during the Year, the provision for impairment on fixed assets of the First Port Branch and Cangzhou Mineral Port, a subsidiary, as well as the provision for impairment on the construction in progress of Caofeidian Coal Port, a subsidiary, in the previous year.

## SECTION V REPORT OF THE BOARD OF DIRECTORS

### 4. Research and development investment

#### (1). Research and development investment

Applicable  Not applicable

Unit: Yuan

Research and development expense in the period	11,469,425.68
Capitalized research and development investment in the period	0.00
Total research and development investment	11,469,425.68
Proportion of total research and development investment to operating income (%)	0.18
Number of research and development personnel	69
Proportion of research and development personnel to the total number of staff (%)	0.61
Proportion of capitalization of research and development investment (%)	N/A

#### (2). Description

Applicable  Not applicable

In 2020, the Company, guided by the five major concepts of “innovative, coordinated, green, open and shared” development, attached great importance to building a “wise, green, safe” port, and continuously promoted port business model innovation. Through the construction of a series of scientific and technological innovation projects such as Hegang Cloud Computing Data Center, digitization of sites and “unmanned” transformation, we have provided technical support and guarantee for the Company’s development. Among them, the project of “large-scale bulk port group Internet + logistics service platform construction and practice” has achieved international leading level, passing the scientific and technological assessment of China Communications and Transportation Association. At the same time, the project also bade for 2020 Science and Technology Progress Award of China Communications and Transportation Association. The self-implemented project of “Study on Rail-Water Transport Mode in Large-Scale Bulk Ports” was approved by the China Society of Logistics and was included in the Excellent Project in 2020 of China Society of Logistics. In 2020, the Company acquired 7 patent authorization and 9 software copyrights. And another three international patent applications and 6 domestic patent applications have been accepted. The quantity and quality of the patent declaration has grown steadily from last year.

### 5. Cash Flows

Applicable  Not applicable

During the year of 2020, net cash flows generated from operating activities amounted to RMB2,555.8264 million, representing a year-on-year increase of 4.19%, mainly due to the decrease in cash flows used in operating activities.

During the year of 2020, net cash flows generated from investing activities amounted to RMB-1,764.4871 million, representing a year-on-year decrease of 112.76%, mainly resulted from the settlement of project payment and the increase in investment of termed deposits over 3 months during the Year.

During the year of 2020, net cash flows generated from financing activities amounted to RMB-724.3452 million, representing a year-on-year increase of 51.56%, mainly due to the increase of net increase in bank borrowing.

As at 31 December 2020, the gearing ratio (total liabilities divided by total assets) of the Company was 38.65%, decreased by 0.17 percentage point as compared with (38.82%) as at 31 December 2019.

## (II) Description of material changes in profits from non-major business

Applicable  Not applicable

# SECTION V REPORT OF THE BOARD OF DIRECTORS

## (III) Analysis on assets and liabilities

√ Applicable    □ Not applicable

### 1. Assets and liabilities

Unit: Yuan

Items	Amount at the end of the current period	Proportion of the amount at the end of the current period with respect to the total assets (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period with respect to the total assets (%)	Percentage change in the amount at the end of the current period as compared to that at the end of the previous period (%)	Description
Cash and bank balances	3,554,825,387.07	13.55	2,805,072,385.39	11.01	26.73	
Bills receivable	158,493,277.00	0.60	172,344,886.06	0.68	-8.04	
Accounts receivable	58,344,006.76	0.22	81,480,463.58	0.32	-28.4	
Prepayments	10,788,998.64	0.04	10,763,773.91	0.04	0.23	
Other receivables	53,522,988.81	0.20	47,843,613.54	0.19	11.87	
Inventories	162,844,612.15	0.62	186,149,733.94	0.73	-12.52	
Other current assets	126,204,484.27	0.48	108,861,397.06	0.43	15.93	
Long-term equity investments	3,052,665,906.74	11.63	2,933,977,826.03	11.51	4.05	
Other equity investments	787,081,978.59	3.00	792,793,162.66	3.11	-0.72	
Fixed assets	13,398,156,815.24	51.05	14,386,455,466.64	56.46	-6.87	
Construction in progress	1,183,040,730.64	4.51	818,663,594.98	3.21	44.51	
Right-of-use assets	124,582,460.65	0.47	136,087,991.44	0.53	-8.45	
Intangible assets	3,040,805,653.86	11.59	2,442,851,949.55	9.59	24.48	
Long-term prepaid expenses	62,249,709.20	0.24	67,553,845.97	0.27	-7.85	
Deferred tax assets	396,819,306.19	1.51	410,276,375.66	1.61	-3.28	
Other non-current assets	72,940,444.96	0.28	78,678,974.13	0.31	-7.29	
Short-term borrowings	322,940,547.75	1.23	151,811,497.31	0.60	112.72	
Notes payable	3,169,300.00	0.01	0.00	0.00	1.00	
Accounts payable	185,335,672.51	0.71	164,642,529.63	0.65	14.49	
Contracts liabilities	630,272,097.10	2.40	526,176,060.80	2.07	19.78	
Employee benefits payable	705,159,894.73	2.69	641,772,243.05	2.52	9.88	
Taxes payable	149,212,114.42	0.57	136,546,991.12	0.54	9.28	
Other payables	674,477,406.66	2.57	618,070,938.59	2.43	9.13	
Non-current liabilities due within one year	726,958,673.79	2.77	698,268,300.47	2.74	4.11	
Long-term borrowings	5,886,790,644.98	22.43	5,883,682,492.98	23.09	0.05	
Lease liabilities	452,512.09	0.00	7,521,511.19	0.03	-93.98	
Long-term payable	138,000,000.00	0.53	238,400,000.00	0.94	-42.11	
Long-term employee benefits payable	500,298,437.92	1.91	532,928,001.35	2.09	-6.12	
Provisions	0.00	0.00	33,860,000.00	0.13	-100	
Deferred income	207,520,518.95	0.79	243,113,352.90	0.95	-14.64	
Deferred income tax liabilities	13,351,927.66	0.05	14,779,723.68	0.06	-9.66	

## SECTION V REPORT OF THE BOARD OF DIRECTORS

### Other descriptions

Movement reasons for items with movements exceeding 30% in the above table are as follows:

1. Construction in progress as at 31 December 2020 amounted to RMB1,183,040,730.64, representing an increase of 44.51% from the beginning of the year, mainly due to the expenses on Phase I continued construction project of Cangzhou Mineral Port, a subsidiary of the Company.
  2. Short-term borrowings as at 31 December 2020 amounted to RMB322,940,547.75, representing an increase of 112.72% from the beginning of the year, mainly due to the increase in net short-term borrowings of Cangzhou Mineral Port, a subsidiary of the Company.
  3. Lease liabilities as at 31 December 2020 amounted to RMB452,512.09, representing a decrease of 93.98% from the beginning of the year, mainly due to a portion of them classified into non-current liabilities due within one year based on its liquidity.
  4. Long-term payable as at 31 December 2020 amounted to RMB138,000,000.00, representing a decrease of 42.11% from the beginning of the year, mainly due to the equity repurchase consideration of Tangshan Jingtang Railway Co., Ltd. was transferred to non-current liabilities due within one year based on its liquidity.
2. Restrictions on major assets as at the end of the Reporting Period  
 Applicable  Not applicable
  3. Other Explanation  
 Applicable  Not applicable

### (IV) Analysis of operating information of the industry

Applicable  Not applicable

For details of the analysis of operating information of the industry, please refer to “I OVERVIEW” of this section.

### (V) Investment Analysis

1. Overall analysis on external equity investments

Applicable  Not applicable

As at the end of the Reporting Period, the closing balance of external equity investments of the Company was RMB3,052,665,906.74, representing an increase of RMB118,688,080.71 by 4.05% over the beginning of the Reporting Period. For details of such changes refer to “7. Long-term Equity Investments” of “V. Notes to Key Items of the Consolidated Financial Statements” set out in Section 13 “Audit Report” of the report.

#### (1) Substantial equity investments

Applicable  Not applicable

#### (2) Substantial non-equity investments

Applicable  Not applicable



# SECTION V REPORT OF THE BOARD OF DIRECTORS

## (3) Financial assets measured at fair value

Applicable  Not applicable

2020

Fair value measurement using				
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Continuous measurement of fair value				
Other equity instrument investment	-	-	787,081,978.59	787,081,978.59

2019

Fair value measurement using				
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Continuous measurement of fair value				
Other equity instrument investment	-	24,000,000.00	768,793,162.66	792,793,162.66

## (VI) Sales of substantial assets and equity interest

Applicable  Not applicable

## (VII) Analysis of major controlled companies and investees

Applicable  Not applicable

Cangzhou Huanghuagang Mineral Port Co., Ltd.\* (滄州黃驛港礦石港務有限公司) is a substantial subsidiary of the Company. It was incorporated on 10 April 2012, with a registered capital of RMB5,266.3482 million. Its headquarters is located in Bohai New District, Cangzhou City, Hebei Province. It mainly engages in stevedoring and stacking business. As at 31 December 2020, the total assets of Cangzhou Huanghuagang Mineral Port Co., Ltd was RMB9,218.4819 million, of which the net assets were RMB5,683.7808 million. In 2020, the revenue of Cangzhou Huanghuagang Mineral Port Co., Ltd was RMB1,465.1272 million, and the operating profit was RMB137.8433 million. Net profit was RMB106.7951 million, accounting for 10.73% of net profit attributable to the parent company.

Tangshan Caofeidian Coal Port Co., Ltd.\* (唐山曹妃甸煤炭港務有限公司) is a substantial subsidiary of the Company. It was incorporated on 29 October 2009, with a registered capital of RMB1,800 million. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in business including stevedoring and storage services. As at 31 December 2020, the total assets of Tangshan Caofeidian Coal Port Co., Ltd was RMB5,346.9483 million, of which the net assets were RMB1,096.4021 million. In 2020, the revenue of Tangshan Caofeidian Coal Port Co., Ltd was RMB555.2645 million, and the operating profit was RMB-197.6426 million. Net loss was RMB-198.078 million, accounting for -19.90% of net profit attributable to the parent company.

Tangshan Caofeidian Shiye Port Co., Ltd.\* (唐山曹妃甸實業港務有限公司) is a substantial investee of the Company. It was incorporated on 4 September 2002, with a registered capital of RMB2,000 million. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in business including operation of port business and investment in infrastructure. As at 31 December 2020, the total assets of Tangshan Caofeidian Shiye Port Co., Ltd. was RMB7,447.7378 million, of which the net assets were RMB4,789.1319 million. In 2020, the revenue of Tangshan Caofeidian Shiye Port Co., Ltd. was RMB1,716.301 million, and the operating profit was RMB778.8594 million. Net profit was RMB629.0823 million, and the Company's share of investment income in proportion to shareholding accounted for 22.14% of net profit attributable to the parent company.

## (VIII) Structured entities under the control of the Company

Applicable  Not applicable

# SECTION V REPORT OF THE BOARD OF DIRECTORS

## IV. DISCUSSION AND ANALYSIS ON ITS FUTURE DEVELOPMENT OF THE COMPANY

### (I) Industry structure and situation

Applicable  Not applicable

#### (I) Competition facing the Company

Port construction will drive the development of local economy to a large extent. With the intensive ports in Bohai Rim in which the Company is located, there are large-and-medium ports such as Tianjin Port, Dalian Port and Tangshan Port with similar cargoes operated and strong competition in the region. Meanwhile, cooperation among ports is gradually enhanced in spite of competition. Guided by the strategy of coordinated development for Beijing-Tianjin-Hebei region, ports in Tianjin and Hebei have conducted capital cooperation by setting up capital bond, thus turning sole competition into competition combined with cooperation.

#### (II) Industry development trend

##### 1. A stable growth in China's port industry

The development of port industry is closely related to the development of national economy and domestic and foreign trade. China's economy has maintained a high growth rate of over 6% for a long time. The promotion of industrialization and urbanization will directly drive the demand for large raw materials such as coal, oil and ore, thus promoting the development of bulk cargo business such as coal in ports in China. The strategies of "One Belt and One Road" Initiative and free trade port will effectively expand the level of opening up, and the port industry will face new opportunities for development.

##### 2. Further improvement in large-scale and deepwater berth in terminals in ports

In recent years, large-scale ship is one of the main trends in the development of the global shipping industry. The major shipping companies have adopted large-scale ships to reduce operating costs and enhance competitiveness. In order to adapt to the development trend of large-scale global shipping, China's ports have strived to develop themselves into large-scale deep-sea ports, and the capacity and modernization level of hardware facilities such as waterway, terminal, stacking yard, assembling & evacuating port transportation and port machinery facilities continue to be improved.

##### 3. Port enterprises' development into comprehensive logistics enterprises and further enhancement of integration of port, industry and city

Comprehensive logistics center is the basic feature of modern port, and also the direction of modern port function development. China's port enterprises have begun to develop from a single terminal operator to a comprehensive logistics operator, providing customers with multi-faceted logistics value-added services, including cargo transportation, freight forwarding, cargo packaging, assembly, etc. Meanwhile, the scope of the port has been further expanded, including not only the port area, but also the logistics center area, so as to realize online logistics transportation and organization. Relying on the advantages and radiation effects of the port hub, gathering port industries such as shipping, warehousing and centralization, evacuation and transportation, dependent industries such as trade, steel, petrochemical, as well as derivative industries including port finance and agency, to form an industrial system and promote the integrated development of port, industry and city.

##### 4. Significant improvement in the level of port informatization, intelligence and automation

The "13th Five-Year Development Plan for Transport Informatisation" points out that, for smart port demonstration project, key coastal or inland ports should be selected and the comprehensive intelligent perception system of the port should be built and improved to promote the electronic, networked, paperless and automatic port logistics services. Through information integration and sharing system, the information sharing between ports and related logistics enterprises is realised. Relying on intelligent supervision, intelligent services, automatic stevedoring and the optimisation of port logistics processes and production organisation, the logistics efficiency and intelligence level of the ports can be comprehensively improved.

##### 5. Further accelerated port integration

The construction and operation of ports have the characteristics of heavy capital investment and long construction period. With the promotion of relevant transportation administrative departments and local governments, it is expected that the port integration in China will be further accelerated. Zhejiang Province, Jiangsu Province and Liaoning Province have substantially completed the integration of provincial ports and in the meanwhile, Shandong Province, Guangdong Province and other provinces have also made great progress. In the future, more large provincial port enterprise group will be built.

# SECTION V REPORT OF THE BOARD OF DIRECTORS

## (II) Development strategy of the Company

Applicable  Not applicable

QHD Port will keep in mind a new development concept, fully integrate into the new development pattern with priority on domestic circulation and mutual reinforcement between domestic and international circulations, and seize the major development opportunities such as the coordinated development of Beijing-Tianjin-Hebei region, the construction of the “Belt and Road”, the construction of the Xiong’an New District and the pilot free trade zone. Relying on location advantages as well as mature and efficient port operation and management experience, following the overall development concept of “stronger and better, transformation and upgrading, improving quality and efficiency, driven by innovation and achieving win-win in harmony”, we are committed to build the Company into a world-class port company with complete governance system, strong competitive advantages, leading economic benefits, which integrates terminal operator, integrated logistics service provider, and capital operator together.

In 2021, the Company’s prospects for various business are as follows:

### Coal business

The Company will strengthen the development of coal supply and the improvement of service quality. While tapping its potential and improving efficiency, it will visit targeted high-quality customers, strive for the transit of supply of goods in its ports, continuously improve the quality of freight services, focus on key business sectors, refine work process, strengthen inspection and assessment, continuously track the effect of rectification, ensure the fair and just business order of the port, and protect the vital interests of customers.

### Metal ore business

The Company will continue to strengthen the development of metal ore business, carry out in-depth cooperation with major domestic and foreign customers, and improve the comprehensive service quality of the port; optimize the supply structure, and continue to develop various ore businesses such as manganese ore and chrome ore based on iron ore business, and do well in value-added services such as mixed ore; improve the railway delivery capacity, make full use of the newly added operating capacity after the continued construction project of Cangzhou Ore Phase I is put into operation, with an aim to further enhance the Company’s market competitiveness.

### Container business

The Company will continue to vigorously push ahead the development of container business, catch up with the development of domestic advanced terminals, promote port information-based and intelligent construction, and continue to improve customer service quality; strive to expand the “dry bulk to containers” business, and improve and strengthen the container sea-rail combined transportation business; persist in the development of new domestic and foreign trade routes to attract more sources of goods; carry out the construction of inland ports and container yards to enhance the Company’s ability to radiate and drive the Hinterland.

### General cargoes business

The Company will further exert its efforts in sourcing of goods and maintenance of customer relations, identify customer’ in-depth needs, stabilize the existing source of goods, and develop new sources of goods; take the “transformation from road haulage to rail-freight transport” of steel as an opportunity to make greater use of the advantages of port and railway transportation to strive for more bulk or sparse shipping business; continue to implement standardized and normalized operations, strengthen production organization, increase investment in port facilities to improve operation efficiency and storage capacity.

## (III) Operating plan

Applicable  Not applicable

In 2021, the work guideline of the Company is to: persist in taking the port as the foundation to make the main port business stronger and better; coordinate to normalize the prevention and control of epidemic and improve production and operation organizations; when consolidating the core competitive advantage, further enhance the building of digital, green and safe ports, to ensure the accomplishment of the Company’s goals and tasks, and to promote the Company’s high quality development.

For this, the Company will carry out the following works: 1. Focus on consolidating its advantages to ensure the accomplishment of the annual production task; 2. Focus on the improvement of quality and efficiency to effectively strengthen business management; 3. Focus on the transformation to vigorously promote the digitalization of the port; 4. Focus on continuous development to actively and steadily promote the construction of key project; 5. Focus on targeted control to continuously strengthen our work on safety and environmental protection.

## SECTION V REPORT OF THE BOARD OF DIRECTORS

### (IV) Potential risks

Applicable  Not applicable

The development of the port industry is highly correlated with the macroeconomic situation. The growth of the Company's business volume depends largely on the economic and trade growth rate. With the slowdown of economic growth and the replacement of old growth drivers with new ones and other economic and industrial development trends, the ports predominantly dependent on dry bulk require the adjustment on the structure of cargoes and upgrade on industry structure. In addition, a series of national strategies and policies are introduced one after another, such as the Coordinated Development of Beijing-Tianjin-Hebei Area, the Belt and Road Initiative, Xiong'an New Area, Free Trade Area and Reform on State-owned Enterprises, and the RCEP Agreement was officially signed. A new development pattern with priority on domestic circulation and mutual reinforcement between domestic and international circulations is under gradual development. These have injected vitality in regional economic development and also provided outer elements for the transformation development of ports. Recently, the Company mainly has the following risk exposures:

1. Under the macro circumstance of the increase in UHV power transmission and the substitution effect of clean energy, the general demand in domestic trade market of coal may continue to be limited.
2. As the global Epidemic is still severe, the increasing downward pressure on the external economy will restrict China's economic development to a certain extent.
3. Under the background of a slowdown in the overall demand for coal, the competition in Bohai Rim area may be more severe.
4. Upon the opening of Haolebaoji-Ji'an Railway, certain upstream resources will be transported directly by railways to terminal destinations. With further improvement of supporting facilities, it may subdivide step by step the downstream of coal areas in Bohai Rim area.

### (V) Others

Applicable  Not applicable

#### (1) Gross Profit Margin

The gross profit of the Company for the Year amounted to RMB2,588.1540 million, representing a decrease of 10.10% as compared with the corresponding period of last year. The gross profit margin of the Company for the Year was 40.09%, representing a decrease of 2.73 percentage points as compared with the corresponding period last year.

#### (2) Tax and Surcharges

During the Year, the tax and surcharges of the Company amounted to RMB358.4804 million, representing a decrease of 2.61% as compared with the corresponding period last year, mainly attributable to the decrease in environmental protection tax, land use tax, city maintenance and construction tax and education surcharge over the last year.

#### (3) Other Income

During the Year, other income of the Company amounted to RMB53.6300 million, representing a year-on-year increase of 28.35%, which was mainly attributable to the increase in the additional deduction of value-added tax and recognized government subsidies.

#### (4) Investment Income

During the Year, investment income of the Company amounted to RMB201.9402 million, representing a year-on-year increase of 7.91%, which was mainly attributable to the increase in net profits of associates and joint ventures of the Company during the Year.

#### (5) Gain on Disposal of Assets

During the Year, gain on disposal of assets of the Company amounted to RMB1.0691 million, representing a year-on-year decrease of 93.57%, which was mainly attributable to the income from the disposal of land by Cangzhou Mineral Port, a subsidiary of the Company, during the previous year.

## SECTION V REPORT OF THE BOARD OF DIRECTORS

(6) Net Non-operating Revenue and Expenses

During the Year, net non-operating revenue and expenses of the Company amounted to RMB3.5924 million, representing a year-on-year decrease of 3.87%, which was mainly attributable to the year-on-year decrease in net income from abandoned fixed assets and the increase in public welfare donation during the Year.

(7) Income Tax Expense

Income tax expense of the Company increased by RMB69.4559 million to RMB334.2290 million for the Year from RMB264.7731 million last year, and the effective income tax rate of the Company increased to 27.09% for the Year from 24.22% last year, mainly due to the fact that Cangzhou Mineral Port, a subsidiary of the Company, ceased to benefit from the “3+3 tax holiday” tax incentives during the Year.

(8) Net Profit

Net profit of the Company for the Year amounted to RMB899.6033 million, representing a year-on-year increase of 8.59%, of which net profit attributable to owners of the parent company amounted to RMB995.1320 million, representing a year-on-year increase of 6.86%. Net profit margin of the Company was 15.41%, representing a year-on-year increase of 1.56 percentage points.

(9) Bank Loans and Other Borrowings

As at 31 December 2020, the details of the Company’s bank loans and other borrowings are set out in “16. Short-term borrowings”, “22. Non-current liabilities due within one year” and “23. Long-term borrowings” of “V. Notes to Key Items of the Consolidated Financial Statements” of Section 13.

(10) Exchange Rate Risks

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

(11) Pledge of Assets and Contingent Liabilities

The Company has no pledge of assets or contingent liabilities during the Year.

(12) Capital Commitment

Details of the Company’s capital commitment during the year are set out in “XI. Commitments” of Section 13.

(13) Management of Working Capital

	31 December 2020	31 December 2019
Current ratio	1.21	1.16
Quick ratio	1.13	1.06
Turnover days of trade receivables	3.95	4.07
Turnover days of trade payables	16.51	15.53

As at 31 December 2020, the Company’s current ratio and quick ratio were 1.21 and 1.13, respectively, representing an increase as compared with the current ratio of 1.16 and quick ratio of 1.06 as at 31 December 2019. The turnover days of trade receivables for the year 2020 was 3.95 days and the turnover days of trade payables was 16.51 days, representing a decrease of 0.12 day as compared with (4.07 days) in 2019 and an increase of 0.98 day as compared with (15.53 days) in 2019, respectively. All indicators above are within the appropriate range.

## SECTION V REPORT OF THE BOARD OF DIRECTORS

### (14) Provision for Costs on Employees who Leave Their Posts and Wait for Retirement

In 2020, the Company's provision for costs on employees who leave their posts and wait for retirement was RMB256.8827 million, representing a decrease of 56.09% as compared with the corresponding period last year. In order to optimize the human resources structure, improve the labour productivity and per capita profitability, reduce the inefficiency and losses of labour costs and effectively enhance the development quality and operational efficiency, the Company has optimized and adjusted the posts of some employees who meet certain conditions on a voluntary basis, and has formulated and implemented the policy of "Leaving Posts and Waiting for Retirement". The Group is obliged to pay the welfare expenses to these employees who leave their posts and wait for retirement in the next 1 to 10 years, until they reach the statutory retirement age. The salary to employee who leaves their posts and waits for retirement is determined based on a certain percentage of the average monthly salary of last year when the employee officially leaves their posts and waits for retirement. At the same time, the Company shall pay the basic social insurances and housing fund for these employees in accordance with local social security regulations. In accordance with the provisions of the "Accounting Standards for Business Enterprises No. 9- Employees' Remuneration", the labour costs for employees during the period from their leaving their posts and waiting for retirement to their retirement shall be charged as expenses in the year of their leaving their posts. The Company, when considering its obligation to pay the leave and retirement welfare expenses for employees who leave their posts and wait for retirement, discounted these expenses on the basis of the yield of the PRC treasury bond in the same period and included them in administrative expenses at one time.

### (15) Donation

The charity and other donations of the Company made during the Year amounted to approximately RMB3.4522 million.

## V. FAILURE OF DISCLOSURE OF THE COMPANY AS PER RULES DUE TO INAPPLICABILITY OR SPECIAL REASONS

Applicable  Not applicable

# SECTION VI SIGNIFICANT EVENTS

## I. PLAN FOR PROFIT DISTRIBUTION ON ORDINARY SHARES OR CAPITALISATION OF CAPITAL RESERVES

### (I) Formulation, implementation or adjustment of the cash dividend policy

Applicable  Not applicable

According to the Article of Association and the Dividend Distribution Plan of Qinhuangdao Port Co., Ltd. (2018-2020) considered and approved at the 2017 annual general meeting of the Company, the Company adopts a consistent and stable profit distribution policy, including:

#### 1. Form of profit distribution

The Company can adopt the form of cash, shares, a combination of cash and shares or otherwise forms as permitted by laws and regulations in profit distribution, giving priority to cash dividends. The Company can make interim profit distribution.

#### 2. Specific conditions and ratios of cash dividends

In the absence of the special circumstances which in the opinion of the board of directors that may have material adverse impact on the normal operation of the Company, if the Company's profit for the year and undistributed profit are positive, profit distribution shall be made by way of cash not less than 30% of the net profit attributable to shareholders of the Company for the year, provided that such distribution shall not prejudice the normal operation and long-term business development of the Company.

#### 3. Specific conditions under which the Company may make dividends

When the Company is in a sound operating condition with rapid growth in operating income and net profit, and the board of directors considers that the Company's has good growth potential, overvalued net assets per share, stock price not reflecting the Company's scale of capital and a share dividend may have a dilution effect on the net assets per share which is in the interests of the shareholders as a whole, a proposal for share dividends may be proposed upon fulfillment of the above conditions concerning cash dividends.

#### 4. Differentiating cash dividend policy

When proposing distribution of dividends, the Board shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, profit level and whether it has any significant capital expenditure arrangements and formulate differentiating profits distribution proposals in accordance with the provisions set out below and procedures provided in the Articles of Association:

- (1) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the ratio of cash dividends shall be at least 80% in the profit distribution;
- (2) If the Company is at the mature stage of development and has a significant capital expenditure arrangement, the ratio of cash dividends shall be at least 40% in the profit distribution;
- (3) If the Company is at the growing stage and has a significant capital expenditure arrangement, the ratio of cash dividends shall be at least 20% in the profit distribution.

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.

## SECTION VI SIGNIFICANT EVENTS

### 5. Procedures for decision making in the profit distribution

- (1) Profit distribution proposal shall be formulated by the board of directors of the Company. In formulating a specific profit distribution proposal, the board of directors shall study and discuss, among others, the timing, conditions as well as the minimum ratio, conditions for adjustments and the requirements of the procedures for decision making in respect of the cash dividends. The independent directors shall give specific opinion. The independent directors may seek the opinion of the minority shareholders, devise a dividend distribution proposal accordingly and submit the same directly to the board of directors for consideration.
- (2) The board of directors shall propose the profit distribution proposal by special resolution at a general meeting for approval after receiving clear opinions from the independent directors to effect such proposal. Prior to the consideration of the specific profit distribution proposal at the general meeting, the Company shall communicate and exchange ideas through multiple channels with shareholders (in particular minority shareholders) to obtain the opinion and requests of the minority shareholders.
- (3) The supervisory committee of the Company shall supervise the formulation of the profit distribution proposal by the Board. It has the right to require the Board of Directors to make rectifications if the Board of Directors fails to execute cash dividend policy or perform corresponding decision-making procedures thereof according to the Company's Articles of Association.
- (4) When the Company does not distribute its profit as cash dividends under the special circumstances or proposes cash dividends at a percentage lower than as set out in the Articles of Association, the board of directors shall give explanations as to the reasons of not distributing cash dividends or the lower percentage, the precise use of the undistributed profit and the anticipated gains, which will be submitted for consideration at the shareholders' general meeting after receiving opinions from independent directors, and be disclosed afterwards on the Company's designated media. The explanations of not distributing cash dividends under special circumstances must be approved by way of an ordinary resolution at the shareholders' general meeting.
- (5) If the Company needs to adjust the profit distribution policy due to material changes in external operating environment or its own operating conditions, the board of directors shall make such adjustment and obtain opinions of independent directors thereon. The adjusted policy shall be subject to approval at a shareholders' general meeting by a special resolution. The meeting shall allow both on-site and online voting to provide conveniences to shareholders, especially minority shareholders, for their participation in formulating or amending the policy.

During the Reporting Period, the Company strictly implemented the above-mentioned profit distribution policy, with the dividend distribution standard and ratio specified and clear, and the relevant decision-making process and arrangement complete. In preparing and making decision on the distribution plan, independent Directors performed their duties and expressed their independent opinions. The Company also listened to the opinions and demands of minority shareholders. Relevant proposal will be considered and approved by the Board before submitted to the shareholders' general meeting for consideration. After being considered and approved by the shareholders' general meeting, it was implemented within the period as specified, thus effectively ensuring the interests of all Shareholders. The particulars are as follows:

As audited, the Company recorded net profit attributable to shareholders of the parent in 2020 of RMB995,132,015.27. The 2020 profit distribution plan is: A cash dividend of RMB0.64 per 10 shares (inclusive of tax) is proposed to be distributed on the basis of the total share capital of 5,587,412,000 shares as at 31 December 2020, totaling RMB357,594,368.00.

In the event that the total share capital registered at the record date for the subsequent implementation of equity distribution changes, the Company intends to maintain the total amount of distribution unchanged and make corresponding adjustments to the distribution ratio of each share.

The above profit distribution plan is still subject to the consideration and approval by the Shareholders at the 2020 annual general meeting of the Company. The independent non-executive Directors of the Company are of the view that the Company's profit distribution plan conforms to the actual operations of the Company, complies with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange and the provisions of the Articles of Association the Company, and is favorable to the sustainable development of the Company with no prejudice to the interests of the Company and small and medium investors. It is recommended to agree the profit distribution plan of the Company.

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



## SECTION VI SIGNIFICANT EVENTS

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

If the relevant proposal on profit distribution is approved at the 2020 annual general meeting, the dividends will be paid to shareholders before 25 August 2021.

**(II) The plan or budgets for dividend distribution on ordinary shares or capitalisation of capital reserves of the Company for the latest three years (including the Reporting period)**

Unit: Yuan Currency: RMB

Year of dividend distribution	Number of bonus shares for every 10 shares (share)	Dividend amount per 10 shares (tax inclusive)	Conversion into share capital for every 10 shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to the Company's ordinary Shareholders during the year of dividend distribution under the consolidated financial statements	Percentage in net profit attributable to the Company's ordinary shareholders under the consolidated financial statements (%)
2020	0	0.64	0	357,594,368.00	995,132,015.27	35.93
2019	0	0.90	0	502,867,080.00	931,247,331.39	54.00
2018	0	0.77	0	430,230,724.00	810,263,268.11	53.10

**(III) Inclusion of shares repurchased through cash offer in cash dividend**

Applicable  Not applicable

**(IV) If profits for the Reporting Period and the distributable profit of the parent to ordinary Shareholders are positive and no profit distribution plan in cash for the ordinary Shares is proposed, the Company should disclose the reasons as well as the use and intended use of the retained profits in details**

Applicable  Not applicable

# SECTION VI SIGNIFICANT EVENTS

## II. PERFORMANCE OF UNDERTAKINGS ON A SHARES

### (I) Undertakings made by undertaking parties, including the actual controller, Shareholders, related parties, acquirers of the Company and the Company given or subsisting in the Reporting Period

√ Applicable     Not applicable

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Intention to Sell Down	HPG	<p>The shares of QHD Port held by it may be reduced within two years after the expiry of the lock-up period, subject to the satisfaction of the following conditions: from the date of the Issuance of QHD Port to the date of publication of the indicative announcement in relation to the reduction of shareholding, they are able to timely and effectively perform their obligations under the public undertakings at the time of the Issuance; In addition, the average trading price of the shares of QHD Port for the 20 consecutive trading days prior to the publication of the indicative announcement in relation to the reduction of shareholding is higher than the Issue Price, among which, the average trading price of the shares of QHD Port for the 20 preceding trading days is calculated as: the average trading price of the shares of QHD Port for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding = the total trading amount of the shares of QHD Port for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding/the total trading volume of the shares of the Issuer for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding. Within two years after the expiry of the lock-up period, the total number of shares to be reduced each year shall not exceed 10% of the total number of shares of QHD Port held by it. In the event of conversion of capital reserve or undistributed profit into share capital of QHD Port during the year of reduction, the calculation base of total share capital at the end of the previous year shall be adjusted accordingly. The number of available reduction units cannot be calculated on a cumulative basis, and the number of unsold reduction units in the current year cannot be accumulated to the following year. In addition, the price of reduction in shareholding shall not be lower than the issue price of the shares to be issued by QHD Port. If QHD Port carries out ex-rights or ex-dividend activities due to profit distribution, conversion of capital reserve into share capital, additional offering and placing after listing, it shall deal with ex-rights or ex-dividend activities in accordance with the relevant provisions of the stock exchange. After the expiration of the lock-up period, if it is determined to reduce its shareholding in QHD Port in accordance with the law, it shall publish an indicative announcement of the reduction through QHD Port three trading days in advance, and specify the number or range of the reduction and the execution period of the reduction in the announcement.</p>	2 years after the expiration of the lock-up period	Yes	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Intention to Sell Down	State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City	<p>The shares of QHD Port held by it may be reduced within two years after the expiry of the lock-up period, subject to the satisfaction of the following conditions: from the date of the Issuance of QHD Port to the date of publication of the indicative announcement in relation to the reduction of shareholding, they are able to timely and effectively perform their obligations under the public undertakings at the time of the Issuance; In addition, the average trading price of the shares of QHD Port for the 20 consecutive trading days prior to the publication of the indicative announcement in relation to the reduction of shareholding is higher than the issue price, among which, the average trading price of the shares of QHD Port for the 20 preceding trading days is calculated as: the average trading price of the shares of QHD Port for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding = the total trading amount of the shares of QHD Port for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding/the total trading volume of the shares of the Issuer for the 20 trading days prior to the date of the indicative announcement in relation to the reduction of shareholding. Within two years after the expiry of the lock-up period, the total number of shares to be reduced each year shall not exceed 50% of the total number of shares held by it in QHD Port. In the event of conversion of capital reserve or undistributed profit into share capital of QHD Port during the year of reduction, the calculation base of total share capital at the end of the previous year shall be adjusted accordingly. The number of available reduction units cannot be calculated on a cumulative basis, and the number of unsold reduction units in the current year cannot be accumulated to the following year. In addition, the price of reduction in shareholding shall not be lower than the issue price of the shares to be issued by QHD Port. If QHD Port carries out ex-rights or ex-dividend activities due to profit distribution, conversion of capital reserve into share capital, additional offering and placing after listing, it shall deal with ex-rights or ex-dividend activities in accordance with the relevant provisions of the stock exchange. After the expiration of the lock-up period, if it is determined to reduce its shareholding in QHD Port in accordance with the law, it shall publish an indicative announcement of the reduction through QHD Port three trading days in advance, and specify the number or range of the reduction and the execution period of the reduction in the announcement.</p>	2 years after the expiration of the lock-up period	Yes	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Dealing with horizontal competition	HPG	<p>In order to avoid competition with QHD Port and its controlled enterprises, HPG issued the Non-competition Undertaking to QHD Port on 10 August 2015, which irrevocably undertakes and guarantees as follows:</p> <ol style="list-style-type: none"> <li>None of the controlling enterprises of HPG and HPG (Other than QHD Port) is or will be engaged in any business or activity in any form, directly or indirectly, in competition with or likely to be in competition with the principal businesses currently and in the future engaged by QHD Port and its controlling enterprises, both within and outside the PRC; HPG undertakes to use its best endeavours to procure that the companies in which HPG holds equity interests do not or will not engage in or participate in any form of business or activity which competes or is likely to compete, directly or indirectly, with the principal business of QHD Port and its controlled enterprises within or outside the PRC.</li> <li>If HPG or the holding enterprise of HPG other than QHD Port identifies any new business opportunity that competes or may compete, directly or indirectly, with the principal business of QHD Port or its holding enterprise, it shall immediately notify QHD Port in writing and use its best endeavours to procure that such business opportunity is first offered to QHD Port or its holding enterprise on reasonable and fair terms and conditions.</li> <li>If QHD Port or its controlled enterprises abandon such competing new business opportunities and HPG or its controlled enterprises engage in such competing business other than QHD Port, QHD Port or its controlled enterprises shall have the right to acquire any equity interests, assets and other interests in the aforesaid competing business from HPG or its controlled enterprises at any time, either on a one-off or multiple occasions, or by QHD Port to entrust, lease or contract to operate the assets or businesses of HPG or its controlled enterprises other than QHD Port in the aforesaid competing business in a manner permitted by national laws and regulations.</li> <li>When HPG and HPG's holding enterprises other than QHD Port intend to transfer, sell, lease, license or otherwise transfer or permit to use assets and businesses that compete or are likely to compete, directly or indirectly, with the principal businesses of QHD Port or its holding enterprises, HPG and HPG's holding enterprises other than QHD Port will provide QHD Port or its holding enterprises with pre-emptive rights, and undertake to use their best efforts to procure HPG's shareholding enterprises to provide pre-emptive rights to QHD Port or its holding enterprises in the above circumstances.</li> <li>From the date of this letter of undertaking, HPG undertakes to indemnify QHD Port or its controlled entities against all actual losses, damages and expenses suffered by HPG or its controlled entities as a result of any breach of any terms of this letter of undertaking.</li> <li>This letter of undertaking shall terminate upon the earlier of: (1) Any holding enterprise of HPG and HPG directly or indirectly holds less than 30% of the total number of shares of QHD Port (On an aggregated basis); or (2) The shares of QHD Port shall cease to be listed on the SSE and other internationally recognized stock exchanges (Except for the suspension of trading of the shares of QHD Port for any reason).</li> </ol>	Long term	No	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Disclosure of Information Undertaking	QHD Port	<p>If the CSRC or other competent authorities determine that there are false representations, misleading statements or material omissions in the prospectus and such circumstances have a material and substantial impact on the determination of whether QHD Port is subject to the conditions of issuance as prescribed by the laws, Qinhuangdao Port will repurchase all the new shares issued under this Issuance in accordance with the following methods: 1) If the above circumstances occur during the stage when the new shares issued under this issuance by QHD Port are issued but not traded, QHD Port will return the proceeds raised from this Issuance to the investors who have paid the subscription monies according to the issue price plus bank deposit interest for the same period within 5 working days from the date of the above circumstances. 2) If the above situation occurs after the new shares to be issued by QHD Port have been listed and traded, QHD Port will convene a board meeting within 15 trading days after the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the existence of the above-mentioned facts of QHD Port, formulate a share repurchase plan for the new shares to be issued and submit it to the general meeting for consideration and approval, and repurchase all the new shares to be issued under the Issuance through the trading system of the SSE in accordance with the specific share repurchase plan considered and approved by the Board and the general meeting at a price not lower than the issue price of the shares to be issued under the issuance plus interest on current bank deposits for the relevant period from the issuance of shares to the repurchase or such other price as recognized by the CSRC. In case of any ex-right or ex-dividend activities such as profit distribution, conversion of capital reserve into share capital, additional issuance and placing of shares of QHD Port after the issuance and before the repurchase, the above issue price shall be the ex-right and ex-dividend price. Should there be any false representation, misleading statement or material omission in the prospectus of QHD Port which results in losses suffered by investors in securities trading, QHD Port shall compensate the investors in full and in a timely manner according to the final decision or effective judgment of the competent authorities such as the CSRC or the People's Court.</p>	Long term	No	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Disclosure of Information Undertaking	HPG	<p>HPG, the controlling shareholder of QHD Port, undertakes that if the prospectus of QHD Port contains false representations, misleading statements or material omissions, which have material and substantial impact on the determination of the issue conditions as stipulated by the laws, it will repurchase the transferred original restricted shares in accordance with the laws after the competent authorities such as the CSRC or the People's Court have made the final determination or effective judgment of the aforesaid facts in the prospectus of QHD Port. The repurchase price shall not be lower than the issue price of the shares of QHD Port plus interest on bank demand deposits for the relevant period from the Issuance of the shares to the Issuance of the repurchase offer or such other price as recognized by the CSRC, and shall be implemented in accordance with the procedures stipulated by relevant laws and regulations. If there is any ex-right or ex-dividend activities such as profit distribution, conversion of capital reserve into share capital, additional issuance or distribution of shares after listing of QHD Port, the above issue price shall be the ex-right or ex-dividend price. If the prospectus of QHD Port contains any false record, misleading statement or material omission which causes losses to the investors in securities trading, it will compensate the investors in full and in a timely manner according to the final decision or effective judgment of the competent authorities such as the CSRC or the People's Court. In the event that there is any false representation, misleading statement or material omission in the prospectus of QHD Port, which has material and substantial impact on the determination of whether the issue conditions stipulated by the laws of the People's Republic of China have been fulfilled by the competent authorities such as the CSRC or the People's Court, which have made the final determination or effective judgment of the issuer, it has undertaken to procure QHD Port to perform the decision-making procedures for the share repurchase, and in the event that QHD Port convenes a general meeting to resolve on the share repurchase, it has undertaken to vote for the share repurchase at the general meeting.</p>	Long term	No	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Disclosure of Information Undertaking	Directors of QHD Port	If there are false representations, misleading statements or material omissions in the prospectus of QHD Port that result in losses suffered by investors in securities trading, and the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the aforesaid facts in the prospectus of QHD Port, they will compensate the investors for the direct losses actually suffered by them in accordance with the scope of compensation, compensation standards, compensation amount and other factors determined by such final determination or effective judgment. If there is any false representation, misleading statement or material omission in the prospectus of QHD Port, which has material and substantial impact on the determination of whether the issuance conditions stipulated by the laws by QHD Port have resulted in losses to investors in securities trading, and if the final determination or effective judgment of the above facts of QHD Port has been made by the competent authorities such as the CSRC or the People's Court, at the time of convening the relevant board of directors to resolve on the repurchase of shares, QHD Port undertakes to vote in favour of the relevant resolution in relation to the repurchase of shares.	Long term	No	Yes		
	Disclosure of Information Undertaking	Supervisors and senior management of QHD Port	If there are false representations, misleading statements or material omissions in the prospectus of QHD Port that result in losses suffered by investors in securities trading, and the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the aforesaid facts in the prospectus of QHD Port, they will compensate the investors for the direct losses actually suffered by them in accordance with the scope of compensation, compensation standards, compensation amount and other factors determined by such final determination or effective judgment.	Long term	No	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Undertakings to Fill the Diluted Immediate Return	Directors and senior management of QHD Port	The directors and senior management of QHD Port have made undertakings on the effective implementation of the remedial measures for returns of the Company in accordance with the relevant requirements of the CSRC, details of which are as follows: Not to transfer to other entities or individuals for free or under unfair conditions, nor otherwise to prejudice the interests of QHD Port; To restrict job-related consumption; The assets of QHD Port will not be used for investment and consumption activities unrelated to the performance of their duties; The remuneration system formulated by the Board of Directors or the Remuneration Committee is linked to the implementation of the remedial measures for returns of QHD Port; If QHD Port proposes to implement an equity incentive, it will link the exercise conditions of the equity incentive formulated by QHD Port with the implementation of the remedial measures for returns of QHD Port; The Company will duly implement the relevant remedial measures for returns formulated by QHD Port, and if there is any breach of such undertakings which causes losses to QHD Port or investors, it will be liable for the compensation to QHD Port and investors in accordance with the laws; Prior to the completion of the offering and listing of QHD Port, if the CSRC imposes other new regulatory requirements in relation to the remedial measures for returns and its undertakings, and such undertakings fail to meet such requirements of the CSRC, it will make supplemental undertakings in accordance with the latest requirements of the CSRC.	Long term	No	Yes		
	Resolving Title Defects such as Properties	HPG	QHD Port leased from HPG the properties without building ownership certificates, and HPG issued an undertaking letter, undertaking that it is the sole owner of such properties, and that there are no third party rights or any ownership disputes on such properties, and it is entitled to lease such properties to QHD Port; In the event that HPG or any third party causes any interruption or interference to the leasing and use of such properties by QHD Port or any third party due to the reasons for the ownership of such properties, which causes economic loss or other burden to QHD Port, HPG undertakes to compensate or bear any loss or burden caused to QHD Port by the aforesaid reasons.	Long term	No	Yes		



## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	QHD Port	<p>QHD Port will strictly perform all the public undertakings made by QHD Port in relation to the Issuance and actively accept social supervision. In the event that the undertaking of QHD Port fails to be performed, is unable to be performed or is unable to be performed on schedule (Except for reasons beyond the control of QHD Port due to objective reasons such as changes in relevant laws and regulations, policies, natural disasters and other force majeure), QHD Port will take the following measures: 1) to timely and fully disclose the specific reasons for the failure to perform, the failure to perform or the failure to perform on schedule by QHD Port; 2) Provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors as much as possible; 3) Submitting the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) QHD Port will impose penalties in the form of reduction or suspension of remuneration or allowances or demotion of duties on the relevant responsible person; At the same time, QHD Port will immediately cease the formulation or implementation of major asset purchases and disposals, as well as capital operation activities such as issuance of new shares, issuance of corporate bonds and major asset restructuring until QHD Port has fulfilled the relevant undertakings; 5) To publicly explain the specific reasons for non-performance of the undertakings at the general meeting and the media designated by the CSRC for disclosure, and apologize to the shareholders and the public investors. If the undertaking of QHD Port fails to be performed, is unable to be performed or is unable to be performed on schedule due to objective reasons beyond the control of QHD Port, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, QHD Port will adopt the following measures: 1) Timely and fully disclose the specific reasons for the failure, inability or inability to perform the undertaking of QHD Port; 2) Provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors of QHD Port as much as possible; 3) To publicly explain the specific reasons for non-performance of the undertaking and apologize to the shareholders and public investors at the general meeting and the media designated by the CSRC for disclosure.</p>	Long term	No	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	HPG, State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City	It will strictly comply with all public undertakings made in relation to the Issuance of QHD Port and actively accept social supervision. If its undertaking is not performed, is proved to be unable to be performed or is unable to be performed on schedule (Other than due to objective reasons beyond its control, such as relevant laws and regulations, policy changes, natural disasters and other force majeure), it will take the following measures: 1) fully disclose the specific reasons for his failure to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) Provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) Submitting the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) The proceeds obtained by it from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, it shall compensate QHD Port or the investors in accordance with the law, and shall be compensated in accordance with the following procedures: the cash dividends payable to it shall be directly used by QHD Port for the execution of the outstanding undertaking or to compensate for the losses incurred by QHD Port or the investors due to the non-performance of the undertaking; If it reduces its shareholding prior to the full performance of its undertaking or the completion of compensation, it shall transfer the funds received from the reduction to the Board of Directors of QHD Port for specific performance of its undertaking or for compensation until it has fulfilled its undertaking or made up for the losses of the Company and the investors. If its undertakings cannot be performed, cannot be performed or cannot be performed on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, it will take the following measures: 1) timely and fully disclose the specific reasons for its failure, inability or inability to perform on schedule through QHD Port; 2) Provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.	Long term	No	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	Executive Directors, Non-executive Directors and Senior Management of QHD Port	<p>It will strictly perform all its public undertakings in relation to the issue of QHD Port, and actively accept social supervision. If his undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (Other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) Provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) Submitting the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) In the event that he/she fails to put forward the specific plan for increase in shareholding as stated in the share price stabilization plan, or fails to implement the plan for increase in shareholding as disclosed, he/she shall irrevocably authorize QHD Port to withhold 20% of the total remuneration received from QHD Port for the previous year and perform the obligation of increase in shareholding on his/her behalf; 5) The gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QHD Port or the investors in accordance with the following procedures: if I receive remuneration from QHD Port, I agree that QHD Port shall cease to pay remuneration to it and use it directly to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the non-performance of the undertaking. In the event of any failure, failure or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, I will take the following measures: 1) Timely and fully disclose the specific reasons for the failure to perform, failure to perform or failure to perform on schedule by QHD Port; 2) Provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.</p>	Long term	No	Yes		

## SECTION VI SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	Independent Non-executive Directors and Supervisors of QHD Port	It will strictly perform all its public undertakings in relation to the issue of QHD Port and actively accept social supervision. If his undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (Other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) Fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) Provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) Submitting the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) The gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QPCL or the investors in accordance with the following procedures: if I receive remuneration from QHD Port, I agree that QHD Port shall cease to pay remuneration to it, and this will be directly used to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the non-performance of the undertaking. In the event of any failure, failure or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, I will take the following measures: 1) Timely and fully disclose the specific reasons for the failure to perform, failure to perform or failure to perform on schedule by QHD Port; 2) Provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.	Long term	No	Yes		

(II) **If the Company has made a profit forecast to its assets or projects, and the profit estimate period is within the Reporting Period, the Company's explanation on whether its assets or projects would fulfill its profit forecast and the reasons thereof**

Fulfillment  Unfulfillment  Not applicable

(III) **Fulfillment of undertakings and its impact on goodwill impairment test**

Applicable  Not applicable

## SECTION VI SIGNIFICANT EVENTS

### III. FUND OCCUPANCY AND PROGRESS OF COLLECTION DURING THE REPORTING PERIOD

Applicable  Not applicable

### IV. EXPLANATION OF THE COMPANY ON THE “MODIFIED AUDIT REPORT” FROM AUDITORS

Applicable  Not applicable

### V. ANALYSIS AND EXPLANATION OF THE COMPANY ON THE REASONS FOR AND IMPACTS OF THE CHANGES IN ACCOUNTING POLICIES OR ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS

#### (I) Analysis and explanation of the Company on the reasons for and impacts of the changes in accounting policies or accounting estimates

Applicable  Not applicable

#### (II) Analysis and explanation of the Company on the reasons for and impacts of correction of material accounting errors

Applicable  Not applicable

#### (III) Communications with former auditors

Applicable  Not applicable

#### (IV) Others

Applicable  Not applicable

## SECTION VI SIGNIFICANT EVENTS

### VI. APPOINTMENT AND REMOVAL OF AUDITORS

Unit: Yuan Currency: RMB

	Current appointment
Name of domestic auditors	Ernst & Young Hua Ming LLP
Remuneration of domestic auditors	4,000,000 (inclusive of tax)
Term of domestic auditors	8

	Name	Remuneration
Auditors for internal control audit	Ernst & Young Hua Ming LLP	700,000 (inclusive of tax)
Sponsor	China International Capital Corporation Limited	0

Explanation on the appointment and removal of auditors

Applicable  Not applicable

Explanation on the change of auditors during the audit period

Applicable  Not applicable

### VII. RISK OF SUSPENSION OF LISTING

#### (I) Reason for suspension of listing

Applicable  Not applicable

#### (II) Response measures to be adopted by the Company

Applicable  Not applicable

### VIII. DELISTING AND THE REASONS THEREOF

Applicable  Not applicable

### IX. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable  Not applicable

# SECTION VI SIGNIFICANT EVENTS

## X. MATERIAL LITIGATION AND ARBITRATION

- The Company had material litigations or arbitrations during the year.  
 The Company had no material litigation or arbitration during the year.

### (I) Litigation and arbitration issues that have been disclosed in the provisional announcements and without subsequent development

- Applicable  Not applicable

Summary and type of issue	Query index
<p>On 30 January 2018, Cangzhou Bohai Port Co., Ltd. ("Cangzhou Bohai Port"), a controlling subsidiary of the Company, received a summons issued by the Intermediate People's Court of Cangzhou City, Hebei Province, in which the plaintiff is China Construction Sixth Engineering Division Corp. Ltd. ("China Construction Sixth Engineering Division"), the defendant is Cangzhou Bohai Port, and the case is about a construction contract dispute with amount of RMB33,864,106.08 and the interests. During the first instance of the trial, the claim from China Construction Sixth Engineering Division was dismissed, the case acceptance fee of RMB289,791 was borne by the plaintiff – China Construction Sixth Engineering Division. On 14 September 2018, Cangzhou Bohai Port received a subpoena issued by the High People's Court of Hebei Province [Case No.: (2018) Ji Min Zhong No. 869] and a statement of appeal. On 17 October 2018, Cangzhou Bohai Port received the civil judgment ((2018) Ji Min Zhong No. 869) from the High People's Court of Hebei Province, pursuant to which the High People's Court of Hebei Province would revoke the civil judgment (2018) Ji Min Chu No. 91 and send the case to the Intermediate People's Court of Cangzhou City for retrial. On 2 January 2020, Cangzhou Bohai Port received a civil judgement ((2018) Ji 09 Min Chu No.395) from the Intermediate People's Court of Cangzhou City, and on 14 January 2020, Cangzhou Bohai Port filed an appeal. On 14 September 2020, Cangzhou Bohai Port received the civil judgment ((2020) Ji Min Zhong No. 393) from the High People's Court of Hebei Province.</p>	<p>Please refer to the relevant announcements published on the website of the Shanghai Stock Exchange by QHD Port: Announcement on Litigation of Controlling Subsidiary (Announcement No: 2018-004), Announcement on the Progress of Controlling Subsidiary's Litigation (Announcement No:2018-020), Announcement on the Progress of Controlling Subsidiary's Litigation (Announcement No:2018- 028), Announcement on the Progress of Controlling Subsidiary's Litigation (Announcement No:2018-031), Announcement on the Progress of Controlling Subsidiary's Litigation (Announcement No:2020-001), Announcement on the Results of Controlling Subsidiary's Litigation (Announcement No:2020-025) and Litigation Announcements published on the website of the Hong Kong Stock Exchange on 31 January, 29 June, 18 September, 18 October 2018 and 3 January, 15 September 2020.</p>

### (II) Litigation and arbitration issues that have not been disclosed in the provisional announcement or with subsequent development

- Applicable  Not applicable

### (III) Other Explanation

- Applicable  Not applicable

## XI. PENALTY AND RECTIFICATION AGAINST THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, BENEFICIAL CONTROLLER AND ACQUIRER

- Applicable  Not applicable

## XII. EXPLANATION ON INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND BENEFICIAL CONTROLLER DURING THE REPORTING PERIOD

- Applicable  Not applicable

During the Reporting Period, the Company and its controlling shareholders, de facto controllers did not have refusal to implement effective judgments of a court or failure to meet debt repayment schedules in a relatively large amount.

## SECTION VI SIGNIFICANT EVENTS

### XIII. SHARE INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER INCENTIVE MEASURES FOR EMPLOYEES AND THEIR IMPACTS

(I) Incentives disclosed in extraordinary announcements without progress or change in the follow-up implementation

Applicable  Not applicable

(II) Incentives not disclosed in extraordinary announcements or with progress in the follow-up implementation

Share incentive

Applicable  Not applicable

Other explanations

Applicable  Not applicable

Employee share scheme

Applicable  Not applicable

Other incentive measures

Applicable  Not applicable

### XIV. MATERIAL RELATED TRANSACTIONS

(I) Related transactions related to daily operation

1. Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation

Applicable  Not applicable

2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation

Applicable  Not applicable

As HPG is the controlling shareholder of QHD Port, HPG and its associates (as defined in the Shanghai Listing Rules and the Hong Kong Listing Rules) are related parties/connected persons of QHD Port under the Shanghai Listing Rules and the Hong Kong Listing Rules. As HPG Finance is a subsidiary of HPG, and is held as to 60% equity interests by HPG, HPG Finance is an associate of HPG and a related party/connected person of the Company.

Details of the Company's related/connected transactions during the year are set out in note X to the financial statements in this annual report. The related party transactions described in note X to the financial statements, of which the related party transactions between the Company and HPG and its associates (as defined in the Shanghai Listing Rules and the Hong Kong Listing Rules) are also connected transactions/continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and comply with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

During the Year, the Company had the following continuing related/connected transactions with related parties/connected persons:



## SECTION VI SIGNIFICANT EVENTS

### Leasing Framework Agreement

Considered and approved at the fourth meeting of the fourth session of the Board of the Company, on 28 September 2018, the Company entered into Lease Framework Agreement with HPG, with effect from 1 January 2019 to 31 December 2021. According to Lease Framework Agreement, HPG (including subsidiaries and units, same as in the following section) leased its properties, civil construction facilities, equipment and other assets managed by HPG to the Company. The pricing principle of rentals is cost plus reasonable profit of lease target. Pursuant to which, the Company paid the rentals of a maximum amount of RMB121,529,200 per annum to HPG. They agreed that the total rentals paid by the Company to HPG shall decrease according to the corresponding cost plus reasonable profit of such assets, for the purpose of certain discontinued assets in accordance with the Lease Framework Agreement. For the details of the Leasing Framework Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2018-030) on the website of the Shanghai Stock Exchange on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Hong Kong Stock Exchange on 28 September 2018 published by QHD Port.

During the year of 2020, the Company incurred the rental of RMB110,218,215.11 according to Lease Framework Agreement.

### General Services Agreement

Considered and approved by the first extraordinary general meeting of 2018, on 28 September 2018, the Company entered into General Services Agreement with HPG, with effect from 1 January 2019 to 31 December 2021. Pursuant to General Services Agreement, the Company offers general services to HPG mutually and the price of each service shall be determined according to the following principles and orders; (1) Government Price: At all times, government price is applicable to any specific service and product, and such products and services will be provided according to applicable government price (whether national or regional); (2) Government Guidance Price: Price shall be determined within the scope of the government guidance price if there is a standard of government guidance fee; (3) Market Price: The price will be determined with reference to the market price at that time if there is no above two pricing standards but the price of same or similar products, technology and services provided by independent third parties during the ordinary course of business on normal commercial terms; The management of the two parties shall refer to at least two comparable transactions with independent third parties when determining whether the transaction price of any product under the General Services Agreement is the market price; (4) Agreement Price: The charging standard will be determined according to reasonable costs plus reasonable profits of services provided where there is no above standards. The management shall refer to at least two comparable transactions with independent third parties when determining reasonable profits of the relevant services under the General Services Agreement, not higher than 15% of the cost in principle, save as otherwise agreed in the specific agreement.

Pursuant to General Services Agreement, HPG provides the following services to the Company; (1) Social Services: employee education, training, medical service, printing and other related or similar services; (2) Living services: property management services (including elevator maintenance, etc.) office rental, office supplies and other daily rental, water and heat supply, sanitation, greening and other related or similar services; and (3) Production Logistic Services: labor service, equipment manufacturing, survey and design, supervision, port construction, real estate development, project agent construction, port engineering maintenance and communication service, water supply, material supply and other related or similar services; The company will provide the following services to HPG: port service, port electricity management, transportation service, software service, labor service, lease service, material supply service and other related or similar services. For details of the General Services Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2018-030) on the website of the Shanghai Stock Exchange on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Hong Kong Stock Exchange on 28 September 2018 published by QHD Port.

The Company provides services to HPG with the amount of the annual cap of RMB150,000,000, RMB158,000,000 and RMB166,000,000 in 2019, 2020, 2021 respectively; HPG provides services to the Company with the amount of the annual cap of RMB550,000,000, RMB578,000,000 and RMB607,000,000 in 2019, 2020, 2021 respectively.

During the year of 2020, the Company provided services to HPG with an amount of RMB111,390,726.83; HPG provided services to the Company with an amount of RMB521,288,937.08.

## SECTION VI SIGNIFICANT EVENTS

### Financial Services Framework Agreement

Considered and approved by the first extraordinary general meeting of 2018, on 28 September 2018, the Company entered into Financial Services Framework Agreement with HPG Finance, with effect from 1 January 2019 to 31 December 2021. Pursuant to Financial Services Framework Agreement, HPG Finance provides services to the Company, including deposit services, loan services, settlement services and settlement related auxiliary business, entrusted loan services, bill discount, guarantee services, financial and financing consultation services, credit verification services and relevant consultancy and agency services, and other financial services ("Other Financial Services") provided by financial companies according to applicable laws and regulations; Of which, the daily maximum balance of deposits and interest income for 2019, 2020, 2021 is RMB4 billion, RMB4.2 billion and RMB4 billion, and the daily maximum balance of loan and interest expenses for 2019, 2020, 2021 is RMB1 billion, and the total charges of Other Financial Services for 2019, 2020, 2021 is RMB90,000,000.

The price and charges of HPG Finance's services is required to be determined by consideration between two parties and comply with the following requirements:

1. Deposit services:

HPG Finance absorbs the interest rate of the Company's deposits, which shall be determined in compliance with the relevant requirements of the People's Bank of China, the benchmark deposit rate (if any) regularly issued by the People's Bank of China and determined interest rate when relevant commercial banks provide the same type of deposit services at the same period to HPG Finance and its subsidiaries and units as well as ordinary commercial items, and not lower than the deposit interest rate of same type when HPG and its subsidiaries and units (except for the Company) place the deposits in HPG Finance in the same period.

2. Loan services:

The loan interest rate provided to the Company by HPG Finance, shall be in compliance with the relevant requirements of the People's Bank of China and the benchmark loan rate (if any) regularly issued by the People's Bank of China and determined interest rate when relevant commercial banks provide the same type of loan services at the same period to HPG Finance and its subsidiaries and units as well as ordinary commercial items, and not higher than the loan interest rate of same type when HPG Finance the loan to HPG and its subsidiaries and units(except for the Company) in the same period.

3. Other Financial Services:

3.1 Settlement Services: settlement services and settlement related auxiliary business (free of charges).

3.2 The fees charged by HPG Finance for the provision of discounted bills, entrusted loans, guarantee services, financial and financing consultation, credit verification grant and relevant consultancy and agency services as well as other financial services provided by HPG Finance in accordance with the applicable laws and regulations, shall be determined according to the following standards:

- (1) the fees shall be in accordance with the relevant benchmark rates mandatorily determined by the PBOC or the CBRC (if any); and
- (2) if there is no such provision, the service fees charged by HPG Finance for the provision of such financial services to the Company shall not be higher than those charged by the relevant domestic commercial banks for the provision of the same type of financial services to the Company in the same period, and shall not exceed those charged by HPG Finance for the provision of the same type of financial services to HPG and its subsidiaries and units (other than the Company) in the same period. The service fees shall be paid by the Company in one lump sum or by installment in accordance with specific circumstances. For details of the Financial Services Framework Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2018-030) on the website of the Shanghai Stock Exchange on 29 September 2018 and the Renewal of Continuing Connected Transactions, Major Transactions and Discloseable Transaction on the website of the Hong Kong Stock Exchange on 28 September 2018 published by QHD Port.

During the year of 2020, the maximum deposit balance of deposit service (namely maximum daily deposit and interest income balance) and the maximum amount of loan granted in respect of loan service (namely maximum daily loan and interest expense balance) at the actual transaction date were RMB3,008,249,859.54 and RMB789,000,000.00, respectively. In terms of other financial services, the actual transaction amount was RMB0.00.

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

- (1) in the ordinary and usual course of business of QHD Port;
- (2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms or not, on terms no less favorable than those available to or from independent third parties; and
- (3) in accordance with the relevant agreements governing the transactions and on terms that are fair and reasonable and in interests of QHD Port and the Shareholders as a whole.

## SECTION VI SIGNIFICANT EVENTS

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

The above continuing connected transactions:

- (1) have been approved by the Board;
  - (2) have been, in all material respects, effected in accordance with pricing policies specified under the respective agreements relating to the transactions;
  - (3) have been, in all material respects, entered into on the terms of the respective agreements relating to the transactions; and
  - (4) do not exceed the annual caps as disclosed in relevant announcements.
3. Matters not disclosed in extraordinary announcements
- Applicable  Not applicable

### (II) Related transactions in relation to acquisition or disposal of assets or equity

1. Matters disclosed in extraordinary announcements without further development or change in subsequent implementation  
 Applicable  Not applicable
2. Matters disclosed in extraordinary announcements and with further development or change in subsequent implementation  
 Applicable  Not applicable
3. Matters not disclosed in extraordinary announcements  
 Applicable  Not applicable
4. If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed  
 Applicable  Not applicable

## SECTION VI SIGNIFICANT EVENTS

### (III) Major related transactions relating to joint external investments

1. Matters disclosed in extraordinary announcements without progress or change in the subsequent implementation  
 Applicable  Not applicable
2. Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation  
 Applicable  Not applicable
3. Matters which were not disclosed in extraordinary announcements  
 Applicable  Not applicable

### (IV) Amounts due from/to related parties

1. Matters disclosed in extraordinary announcements without progress or change in the subsequent implementation  
 Applicable  Not applicable
2. Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation  
 Applicable  Not applicable

Caofeidian Coal Port, a subsidiary under the control of the Company, will carry out factoring business with Jigang Commercial Factoring (Tianjin) Co., Ltd., an indirect subsidiary under the control of Hebei Port Group Co., Ltd., the controlling shareholder of the Company, for a period of three years from the effective date of the Factoring Business Cooperation Framework Agreement signed by both parties. The annual factoring amount shall not exceed RMB300 million, which can be recycled. The financing rate shall not exceed 6% (finance interest + service fee). For details of this matter, please refer to the "Announcement on the Connected Transaction in relation to the Factoring Business to be Carried Out by a Holding Subsidiary" of QHD Port published on the Shanghai Stock Exchange on 29 August 2019 (Announcement No.: 2019-024).

During the 2020, the daily maximum amount of factoring business between Caofeidian Coal Port and Jigang Commercial Factoring (Tianjin) Co., Ltd. was RMB24,164,700, with financing interest and handling fees totaling RMB1,272,300.

3. Matters not disclosed in extraordinary announcements  
 Applicable  Not applicable

### (V) Others

- Applicable  Not applicable

# SECTION VI SIGNIFICANT EVENTS

## XV. MATERIALS CONTRACTS AND THEIR EXECUTION

### (I) Trusteeship, contracting and leasing

1. Trusteeship  
 Applicable  Not applicable
2. Contracting  
 Applicable  Not applicable
3. Leasing  
 Applicable  Not applicable

### (II) Guarantees

- Applicable  Not applicable

### (III) Management of cash assets entrusted to third parties

1. Entrusted wealth management

#### (1) General conditions of entrusted wealth management

- Applicable  Not applicable

Unit: Yuan Currency: RMB

Type	Source of funds	Amount incurred	Unexpired balance	Overdue outstanding amount
Banking wealth management products	Self-owned funds	170,000,000.00	0	0

#### Others

- Applicable  Not applicable

## SECTION VI SIGNIFICANT EVENTS

### (2) Breakdown of entrusted wealth management

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Trustee	Type of entrusted wealth management	Entrusted wealth management amount	Commencement date of entrusted wealth management	Termination date of entrusted wealth management	Source of funds	Investment target	Determination of returns	Annualized yield rate	Expected gains (if any)	Actual gains or losses	Actual recovery	Whether followed the statutory procedures	Future entrusted wealth management plan available	Amount of impairment provision
China Minsheng Bank (Sub-branch at Haiyang Road, Qinquangdao)	Principal-preservation with floating income	120,000,000.00	2020/1/7	2020/2/18	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	3.60%	468,958.39	468,958.39	Already recovered	Yes		
China Minsheng Bank (Sub-branch at Haiyang Road, Qinquangdao)	Principal-preservation with floating income	50,000,000.00	2020/1/10	2020/2/19	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	3.60%	186,094.59	186,094.59	Already recovered	Yes		
China Minsheng Bank (Sub-branch at Haiyang Road, Qinquangdao)	Principal-preservation with floating income	120,000,000.00	2020/2/20	2020/3/31	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	3.65%	452,830.19	452,830.19	Already recovered	Yes		
China Minsheng Bank (Sub-branch at Haiyang Road, Qinquangdao)	Principal-preservation with floating income	50,000,000.00	2020/2/20	2020/3/31	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	3.65%	188,679.25	188,679.25	Already recovered	Yes		
China Minsheng Bank (Sub-branch at Haiyang Road, Qinquangdao)	Principal-preservation with floating income	50,000,000.00	2020/4/1	2020/7/17	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	4.13%	574,816.56	574,816.56	Already recovered	Yes		
China Minsheng Bank (Sub-branch at Haiyang Road, Qinquangdao)	Principal-preservation with floating income	50,000,000.00	2020/4/1	2020/7/17	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	4.13%	574,816.56	574,816.56	Already recovered	Yes		
China Minsheng Bank (Sub-branch at Haiyang Road, Qinquangdao)	Principal-preservation with floating income	50,000,000.00	2020/4/1	2020/7/17	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	4.13%	574,816.56	574,816.56	Already recovered	Yes		
Bank of Communications (Sub-branch at Binhai Road, Qinquangdao)	Principal-preservation with floating income	20,000,000.00	2020/4/3	2020/8/7	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	1.35%	227,965.89	227,965.89	Already recovered	Yes		
Bank of Communications (Sub-branch at Binhai Road, Qinquangdao)	Principal-preservation with floating income	50,000,000.00	2020/7/22	2020/12/4	Self-owned funds		Principal and gains will be returned in a lump sum on the maturity date	1.45%	514,667.88	514,667.88	Already recovered	Yes		

### Others

□ Applicable √ Not applicable

## SECTION VI SIGNIFICANT EVENTS

**(3) Provision for impairment of entrusted wealth management**

Applicable  Not applicable

2. Entrusted loans

**(1) General conditions of entrusted loans**

Applicable  Not applicable

**Others**

Applicable  Not applicable

**(2) Breakdown of entrusted loans**

Applicable  Not applicable

**Others**

Applicable  Not applicable

**(3) Provision of impairment of entrusted loans**

Applicable  Not applicable

3. Others

Applicable  Not applicable

**(IV) Other material contracts**

Applicable  Not applicable

### XVI. EXPLANATION FOR OTHER SIGNIFICANT EVENTS

Applicable  Not applicable

### XVII. PROACTIVE FULFILMENT OF SOCIAL RESPONSIBILITIES

**(I) Poverty relief efforts of the Company**

Applicable  Not applicable

1. Targeted poverty alleviation programs

Applicable  Not applicable

The Company thoroughly implements the strategic decision of “precise anti-poverty program and targeted poverty alleviation” of the Party Central Committee and fully improves the quality and benefit of poverty alleviation to ensure the realization of our work objective strengthening and improving poverty alleviation by providing a stable support to poverty alleviation through the development of industrial project, injecting impetus into the collective economy of villages with “poverty alleviation through consumption” and “purchasing instead of donating”, making up for the shortcomings of rural collective enterprises by access to market resources, and accumulating positive energy for poverty alleviation with the support from spiritual culture.

2. Overview of Targeted Poverty Alleviation During the Year

Applicable  Not applicable

The Company earnestly implements the work arrangement of the central, provincial and municipal governments for poverty alleviation and achieves preliminary results in strengthening poverty alleviation by giving full play to port advantage, strengthening responsibility, taking active action and making target efforts. Leaders of the Company inspected the poverty-stricken villages, voluntarily made research and build connections in terms of poverty alleviation and held the scheduling meeting of poverty alleviation to provide guidance for poverty alleviation. Work teams resided in the poverty-stricken villages are full of enthusiasm, keep motivated and cooperate with the township party committee to strengthen and improve poverty alleviation in a planned way and by steps. Through fulfilling the duties, improving service standards, focusing on the industry and pursuing for development, there is a constant improvement of satisfaction from the public.

## SECTION VI SIGNIFICANT EVENTS

### 3. Achievements in targeted poverty alleviation

Applicable  Not applicable

Unit: RMB0' 000 Currency: RMB

Indicator	Amount and details
<b>I. Overall situation</b>	
Including: 1. Funds	9.02
2. Worth of materials	43.57
3. Number of beneficiaries in recorded poor population (person)	265
<b>II. Contribution to segments</b>	
1. Poverty alleviation by industrial development	
Including: 1.1 Type of industrial poverty alleviation project	<input checked="" type="checkbox"/> Agriculture and forestry <input type="checkbox"/> Tourism <input type="checkbox"/> E-commerce <input type="checkbox"/> Assets income <input type="checkbox"/> Science and technology <input type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects (unit)	1
1.3 Contribution to industrial poverty alleviation projects	6.33
1.4 Number of beneficiaries in recorded poor population (person)	265
2. Poverty alleviation by transfer of employment	
Including: 2.1 Invested amount to vocational skills training	
2.2 Number of persons for vocational skills training (person/time)	
2.3 Number of registered poor households who were helped to be employed (person)	10
3. Poverty alleviation by relocation	
Including: 3.1 Number of people helped to relocate and find a job (person)	
4. Poverty elimination through education	
Including: 4.1 Invested amount to endow poor students	0.04
4.2 Number of endowed poor students (person)	1
4.3 Invested amount to improve the educational resources of poor areas	
5. Poverty alleviation through improvement in health	
Including: 5.1 Invested amount of medical resources in impoverished areas	
6. Poverty alleviation through ecological protection	
Including: 6.1 Type of projects	<input type="checkbox"/> Conduct ecological protection and construction <input type="checkbox"/> Establish compensation method for ecological protection <input type="checkbox"/> Set up non-profit positions for ecology <input type="checkbox"/> Other
6.2 Invested amount	



## SECTION VI SIGNIFICANT EVENTS

Indicator	Amount and details
7. Basic income guarantee	
Including: 7.1 Contributions to helping left behind children, women and the elderly	
7.2 Number of left behind children, women and the elderly helped (person)	
7.3 Contributions to helping poor physically disabled people	
7.4 Number of poor physically disabled people (person)	
8. Social poverty alleviation	
Including: 8.1 Invested amount of east-west cooperation for poverty alleviation	
8.2 Invested amount to targeted poverty alleviation work	
8.3 Public poverty alleviation fund	
9. Other projects	
Including: 9.1. Number of projects (item)	6
9.2. Invested amount	46.22
9.3. Number of people documented as poor people who were helped to be out of poverty (person)	265
9.4. Descriptions of other items	consumption poverty alleviation totaling RMB401,400, condolence for visiting by those responsible totaling RMB33,500, living environment improvement totaling RMB15,000, epidemic prevention supplies totaling RMB5,300, condolence for poor households suffering serious illness totaling RMB4,000 and donation for electric charge totaling RMB3,000
III. Achievements and honors (content, level)	

#### 4. Subsequent targeted poverty alleviation programs

Applicable  Not applicable

The year 2021 marks the launch of China's 14th Five-Year Plan as well as the starting year for connecting the consolidation and expansion of the achievements in poverty alleviation with promotion of rural revitalization. The work teams of our Company in villages will fully implement requirements set by provincial and municipal parties and governments, continuously fulfill their duties such as village-resident assistance and pair assistance, and focus on the support of industrial project, so as to enhance the pertinence and perdurability of assistance. In addition, we will cultivate the collective economy of villages to improve the mechanism for preventing poverty and return to poverty; optimize leading industries in poor villages by ways of "donation through purchase" and "poverty alleviation consumption"; and step up efforts in the "spiritual assistance" and "cultural assistance" to improve the endogenous power for the poverty to get rich themselves, driving for the goal to build villages with prosperous industry, ecological friendly residential ambience, communities with civilization, effective social governance and well-off rural life.

#### (II) Social responsibility commitments

Applicable  Not applicable

For the Company's performance of social responsibility commitments, please refer to the 2020 Social Responsibility Report disclosed by the Company on the website of Shanghai Stock Exchange on 30 March 2021.

## SECTION VI SIGNIFICANT EVENTS

### (III) Information on environmental protection of the company

1. Environmental protection of the Company and its subsidiaries categorized as major sewage discharge enterprises as published by the environmental protection department

Applicable  Not applicable

**(1) Information about pollution discharge**

Applicable  Not applicable

The Company is the key pollutant discharge unit of Qinhuangdao City in 2020.

The Company manages the discharge of pollutants in strict compliance with the pollution discharge license. During the year of 2020, the Company did not discharge production waste water. The exhaust emission reached the standard and met the requirements of pollution discharge license.

**(2) Construction and operation of pollution prevention facilities**

Applicable  Not applicable

In 2020, the Company further made great efforts in the construction of pollution prevention equipment and facilities on the basis of the original environmental protection equipment and facilities. For example, we completed the shore power at Berths 706#, 707#, 901# and 902#, purchased new energy vehicles, undertook programs such as the tower high-pressure fine fogging system and the mist cannon machine, and meanwhile it continued to strengthen the management and usage of the original environmental protection equipment and facilities, so as to improve the pollution prevention system. At present, all pollution prevention equipment and facilities run well.

**(3) Environmental impact assessment of construction projects and other permits granted by environmental**

Applicable  Not applicable

The Company applied the pollution discharge license strictly in accordance with the management requirements of pollutant discharge. The license number is 91130000673224391T001V, with effect from 16 August 2020 to 15 August 2023.

**(4) Contingency plans for environmental emergencies**

Applicable  Not applicable

On 14 July 2020, comprehensive emergency drill for production safety accidents and sudden environmental incidents was organized and conducted by the Company to further optimize our emergency team. Conclusion and assessment on emergency drill shall be improved and emergency management system shall be perfected to enhance the ability to handle sudden emergency.

**(5) Environmental self-monitoring plans**

Applicable  Not applicable

The Company prepared the environment monitoring program on its own according to the monitoring requirements of pollutant discharging units. Monitoring data has showed that all pollutants have reached the discharge standard.

**(6) Other information about environmental protection which should be made public**

Applicable  Not applicable

## SECTION VI SIGNIFICANT EVENTS

2. Information on environmental protection of companies not categorized as major sewage discharge enterprises  
 Applicable  Not applicable
3. Reasons for undisclosed information on environmental protection of companies not categorized as major sewage discharge enterprises  
 Applicable  Not applicable
4. Disclosed information on subsequent progress or changes of environmental protection in the Reporting Period  
 Applicable  Not applicable

### (IV) Others

Applicable  Not applicable

For details of the Company's environmental protection, please refer to the 2020 Social Responsibility Report disclosed by the Company on the website of Shanghai Stock Exchange on 30 March 2021.

## XVIII. COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognizes the importance of compliance with regulatory requirements and the risk of termination of operating licenses for non-compliance. QHD Port has been allocating system and staff resources to ensure continuing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the year ended 31 December 2020, to the best knowledge of the Directors, the Company has complied with the Company Law of the PRC, the Securities Law of the PRC, the Special Provisions of the State Council of the PRC for Share Offerings and Offshore Public Listing of Companies Limited by Share 《中華人民共和國國務院〈關於股份有限公司境外募集股份及上市的特別規定〉》, the Port Law of the PRC 《中華人民共和國港口法》, the Securities and Futures Ordinance, the Shanghai Listing Rules, the Hong Kong Listing Rules and other relevant rules and regulations.

## XIX. RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

## XX. CONVERTIBLE CORPORATE BONDS

Applicable  Not applicable

## SECTION VI SIGNIFICANT EVENTS

### XXI. USE OF PROCEEDS

The H Shares of the QHD Port have been listed and traded on the Hong Kong Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds from H shares of QHD Port amounted to HK\$3,823 million. The use of proceeds from H shares disclosed in the section “Future Plans and Use of Proceeds” in the Prospectus from the QHD Port’s listing of H shares in December 2013 to nowadays (except for working capital and general corporate purposes) has been completed as planned, with the actual investment amount slightly more than the allocated amount set out in the Prospectus. In order to increase the efficiency of the use of proceeds from H shares, the Board of Directors of QHD Port considers that it is necessary to adjust the use of proceeds from H shares of the plan and has already made a resolution to approve the adjustment of the unused proceeds from H shares into working capital and general corporate purposes. The Board believes that the above all adjustments to the use of proceeds from H shares will increase the flexibility of the Company’s financial management and reduce other financing costs as well as in line with the overall interests of the QHD Port and its Shareholders. For details, please refer to the announcement published on the websites of the Hong Kong Stock Exchange on 27 October 2017.

- (1) As of 31 December 2020, HK\$3,841.9546 million of the proceeds from H shares have been used by the Company and HK\$17.1972 million of the proceeds from H shares remain unused, including the self-raised funds for the payment of the listing expenses of HK\$24.0174 million and the net interest income relating to the proceeds from the Global Offering of HK\$12.3786 million. The specific use of proceeds from H shares is as follows:

currency unit : ten thousand of Hong Kong dollars

No.	Use disclosed in the prospectus of H shares	Proceeds allocated as set out in the prospectus of H shares (a)	Amount of proceeds from fund raising (b)	Amount of proceeds not from fund raising (c)	Difference between the Actual Investment amount and the amount of proceeds allocated as set out in the prospectus of H shares (d=a-b-c)
1	Procurement of stackers for coal handling services in Qinhuangdao Port to replace aging equipment	5,124.00	–	5,124.00	0
2	Procurement of diesel locomotive	1,139.00	634.01	430.62	74.37
3	Construction of ore berths in Huanghua Port	244,408.18	232,534.70	–	11,873.48
4	Repayment of bank loans	94,003.14	102,580.18	–	-8,577.04
5	Working capital and general corporate purposes	37,601.26	48,446.57	–	-10,845.31
	Total	382,275.58	384,195.46	5,554.62	-7,474.50

#### Notes:

- the “Amount of proceeds from fund raising” annotated as column (b) in the table (totaling HK\$3,841.9546 million) represents the amount of proceeds from H shares actually used;
- the “Amount of proceeds not from fund raising” annotated as column (c) in the table (totaling HK\$55.5462 million) represents the amount paid (for the contents disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of H shares) with internal resources of the Company; and
- the “Difference between the actual amount of proceeds used and the amount of proceeds allocated as set out in the prospectus” annotated as column (d) in the table (totaling HK\$-74.745 million) represents the difference between the actual amount allocated to the Intended Purposes (including amounts paid from the proceeds from H shares and amounts paid with the Company’s internal resources) and the expected investment amount of proceeds from H shares allocated to the Intended Purposes.

## SECTION VI SIGNIFICANT EVENTS

(2) As of 31 December 2020, the balance of proceeds from the H shares of HK\$17.1972 million included the followings:

The difference between the actual amount of proceeds used and the amount of proceeds allocated as set out in the prospectus of H shares in the amount of HK\$-74.745 million;

Amount of proceeds not from fund raising for the payment of the equipment in the investment projects in the amount of HK\$55.5462 million;

Self-raised funds for the payment of the listing expenses of HK\$24.0174 million and the net interest income relating to the proceeds in the amount of HK\$12.3786 million. The “self-raised funds for the payment of the listing expenses of HK\$24.0174 million” represents the amount paid with internal resources of QHD Port for the purpose of listing expenses; and the “net interest income relating to the proceeds in the amount of HK\$12.3786 million” represents the net interest income generated from the proceeds from H shares of QHD Port and kept in the designated bank account for the proceeds from H shares (the “Designated Account”).

The balance of proceeds from H shares of HK\$17.1972 million are expected to be used for the working capital and general corporate purposes of the Company in the next five years, including the payment of dividend to the shareholders of H Shares, if any, and the payment of relevant fees to the overseas intermediaries in relation to the listing of H Shares. “The balance of proceeds from H shares” shall represent the balance of proceeds from H shares kept in the Designated Account.

The Company would like to further explain how to reconcile the amount of HK\$-74.745 million with the amount of HK\$17.1972 million (being the balance kept in the Designated Account): The amount of HK\$55.5462 million and the amount of HK\$24.0174 million were paid with the internal resources of the Company and not paid from the Designated Account. Together with the net interest income in the amount of HK\$12.3786 million arising from the proceeds from H shares, all such items and the amount of HK\$-74.745 million had been aggregated to arrive at the amount of HK\$17.1972 million, being the balance kept in the Designated Account.

The Shares of the QHD Port have been listed and traded on the Shanghai Stock Exchange on 16 August 2017. For the Use of Proceeds of A Shares of the Company in 2020, please refer to the special item on the storage and actual use of raised funds in 2020 disclosed on the website of the Shanghai Stock Exchange on 30 March 2021.

## SECTION VII REPORT OF SUPERVISORY COMMITTEE

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

### I. EVALUATION ON THE BEHAVIOR AND PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2020

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

### II. OVERVIEW OF THE MEETINGS OF SUPERVISORY COMMITTEE

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

1. On 27 March 2020, the Supervisory Committee held its twelfth meeting of the fourth session of Supervisory Committee. At the meeting, the Resolution on the Report of the Supervisory Committee for 2019 (《關於本公司2019年度監事會報告的議案》), the Resolution on the 2019 Annual Report of the Company (《關於本公司2019年年度報告的議案》), the Resolution on the Final Financial Report of the Company for the Year 2019 (《關於本公司2019年度財務決算報告的議案》), the Resolution on the Profit Distribution Plan and Declaration of Final Dividend of the Company for 2019 (《關於本公司2019年度利潤分配方案及宣派末期股息的議案》), the Resolution on the Internal Control Evaluation Report of the Company for 2019 (《關於本公司2019年度內部控制評價報告的議案》), the Resolution on the Fixed Assets Investment Plan of the Company for 2020 (《關於本公司2020年度固定資產投資計劃的議案》), the Resolution on the Special Report on the Deposit and Actual Use of Funds Raised by the Company in 2019 (《關於本公司2019年度募集資金存放與實際使用情況的專項報告的議案》), the Resolution on Changes in Accounting Policies of the Company (《關於本公司會計政策變更的議案》) were considered and approved.
2. On 28 April 2020, the Supervisory Committee held its thirteenth meeting of the fourth session of Supervisory Committee. At the meeting, the Resolution on the 2020 First Quarterly Report of the Company (《關於本公司2020年第一季度報告的議案》) were considered and approved.
3. On 28 August 2020, the Supervisory Committee held its fourteenth meeting of the fourth session of Supervisory Committee. At the meeting, the Resolution on the 2020 Interim Report of the Company (《關於本公司2020年半年度報告的議案》) and the Resolution on the Special Report on the Deposit and Actual Use of Funds Raised by the Company in the first half of 2020 (《關於本公司2020年上半年募集資金存放與實際使用情況的專項報告的議案》) were considered and approved.
4. On 29 October 2020, the Supervisory Committee held its fifteenth meeting of the fourth session of Supervisory Committee. At the meeting, the Resolution on the 2020 Third Quarterly Report of the Company (《關於本公司2020年第三季度報告的議案》) was considered and approved.
5. On 23 December 2020, the Supervisory Committee held its sixteenth meeting of the fourth session of Supervisory Committee. At the meeting, the Resolution on the Provision for Costs on Employees who Leave Their Posts and Wait For Retirement (《關於計提離崗等退費用的議案》) was considered and approved.

## SECTION VII REPORT OF SUPERVISORY COMMITTEE

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

1. to understand and supervise the research and decision-making on major issues by attending important meetings, such as the Board meetings, general meetings, operation meetings of president, and regular and monthly meetings in relation to administrative affairs.
2. to understand and supervise the operation of the Company through extensive project review and inspection in line with its annual supervision emphasis.
3. to facilitate the active and proper performance of duties by Directors and senior management through supervision on the performance of duties and clear separation of roles of Directors and senior management.
4. to integrate supervision into daily operation with an emphasis on financial, investment and operation aspects so as to promptly respond to any problems identified.

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

### III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT ISSUES IN YEAR 2020

#### 1. Compliance of the Company

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

#### 2. Financial Position and Periodic Report of the Company

The Supervisory Committee duly reviewed and discussed the audited financial statements of the Company for 2020 and other periodic reports and considered that it gave an objective, true, reasonable view in compliance with the laws, regulations and the Articles of Association of the Company. It also gave a complete and objective picture of the Company without any false representations, misleading statements or material omissions.

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

#### 3. Use of Proceeds

In August 2017, QHD issued the A Shares on the SSE and received net proceeds of RMB1.241 billion. The Supervisory Committee of QHD supervised the use of proceeds by the Company, considered the Resolution on the Special Report on the Deposit and Actual Use of Proceeds of the Company in the first half of 2020 and the Resolution on the Special Report on the Deposit and Actual Use of Proceeds of the Company in 2020.

The H Shares of QHD has been listed and traded on the Stock Exchange since 12 December 2013. Since the Listing of the Company in December 2013, the use of proceeds from H-share (other than working capital and general corporate purposes) disclosed in the section "Future plans and use of proceeds" in the Prospectus has been completed as planned. The Board of Directors of QHD has resolved to approve the adjustment of unutilized proceeds from H-share to working capital and general corporate purposes. The Supervisory Committee supervised and inspected the use of proceeds from H-share of the Company and believed that the use of proceeds was in compliance with relevant requirements and no misappropriation was found.

## SECTION VII REPORT OF SUPERVISORY COMMITTEE

### 4. Supervision and Review on Connected Transactions

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

### 5. Acquisition and disposal of material assets and external investments

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

## IV. PROSPECTS OF THE SUPERVISORY COMMITTEE FOR 2021

The Supervisory Committee will further carry out its supervision and inspection duties accountable to all the Shareholders in strict accordance with relevant laws and regulations, the Articles of Association and the Rules of Procedures of the Supervisory Committee of the Company in 2021. The Supervisory Committee will continue to safeguard the legal interests of the Company and the Shareholders so as to effectively regulate the operation and development of the Company.

By Order of the Supervisory Committee

**MENG Bo**

*Chairman*

29 March 2021



## SECTION VIII CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

#### (I) Changes in ordinary shares

1. Table for changes in ordinary shares

During the Reporting Period, there were no changes in the total number of shares and share capital structure of the Company.

2. Explanation on the changes in ordinary shares

Applicable  Not applicable

3. Impact of changes in ordinary shares on financial indicators including earnings per share, net assets per share, etc. in the latest year and period (if any)

Applicable  Not applicable

4. Other information on the disclosure of which is deemed necessary by the Company or is required by securities regulatory authorities

Applicable  Not applicable

#### (II) Changes in shares subject to selling restrictions

Applicable  Not applicable

Unit: share

Name of shareholders	Number of shares subject to selling restrictions at the beginning of the year	Number of shares subject to selling restrictions released during the year	Number of shares subject to selling restrictions increased during the year	Number of shares subject to selling restrictions at the end of the year	Reasons for selling restrictions	Date of releasing selling restrictions
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)	3,032,528,078	3,032,528,078	0	0	Lock up on a voluntary basis	17 August 2020
National Council for Social Security Fund (Transfer Account No.1) (全國社會保障基金理事會轉持一戶)	41,247,362	41,247,362	0	0	Lock up on a voluntary basis	17 August 2020
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室)	30,538,764	30,538,764	0	0	Lock up on a voluntary basis	17 August 2020
Total	3,104,314,204	3,104,314,204	0	0	/	/

### II. SECURITIES ISSUANCE AND LISTING

#### (I) Issuance of securities during the reporting period

Applicable  Not applicable

Explanation of securities issuance as at the Reporting Period (for bonds with different interest rates during the duration, please specify separately)

Applicable  Not applicable

#### (II) Changes in the total number of ordinary shares of the Company and shareholder structure, and changes in the Company's assets and liabilities structure

Applicable  Not applicable

#### (III) Shareholding of existing internal employees

Applicable  Not applicable

## SECTION VIII CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

### III. PARTICULARS OF SHAREHOLDERS AND ACTUAL CONTROLLERS

#### (I) Total number of Shareholders

Total number of ordinary Shareholders as at the end of the Reporting Period (Person)	72,475
Total number of ordinary shareholders at the end of the previous month before the annual report disclosure date (Person)	70,382

#### (II) Table of shareholding of the top 10 Shareholders and top 10 Shareholders with tradable shares (or Shareholders not subject to selling restrictions) as at the end of the Reporting Period

Unit: share

Shareholding of the top 10 Shareholders							
Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged or frozen		Nature of Shareholder
					Status of Shares	Amount	
HPG(河北港口集團有限公司)		3,032,528,078	54.27	3,032,528,078	Nil		State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) <sup>Note</sup>	-247,050	827,547,382	14.81		Nil		Overseas legal person
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產監督管理委員會)		621,455,485	11.12		Nil		Country
Hebei Jiantou Traffic Investment Co., Ltd. (河北建投交通投資有限公司)		209,866,757	3.76		Nil		State-owned legal person
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)		42,750,000	0.77		Nil		State-owned legal person
COSCO SHIPPING (Tianjin) Co., Ltd.(中遠海運(天津)有限公司)		41,437,588	0.74		Nil		State-owned legal person
Shougang Group Co., Ltd. (首鋼集團有限公司)		41,437,588	0.74		Nil		State-owned legal person
Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)		41,437,588	0.74		Nil		State-owned legal person
Li Guo (李國)	40,000,000	40,000,000	0.72		Nil		Domestic natural person
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室)		30,538,764	0.55		Nil		Other

## SECTION VIII CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholding of top 10 Shareholders not subject to selling restrictions			
Name of Shareholder	Number of tradable shares held not subject to selling restrictions	Types and number of Shares	
		Types of shares	Number of shares
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)	3,032,528,078	RMB-denominated ordinary shares	3,032,528,078
HKSCC Nominees Limited(香港中央結算(代理人)有限公司) <sup>Note</sup>	827,547,382	Overseas-listed foreign shares	827,547,382
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission(秦皇島市人民政府國有資產監督管理委員會)	621,455,485	RMB-denominated ordinary shares	621,455,485
Hebei Jiantou Traffic Investment Co., Ltd.(河北建投交通投資有限責任公司)	209,866,757	RMB-denominated ordinary shares	209,866,757
Daqin Railway Co., Ltd.(大秦鐵路股份有限公司)	42,750,000	RMB-denominated ordinary shares	42,750,000
COSCO SHIPPING (Tianjin) Co., Ltd.*(中遠海運(天津)有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Shougang Group Co., Ltd. (首鋼集團有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Li Guo (李國)	40,000,000	RMB-denominated ordinary shares	40,000,000
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室)	30,538,764	RMB-denominated ordinary shares	30,538,764
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of the existence of any connections among the aforesaid Shareholders, or whether they are parties acting in concert within the requirements of the Administrative Measures on Takeover of Listed Companies		
Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held	Not applicable		

Note: As at the end of the Reporting Period, HPG held 71,303,000 H Shares of QHD Port through HEBEI PORT GROUP International (Hong Kong) Co., Ltd., an overseas wholly-owned subsidiary, accounting for 1.28% of the total equity of QHD Port. Those shares are included in total shares held by HKSCC Nominees Limited.

Number of Shares held by top 10 shareholders subject to selling restrictions and information on the selling restrictions

Applicable  Not applicable

### (III) Strategic investors or general legal persons became one of the top 10 Shareholders as a result of the placing of the new Shares

Applicable  Not applicable

## SECTION VIII CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

### IV. CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLERS

#### (I) Particulars of the Controlling Shareholder

1 Legal person

Applicable  Not applicable

<b>Name</b>	<b>Hebei Port Group Co., Ltd.</b>
Person in charge or legal representative	Cao Ziyu
Date of establishment	28 August 2002
Principal business	Port construction investment and investment management; buildings, port facilities, equipment lease; provision of terminal facilities for vessels; port operation; port passenger transport services; provision of cargo handling and warehousing services for trustors; lease and repair business of port facilities, equipment and port machinery; corporate management service; (operated only by sub-branches): conveyer, Machinery for loading and unloading cargoes, manufacturing, assembly and maintenance of crane and components; repair of domestic and overseas vessels; water auxiliary service (supplement water for vessels and transportation of quarantine personnel); Contract overseas port projects and domestic international bidding projects, export of equipment and materials required for the above overseas projects, dispatch labors required for the implementation of the above overseas projects; installation and construction of automatic fire-fighting facilities; installation, electrical installation and maintenance of communication power and low-voltage distribution; general wiring; steel structure manufacturing; maintenance of non-pressure parts of boiler; marketing, leasing and maintenance of junks, Yachts, aquatic sports equipment, life-saving equipment and outdoor sports equipment; design, construction, installation and maintenance for communication and cable broadcasting, broadcast and television; repair, renovation and installation of boiler; pipeline installation and maintenance; water supply and heating services; computer design, development, installation, maintenance and consulting services; catering services, accommodation, housing equipment leasing and cleaning services; sales of daily necessities, needle textiles, cigarettes and cigars; retail of prepackaged food and edible agricultural products; measurement verification, approval and testing (areas and projects shall be subject to the approval of the authorization certificate); conference services; occupational health testing, oil testing (operating with qualification certificate); sales of measuring instruments, instruments and accessories (items subject to approval according to law can only be operated with the approval of relevant departments)
Details of controlling interests and investments in other domestic and foreign-listed companies during the Reporting Period	Nil
Other descriptions	Nil

2 Natural person

Applicable  Not applicable

3 No specific descriptions of controlling shareholders of the Company

Applicable  Not applicable

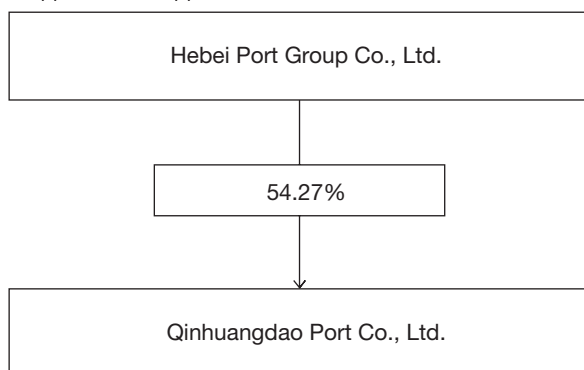
4 Index and date of particulars of change in controlling shareholders during the Reporting Period

Applicable  Not applicable

## SECTION VIII CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

- 5 Table of ownership and controlling relationship between the Company and controlling Shareholders

Applicable  Not applicable



### (II) Particulars of De Facto Controllers

- 1 Legal person

Applicable  Not applicable

Name
State-owned Assets Supervision and Administration Commission of People's Government of Hebei Province

- 2 Natural person

Applicable  Not applicable

- 3 No specific descriptions of de facto controllers of the Company

Applicable  Not applicable

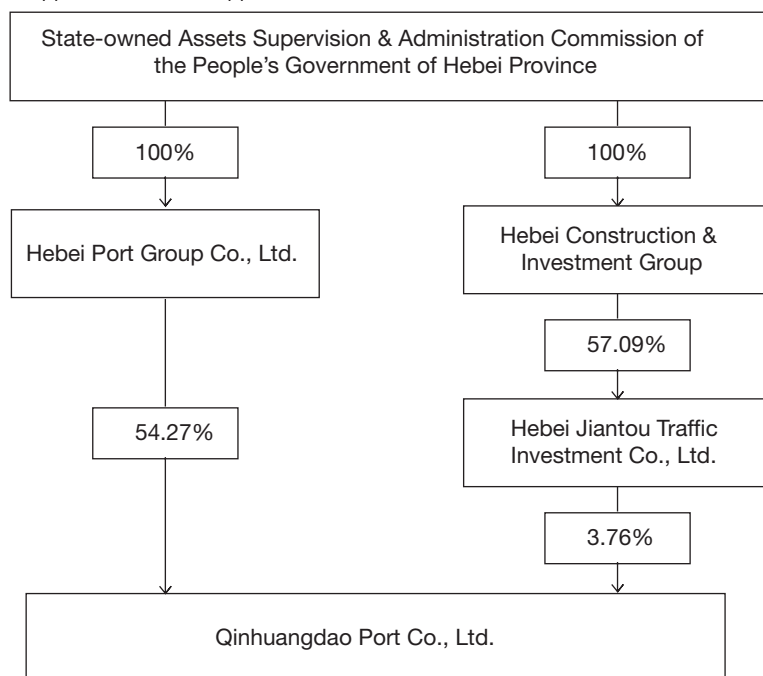
- 4 Index and date of particulars of change in de facto controllers during the Reporting Period

Applicable  Not applicable

## SECTION VIII CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

### 5 Table of ownership and controlling relationship between the Company and de facto controllers

Applicable  Not applicable



### 6 Control of the Company by de facto controllers by way of trust or other means of asset management

Applicable  Not applicable

### (III) Particulars of controlling shareholders and de facto controllers

Applicable  Not applicable

## V. OTHER CORPORATE SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR ABOVE

Applicable  Not applicable

Unit : Yuan Currency : RMB

Name of corporate shareholders	Person in charge or legal representative	Date of establishment	Code of institution	Registered capital	Particulars of principal businesses and management activities
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	Guo Shuliang	March 2004	11130300000357296N	Not applicable	Supervision on the state-owned assets of Qinhuangdao
Particulars	Nil				

## VI. EXPLANATION ON REDUCED SHAREHOLDING

Applicable  Not applicable

## SECTION VIII CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

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

As at 31 December 2020, so far as the Directors and Supervisors are aware, other than the Directors, Supervisors, the senior management of QHD Port and their respective associates, the following persons had or deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by QHD Port pursuant to Section 336 of the SFO:

Name of Shareholders	Number of Shares held	Capacity	Class of Shares	Approximate percentage of the total number of relevant class of issued share capital of QHD Port	Approximate percentage to total issued share capital of QHD Port	Long position/ short position
State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province	3,032,528,078 (Note 1)	Interest of controlled corporation	A Share	63.74%	54.27%	Long position
HPG	3,032,528,078	Beneficial owner	A Share	63.74%	54.27%	Long position
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission	621,455,485	Beneficial owner	A Share	13.06%	11.12%	Long position
HPG	71,303,000 (Note 2)	Interest of controlled corporation	H Share	8.59%	1.28%	Long position
HEBEI PORT GROUP International (Hong Kong) Co., Ltd.	71,303,000 (Note 2)	Beneficial owner	H Share	8.59%	1.28%	Long position
China Shipping (Group) Company	44,296,500 (Note 3)	Interest of controlled corporation	H Share	5.34%	0.79%	Long position
China Shipping (Hong Kong) Holdings Co., Limited	44,296,500 (Note 3)	Interest of controlled corporation	H Share	5.34%	0.79%	Long position
China Shipping Ports Development Co., Ltd.	44,296,500	Beneficial owner	H Share	5.34%	0.79%	Long position

Note:

1. State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province is the controlling shareholder of HPG, and therefore, is deemed to be interested in 3,032,528,078 Shares of QHD Port under the SFO;
2. HPG, the controlling shareholder of HEBEI PORT GROUP International (Hong Kong) Co., Ltd., is deemed to be interested in 71,303,000 Shares of QHD Port under the SFO;
3. China Shipping (Group) Company (direct controlling shareholder of China Shipping (Hong Kong) Holdings Co., Limited) and China Shipping (Hong Kong) Holdings Co., Limited (direct controlling shareholder of China Shipping Ports Development Co., Ltd.) were deemed to be interested in 44,296,500 Shares of QHD Port respectively under the SFO.

Save as disclosed above, as at 31 December 2020, so far as the Directors, Supervisors and senior management of QHD Port are aware, no other persons or substantial shareholders of the Company (as defined in the Hong Kong Listing Rules) had or deemed to have an interest or short position in the Shares or underlying Shares (as the case may be) of QHD Port which was required to be disclosed pursuant to Divisions 2 and 3 of Part XV under the SFO.

## SECTION VIII CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

### VIII. MANAGEMENT CONTRACTS

During the Reporting Period, QHD Port did not enter into any contracts with respect to the management or administration of all or any substantial part of our businesses.

### IX. PRE-EMPTIVE RIGHTS

The Articles of Association of QHD Port or the laws of the PRC did not stipulate the articles of pre-emptive rights.

### X. REPURCHASE, SALES AND REDEMPTION OF SHARES

For the twelve months ended 31 December 2020, the Company did not repurchase, sell or redeem any of the listed shares of QHD Port.

### XI. PUBLIC FLOAT

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



## SECTION IX INFORMATION OF PREFERENCE SHARES

Applicable  Not applicable

# SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## I. PARTICULARS OF CHANGES IN SHAREHOLDING AND REMUNERATION

### (I) Particulars of changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period

√ Applicable □ Not applicable

Unit: share

Name	Position (note)	Gender	Age	Duration of service (since)	End date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for the changes	Total remuneration before tax obtained from the Company during the reporting period (RMB0'000)	Whether obtained remuneration from the connected parties of the Company
CAO Ziyu	Chairman and Executive Director	Male	55	20 June 2018	20 June 2021	0	0	0	Nil	0	Yes
LIU Guanghai	Non-executive Director and vice chairman	Male	61	20 December 2018	20 June 2021	0	0	0	Nil	0	Yes
YANG Wensheng	Executive Director and president	Male	52	20 June 2018	20 June 2021	0	0	0	Nil	76.75	No
MA Xiping	Executive Director and the secretary to the Board	Male	53	20 June 2018	20 June 2021	0	0	0	Nil	74.11	No
LI Jianping	Non-executive Director	Male	59	20 June 2018	20 June 2021	0	0	0	Nil	0	Yes
XIAO Xiang	Non-executive Director	Female	48	20 June 2018	20 June 2021	0	0	0	Nil	0	Yes
ZANG Xiuqing	Independent Non-executive Director	Female	58	20 June 2018	20 June 2021	0	0	0	Nil	10.00	Yes
HOU Shujun	Independent Non-executive Director	Male	58	20 June 2018	20 June 2021	0	0	0	Nil	10.00	Yes
CHEN Ruihua	Independent Non-executive Director	Male	47	20 June 2018	20 June 2021	0	0	0	Nil	10.00	Yes
XIAO Zuhe	Independent Non-executive Director	Male	55	20 June 2018	20 June 2021	0	0	0	Nil	10.00	Yes
MENG Bo	Supervisor and chairman of the Supervisory Committee	Male	53	20 June 2018	20 June 2021	0	0	0	Nil	0	Yes
BU Zhouqing	Supervisor	Male	52	20 June 2018	20 June 2021	0	0	0	Nil	0	Yes
BIAN Yingzi	Supervisor	Female	50	20 June 2018	20 June 2021	0	0	0	Nil	0	Yes
CAO Dong	Employee Representative Supervisor	Male	52	20 June 2018	20 June 2021	0	0	0	Nil	66.54	No
CHEN Linyan	Employee Representative Supervisor	Female	53	20 June 2018	20 June 2021	0	0	0	Nil	66.66	No
Guo Xikun	Chief financial officer and vice president	Male	56	20 June 2018	20 June 2021	0	0	0	Nil	74.08	No
Nie Yuzhong	Vice president	Male	52	20 June 2018	20 June 2021	0	0	0	Nil	74.07	No
Chen Lixin	Vice president	Male	48	27 March 2019	30 June 2021	0	0	0	Nil	78.14	No
Xia Zhixin	Vice president	Male	50	23 December 2020	30 June 2021	0	0	0	Nil	66.84	No
He Zhenya	Vice president (resigned)	Male	58	20 June 2018	23 December 2020	0	0	0	Nil	76.51	No
Total	/	/	/	/	/	0	0	0	/	693.70	/

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major work experience
<b>Directors</b>	
<b>CAO Ziyu</b>	<p>Mr. CAO Ziyu (曹子玉), born in September 1966, holds a bachelor's degree. Mr. CAO is the chairman, an executive director and the party committee secretary of QHD Port. He concurrently acts as the chairman, party committee secretary and director of HPG. Mr. Cao started working in July 1986 and joined the Communist Party of China in April 1991. He has served as the deputy director of the office of the management committee of Qinhuangdao Economic &amp; Technological Development Zone, and director of policy research office of the management committee of Qinhuangdao Economic &amp; Technological Development Zone. In June 1998, Mr. Cao served as the deputy secretary-general of municipal party committee of Qinhuangdao and concurrently acted as the deputy secretary-general of party committee of Ngari Prefecture, Tibet from July 1998 to June 2001. From February 2002 to October 2002 and from October 2002 to March 2003, he served as the deputy director of the propaganda department and head of the lecturer team of the municipal party committee of Qinhuangdao, respectively. In March 2003, Mr. Cao acted as the deputy secretary of party committee and district mayor of Beidaihe District of Qinhuangdao and concurrently served as the director of the management committee of Beidaihe Economic &amp; Technological Development Zone. In December 2004, Mr. Cao served as the deputy secretary of party committee and district mayor of Beidaihe District of Qinhuangdao and the secretary of party committee of Beidaihe District of Qinhuangdao from January 2006 to May 2008. In May 2008, he served as member of the standing committee of municipal party committee of Qinhuangdao and the secretary of party committee of Beidaihe District. In December 2012, Mr. Cao served as member of the standing committee of municipal party committee and secretary of the politics and law committee of Qinhuangdao. In January 2014, he served as member of the standing committee of municipal party committee and executive vice mayor of Handan. In July 2016, he served as the party committee secretary of HPG. In August 2016, he served as the chairman of HPG and party committee secretary of the Company. In October 2016, Mr. Cao has served as the chairman and executive director of QHD Port.</p>
<b>LIU Guanghai</b>	<p>Mr. LIU Guanghai (劉廣海), born in October 1960, holds a bachelor's degree and a master's degree is a professorate senior engineer. He is currently the vice chairman and a non-executive director, the vice chairman, general manager and deputy secretary of the party committee of Hebei Port Group Co., Ltd. Mr. Liu started his career in August 1983 and joined the Communist Party of China in December 1986. He served successively as a planner at the construction instruction department of Qinhuangdao under the engineering headquarters of Ministry of Communications, a technical expert of the consultancy group for the construction of Friendship Port at Mauritania, the deputy division manager, deputy director, director and deputy commander at the construction instruction department of Qinhuangdao under the engineering headquarters of Ministry of Communications. He was the deputy head of Hebei Administration of Ports and Waterway under Hebei Provincial Department of Communications from September 2002, the head of Hebei Administration of Ports and Waterway under Hebei Provincial Department of Communications (equivalent of deputy director general) from September 2003, the Deputy Director General, a member of the party committee and the head of Administration of Ports and Waterway of Hebei Provincial Department of Communications from November 2006. He was the Deputy Director General and a member of the party committee of Hebei Provincial Department of Communications from August 2007 and the Deputy Director General and a member of the party committee of Hebei Provincial Department of Transportation from March 2009. He has been the vice-chairman, general manager and deputy secretary of the party committee of Hebei Port Group Co., Ltd. since February 2016, as well as vice chairman and non-executive director of the Company and since December 2018.</p>
<b>YANG Wensheng</b>	<p>Mr. YANG Wensheng (楊文勝), born in April 1969, holds a bachelor's degree and is a senior economist. He is currently the president, an executive director, a member of Remuneration and Appraisal Committee, Strategy Committee and the deputy party secretary of QHD Port. Mr. Yang started working in July 1991 and joined the Communist Party of China in September 1999. He served as clerk of the dispatch office, assistant officer of the dispatch office, deputy section chief of the production section and section chief of the production section of the Railway Transport Company of the Qinhuangdao Port Authority* (秦皇島港務局鐵運公司), the deputy manager of Rail Transportation Branch of Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司) in April 2003, the deputy manager of the production department of Qinhuangdao Port Group Co., Ltd.* in July 2004, the general manager of Qinren Sea Transportation Co., Ltd.* (秦仁海運有限公司) in July 2005, the manager of the Second Port Branch of QHD Port in July 2011, the director of the production department of QHD Port in September 2012, the deputy general manager and member of the party committee of QHD Port in August 2014, and the general manager and deputy party committee secretary of QHD Port in March 2017. In June 2017, Mr. Yang has served as the executive director, member of Remuneration and Appraisal Committee and Strategy Committee. He has served as the president of QHD Port in December 2017.</p>
<b>MA Xiping</b>	<p>Mr. MA Xiping (馬喜平), born in June 1968, holds a bachelor's degree and a master's degree, and a senior economist. He is currently an executive director, deputy party secretary and the secretary to the Board of QHD Port. Mr. Ma has started working in July 1990 and joined the Communist Party of China in April 1989. He has served as a cadre in the Enterprise Management Office and deputy chief of the Legal Section of the Qinhuangdao Port Authority. In December 1997, he acted as a deputy chief of the Enterprise Management Division and deputy chief of the Enterprise Development Division of the Qinhuangdao Port Authority in May 1999. In August 2002, he has worked as the officer in charge of the Port Management Division. In December 2002, he has served as the director of Port Management Division of Hebei Port and Shipping Administration Bureau. In March 2004, Mr. Ma has served as deputy director of the General Office and deputy director of the Party Committee's Office of QPG. He has served as the secretary to the Board, director of the board office, General Office and office of the Party Committee of QHD Port in March 2008. In April 2012, he worked as deputy general manager, member of the Party Committee of QHD Port. In July 2013, he has served as an executive Director of QHD Port and has served as the vice president of QHD Port since December 2017. He has served as the deputy party secretary of QHD Port in January 2019.</p>

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major work experience
<b>LI Jianping</b>	Mr. LI Jianping (李建平), born in February 1962, holds a master's degree and is a senior engineer. He is currently a non-executive director of QHD Port and the party secretary of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). Mr. Li has served as the teacher of Automatic Control Engineering in Northeast Heavy Machinery College (東北重型機械學院), assistant engineer, deputy director of the power workshop, deputy head of equipment and power department, deputy chief engineer in electrical engineering and director of engineer office of production department of Qinhuangdao Acrylic Fibre Plant (秦皇島腈綸廠). In June 1997 and August 2003, he has worked as the deputy factory director and factory director of Qinhuangdao Acrylic Fibre Plant, respectively. He has been the chairman, general manager and deputy party secretary of Qinhuangdao Aolaita Acrylic Co., Ltd. (秦皇島奧萊特腈綸有限公司) since May 2005. He has been the deputy general manager of Qinhuangdao Bowei Construction Investment Group Limited since March 2014, and the party secretary of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司) since January 2015. Mr. Li has been serving as a non-executive Director of QHD Port since June 2014.
<b>XIAO Xiang</b>	Ms. XIAO Xiang (肖湘), born in June 1973, holds a master's degree and is a senior economist, is currently a non-executive director of QHD Port and Deputy General Manager of Hebei Jiantou Traffic Investment Co., Ltd. Ms. Xiao was the Project Manager of the Foreign Investment Department of Hebei Construction & Investment Corporation in June 1995 and the Project Manager of the Transportation Division of Hebei Construction & Investment Corporation in April 2000. In April 2006, she was the Assistant Manager of the Transportation Division of Hebei Construction & Investment Corporation. She served as a manager of the Hong Kong Branch of Hebei Jiantou Traffic Investment Co., Ltd. in June 2007, and manager of port branch of Hebei Jiantou Transportation Investment Co., Ltd. (河北建投交通投資有限責任公司) and assistant to general manager of Hebei Jiantou Transportation Investment Co., Ltd. in May 2008. She was the Deputy General Manager of Hebei Jiantou Electric Fuel Management Co., Ltd. in February 2014 and has been Deputy General Manager of Hebei Jiantou Traffic Investment Co., Ltd. since July 2015, as well as a non-executive director of QHD Port since June 2018.
<b>ZANG Xiuqing</b>	Ms. ZANG Xiuqing (臧秀清) born in December 1963, holds a PhD degree and is currently an independent non-executive director of QHD Port, a professor of Yanshan University, and the financial supervisor of Qinhuangdao Rongxuan Machinery Manufacturing Co., Ltd. Ms. Zang has been a teacher at Yanshan University since July 1984, serving as a trainee assistant teacher, an assistant teacher, a lecturer, an associate professor and a professor. During the period from October 2004 to March 2005, Ms. Zang studied at Brunel University in the UK as a visiting scholar. During the period from March 2005 to March 2007, Ms. Zang served as an external director of Qinhuangdao Lihua Starch Co., Ltd. (秦皇島驪華澱粉股份有限公司); during the period from September 2006 to September 2009, Ms. Zang served as a director of the third Fiscal Society of Qinhuangdao (秦皇島市第三屆財政學會理事); and since January 2007 till now, Ms. Zang served as the financial supervisor of Qinhuangdao Rongxuan Machinery Manufacturing Co., Ltd.; and from October 2007 to October 2010, she served as an external director of Qinhuangdao Jihua 3544 Shoe Co., Ltd. (秦皇島際華3544鞋業有限公司). Ms. Zang has been serving as an independent non-executive director of QHD Port since June 2015.
<b>HOU Shujun</b>	Mr. HOU Shujun (侯書軍), born in July 1963, holds a PhD degree and is currently an independent non-executive director of QHD Port, the director of the Institute of Vibration Engineering (振動工程研究所) of Hebei University of Technology, and a professor and a doctoral tutor of the School of Mechanical Engineering. Mr. Hou has started working in July 1987. In July 1987, Mr. Hou had been a teacher of mechanical faculty in Hebei University of Technology. In November 1990, he worked as an engineer and the director of research office in the Shijiazhuang Mining Machinery Laboratory of the Ministry of Electrical and Electronics Industry (機電部石家莊礦山機械研究所); from April 1994 to July 2007, Mr. Hou was a teacher at Hebei University of Science and Technology, serving as a lecturer, an associate professor, and a professor. During the period from January 2002 to January 2003, Mr. Hou studied at the Swansea University and the University of Leeds in the UK as a visiting scholar. In November 2003, Mr. Hou acted as the director of the Institute of Vibration Engineering of Hebei University of Science and Technology and also acted as a professor in the College of Mechanical Engineering of Hebei University of Technology since July 2007. Mr. Hou has been serving as the director of the Institute of Vibration Engineering of Hebei University of Technology since November 2007 and a doctoral tutor since May 2013. Mr. Hou has been serving as an independent non-executive director of QHD Port since June 2015.
<b>CHEN Ruihua</b>	Mr. CHEN Ruihua (陳瑞華), born in October 1974, holds a PhD degree and is currently an independent non-executive director of the Company and an associate professor and master tutor of the School of Economics at Nankai University. Mr. Chen was a teaching assistant at the School of Economics at Nankai University from 1997 to 2000. He was a lecturer at the School of Economics at Nankai University from 2000 to 2004, and has been an associate professor at the School of Economics at Nankai University from 2004 to present. Mr. Chen is a member of the expert group of the China Futures Association, a member of the editorial board for the "PRC Securities and Futures", one of the first level candidates in the Tianjin "131" Talents Project, and a distinguished expert from the Tianjin PPP Center (Fiscal Bureau). Mr. Chen has been serving as an independent non-executive Director of the Company since June 2018.
<b>XIAO Zuhe</b>	Mr. XIAO Zuhe (肖祖核), born in September 1966, holds a master's degree and is currently an independent non-executive director of QHD Port and the Managing Director of Tianjin Benefit Capital Equity Investment Fund Management Co., Ltd. (天津百富源股權投資基金管理有限公司) and Shenzhen Qianhai Benefit Capital Equity Investment Management Co., Ltd. (深圳市前海百富源股權投資基金管理有限公司). Mr. Xiao served as department manager of Jiangxi Accounting Firm (江西會計師事務所) from July 1988 to March 1995. He served as Assistant Financial Director of Shenzhen Fountain Corporation (深圳世紀星源股份有限公司) from April 1995 to May 1996. From July 1996 to June 1999, he served as Senior Auditor of Hong Kong Ho and Ho CPA Limited (香港何錫麟會計師行), and served as CFO of Cosun Global Telephone Limited (僑興環球電話有限公司) (listed on NASDAQ) from July 1999 to July 2003. He served as CEO of Benefit Capital (Hong Kong) Company Limited (香港百富達融資有限公司) from August 2003 to March 2010 and has been the Managing Director of Tianjin Benefit Capital Equity Investment Fund Management Co., Ltd. and Shenzhen Qianhai Benefit Capital Equity Investment Management Co., Ltd. since March 2010. Mr. Xiao has been serving as an independent non-executive Director of QHD Port since June 2018.

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major work experience
<b>Supervisors</b>	
<b>MENG Bo</b>	Mr. MENG Bo (孟博), born in August 1968, holds a bachelor's degree and a master's degree. He is currently a supervisor, chairman of the Supervisory Committee, the Secretary of the Disciplinary Committee and the member of the Party Committee of QHD Port, the ombudsman of Hebei Provincial Supervisory Commission stationed in the Hebei Port Group and the Secretary of the Disciplinary Committee of the Hebei Port Group, the Standing Committee member of the Party Committee. Mr. Meng joined the workforce in July 1990 and joined the Communist Party of China in February 1995. He was once the cadre of the Hebei Provincial Department of Agriculture, the cadre of the personnel examination center of the Hebei Provincial Personnel Department, and the chief clerk of the Personnel Department. In July 1999, he was the Deputy Director of the Office of the Office of the Audit Commissioner of the Hebei Provincial Government (河北省政府稽查特派員公署), and in November 2000, he served as the Vice Director of the 河北省委企業工委監事會工作處, full-time Supervisor (Leading roles of divisions or equivalents) of Supervisory Committee of key enterprises of Hebei Province (河北省重點企業監事會) in February 2002. He was appointed as the full-time Supervisor and head of the office of the Supervisory Committee of Key Enterprises of Hebei Province in November 2003. In December 2013, he served as Secretary of the Disciplinary Committee of the Hebei Port Group and Standing Committee member of the Party Committee. Since August 2017, he has been the Secretary of the Disciplinary Committee of the Hebei Port Group, Standing Committee member of the Party Committee, Secretary of the Disciplinary Committee of the Company, and member of the Party Committee. Mr. Meng has been serving as a supervisor and chairman of the Supervisory Committee of QHD Port since June 2018. He has been serving as the ombudsman of Hebei Provincial Supervisory Commission stationed in the HPG since June 2019.
<b>BU Zhouqing</b>	Mr. BU Zhouqing (卜周慶), born in October 1969, holds a bachelor's degree and is a senior accountant. He is currently a supervisor of QHD Port and assistant to general manager and head of the finance department of Hebei Port Group. Mr. BU has started working in July 1992 and joined the Communist Party of China in May 1999. He served as a company cadre of the Qinhuangdao Port Authority, a cadre of the Finance Department of the Qinhuangdao Port Authority, a deputy section chief and a section chief of the infrastructure section, and a chief of the accounting department of the QPG Finance Department. He served as the deputy director of the Finance Department of QPG since December 2008, the director of the Finance Department of Hebei Port Group Service Management Co., Ltd. (河北港口集團服務管理公司) since January 2010, the deputy director of the Finance Department of HPG and the director of the Finance Department of Hebei Port Group Service Management Co., Ltd. since May 2010. In July 2011, Mr. BU served as the director of the Finance Department of the Company, and has served as the director of the Finance Department of HPG since June 2014. He has served as the assistant to general manager and the chief of the finance department of Hebei Port Group since November 2020. He has been a supervisor of QHD Port since June 2015.
<b>BIAN Yingzi</b>	Ms. BIAN Yingzi (卞英姿), born in November 1971, holding a bachelor's degree, a senior accountant, and a certified public accountant, is currently as the Financial Director of Qinhuangdao State-owned Assets Management Holdings Limited (秦皇島市國有資產經營控股有限公司). Ms. Bian began her internship in various subsidiaries of the China Yaohua Glass Group Co., Ltd. and the Group's Finance Department in July 1994. In May 1995, she served as a staff member of the China Yaohua Glass Group Finance Co., Ltd. From February 1996 to June 2002, she served as the member of the account division and capital division, and Manager assistant of China Yaohua Glass Group Finance Co., Ltd., and served as Deputy General Manager and Lead Deputy General Manager of China Yaohua Glass Group Finance Co., Ltd. from June 2002 to April 2005. In April 2005, she served as General Manager of China Yaohua Glass Group Finance Co., Ltd., and in August 2007, served as the General Manager of the financial settlement center of China Yaohua Glass Group Corporation. In September 2009, she served as Vice Minister of Finance of China Yaohua Glass Group Corporation and General Manager of the financial settlement center of China Yaohua Glass Group Corporation, and Vice Minister of Finance of China Yaohua Glass Group Co., Ltd. in July 2011. She served as the Minister of Finance of China Yaohua Glass Group Co., Ltd. in April 2013. Since October 2015, she has been the CFO of Qinhuangdao State-owned Assets Management Holdings Co., Ltd. Ms. Bian has been serving as a supervisor of QHD Port since June 2018.
<b>CAO Dong</b>	Mr. CAO Dong (曹棟), born in June 1969, holds a bachelor's degree and a master's degree and is a senior accountant. He is currently an employee representative supervisor and director of audit section of the Company. Mr. Cao has started working July 1991 and joined the Communist Party of China in June 1991. He worked in the Qinhuangdao Port Authority as a cadre of the enterprise management section of the Railway Transport Branch, and then as cadre, deputy chief and chief of the financial audit section of audit division. He was appointed as deputy director of the Investment Center of QPG since April 2003. He served as deputy manager of general affairs office of construction headquarters of Caofeidian in December 2003. He has served as deputy director of the audit department of the Company since April 2009. He was appointed as director of the audit department of the Company since March 2012. Mr. Cao has been serving as an employee representative supervisor since August 2010.
<b>CHEN Linyan</b>	Ms. CHEN Linyan (陳林燕), born in December 1968, holds a bachelor's degree and is a senior economist. She is currently the chairwoman of the labor union of QHD Port, the vice chairwoman of the labor union of HPG, the chairwoman of the labor union for authorities of HPG and QHD Port, and the head of Work Department and Propaganda Department of Party Committee and People's Armed Forces Department of QHD Port. Ms. Chen has started working in July 1991 and joined the Communist Party of China in June 1991. She has once served as the secretary of the planning and statistics section (計統科), the secretary, vice section chief and section chief of labor section (勞資科) of the Sixth Port Branch (第六港務分公司). She was appointed as the vice director of the Labor Department (勞資部) of QPG in April 2003. In March 2007, Mr. Chen served as the vice director of the Human Resources Department of the Company. In April 2008 and May 2009, she acted as the vice director and the director of the Human Resources Department (Organization Department of the Party Committee) of QHD Port and the vice chairwoman of the labor union of HPG in January 2016. She has been serving as the vice chairwoman of the labor union of QHD Port since July 2016, the chairwoman of the labor union of QHD Port, the vice chairwoman of the labor union of HPG, the chairwoman of the labor union for authorities of HPG and QHD Port, and the head of Work Department and Propaganda Department of Party Committee of QHD Port and People's Armed Forces Department since November 2020, an employee representative supervisor of QHD Port since September 2016.

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major work experience
<b>Senior Management</b>	
<b>GUO Xikun</b>	Mr. GUO Xikun (郭西錕), born in September 1965, holds a bachelor's degree and a master's degree, and is a senior accountant. He is currently the vice president, the chief financial officer and a member of the party committee of QHD Port. Mr. Guo has started working in July 1988 and joined the Communist Party of China in June 2000. Mr. Guo once served as accountant, deputy section chief, section chief of the Finance Division of the Qinhuangdao Port Authority. He worked as the deputy director of the Finance Department of the QPG in December 1997. From December 2001 to May 2011, he served as supervisor of China Merchants Securities Co., Ltd. (招商證券股份有限公司). In April 2003 and August 2007, Mr. Guo acted as the deputy director and director of the Finance Department of the QPG, respectively. Since March 2008, he has served as chief financial officer and director of the Finance Department of QHD Port. Since December 2009, he has been the chief financial officer, member of the Party Committee of the Company. Since August 2014, he was appointed as deputy general manager of QHD Port. Mr. Guo has been serving as the vice president of QHD Port since December 2017.
<b>NIE Yuzhong</b>	Mr. NIE Yuzhong (聶玉中), born in January 1969, holds a bachelor's degree and a master's degree, and is a senior economist and a senior political engineer. He is currently the vice president and a member of the party committee of QHD Port. Mr. Nie has started working in July 1989 and joined the Communist Party of China in June 2000. He has served as a cadre of Electromechanical Section of the Second Branch of the Qinhuangdao Port Authority, salesperson, dispatching director and manager of shipping department of China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島外輪代理有限公司). Since April 2001, he served as deputy general manager of China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch and general manager of China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch since April 2003. Mr. Nie has been a party secretary of the Ninth Port Branch of QPG since July 2005, and served as a concurrent post of secretary of the Discipline Committee of the Ninth Port Branch since December 2006. He has also served as a manager of the Ninth Port Branch of QHD Port since July 2011. He was appointed as a supervisor and chairman of the Supervisory Committee of QHD Port in June 2014. He was appointed as the member of the party committee of QHD Port in February 2018. He has been serving as the vice president of QHD Port since March 2018.
<b>CHEN Lixin</b>	Mr. CHEN Lixin (陳立新), born in November 1973, holds a bachelor's degree. He is currently the vice president, member of the party committee, chief safety controller, head of the production business department, and director of the production planning centre of QHD Port. Mr. Chen started working in July 1993 and joined the Communist Party of China in May 1993. He has successively served as a policeman in the third police station of Qingang Public Security Bureau, a clerk in a criminal police team, a clerk in the third police station, a deputy political director and political director of a patrolman team, the water police station inspector of Qingang Public Security Bureau, and chief of the patrolman team. In January 2008, he served as the deputy director of the security department of the Company. In July 2010, he served as the deputy chief of Qingang Public Security Bureau, general Party branch secretary and director of the security department of the Company. In May 2012, he served as a director and general manager of Tangshan Caofeidian Coal Stevedoring Co., Ltd. In June 2014, he served as the chairman, general manager and deputy party committee secretary of Tangshan Caofeidian Coal Stevedoring Co., Ltd. In April 2017, he served as the head of the production business department and director of production planning centre of QHD Port, and chairman of Tangshan Caofeidian Coal Stevedoring Co., Ltd. In February 2018, he served as the head of the production business department and director of production planning centre of QHD Port. In August 2018, he served as member of party committee of QHD Port. In March 2019, he served as the vice president of QHD Port and served as chief safety controller of QHD Port in May 2019.
<b>XIA Zhixin</b>	Mr. XIA Zhixin (夏志新), born in April 1971, holds a bachelor's degree and a master's degree and is a professorate senior engineer. Mr. Xia started working in July 1994 and joined the Communist Party of China in October 2001. He served as technician of the unloading team and leader of technical group of the Sixth Port Branch of Qinhuangdao Port Authority, the deputy technical manager of Fengmao Company, the deputy head of the fleet, the vice director of the Human Resources Department, the director of the Labor Department (勞資部) and the director of technology and equipment department of the ninth subsidiary of QPG, chief of Organization Department and Human Resources Department (Remuneration and Performance) of QPG and the director of Organization Department of the Party Committee and the Human Resources Department (Remuneration Performance-social security co-ordination) of HPG. He served as the deputy manager of the Second Port Branch of QHD Port in March 2012, the director of QHD Port office, Party Committee office and Board office in February 2018, and a director, general manager and deputy secretary of party committee of Tangshan Caofeidian Coal Stevedoring Co., Ltd. in August 2019, the chairman and secretary of party committee of Tangshan Caofeidian Shiye Port Co., Ltd. in November 2019, and the vice chairman of QHD Port in December 2020.

Description of other information

Applicable  Not applicable

On 23 December 2020, the Board of QHD Port received the resignation tendered by Mr. He Zhenya. Due to the age, Mr. He Zhenya resigned from his position as a Vice President of QHD Port.

On 23 December 2020, Resolution on Appointment of Mr. Xia Zhixin as the Vice President of QHD Port was considered and passed in the 23rd meeting of the fourth session of the Board of QHD Port. QHD Port appointed Mr. Xia Zhixin as the Vice President of QHD Port.

### (II) Share incentives granted to Directors and senior management during the Reporting Period

Applicable  Not applicable

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### II. PARTICULARS OF EMPLOYMENT OF CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

#### (I) Positions held in the shareholding companies

√ Applicable    □ Not applicable

Name of employee	Name of shareholding companies	Positions held in the shareholding companies	Start of the term of office	Expiration of the term of office
CAO Ziyu	Hebei Port Group Co., Ltd.	Party committee secretary, chairman	July 2016 August 2016	
LIU Guanghai	Hebei Port Group Co., Ltd.	Vice chairman, general manager, deputy secretary of the party committee	February 2016	
Yang Wenshen	Hebei Port Group Co., Ltd.	Director and member of the Party Committee	April 2020	
Ma Xiping	Hebei Port Group Co., Ltd.	Employee representative supervisor	March 2019	
XIAO Xiang	Hebei Jiantou Traffic Investment Co., Ltd. (河北建投交通投資有限責任公司)	Deputy general manager	July 2015	
MENG Bo	Hebei Port Group Co., Ltd.	Secretary of the Disciplinary Committee, member of the Party Committee	December 2013	
BU Zhouqing	Hebei Port Group Co., Ltd.	Assistant to general manager Director of financial department	November 2020 June 2014	
CHEN Linyan	Hebei Port Group Co., Ltd.	Vice chairwoman of the labor union Chairwoman of the labor union for authorities	January 2016 November 2020	
Particulars of employment in the shareholding companies				

#### (II) Positions held in other companies

√ Applicable    □ Not applicable

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
YANG Wenshen	China National Coal Exchange Co., Ltd.	Director	June 2019	
Yang Wenshen	Daqin Railway Co., Ltd.	Director	March 2020	
YANG Wenshen	Jinneng Holding Coal Industry Group Co., Ltd.	Director	April 2020	
LI Jianping	Qinhuangdao State-owned Assets Operation Holdings Limited	Party committee secretary	November 2014	
LI Jianping	Qinhuangdao Chemical Industry Group Co. Ltd.* (秦皇島市化工集團有限公司)	Supervisor, chairman of the supervisory committee	January 2020	
LI Jianping	Qinhuangdao Development Zone Taisheng Photovoltaic Technology Co., Ltd.* (秦皇島開發區泰盛光伏科技有限公司)	Supervisor	January 2020	
LI Jianping	Qinhuangdao Foreign Supply Co. Ltd.* (秦皇島市對外供應有限責任公司)	Director	January 2020	
XIAO Xiang	Tangshan Port Group Co., Ltd.	Supervisor	March 2008	
XIAO Xiang	Tianjin Qinhuangdao Passenger Dedicated Railway Co., Ltd. (津秦鐵路客運專線有限公司)	Supervisor	August 2018	
XIAO Xiang	Qinhuangdao Qinshan Chemical Port Co., Ltd. (秦皇島秦山化工港務有限責任公司)	Director	November 2016	

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
XIAO Xiang	Tangshan Caofeidian Shiye Port Co., Ltd.	Director	March 2017	
XIAO Xiang	Shenhua Huanghua Harbor Administration Corp. Ltd.	Supervisor	May 2017	
XIAO Xiang	SDIC Caofeidian Port Co., Ltd.	Director	March 2017	
XIAO Xiang	Hebei Transportation Investment Beijing-Zhangjiakou Expressway Co., Ltd. (河北交投京張高速公路有限責任公司)	Director	March 2018	
XIAO Xiang	Huaneng Caofeidian Caofeidian Port Co., Ltd. (華能曹妃甸港口有限公司)	Director	November 2018	
XIAO Xiang	Han Huang Railway Co., Ltd.	Director	May 2019	
XIAO Xiang	Shuohuang Railway Development Co., Ltd. (朔黃鐵路發展有限責任公司)	Supervisor	November 2019	
ZANG Xiuqing	Yanshan University	Professor	December 2002	
ZANG Xiuqing	Qinhuangdao Rongxuan Machinery Manufacturing Co., Ltd.	Financial supervisor	January 2007	
HOU Shujun	Hebei University of Technology	Professor	July 2007	
CHEN Ruihua	Nankai University	Associate professor	December 2004	
XIAO Zuhe	Tianjin Benefit Capital Equity Investment Fund Management Co., Ltd. (天津百富源股權投資基金管理有限公司)	Chairman	March 2010	
XIAO Zuhe	Shenzhen Qianhai Benefit Capital Equity Investment Management Co., Ltd. (深圳市前海百富源股權投資管理有限公司)	Director, general manager	November 2013	
XIAO Zuhe	Tianjin Baifuyuan Equity Investment Partnership (Limited Partnership)* (天津百富源股權投資基金合夥企業 (有限合夥))	Executive partner, proxy	March 2010	
XIAO Zuhe	Ji'an Jingkai District Baijin Financial Industrial Park Operation Co., Ltd. (吉安井開區百金金融產業園運營有限公司)	Director, chairman	August 2018	
XIAO Zuhe	Shenzhen Baifuda Consulting Co., Ltd. (深圳百富達諮詢有限公司)	Director, chairman	August 2003	
XIAO Zuhe	Jiangxi Ganxing Investment Management Co., Ltd. (江西贛興投資管理有限公司)	Director, chairman	September 2015	
XIAO Zuhe	Jiangxi Youpin Ecological Agriculture Co., Ltd. (江西優品生態農業有限公司)	Director, chairman	November 2015	
XIAO Zuhe	Shenzhen Chuangfugang Business Limited Company (深圳市創富港商務服務股份有限公司)	Independent director	March 2017	
XIAO Zuhe	XIAO Zuhe Heilongjiang Longyue Investment and Management Co., Ltd.* (黑龍江省龍粵投資管理有限公司)	Director	November 2011	
XIAO Zuhe	Jiangxi Dengyun Health Meiye Internet Co., Ltd. (江西登雲健康美業互聯網有限公司)	Director	December 2016	
XIAO Zuhe	Shenzhen Xiaoteng Capital Management Co., Ltd. (深圳驕騰資本管理有限公司)	Supervisor	July 2016	
XIAO Zuhe	Shenzhen Anlang Energy Saving Service Co., Ltd. (深圳市安朗節能服務有限公司)	Supervisor	November 2010	



## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
XIAO Zuhe	Jiangxi Taishang Investment Co., Ltd. (江西泰商投資股份有限公司)	Director	March 2014	
XIAO Zuhe	Funeng Technology (贛州)Co., Ltd. (孚能科技(贛州)股份有限公司)	Supervisor	January 2018	
XIAO Zuhe	Ji'an Jingkai District Baifuyuan Haojun Industrial Investment Partnership (Limited Partnership)(吉安市井開區百富源灑凌產業投資合夥企業(有限合夥))	Executive partner, proxy	April 2017	
XIAO Zuhe	Beijing Zhongwei Ruixin Technology Co., Ltd.(北京中微銳芯科技有限公司)	Director	October 2016	
XIAO Zuhe	Xuke New Energy Co., Ltd. (旭科新能源股份有限公司)	Director	May 2015	
XIAO Zuhe	Ji'an Jinggangshan Development Zone Jinluling Economic Development Co., Ltd. (吉安市井岡山開發區金廬陵經濟發展有限公司)	Director	September 2019	
XIAO Zuhe	Xi'an Daoxue Education Technology Co., Ltd.(西安導學教育科技(有限)公司)	Director	June 2015	
XIAO Zuhe	Shenzhen Busbar Technology Development Co., Ltd.	Director	March 2020	
BU Zhouqing	Qinhuangdao Bank Co., Ltd. (秦皇島銀行股份有限公司)	Director	May 2015	
BU Zhouqing	Hebei Port Group (Tianjin) Investment Management Co., Ltd. (河北港口集團(天津)投資管理(有限)公司)	Director	March 2018	
BU Zhouqing	Hebei Port Group Shanghai Investment Management Company (河北港口集團上海投資(有限)公司)	Director	March 2018	
BU Zhouqing	Chizhou CMS Zhong An Equity Investment Management Co., Ltd.	Supervisor, chairman of the Supervisory Committee	October 2015	
BIAN Yingzi	Qinhuangdao State-owned Assets Management Holdings Limited (秦皇島市國有資產經營(有限)公司)	Director, Financial Director	October 2015	
BIAN Yingzi	China Yaohua Glass Group Co., Ltd.	Supervisor	June 2020	
BIAN Yingzi	Qinhuangdao Development Zone Taisheng Photovoltaic Technology Co., Ltd. (秦皇島開發區泰盛光伏(有限)公司)	Supervisor	August 2016	
BIAN Yingzi	Qinhuangdao Yaohua Industrial Technology Co., Ltd. (秦皇島耀華工業技術(有限)公司)	Director	July 2018	
BIAN Yingzi	Qinhuangdao Qinshan Chemical Port Co., Ltd.(秦皇島秦山(有限)公司)	Director, vice chairman	June 2019	
BIAN Yingzi	Qinhuangdao State-Owned Industrial Assets Management Co.(秦皇島市工業國有資產經營(有限)公司)	Supervisor	November 2019	
BIAN Yingzi	Qinhuangdao Commerce and Trade State-owned Assets Investment and Operation Limited (秦皇島市商貿國有資產投資經營(有限)公司)	Supervisor	November 2019	
BIAN Yingzi	Qinhuangdao Chemical Industry Group Co. Ltd.* (秦皇島市(有限)公司)	Director	July 2016	

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
BIAN Yingzi	Qinhuangdao Bank Co., Ltd. (秦皇島銀行股份有限公司)	Director	June 2019	
CHEN Linyan	Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	Director	July 2016	
CAO Dong	SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Supervisor	May 2011	
CAO Dong	Hebei Financial Investment Guarantee Group Co., Ltd (河北省融投擔保集團有限公司)	Supervisor	October 2009	
GUO Xikun	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)	Supervisor	August 2008	
GUO Xikun	Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司)	Vice chairman	October 2016	
GUO Xikun	China National Coal Exchange Co., Ltd.	Supervisor	June 2019	
CHEN Lixin	SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Director	February 2017	
CHEN Lixin	Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	Director	December 2018	
CHEN Lixin	Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Director	April 2017	
CHEN Lixin	China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	Director, chairman	May 2017, April 2020	
CHEN Lixin	Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Director	October 2017	
CHEN Lixin	Zhejiang Zheneng Power Co., Ltd. (浙江浙能電力股份有限公司)	Supervisor	November 2017	
CHEN Lixin	Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	Director, vice chairman	June 2019	
CHEN Lixin	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)	Director, chairman	November 2019	
CHEN Lixin	Hebei Bohai-rim Coal Trading Center Co., Ltd. (河北環渤海煤炭交易中心有限公司)	Director, chairman	April 2017, October 2019	
CHEN Lixin	Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Director, chairman	April 2017, October 2019	
CHEN Lixin	Tangshan Caofeidian Coal Stevedoring Co., Ltd.	Director	July 2017	
CHEN Lixin	Qinhuangdao Zhongliwailun tallying Co., Ltd.* (秦皇島中理外輪理貨有限公司)	Director	April 2017	
CHEN Lixin	Cangzhou Huanghua Port Bulk Cargo Co., Ltd.* (滄州黃驊港散貨有限公司)	Director	April 2017	
CHEN Lixin	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司)	Director, vice chairman	June 2020	
Particulars of employment in other companies				

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Applicable  Not applicable

Decision-making procedures of remuneration of the Directors, Supervisors and senior management	The remuneration of Directors shall be reported to the general meeting for approval after being considered by the Remuneration and Appraisal Committee and the Board, and the remuneration of senior management shall be reported to the Board for approval after being considered by the Remuneration and Appraisal Committee
The basis for determining the remuneration of the Directors, Supervisors and senior management	The Company determines the remuneration of Directors, Supervisors and senior management according to their fulfillment of responsibility, risks and operation results
Actual payment of remuneration of the Directors, Supervisors and senior management	Please refer to "I. Particulars of Changes in Shareholding and Remuneration" of this section
Total remuneration actually obtained by the Directors, Supervisors and senior management at the end of the Reporting Period	Please refer to "I. Particulars of Changes in Shareholding and Remuneration" of this section

### IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF QHD PORT

Applicable  Not applicable

Name	position	Change	Reason for change
He Zhenya	Vice President	Resigned	Age
Xia Zhixin	Vice President	Appointed	Appointed by the Board

### V. PARTICULARS OF PENALTIES IMPOSED BY SECURITIES REGULATORY AUTHORITIES IN RECENT THREE YEARS

Applicable  Not applicable

### VI. INFORMATION ABOUT THE STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

#### (I) Information about the staff

Number of staff employed by the parent company	9,716
Number of staff employed by the major subsidiaries	1,519
The total number of staff employed	11,235
Number of paid retired staff by the parent company and its subsidiaries	0

Profession Composition	
Profession	Persons
Production personnel	6,611
Technical personnel	706
Administrative personnel	1,891
Other personnel	2,027
Total	11,235

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Education	
Levels of education	Number (persons)
Master's degree and above	470
Bachelor's degree	3,051
College degree	3,546
Technical secondary school degree, high school degree and below	4,168
Total	11,235

### (II) Remuneration policy

Applicable  Not applicable

The Company has established a scientific and efficient remuneration performance appraisal system, implemented a salary and benefit linkage mechanism, and the salary level of employees is closely linked to the completion of economic benefits. Meanwhile, it will further promote the performance management of employees, embody the principle of income distribution with more pay for more work and better performance, and allow employees to share the development results of the Company.

### (III) Training plan

Applicable  Not applicable

The Company has focused on strategic development of Qinhuangdao Port, making training a new driving force to motivate talents. Leveraging on advantages from internal resources and on the basis of training for production and operation, we carried out multilevel and effective trainings, which enhance the stability, flexibility and integrity of teams of human resources in the reform and development. A total of 27,451 employees participated in the training throughout the 2020. Firstly, the Company adhered to serving the front-line staff, to improve the quality and efficiency of work by promotion of the education and training. It carried out the implementation of information-based education and training, launched the staff education and training management system, and cancelled the paper approval, realizing training approval without presence and providing statistical analysis of basic data for the optimization of the use of training expenses, which effectively make the data realizable. Aiming to promote the transformation and upgrading of the Group through improvement of the quality of front-line staff, we organized and held a series of training programs for middle-level managers and reserve cadres, safety and environmental protection, and technical improvement of young talents, so as to enhance staff's awareness of crisis, innovation and development. Secondly, the Company optimized the talent evaluation mechanism, to motivate talents to innovate and start up business. We have improved the talent evaluation system in line with the transformation and development and evaluated talents in a scientific, objective and fair way, so as to expand the talents evaluation from the highly-skilled talents to skilled people of the Company. We also drafted the implementation plan for skill level identification of the Group, enriched the evaluation methods of skilled personnel, and organized and carried out online training for the identification of port vocational skill levels, creating a new mechanism of training accreditation, identification and evaluation for skilled person. Thirdly, the Company optimized the overall quality of the internal trainer team on the basis of efficiency improvement. In order to do a good job in human resources development, standardize the internal management of part-time teachers, improve the effectiveness and pertinence of training, and solve the problem of part-time teachers' overall lack of professional ability to be qualified as lecturers, we conducted internal trainers' actual practice and team building training camp, focused on training internal trainers' analytical ability and course design ability to learn to master the process of curriculum development and design and the use of tools, to enhance the cooperation and cohesion of the internal trainer team, build a harmonious and united internal trainer team with strong teaching ability for the enterprise, and effectively help all staff to improve their work performance.

### (IV) Labor outsourcing

Applicable  Not applicable

Total hours of labor outsourcing	N/A
The total amount of remuneration paid for labor outsourcing	RMB77.82 million

Note: Since the Company charged labor outsourcing services by time and piece, the labor outsourcing service cannot be measured uniformly according to the number of working hours.

## SECTION X DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### VII. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARE CAPITAL OF THE COMPANY

As of 31 December 2020, none of Directors, Supervisors or chief executive of QHD Port had any interest or short position in Shares, underlying Shares and debentures of the associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified by Directors, Supervisors or chief executive to QHD Port and the Stock Exchange pursuant to the Model Code.

### VIII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Current Directors and Supervisors have entered into service contracts with QHD Port in the following main aspects:

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

In addition, in order to protect the interests of Directors and Supervisors, QHD Port purchased liability insurance for Directors and Supervisors. The permitted indemnity provisions are included in the liability insurance purchased for directors, and the insurance will compensate the directors for negligence in the performance of their duties in the face of legal proceedings.

None of the Directors and Supervisors of QHD Port had entered into any service contract with QHD Port which was not determinable by QHD Port within one year without payment of compensation (other than statutory compensation).

### IX. INTERESTS IN CONTRACTS OF DIRECTORS AND SUPERVISORS

None of Directors and Supervisors was materially interested, directly or indirectly, in any transactions, arrangements or contracts of significance entered into by QHD Port during the year and subsisting as at the end of the Year.

### X. SPECIAL TREATMENTS FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, Directors, Supervisors and senior management of QHD Port did not enjoy any special treatments.

### XI. INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

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

### XII. OTHERS

Applicable  Not applicable

# SECTION XI CORPORATE GOVERNANCE

## I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE

Applicable  Not applicable

Since the establishment of the Company, in accordance with the requirements of the Company Law of the People's Republic of China, (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China, the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, the Guidance for the Articles of Association of Listed Companies and relevant laws, regulations and normative documents, and with reference to the normative requirements of listed companies, the Company formulated the Articles of Association and the Rules of Procedures for General Meetings, the Rules of Procedure for the Board of Directors" and the Rules of Procedures for the Supervisory Committee, and other rules and systems, and built a standardized corporate governance structure by establishing the sound system relating to the general meeting, the Board, the Supervisory Committee, independent director and the secretary to the Board. The Board has established four special committees, namely the strategy committee, the audit committee, the nomination committee and the remuneration and appraisal committee, which provide advice and suggestions for major decisions made by the Board and ensure the Board to consider matters and make decisions in a professional and high-efficient manner.

During the Reporting Period, the general meeting, the Board, the Supervisory Committee and other organizations and personnel thereof were able to be operated independently and effectively and perform their due duties and obligations in accordance with the provisions of relevant laws and regulations, Articles of Association and related rules of procedure, without major violations of laws and regulations. There was no situation where the management and the Board are in violation of laws and regulations such as the Company Law and the relevant provisions of the Articles of Association. The actual situation on corporate governance was not significantly different from that in the normative documents issued by China Securities Regulatory Commission on the governance of listed companies.

Is there any obvious difference between corporate governance and requirements of China Securities Regulatory Commission? If there is obvious difference, explanations should be made.

Applicable  Not applicable

## II. BRIEF INTRODUCTION OF GENERAL MEETING

Session of Meeting	Date	Inquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published
The 2019 Annual General Meeting	5 June 2020	www.sse.com.cn www.hkexnews.hk	6 June 2020 5 June 2020

Information of General Meetings

Applicable  Not applicable

On 5 June 2020, QHD Port held the 2019 annual general meeting to consider and approve the resolution regarding the report of the board of directors of the Company for 2019; the resolution regarding the report of the supervisory committee of the Company for 2019; the resolution regarding the final financial report of the Company for 2019; the resolution regarding the 2019 profit distribution plan and the declaration of final dividend of the Company; the resolution regarding the re-appointment of the auditor of the Company for the year 2020 and the audit fees for the year 2020; the resolution regarding the re-appointment of the internal control auditor of the Company for the year 2020 and the internal control audit fees for the year 2020; the resolution regarding the Director's 2019 annual remuneration; the resolution regarding the Supervisor's 2019 annual remuneration; and the resolution regarding changes in business scope of the Company and amendment of the Articles of Association.

# SECTION XI CORPORATE GOVERNANCE

## III. PERFORMANCE OF DUTIES OF DIRECTORS

### (I) Directors' attendance at the Board meetings and General Meetings

Name of directors	Independent director or not	Attendance at the Board meetings						Attendance at the General Meetings	
		Required attendance for the year	Attendance in person	Attendance by communication	Attendance by proxy	Absence	Two consecutive absences from the Board meeting	Number of attendance	
Cao Ziyu	No	7	2	5	0	0	No	1	
Liu Guanghai	No	7	0	7	0	0	No	1	
Yang Wensheng	No	7	2	5	0	0	No	1	
Ma Xiping	No	7	2	5	0	0	No	1	
Li Jianping	No	7	0	7	0	0	No	1	
Xiao Xiang	No	7	0	7	0	0	No	1	
Zang Xiuqing	Yes	7	0	7	0	0	No	1	
Hou Shujun	Yes	7	0	7	0	0	No	1	
Chen Ruihua	Yes	7	0	7	0	0	No	1	
Xiao Zuhe	Yes	7	0	7	0	0	No	1	

Notes on the two consecutive absences from the Board meeting

Applicable  Not applicable

Number of the Board meetings within the year	7
Among which: Number of meetings held on site	0
Number of meetings held by communication	5
Number of meetings held on site in combination with communication	2

### (II) Independent Directors' objection to any matters related to the Company

Applicable  Not applicable

### (III) Others

Applicable  Not applicable

# SECTION XI CORPORATE GOVERNANCE

## IV. SIGNIFICANT OPINIONS AND RECOMMENDATIONS PROPOSED BY THE SPECIAL COMMITTEES UNDER THE BOARD IN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD, DETAILS SHOULD BE DISCLOSED IF THERE WERE DISAGREEMENTS

Applicable  Not applicable

The Board has established four special committees, namely the audit committee, the remuneration and appraisal committee, the nomination committee and the strategy committee, all members of which attend all meetings held by the four special committees during the Year.

### Audit Committee

The Audit Committee comprises three Directors, including Ms. Zang Xiuqing, Mr. Xiao Zuhe and Ms. Xiao Xiang. Ms. Zang Xiuqing, the independent non-executive Director, acts as chairman of the committee. All members of the Audit Committee are non-executive Directors and Ms. Zang Xiuqing and Mr. Xiao Zuhe are independent non-executive Directors.

During the Year, the Audit Committee convened six meetings totally to consider and approve 15 written resolutions, mainly including the Company's financial reports and internal control evaluation reports on the quarterly, semi-annual, annual and other significant timeline basis, accounting firm audit (review) Programme and Progress, internal audit work summary and plan and other matters, while paying ongoing attention to major investments, accounting policies, corrupt conduct and other important matters. On such basis, they communicated with relevant parties of the Company for work review and guidance on the internal and external audits of the Company. The Audit Committee has reviewed and confirmed the audited consolidated financial statements in this annual report and has discussed with the management on the financial statements and the internal control of the Company. The Audit Committee is of the view that these financial statements are prepared in accordance with the applicable accounting standards and requirements and the disclosure is adequate.

### Remuneration and Appraisal Committee

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

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

During the Year, the Remuneration and Appraisal Committee convened one meeting on 27 March 2020 to discuss the remuneration of the Directors and senior management.

### Nomination Committee

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

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

During the Year, the Nomination Committee held one meeting on 23 December 2020 to complete the work above.

### Strategy Committee

The Strategy Committee comprises five Directors, the members of the Strategy Committee included two executive Directors, one non-executive Director and two independent non-executive Directors, namely Mr. Cao Ziyu, chairman of the Board, Mr. Yang Wensheng, President, Ms. Xiao Xiang, Mr. Hou Shujun and Mr. Chen Ruihua. Mr. Cao Ziyu, chairman of the Board, acts as chairman of the committee.

None of the special committees under the Board raised any objection in performing their duties during the Reporting Period.



## SECTION XI CORPORATE GOVERNANCE

### V. RISKS DISCOVERED BY THE SUPERVISORY COMMITTEE

Applicable  Not applicable

### VI. THE COMPANY'S INDEPENDENCE FROM ITS CONTROLLING SHAREHOLDER IN TERMS OF BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE AND INABILITY TO MAINTAIN INDEPENDENT OPERATION

Applicable  Not applicable

In case of peer competition, solutions, progress and follow-up plans of the Company

Applicable  Not applicable

### VII. THE ESTABLISHMENT AND IMPLEMENTATION OF THE ASSESSMENT MECHANISM AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Applicable  Not applicable

The Company insists on the combination of incentives and limitations, and the match between salary and responsibility, risk and contribution. The salary is linked with the operating performance of the Company. The annual salary system is implemented for its senior management.

### VIII. WHETHER TO DISCLOSE THE INTERNAL CONTROL SELF-EVALUATION REPORT

Applicable  Not applicable

Please refer to the Internal Control Self-Evaluation Report of 2020 disclosed by the Company on the website of the SSE on 30 March 2021 for details.

Explanation on significant deficiencies in internal control during the Reporting Period

Applicable  Not applicable

### IX. INFORMATION ABOUT THE INTERNAL CONTROL AUDIT REPORT

Applicable  Not applicable

The Company engaged Ernst & Young Hua Ming LLP to conduct internal control audit and issue a standard unqualified internal control audit report. For its full text, please refer to the Internal Control Self-Evaluation Report of 2020 disclosed on the website of the SSE on 30 March 2021.

Whether to disclose the internal control audit report: Yes

Opinion of the internal control audit report: standard unqualified opinion

# SECTION XI CORPORATE GOVERNANCE

## X. COMPLIANCE WITH CORPORATE GOVERNANCE CODE ISSUED BY HONG KONG STOCK EXCHANGE

### (I) Corporate governance practices

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

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

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

### (II) Board

#### Duties and Division Responsibility

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

#### Chairman of the Board and Chief Executive Officer

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

#### Composition of the Board

During the Year, the Board comprised 10 Directors, including three executive Directors, Mr. Cao Ziyu (Chairman), Mr. Yang Wensheng (President) and Mr. Ma Xiping, three non-executive Directors, Mr. Liu Guanghai (vice Chairman), Mr. Li Jianping and Ms. Xiao Xiang, and four independent non-executive Directors, Ms. Zang Xiuqing, Mr. Hou Shujun, Mr. Chen Ruihua and Mr. Xiao Zuhe. The particulars of the Directors are set out in the section "Directors, Supervisors, Senior Management and Employees" in this report.

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

## SECTION XI CORPORATE GOVERNANCE

### Positions in Other Companies Held by Directors

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

### Time Commitment of Directors

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

### Training and Professional Development of Directors

During the Year, all Directors have received trainings in the written form or by participating in seminars and completed the training hours required by the relevant rules of the SSE and the Hong Kong Stock Exchange.

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

### Diversification of the Board

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

Name	Gender	Education Background	Industry Experience	Location
<b>Executive Directors</b>				
– Cao Ziyu (Chairman)	Male	University graduate	Management	Hebei, China
– Yang Wensheng	Male	University graduate	Port Operation	Hebei, China
– Ma Xiping	Male	Master	Port Operation	Hebei, China
<b>Non-executive Directors</b>				
– Liu Guanghai	Male	Master	Port Operation	Hebei, China
– Li Jianping	Male	Master	Port Investment	Hebei, China
– Xiao Xiang	Female	Master	Construction Investment	Hebei, China
<b>Independent Non-executive Directors</b>				
– Zang Xiuqing	Female	Master	Education	Hebei, China
– Hou Shujun	Male	Master	Education	Tianjin, China
– Chen Ruihua	Male	Master	Education	Tianjin, China
– Xiao Zuhe	Male	Master	Accounting, Audit	Shenzhen, China

## SECTION XI CORPORATE GOVERNANCE

### (III) Director

#### **Appointment and Re-election of Directors**

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

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

#### **Nomination of Directors**

In accordance with the Company Law, the Articles of Association and other relevant rules, the Board will nominate and recommend the candidates of Directors upon full inspection of their professional qualifications, education background, working experiences and other aspects, and they shall also be nominated by the Shareholders separately or jointly holding over 3% of the shares of the Company in the form of proposal. The Board shall verify the qualifications and conditions of the candidates of Directors and a written resolution should be proposed at the general meeting for approval after the candidate of Director is determined by proposal.

#### **Independence of Independent Non-executive Directors**

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

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

#### **Securities Transaction by Directors and Supervisors**

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

#### **Directors' Responsibilities on Financial Statements**

The Directors have the responsibility to prepare the financial statements for the year ended 31 December 2020 to give a true and fair view of the affairs of the Company and the results and cash flow of the Company.

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

## SECTION XI CORPORATE GOVERNANCE

### (IV) Control System

#### Supervisory Committee

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

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

The Supervisory Committee of QHD Port now comprises of five members, including three Supervisors elected by the Shareholders (Mr. Meng Bo, Mr. Bu Zhouqing and Mr. BIAN Yingzi) and two Employee Representative Supervisors (Mr. Cao Dong and Ms. Chen Linyan). Mr. Meng Bo acts as chairman of the present Supervisory Committee. Supervisors who are representatives of the Shareholders shall be elected and removed by Shareholders' general meeting. Employee Representative Supervisors shall be elected and removed by employee conference, employee general meeting or other democratic procedures. Each Supervisor shall have a term of three years from the date of approval by Shareholders' general meeting or employee conference subject to termination upon expiry of the session of the Supervisory Committee. Supervisors are eligible for re-election.

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

During the Year, the Supervisory Committee convened five meetings on 27 March 2020, 28 April 2020, 28 August 2020, 29 October 2020 and 23 December 2020 respectively, at which proposals including the 2019 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. was reviewed. The work of the Supervisory Committee is set out in the "Report of Supervisory Committee" in this annual report.

#### Internal Control and Risk Management

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

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

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

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

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

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

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

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

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

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

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

## SECTION XI CORPORATE GOVERNANCE

### (V) Company Secretary

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

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

### (VI) Shareholders' Rights and Investor Relationship

#### Convening of Extraordinary General Meeting

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

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

- (1) Shareholder(s), separately or jointly, holding in aggregate not less than 10% voting Shares of the Company may sign one or more written requests of the same format and content to demand the Board to convene extraordinary general meeting or class shareholders' meeting with explanation of the purpose of the meeting. Upon receipt of the request, the Board shall convene the extraordinary general meeting or class shareholders' meeting as soon as possible. The number of Shares held by the abovementioned Shareholders shall be based on the number of Shares as of the date on which the Shareholders put forward such written request.
- (2) Where the Board fails to issue notice to convening the meeting within 30 days upon receipt of the above written request, Shareholders proposing such request may convene a meeting by their own within four months upon receipt of the request by the Board. The convening procedures shall as much as possible be equivalent to the procedures for meeting convened by the Board.

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

#### Enquiry to the Board

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

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

#### Procedures for Proposal at the General Meeting

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

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

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

#### Amendment of Constitutional Documents

During the Year, QHD Port has made amendments to the Articles of Association in June 2020. For details of the amendments, please refer to the Announcement on Resolutions of the Annual General Meeting of 2019" (Announcement Number: 2020-016) published by QHD Port on the SSE on 6 June 2020 and (1) the Announcement on Poll Results of Annual General Meeting of 2019 and (2) the Announcement on declaration of final dividends published by QHD Port on the website of the Hong Kong Stock Exchange on 5 June 2020.

# SECTION XI CORPORATE GOVERNANCE

## Communication with Investors and Investor Relationship

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

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

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

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

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

## XI. OTHERS

Applicable  Not applicable

## SECTION XII CORPORATE BONDS

Applicable  Not applicable



# SECTION XIII AUDIT REPORT

Ernst & Young Hua Ming (2021) Shen Zi No. 61063699\_S01  
Qinhuangdao Port Co., Ltd.

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

## I. AUDIT OPINION

We have audited the financial statements of Qinhuangdao Port Co., Ltd., which comprise the consolidated and Company balance sheet as at 31 December 2020, the consolidated and Company income statement, the statement of changes in equity and the cash flow statement for 2020, and notes to the relevant financial statements.

In our opinion, the financial statements of Qinhuangdao Port Co., Ltd. as attached herewith are prepared in accordance with the provisions of Enterprise Accounting Standards to a material extent, and give a fair view of the consolidated and Company financial position of Qinhuangdao Port Co., Ltd. as at 31 December 2020, and of its consolidated and Company financial performance and its cash flows for 2020.

## II. BASIS FOR AUDIT OPINION

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

## III. KEY AUDIT MATTERS

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

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

# SECTION XIII AUDIT REPORT

Ernst & Young Hua Ming (2021) Shen Zi No. 61063699\_S01  
Qinhuangdao Port Co., Ltd.

Key Audit Matter:	How Our Audit Addressed the Key Audit Matter:
<p><b>Impairment of fixed assets</b></p>	
<p>As at 31 December 2020, the carrying amounts of fixed assets as included in the consolidated financial statements were RMB13,398,157 thousand, which had deducted the provision for the impairment of fixed assets of approximately RMB87,373 thousand. The Management shall judge at the end of the year where there is any evidence of impairment occurred. If there are evidences of impairment, the Management shall estimate its recoverable amount and conduct an impairment test. The impairment test of the fixed assets, to a considerable extent, is relied on the judgment and estimates made by the Management. For example, the future cash flow to be generated from the asset group that such asset is belonged to and the estimate of discount rate. Such estimates are subject to impact on the market in future and the judgment on economic environment. Different estimates and assumptions applied may have very significant impact on the recoverable amount of the fixed assets.</p> <p>For the disclosure in relation to the impairment of fixed assets, please refer to Note III. 31 Significant Accounting Judgment and Estimates, Note V. 9 Fixed Assets and Note V. 43 Asset Impairment Losses.</p>	<p>Our audit procedures are mainly as follows:</p> <ol style="list-style-type: none"> <li>(1) We analyzed and assessed the Management’s judgment on the indicators of asset impairment, evaluated the methods adopted by the Management on the determination of the asset group that such fixed asset with the indicators of impairment is belonged to and the impairment test on fixed assets to estimate the present value of future cash flows as well as the calculation of the present value of future cash flows;</li> <li>(2) We compared the forecast information (the growth rate of revenue and business volume and the growth rate of cost and expense and others) in the impairment test prepared by the Management in the previous year with the actual operation, compared the forecast information on the impairment test prepared by the Management in the current year with the subsequent actual operation and concerned about whether there are significant differences and the effects on the impairment test results during the current year;</li> <li>(3) Under the assistance of the internal valuation experts, we evaluated the methods, models, discount rate and key parameters of the impairment test conducted by the Management;</li> <li>(4) We reviewed the disclosure on fixed assets and the impairment of fixed assets in the financial report.</li> </ol>
<p><b>Impairment of long-term equity investments</b></p>	
<p>As at 31 December 2020, the carrying amount of long-term equity investments as included in the consolidated financial statements was RMB3,052,665 thousand, which had deducted the provision for the impairment of long-term equity investments of approximately RMB120,770 thousand. The Management shall judge at the end of each year whether there is any evidence of impairment occurred. If there are evidences of impairment, the Management shall estimate their recoverable amount and conduct an impairment test. The estimation on the recoverable amount involves the forecast on the present value of future cash flows of long-term equity investments as the Management has to make significant judgments and assumptions in the estimation, the future business volume, gross profit and discount rate in particular. As a result, we considered it a key audit matter.</p> <p>For the disclosure in relation to long-term equity investments, please refer to Note III. 31 Significant Accounting Judgment and Estimates, Note V. 7 Long-term Equity Investments and Note V. 43 Asset Impairment Losses.</p>	<p>Our audit procedures are mainly as follows:</p> <ol style="list-style-type: none"> <li>(1) We analyzed and assessed the Management’s judgment on the indicators of impairment, evaluated the key assumptions on the determination of the recoverable amount of long-term equity investments, in particular the future business volume, gross profit, discount rate and other key data and assumptions of the Management on the investee involved in the impairment test;</li> <li>(2) We compared the forecast information (the growth rate of revenue and business volume and the growth rate of cost and expense and others) in the impairment test prepared by the Management in the previous year with the actual operation, compared the forecast information on the impairment test prepared by the Management in the current year with the subsequent actual operation and concerned about whether there are significant differences and the effects on the impairment test results during the current year;</li> <li>(3) Under the assistance of the internal valuation experts, we evaluated the methods, models, discount rate and key parameters of the impairment test conducted by the Management;</li> <li>(4) We reviewed the disclosure on long-term equity investments and the impairment of long-term equity investments in the financial report.</li> </ol>

# SECTION XIII AUDIT REPORT

Ernst & Young Hua Ming (2021) Shen Zi No. 61063699\_S01  
Qinhuangdao Port Co., Ltd.

## IV. OTHER INFORMATION

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

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

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

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

## V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENT

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

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

Those charged with governance are responsible for overseeing the financial reporting process of Qinhuangdao Port Co., Ltd.

# SECTION XIII AUDIT REPORT

Ernst & Young Hua Ming (2021) Shen Zi No. 61063699\_S01  
Qinhuangdao Port Co., Ltd.

## VI. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENT

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Qinhuangdao Port Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Qinhuangdao Port Co., Ltd. to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Qinhuangdao Port Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# SECTION XIII AUDIT REPORT

Ernst & Young Hua Ming (2021) Shen Zi No. 61063699\_S01  
Qinhuangdao Port Co., Ltd.

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Wang Tianqing (Project Partner)

Chinese Certified Public Accountant: Cheng Xianming

Beijing, PRC

29 March 2021

# CONSOLIDATED BALANCE SHEET

31 December 2020

RMB

Assets	Note V	31 December 2020	31 December 2019
<b>Current assets</b>			
Cash and bank balances	1	3,554,825,387.07	2,805,072,385.39
Bills receivable	2	158,493,277.00	172,344,886.06
Accounts receivable	3	58,344,006.76	81,480,463.58
Prepayments		10,788,998.64	10,763,773.91
Other receivables	4	53,522,988.81	47,843,613.54
Inventories	5	162,844,612.15	186,149,733.94
Other current assets	6	126,204,484.27	108,861,397.06
<b>Total current assets</b>		<b>4,125,023,754.70</b>	<b>3,412,516,253.48</b>
<b>Non-current assets</b>			
Long-term equity investments	7	3,052,665,906.74	2,933,977,826.03
Other equity instruments investments	8	787,081,978.59	792,793,162.66
Fixed assets	9	13,398,156,815.24	14,386,455,466.64
Construction in progress	10	1,183,040,730.64	818,663,594.98
Right-of-use assets	11	124,582,460.65	136,087,991.44
Intangible assets	12	3,040,805,653.86	2,442,851,949.55
Long-term prepaid expenses	13	62,249,709.20	67,553,845.97
Deferred income tax assets	14	396,819,306.19	410,276,375.66
Other non-current assets	15	72,940,444.96	78,678,974.13
<b>Total non-current assets</b>		<b>22,118,343,006.07</b>	<b>22,067,339,187.06</b>
<b>Total assets</b>		<b>26,243,366,760.77</b>	<b>25,479,855,440.54</b>

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

# CONSOLIDATED BALANCE SHEET

31 December 2020

RMB

Liabilities and shareholders' equity	Note V	31 December 2020	31 December 2019
<b>Current liabilities</b>			
Short-term borrowings	16	322,940,547.75	151,811,497.31
Bills payable		3,169,300.00	–
Accounts payable	17	185,335,672.51	164,642,529.63
Contract liabilities	18	630,272,097.10	526,176,060.80
Employee benefits payable	19	705,159,894.73	641,772,243.05
Taxes payable	20	149,212,114.42	136,546,991.12
Other payables	21	674,477,406.66	618,070,938.59
Non-current liabilities due within one year	22	726,958,673.79	698,268,300.47
<b>Total current liabilities</b>		<b>3,397,525,706.96</b>	<b>2,937,288,560.97</b>
<b>Non-current liabilities</b>			
Long-term borrowings	23	5,886,790,644.98	5,883,682,492.98
Lease liabilities	24	452,512.09	7,521,511.19
Long-term payable	25	138,000,000.00	238,400,000.00
Long-term employee benefits payable	26	500,298,437.92	532,928,001.35
Provisions	27	–	33,860,000.00
Deferred income	28	207,520,518.95	243,113,352.90
Deferred income tax liabilities	14	13,351,927.66	14,779,723.68
<b>Total non-current liabilities</b>		<b>6,746,414,041.60</b>	<b>6,954,285,082.10</b>
<b>Total liabilities</b>		<b>10,143,939,748.56</b>	<b>9,891,573,643.07</b>
<b>Shareholders' equity</b>			
Share capital	29	5,587,412,000.00	5,587,412,000.00
Capital reserve	30	5,207,670,068.40	5,207,544,792.61
Other comprehensive income	31	263,264,477.30	181,333,327.86
Special reserve	32	139,446,715.57	108,030,468.84
Surplus reserve	33	1,433,372,455.99	1,334,346,000.28
Retained profit	34	2,585,014,785.35	2,191,776,305.79
<b>Total equity attributable to shareholders of the parent</b>		<b>15,216,180,502.61</b>	<b>14,610,442,895.38</b>
<b>Minority interests</b>		<b>883,246,509.60</b>	<b>977,838,902.09</b>
<b>Total shareholders' equity</b>		<b>16,099,427,012.21</b>	<b>15,588,281,797.47</b>
<b>Total liabilities and shareholders' equity</b>		<b>26,243,366,760.77</b>	<b>25,479,855,440.54</b>

The financial statements have been signed by:

Legal representative:

Cao Ziyu

Person in charge of

business operation:

Yang Wensheng

Chief financial officer:

Guo Xikun

Head of accounting department:

Xie Hui

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

# CONSOLIDATED INCOME STATEMENT

2020

RMB

	Note V	2020	2019
Revenue	35	6,455,853,710.64	6,722,730,009.09
Less: Operating costs	35	3,867,699,685.07	3,843,805,904.72
Tax and surcharges	36	358,480,448.79	368,075,256.82
Selling expenses		–	89,828.30
Administrative expenses	37	891,955,858.32	1,287,074,303.82
Research and development expenses	38	11,469,425.68	12,397,156.60
Financial costs	39	266,699,264.59	301,711,409.91
Including: Interest expense		306,663,640.77	339,311,527.11
Interest income		40,524,005.20	37,669,730.13
Add: Other income	40	53,630,043.00	41,785,557.25
Investment income	41	201,940,194.13	187,140,740.17
Including: Investment income from associates and joint ventures		191,068,724.04	158,925,364.22
Credit impairment loss	42	(1,568,979.21)	(809,668.48)
Asset impairment loss	43	(84,379,438.55)	(64,804,729.51)
Gains from the disposal of assets	44	1,069,063.11	16,623,595.61
Operating profits		1,230,239,910.67	1,089,511,643.96
Add: Non-operating income	45	14,603,165.63	7,311,564.04
Less: Non-operating expenses	46	11,010,722.19	3,574,438.03
Total profit		1,233,832,354.11	1,093,248,769.97
Less: Income tax expenses	48	334,229,007.10	264,773,144.01
Net profit		899,603,347.01	828,475,625.96
Classified by business continuity			
Net profit from continuing operations		899,603,347.01	828,475,625.96
Classified by ownership			
Net profit attributable to shareholders of the parent		995,132,015.27	931,247,331.39
Minority interests		(95,528,668.26)	(102,771,705.43)
Other comprehensive income, net of tax		82,283,709.11	172,467,650.74
Other comprehensive income attributable to shareholders of the parent, net of tax	31	81,931,149.44	182,424,582.69
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income not to be taken to profit or loss using the equity method		91,018,161.47	141,157,662.38
Changes in fair value of investments in other equity instruments		(4,635,947.72)	38,572,896.21
Those other comprehensive income to be reclassified into profit or loss			
Other comprehensive income to be taken to profit or loss using the equity method		(1,702,543.41)	1,702,243.03
Exchange differences on foreign currency translation		(2,748,520.90)	991,781.07
Other comprehensive income attributable to minority shareholders, net of tax	31	352,559.67	(9,956,931.95)
Total comprehensive income		981,887,056.12	1,000,943,276.70
Including:			
Total comprehensive income attributable to shareholders of the parent		1,077,063,164.71	1,113,671,914.08
Total comprehensive income attributable to minority shareholders		(95,176,108.59)	(112,728,637.38)
Earnings per share	49		
Basic and diluted earnings per share		0.18	0.17

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2020

RMB

2020

Note V	Equity attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	Retained profits	Sub-total		
I. Current year's opening balance	5,587,412,000.00	5,207,544,792.61	181,333,327.86	108,030,468.84	1,334,346,000.28	2,191,776,305.79	14,610,442,895.38	977,838,902.09	15,588,281,797.47
II. Changes during the year									
(I) Total comprehensive income									
1. Net profit	-	-	-	-	-	995,132,015.27	995,132,015.27	(95,528,668.26)	899,603,347.01
2. Other comprehensive income	-	-	81,931,149.44	-	-	-	81,931,149.44	352,559.67	82,283,709.11
(II) Contributions from Shareholders and decrease in capital									
1. Others	-	125,275.79	-	-	-	-	125,275.79	-	125,275.79
(III) Profit distribution									
1. Appropriation to surplus reserves	-	-	-	-	99,026,455.71	(99,026,455.71)	-	-	-
2. Distribution to Shareholders	34	-	-	-	-	(502,867,080.00)	(502,867,080.00)	-	(502,867,080.00)
(IV) Special reserve									
1. Accrual	-	-	-	65,424,408.33	-	-	65,424,408.33	3,032,196.57	68,456,604.90
2. Usage	-	-	-	(34,008,161.60)	-	-	(34,008,161.60)	(2,448,480.47)	(36,456,642.07)
III. Current year's closing balance	5,587,412,000.00	5,207,670,068.40	263,264,477.30	139,446,715.57	1,433,372,455.99	2,585,014,785.35	15,216,180,502.61	883,246,509.60	16,099,427,012.21

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2020

RMB

2019

	Equity attributable to shareholders of the parent							Sub-total	Minority interests	Total shareholders' equity
	Note V	Share capital	Capital reserve	Other Comprehensive Income	Special reserve	Surplus reserve	Retained profits			
I. Current year's opening balance		5,587,412,000.00	5,202,818,808.47	(1,091,254.83)	80,726,967.97	1,235,538,930.68	1,789,566,768.00	13,894,972,220.29	1,093,485,641.26	14,988,457,861.55
II. Changes during the year										
(I) Total comprehensive income										
1. Net profit		-	-	-	-	-	931,247,331.39	931,247,331.39	(102,771,705.43)	828,475,625.96
2. Other comprehensive income		-	-	182,424,582.69	-	-	-	182,424,582.69	(9,956,931.95)	172,467,650.74
(II) Contributions from Shareholders and decrease in capital										
1. Others		-	4,725,984.14	-	-	-	-	4,725,984.14	(4,725,984.14)	-
(III) Profit distribution										
1. Appropriation to surplus reserves		-	-	-	-	98,807,069.60	(98,807,069.60)	-	-	-
2. Distribution to Shareholders	34	-	-	-	-	-	(430,230,724.00)	(430,230,724.00)	-	(430,230,724.00)
(IV) Special reserve										
1. Accrual		-	-	-	69,773,506.66	-	-	69,773,506.66	3,279,022.17	73,052,528.83
2. Usage		-	-	-	(42,470,005.79)	-	-	(42,470,005.79)	(1,471,139.82)	(43,941,145.61)
III. Current year's closing balance		5,587,412,000.00	5,207,544,792.61	181,333,327.86	108,030,468.84	1,334,346,000.28	2,191,776,305.79	14,610,442,895.38	977,838,902.09	15,588,281,797.47

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

2020

RMB

	Note V	2020	2019
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		6,795,032,731.88	7,100,145,598.40
Refund of taxes and levies		21,198,849.76	19,064,314.95
Cash received relating to other operating activities	50	55,006,981.03	65,373,772.30
Sub-total of cash inflows		6,871,238,562.67	7,184,583,685.65
Cash paid for goods and services		1,369,975,593.59	1,468,104,369.07
Cash paid to and on behalf of employees		1,828,060,699.45	1,889,035,040.35
Cash paid for all taxes		807,393,403.54	1,050,766,368.68
Cash paid relating to other operating activities	50	309,982,459.67	323,541,379.39
Sub-total of cash outflows		4,315,412,156.25	4,731,447,157.49
Net cash flows from operating activities	51	2,555,826,406.42	2,453,136,528.16
<b>II. Cash flows from investing activities</b>			
Cash received from return of investment		1,107,001,414.16	809,337,085.14
Cash received from investment income		113,987,402.25	62,666,248.84
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		14,374,678.11	193,220,009.39
Cash received relating to other investing activities	50	41,523,116.22	14,075,064.86
Sub-total of cash inflows		1,276,886,610.74	1,079,298,408.23
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,209,805,363.56	994,274,863.72
Cash paid for investments		1,825,568,314.16	908,337,085.14
Cash paid relating to other investing activities	50	6,000,000.00	6,000,000.00
Sub-total of cash outflows		3,041,373,677.72	1,908,611,948.86
Net cash flows from investing activities		(1,764,487,066.98)	(829,313,540.63)

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

2020

RMB

	Note V	2020	2019
III. Cash flows from financing activities			
Cash received from borrowings		1,483,000,000.00	1,160,081,699.05
Sub-total of cash inflows		1,483,000,000.00	1,160,081,699.05
Cash paid for repayments of borrowings		1,382,865,786.20	1,876,823,912.85
Cash paid for distribution of dividends or profits and for interest expenses		816,523,105.08	770,067,689.01
Including: dividends and profit paid to minority shareholders by subsidiaries		-	-
Cash paid relating to other financing activities	50	7,956,338.38	8,546,970.14
Sub-total of cash outflow		2,207,345,229.66	2,655,438,572.00
Net cash flows from financing activities		(724,345,229.66)	(1,495,356,872.95)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(2,416,091.88)	2,287,028.03
V. Net increase in cash and cash equivalents		64,578,017.90	130,753,142.61
Add: Balance of cash and cash equivalents at the beginning of the year		2,115,226,869.17	1,984,473,726.56
VI. Balance of cash and cash equivalents at the end of the year	51	2,179,804,887.07	2,115,226,869.17

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

# BALANCE SHEET

31 December 2020

RMB

Assets	Note XIV	31 December 2020	31 December 2019
<b>Current assets</b>			
Cash and bank balances		2,738,571,439.42	1,939,401,202.52
Bills receivable		52,400,000.00	98,732,091.00
Accounts receivable	1	35,570,306.50	40,947,899.72
Prepayments		46,199.51	1,697,546.98
Other receivables		2,307,435.68	607,924.51
Inventories		96,295,884.18	125,905,679.48
Other current assets		97,957.14	38,411.46
<b>Total current assets</b>		<b>2,925,289,222.43</b>	<b>2,207,330,755.67</b>
<b>Non-current assets</b>			
Long-term equity investments	2	9,536,031,497.43	9,430,895,512.09
Investments in other equity instruments	3	610,416,067.89	617,086,598.02
<b>Fixed assets</b>		<b>3,735,232,302.42</b>	<b>4,030,558,073.57</b>
Construction in progress		44,525,804.88	24,481,805.29
Right-of-use assets		7,770,367.12	15,540,733.92
Intangible assets		384,041,993.74	390,737,372.27
Deferred tax assets		361,558,041.16	347,613,518.50
Other non-current assets		63,281,821.08	26,591,859.93
<b>Total non-current assets</b>		<b>14,742,857,895.72</b>	<b>14,883,505,473.59</b>
<b>Total assets</b>		<b>17,668,147,118.15</b>	<b>17,090,836,229.26</b>

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

# BALANCE SHEET

31 December 2020

RMB

Liabilities and shareholders' equity	31 December 2020	31 December 2019
<b>Current liabilities</b>		
Short-term borrowings	–	80,163,252.78
Bills payable	3,169,300.00	–
Accounts payable	73,043,808.03	69,608,872.13
Contract liabilities	465,909,707.56	404,641,998.27
Employee benefits payable	672,807,259.62	611,203,208.77
Taxes payable	105,113,307.53	101,279,397.97
Other payables	62,179,310.02	65,378,838.95
Non-current liabilities due within one year	108,928,594.79	8,619,266.69
<b>Total current liabilities</b>	<b>1,491,151,287.55</b>	<b>1,340,894,835.56</b>
<b>Non-current liabilities</b>		
Lease liabilities	–	7,521,511.19
Long-term payable	138,000,000.00	238,400,000.00
Long-term employee benefits payable	468,349,536.97	494,454,519.70
Deferred income	206,855,645.60	242,419,027.05
Deferred income tax liabilities	5,915,927.48	7,583,560.02
<b>Total non-current liabilities</b>	<b>819,121,110.05</b>	<b>990,378,617.96</b>
<b>Total liabilities</b>	<b>2,310,272,397.60</b>	<b>2,331,273,453.52</b>
<b>Shareholders' equity</b>		
Share capital	5,587,412,000.00	5,587,412,000.00
Capital reserve	5,197,336,468.67	5,197,336,468.67
Other comprehensive income	249,923,606.31	165,610,885.84
Special reserve	109,240,784.35	82,639,037.09
Surplus reserve	1,433,234,111.22	1,334,207,655.51
Retained profit	2,780,727,750.00	2,392,356,728.63
<b>Total shareholders' equity</b>	<b>15,357,874,720.55</b>	<b>14,759,562,775.74</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,668,147,118.15</b>	<b>17,090,836,229.26</b>

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

# INCOME STATEMENT

2020

RMB

	Note XIV	2020	2019
Revenue	4	4,332,279,733.76	4,773,047,954.72
Less: Operating costs	4	2,242,931,749.20	2,296,311,288.48
Business tax and surcharges		213,100,153.90	230,452,493.09
Administrative expenses		771,578,678.27	1,133,555,125.77
Research and development cost		9,945,125.68	12,397,156.60
Financial costs		(28,525,853.36)	(2,245,156.33)
Including: Interest expense		1,631,293.05	25,554,902.56
Interest income		30,422,413.80	27,561,781.10
Add: Other income		51,447,307.94	44,618,843.62
Investment income	5	187,615,410.29	166,104,886.56
Including: Investment income from associates and joint ventures		187,641,904.46	166,104,886.56
Credit impairment loss		2,974,191.63	4,583,609.89
Asset impairment loss		(78,230,532.05)	(40,388,263.26)
Operating profits		1,287,056,257.88	1,277,496,123.92
Add: Non-operating income		2,018,731.64	6,930,621.71
Less: Non-operating expenses		7,717,238.69	1,420,586.30
Total profit		1,281,357,750.83	1,283,006,159.33
Less: Income tax expenses		291,093,193.75	294,935,463.34
Net profit		990,264,557.08	988,070,695.99
Including: Net profit from continuing operations		990,264,557.08	988,070,695.99
Other comprehensive income, net of tax		84,312,720.47	191,796,138.95
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		91,018,161.47	141,157,662.38
Changes in fair value of investments in other equity instruments		(5,002,897.59)	48,936,233.54
Those other comprehensive income to be reclassified into profit or loss			
Other comprehensive income to be taken to profit or loss using the equity method		(1,702,543.41)	1,702,243.03
Total comprehensive income		1,074,577,277.55	1,179,866,834.94

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

# STATEMENT OF CHANGES IN EQUITY

2020  
RMB

## 2020

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current year's opening balance	5,587,412,000.00	5,197,336,468.67	165,610,885.84	82,639,037.09	1,334,207,655.51	2,392,356,728.63	14,759,562,775.74
II. Changes during the year							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	990,264,557.08	990,264,557.08
2. Other comprehensive income	-	-	84,312,720.47	-	-	-	84,312,720.47
(II) Profit distribution							
1. Appropriation to surplus reserves	-	-	-	-	99,026,455.71	(99,026,455.71)	-
2. Distribution to shareholders	-	-	-	-	-	(502,867,080.00)	(502,867,080.00)
(III) Special reserve							
1. Accrual	-	-	-	51,370,443.13	-	-	51,370,443.13
2. Usage	-	-	-	(24,768,695.87)	-	-	(24,768,695.87)
III. Current year's closing balance	5,587,412,000.00	5,197,336,468.67	249,923,606.31	109,240,784.35	1,433,234,111.22	2,780,727,750.00	15,357,874,720.55

## 2019

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total shareholders' equity
I. Current year's opening balance	5,587,412,000.00	5,197,336,468.67	(26,185,253.11)	63,494,074.77	1,235,400,585.91	1,933,323,826.24	13,990,781,702.48
II. Changes during the year							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	988,070,695.99	988,070,695.99
2. Other comprehensive income	-	-	191,796,138.95	-	-	-	191,796,138.95
(II) Profit distribution							
1. Appropriation to surplus reserves	-	-	-	-	98,807,069.60	(98,807,069.60)	-
2. Distribution to shareholders	-	-	-	-	-	(430,230,724.00)	(430,230,724.00)
(III) Special reserve							
1. Accrual	-	-	-	53,601,581.47	-	-	53,601,581.47
2. Usage	-	-	-	(34,456,619.15)	-	-	(34,456,619.15)
III. Current year's closing balance	5,587,412,000.00	5,197,336,468.67	165,610,885.84	82,639,037.09	1,334,207,655.51	2,392,356,728.63	14,759,562,775.74

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



# STATEMENT OF CASH FLOWS

2020

RMB

	2020	2019
<b>I. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	4,562,744,921.47	5,056,768,307.43
Refund of taxes and levies	–	19,064,314.95
Cash received relating to other operating activities	35,736,714.63	35,933,018.81
Sub-total of cash inflows	4,598,481,636.10	5,111,765,641.19
Cash paid for goods and services	778,524,343.34	873,192,757.22
Cash paid to and on behalf of employees	1,576,182,659.50	1,617,270,473.92
Cash paid for all taxes	645,969,527.62	839,372,585.70
Cash paid relating to other operating activities	211,272,212.29	209,395,427.17
Sub-total of cash outflows	3,211,948,742.75	3,539,231,244.01
Net cash flows from operating activities	1,386,532,893.35	1,572,534,397.18
<b>II. Cash flows from investing activities</b>		
Cash received from return of investment	491,701,414.16	726,337,085.14
Cash received from investment income	105,123,756.37	51,337,662.89
Cash received from disposal of other entities	3,519,021.62	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,729,061.86	3,911,198.36
Cash received relating to other investing activities	6,000,000.00	–
Sub-total of cash inflows	609,073,254.01	781,585,946.39
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	107,678,278.63	155,019,365.66
Cash paid for investments	1,140,072,581.48	878,252,313.78
Cash paid relating to other investing activities	6,000,000.00	6,000,000.00
Sub-total of cash outflows	1,253,750,860.11	1,039,271,679.44
Net cash flows from investing activities	(644,677,606.10)	(257,685,733.05)
<b>III. Cash flows from financing activities</b>		
Cash received from borrowings	–	633,499,912.85
Sub-total of cash inflows	–	633,499,912.85
Cash paid for repayments of borrowings	80,000,000.00	1,303,499,912.85
Cash paid for distribution of dividends or profits and for interest expenses	503,270,999.42	455,593,036.05
Cash paid relating to other financing activities	8,538,520.99	8,546,970.14
Sub-total of cash outflow	591,809,520.41	1,767,639,919.04
Net cash flows from financing activities	(591,809,520.41)	(1,134,140,006.19)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	(875,529.94)	1,483,442.66
<b>V. Net increase in cash and cash equivalents</b>	149,170,236.90	182,192,100.60
Add: Balance of cash and cash equivalents at the beginning of the year	1,433,401,202.52	1,251,209,101.92
<b>VI. Balance of cash and cash equivalents at the end of the year</b>	1,582,571,439.42	1,433,401,202.52

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

# NOTES TO FINANCIAL STATEMENTS

2020

RMB

## I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd. (the “Company”) is a joint stock company with limited liability incorporated in Hebei Province, the People’s Republic of China on 31 March 2008. The H shares and the A shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 12 December 2013 and the Shanghai Stock Exchange on 16 August 2017 respectively. The office address and headquarter of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province.

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

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

These financial statements have been approved by the board of directors of the Company by resolutions on 29 March 2021.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and please refer to the changes for the period in Note VI. Changes in Consolidation Scope for details.

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

These financial statements have been prepared under the historical cost convention (other than certain financial instruments). Those disposal group classified as held for sale have been presented as the lower amount of the carrying value and the fair value less the net amount after disposal expenses. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

## III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

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

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2020 and their financial performance and cash flows for 2020.

### 2. Accounting Period

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

### 3. Functional Currency

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

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

### 4. Business Combinations

Business combinations are classified into business combinations under common control and business combinations not under common control.

#### Business combinations under common control

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

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

#### Business combinations not under common control

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

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

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

# NOTES TO FINANCIAL STATEMENTS

2020  
RMB

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

### 5. Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

### 7. Cash and Cash Equivalents

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

# NOTES TO FINANCIAL STATEMENTS

2020

RMB

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

2020  
RMB

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

### 9. Financial Instruments

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

#### Recognition and derecognition of financial instruments

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

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

- (1) the rights to receive cash flows from the financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial 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 financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

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

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

#### Classification and measurement of financial assets

The Group classifies its financial assets on initial recognition, based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, as the financial assets measured at fair value through profit or loss, amortised cost and fair value through other comprehensive income. A financial asset is recognised initially at fair value. However, if the accounts receivable or notes receivable generated from the sale of goods or the provision of services do not include significant financing components or do not consider financing components not exceeding one year, the initial measurement is based on the transaction price.

In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognised.

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

### 9. Financial Instruments (Continued)

Classification and measurement of financial assets (Continued)

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

#### **Debt instrument investment measured at amortized cost**

Financial assets are classified as financial assets measured at amortized cost if the financial assets meet the following conditions: the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The interest income from such financial assets is recognized using the effective interest method. The gains or losses arising from derecognition, modification or impairment of such assets are recognised in profit or loss for the current period.

#### **Debt instrument investment at fair value through other comprehensive income**

Financial assets that meet the following conditions are classified as financial assets at fair value through other comprehensive income: the financial asset is held by the Group within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The interest income from such financial assets is recognized using the effective interest method. Except for interest income, impairment losses and exchange differences, which are recognised in profit or loss for the period, other changes in fair value are included in other comprehensive income. When the financial assets are derecognised, accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and recognised in profit or loss for the current period.

#### **Equity instrument investment at fair value through other comprehensive income**

The Group irrevocably chooses to designate certain non-tradable equity instrument investments as financial assets that are measured at fair value through other comprehensive income. The related dividend income (except for dividend income recovered as part of the investment cost) is only recognised in profit or loss for the current period. Subsequent changes in fair value are included in other comprehensive income and no impairment provision is required. When the financial assets are derecognised, accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and recognised in retained earnings.

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

The above-mentioned financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognised in profit or loss for the current period.

# NOTES TO FINANCIAL STATEMENTS

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

### 9. Financial Instruments (Continued)

#### Classification and measurement of financial liabilities

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

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated upon initial recognition at fair value through profit or loss. For financial liabilities held for trading (including derivatives that are financial liabilities), fair values are adopted for subsequent measurement, and all changes in fair value are recognised in profit or loss for the current period. Financial liabilities that are designated as at FVTPL are measured at fair value subsequently, and other changes in fair value are included in current profit or loss except that the changes in fair value driven by credit risk variations of the Group; If accounting mismatch in profit or loss results from or is increased from the changes in fair value as a result of credit risk variations of the Group included in other comprehensive income, the Group include all changes in fair value (including the amount affected by its own credit risk changes) in the current profit or loss.

#### Other financial liabilities

For such financial liabilities, the actual interest rate method is adopted and the subsequent measurement is carried out according to the amortised cost.



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

#### 9. Financial Instruments (Continued)

##### Financial instrument impairment

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets and contract assets measured at amortized cost, and confirms the loss provision.

For receivables that do not contain significant financing components, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses for the entire duration of the life.

For receivables with significant financing components, the Group uses a simplified measurement method to measure loss provisions based on the amount of expected credit losses for the entire duration of the life.

In addition to the measurement of financial assets using a simplified measurement method as described above, the Group also assesses at each balance sheet date whether its credit risk has increased significantly since the initial recognition. If the credit risk has not increased significantly since the initial recognition, it is in the first stage, and the Group measures provision for losses based on the amount of expected credit loss over the next 12 months and calculates the interest income according to the book balance and the actual interest rate. If the credit risk has increased significantly since the initial recognition but the credit impairment has not occurred, it is in the second stage, and the Group measures loss provisions based on the amount of expected credit losses for the entire duration of the life and calculates the interest income according to the book balance and the actual interest rate. If the credit impairment occurs after the initial recognition, it is in the third stage, and the Group measures loss provisions based on the amount of expected credit losses for the entire duration of the life and calculates the interest income according to the amortized cost and the actual interest rate. For financial instruments with only low credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

Expected credit losses of financial instruments are assessed on an individual basis and group basis. The Group considered the credit risk characteristics of different customers and assessed the expected credit losses of the receivables based on the age group.

The Group's criteria for judging the significant increase in credit risk, the definition of assets with credit impairment, and the assumption of expected credit loss measurement are disclosed in Note VIII. 3.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

##### Offsetting of financial instruments

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

##### Transfers of financial assets

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

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

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

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

### 10. Inventories

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

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

The Group adopts perpetual inventory system.

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

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

### 11. Long-term Equity Investments

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

Long-term equity investments were initially recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the owners' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained profits). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held prior to the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognized under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to retained profits upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The accumulated fair value change of equity investments held prior to the date of acquisition and included in the other comprehensive income as financial instruments shall be transferred in full to retained profits upon the change to cost accounting. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments; for those acquired by way of issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

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

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

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

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

### 11. Long-term Equity Investments (Continued)

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

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

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

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

### 12. Fixed Assets

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

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

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

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

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

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

### 13. Construction in Progress

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

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

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

### 14. Borrowing Costs

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

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

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

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

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

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

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

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

### 15. Right-of-use Assets

Right-of-use assets of the Group mainly comprise buildings, terminal facilities and machinery and equipment.

On the commencement date of the lease term, the Group recognises its right to use the leased asset over the lease term as the right-of-use asset, including: the initial measurement amount of the lease liability; the payment on or before the commencement date of the lease term; the amount of the lease payment, if there is a lease incentive, deducting the relevant amount of the lease incentives already enjoyed; the initial direct expenses incurred by the lessee; the lessee is to dismantle and remove the leased assets, restore the leased assets at the site or lease the assets recovering to the cost of the lease terms agreed to be expected to occur. The Group's subsequent years of averaging method is used to depreciate the right-of-use assets. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Group will depreciate the remaining useful life of the leased asset. If it is not reasonable to determine that the leasehold asset can be acquired at the expiration of the lease term, the Group depreciates during the shorter period between the lease term and the remaining useful life of the leased asset.

When the Group re-measures the lease liability based on the present value of the changed lease payments and adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Group accounts for the remaining amount in the current profit or loss.

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

### 16. Intangible Assets

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

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

The useful lives of the intangible assets are as follows:

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

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

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

The Group classifies the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase of an internal research and development project is recognised in profit or loss for the period in which it is incurred. Expenditure on the development phase is capitalized when the Group can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; how the intangible asset will generate probable future economic benefits, including that the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, that if it is to be used internally, the usefulness of the intangible asset; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the intangible asset during its development phase. Expenditure on the development phase that does not meet the above criteria is recognized in profit or loss for the current period in which it is incurred.

### 17. Asset Impairment

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

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

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

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

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

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

### 18. Long-term Prepaid Expenses

Long-term prepaid expenses are expenses which have incurred but shall be amortised over the current year and subsequent periods of more than one year. Long-term prepaid expenses are amortised evenly over the estimated benefit period.

### 19. Employee Benefits

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

#### Short-term employee benefits

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

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

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

#### Termination benefits

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

#### Other long-term employee benefits

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

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

### 20. Lease Liabilities

On the commencement date of the lease term, the Group recognizes the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the leased interest rate as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period, unless otherwise specified in the cost of relevant asset. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, unless otherwise specified in the cost of relevant asset.

After the commencement date of the lease period, when the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment amount changes, the purchase option, the renewal option or the termination option is evaluated. When the results or actual exercise rights change, the Group re-measures the lease liability based on the present value of the changed lease payments.

### 21. Provisions

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

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

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

### 22. Revenue from Contracts with Customers

The revenue is recognized when the Group has fulfilled its performance obligations in the contract, that is, the customer obtains control of the relevant goods or services. Obtaining control of the relevant goods or services means being able to dominate the use of the good or the provision of the service and obtains substantially all of its economic benefits.

#### Contracts for the sales of goods

The contract for the sale of goods between the Group and the customers usually includes performance obligations of transferring the goods. The Group generally recognises revenue at a point of time when the customer obtains the control of the relevant goods based on the following factors. This includes obtaining the current collection rights of the goods, the transfer of the main risks and rewards of the ownership of the goods, the transfer of the legal ownership of the goods, the transfer of the physical assets of the goods, and the acceptance of the goods by the customer.

#### Contracts for the rendering of services

The service contract between the Group and the customers usually includes performance obligations such as port operations services. The Group conducts an analysis based on the terms of the contract and the substance of the transaction. The comprehensive judgment service is performed within a certain period of time or at a certain point of time. For the performance obligations to be fulfilled within a certain period of time, the Group recognizes the revenue based on the progress of the performance, except for the progress of the performance that cannot be reasonably determined. The Group determines the progress of the performance of the services provided in accordance with the input method. For the progress of the performance that cannot be reasonably determined, when the costs incurred by the Group are expected to be compensated, the revenue is recognized based on the amount of costs incurred until the progress of the performance can be reasonably determined. For performance obligations performed at a certain point of time, the Group recognises the revenue when the customer obtains relative control right of the service.



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

### 23. Contract Assets and Contract Liabilities

The Group presents contract assets or contract liabilities in the statement of financial position based on the relationship between performance obligations and customer payments. The Group presents contract assets and contract liabilities under the same contract as net amount after they offset each other.

#### Contract assets

A contract asset represents the right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional.

#### Contract liabilities

A contract liability represents the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer, in the event that the enterprises have received relevant amounts before transferring the promised goods.

### 24. Government Grants

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

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

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

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

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

### 25. Income Tax

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

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

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

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

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

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

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

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

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

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

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

### 26. Leases

#### Identification of leases

On the contract start date, the Group assesses whether the contract is a lease or includes a lease. If one of the parties transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is leased or included lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to almost all of the economic benefits arising from the use of the identified assets during the period of use and have the right to leading the use of identified assets during this period of use.

#### Identification of separate leases

Where the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified asset constitutes a separate lease in the contract if the following conditions are met:

- (1) The lessee can profit from using the asset alone or in conjunction with other resources that are readily available;
- (2) The asset does not have a high degree of dependency or a high degree of association with other assets in the contract.

#### Assessment of leasing period

The lease term is the period during which the Group has the right to use the leased asset and is irrevocable. The Group has the option to renew the lease, that is, it has the right to choose to renew the lease, and it is reasonable to determine that the option will be exercised. The lease term also includes the period covered by the option to renew the lease. The Group has the option to terminate the lease, that is, it has the right to choose to terminate the lease of the asset, but it is reasonable to determine that the option will not be exercised. The lease term includes the period covered by the termination of the lease option. In the event of a major event or change within the Group's controllable range, and affecting whether the Group reasonably determines that the option will be exercised, the Group determines whether it will reasonably exercise the option to renew the lease, purchase option or terminate the lease option.

#### As a lessee

For the general accounting treatment of the Group as a lessee, refer to Note III. 15 and Note III. 20.

#### Lease changes

The lease change including change of lease scope, lease consideration, and lease term change outside the original contract terms, including the increase or termination of the use rights of one or more leased assets, and the extension or shortening of the lease period stipulated in the contract.

If the lease changes and meets the following conditions, the Group will account for the lease change as a separate lease:

- (1) The lease change expands the lease by increasing the right to use one or more leased assets;
- (2) The increased consideration and the individual price of the enlarged portion of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Group re-determines the lease term on the effective date of the lease change and discounts the changed lease payments using the revised discount rate to re-measure the lease liability. When calculating the present value of the lease payment after the change, the Group adopts the lease interest rate of the remaining lease period as the discount rate; if the lease interest rate of the remaining lease period cannot be determined, the Group's incremental increase will be made on the effective date of the lease change.

Regarding the impact of the above adjustment of lease liabilities, the Group distinguishes between the following cases for accounting treatment:

- (1) If the lease change results in a narrower lease or a shorter lease term, the Group reduces the book value of the right-of-use asset to reflect the termination or complete termination of the lease. The related gains or losses that partially terminate or completely terminate the leases are credited into the current profits and losses;
- (2) For other lease changes, the Group adjusts the book value of the right-of-use assets accordingly.

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

### 26. Leases (Continued)

As a lessee (Continued)

#### Short-term lease and low value asset leasing

The Group will be on the commencement date of the lease term, the lease term is not more than 12 months, and the lease that does not include the purchase option is recognized as a short-term lease; the lease with a lower value when the single leased asset is a new asset is recognized as a low value. If the Group subleases or expects to sublease the leased assets, the original lease is not recognized as a low value asset lease. The Group does not recognize the right-of-use assets and lease liabilities for short-term leases and low-value asset leases. During the period of the lease term, the related asset cost or current profit is included in the straight-line method.

As a lessor

Leases that transfer substantially all of the risks and rewards associated with the ownership of the leased asset on the lease start date are finance leases, and all other leases are operating leases.

#### As an operating lease lessor

Rental income from operating leases is recognized on a straight-line basis over the lease term in profit or loss.

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

### 27. Discontinued Operations

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

- (1) the component represents a separate major line of business or an individual geographical area of operations;
- (2) is part of a single coordinated plan to disposal of a separate major line of business or an individual geographical area of operations;
- (3) is a subsidiary acquired exclusively for the purpose of resale.

### 28. Profit Distribution

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

### 29. Production Safety Expense

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

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

### 30. Fair Value Measurement

The Group measures its financial assets held for trading and non-listed equity instrument investment at fair value at each balance sheet date. 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 measurement of the related assets and liabilities at fair value is based on the presumption that the orderly 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 principal or the most advantageous market is accessible by the Group as at the measurement date. The Group uses the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other supporting information are available to measure fair value, giving priority to the use of relevant observable inputs, and using unobservable inputs only when observable inputs are unavailable or not feasible to obtain.

All assets and liabilities for which fair value is measured or disclosed in the financial statements 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 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date; Level 2 – based on observable input, either directly or indirectly, of relevant assets or liabilities other than level 1 inputs; Level 3 – based on unobservable input of relevant assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at each balance sheet date.

### 31. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. 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.

#### Judgment

During the application of the Group's accounting policies, the management made the following judgments that had a significant impact on the amounts confirmed in the financial statements:

#### The business model

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. When judging the business model, the Group considers taking into account the way in which financial asset performance is evaluated by company and reported to key managers, the risks affecting financial asset performance, and how they are managed, and the way in which the relevant business managers receive compensation. In assessing whether to target contractual cash flow, the Group needs to analyze and judge the reasons, time, frequency and value of the sale of the financial asset before its maturity date.

#### The contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal, the correction of the time value of the currency is included. In the assessment, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow, and for the financial assets including the prepayment characteristics, it is necessary to judge whether the fair value of the early repayment characteristics is very small.

#### Whether a contract is or contains a lease

The Group entered into a lease agreement relating to the assets for office buildings and vehicles. In the opinion of the Group, according to the lease agreement, suppliers of the assets have substantial replacement rights for office buildings and vehicles. The agreement did not grant the rights to change the usage purpose of the assets and the way of use to the Group, and did not grant the group to operate the assets on its own or in a manner that is determined by the Group. The Group also did not participate in the design of the assets, accordingly the lease agreement includes not the lease, which the Group considers to accept the service.

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

### 31. Significant Accounting Judgments and Estimates (Continued)

#### Uncertainty of estimation

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

#### Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. Different estimation may have an impact on provision of impairment allowance and the impairment allowance provided may not equal to the loss amount of future effective impairment.

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

The Group assesses whether there are any indication of impairment for all non-current assets other than financial assets at the balance sheet date. For intangible assets with an indefinite useful life, in addition to the annual impairment test, when there is an indication of impairment, the impairment test is also carried out. Other non-current assets other than financial assets are tested for impairment when there is an indication that the carrying amount is not recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e., the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in the relevant sales agreement or an observable market price of similar assets in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. When calculating the present value of expected future cash flows from an asset or asset group, management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate to determine the present value of future cash flows.

#### Fair value of unlisted equity investments

The valuation of unlisted equity investments is determined by applying the valuation method which the Group opts based on its judgments. The Group make an estimation mainly in accordance with the current situation of market on each date of balance sheets. The judgments based on the market situation on the date of balance sheets and valuation method adopted may subject to the changes in the market, which will lead to the different actual results in the next year.

#### Deferred income tax assets

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

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

### 31. Significant Accounting Judgments and Estimates (Continued)

Uncertainty of estimation (Continued)

#### **Lessee's incremental borrowing rate**

For leases that the interest rate included in the lease cannot be determined, the Group measures the present value of the lease payments using the lessee's incremental borrowing rate as the discount rate. When determining the incremental borrowing rate, the Group uses the observable interest rate as the reference basis for determining the incremental borrowing rate on the basis of its economic environment. On this basis, the Group adjusts the reference interest rate according to its own situation, the targeted asset situation, lease period, the amount of lease liabilities and other specific conditions of lease business to obtain the applicable incremental borrowing rate.

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

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

#### **Allowance for inventories**

Allowance for inventories represents the provision for impairment of inventories where costs are higher than net realizable value. The management's judgments and estimates are required for determining inventory impairment on the basis of clear evidence, purpose of holding the inventories, effect of subsequent events and other factors. The difference between the actual results and the original estimates and the changes in estimates will affect the carrying amount of inventories and the provision or reversal of impairment on inventories.

# NOTES TO FINANCIAL STATEMENTS

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## IV. TAXATION

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

Value-added tax ("VAT")	-	The Group is subject to VAT at tax rate of 13% on sales; the Group's related port service revenues are taxable to output VAT at tax rate of 6%, and is levied after deducting deductible input VAT for the current period.
City maintenance and construction tax	-	It is levied at 7% of VAT paid actually.
Enterprise income tax	-	It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences. Income tax rate for overseas subsidiaries is 16.5%.
Property tax	-	It is calculated at a tax rate of 1.2% based on 70% of costs of properties or a tax rate of 12% based on rental income of the properties.
Land use tax	-	It is levied in accordance with unit tax amount prescribed in the tax law based on the actual area of land used by the taxpayer.
Environmental protection tax	-	The taxable amount of the Group's taxable pollutants shall be paid in accordance with the applicable taxable amount stipulated by the Environmental Protection Tax Law.

### 2. Tax Preferences

#### Enterprise income tax

According to the Implementation Rules of the PRC Enterprise Income Tax Law (Order No.512 of the State Council) and the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》) (Guo Shui Fa [2009] No.80), Tangshan Caofeidian Coal Port Co., Ltd., a subsidiary of the Group are eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by the company from the investment in, and the operation of, public infrastructure projects under key support from the State is eligible for a tax exemption for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year in which the project first generates operating income. Tangshan Caofeidian Coal Port Co., Ltd. first generated their respective operating income in 2015, and started to be entitled to the tax preferences of enterprise income tax. Corporate income tax of the company for the current period is halved.

#### Land use tax

Pursuant to the Provisional Regulations of the People's Republic of China on Land Use Tax in respect of Urban and Town Land (《中華人民共和國城鎮土地使用稅暫行條例》) (Order No.483 of the State Council) and the Announcement on the Extended Implementation of the Preferential Policies on Land Use Tax in respect of Urban and Town Land for Bulk Commodity Storage Facility of Logistics Companies (《關於繼續實施物流企業大宗商品倉儲設施用地城鎮土地使用稅優惠政策的公告》) (Notice [2020] No. 16 from the Ministry of Finance and the State Administration of Taxation), the Company and Cangzhou Huanghuagang Mineral Port Co., Ltd. and Tangshan Caofeidian Coal Port Co., Ltd, a subsidiary of the Company, shall pay urban and town land use tax at a reduced 50% of the rate applicable to the standards of such land owned during the Year.

#### Value-added Tax ("VAT")

Pursuant to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (Notice [2019] No. 39 from the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs) printed and issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, the taxable amount of the Group will be deducted according to the current deductible input VAT plus 10% from 1 April 2019 to 31 December 2021.



# NOTES TO FINANCIAL STATEMENTS

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

### 1. Cash and Bank Balances

	2020	2019
Cash on hand	29,102.29	27,704.54
Bank deposits	3,548,475,784.78	2,798,722,280.85
Other monetary fund	6,320,500.00	6,322,400.00
	3,554,825,387.07	2,805,072,385.39
Including: Frozen bank deposits due to pending lawsuits	-	35,523,116.22
Pledged bank deposits including bidding deposits	6,320,500.00	6,322,400.00
	6,320,500.00	41,845,516.22

As at 31 December 2020, the cash and bank balances deposited overseas by the Group were equivalent to RMB57,285,622.96 (31 December 2019: RMB61,962,648.95).

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

### 2. Bills Receivable

	2020	2019
Bank acceptance notes	154,093,277.00	172,344,886.06
Commercial acceptance notes	4,400,000.00	-
	158,493,277.00	172,344,886.06
Less: Provision for bad debts of accounts receivable	-	-
	158,493,277.00	172,344,886.06

As at 31 December 2020, the bills receivable pledged by the Group to issue bank acceptance notes was RMB4,000,000.00 (31 December 2019: Nil), and the bank acceptance notes obtained was RMB3,169,300.00 (31 December 2019: Nil).

As at 31 December 2020 and 31 December 2019, the Group did not transfer any bills receivable to accounts receivable due to non-performance of drawers.

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

	2020		2019	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance notes	63,031,357.26	-	13,375,481.11	-
Commercial acceptance notes	43,600,000.00	-	-	-
	106,631,357.26	-	13,375,481.11	-

# NOTES TO FINANCIAL STATEMENTS

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

### 3. Accounts Receivable

The credit period of accounts receivable is usually not more than 90 days. The accounts receivable bear no interest. An ageing analysis of the accounts receivable is as follows:

	2020	2019
Within 1 year	61,317,685.90	88,727,519.18
1 to 2 years	102,733.82	147,686.32
2 to 3 years	–	140,716.39
Over 3 years	3,871,077.43	3,896,601.43
	65,291,497.15	92,912,523.32
Less: Provision for bad debts of accounts receivable	6,947,490.39	11,432,059.74
	58,344,006.76	81,480,463.58

	2020				Carrying amount
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made by portfolio of credit risk characteristics	65,291,497.15	100	6,947,490.39	11	58,344,006.76

	2019				Carrying amount
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made individually	2,892,625.54	3	2,892,625.54	100	–
Provision for bad debts made by portfolio of credit risk characteristics	90,019,897.78	97	8,539,434.20	9	81,480,463.58
	92,912,523.32	100	11,432,059.74	12	81,480,463.58

As at 31 December 2020, the Group did not make any individual provision for bad debts.

As at 31 December 2019, the individual provision made for bad debts of accounts receivable was as follows:

	Carrying amount	Provision for bad debts	Expected credit loss ratio (%)	Reason for provision
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,892,625.54	2,892,625.54	100	Not expected to be recovered

# NOTES TO FINANCIAL STATEMENTS

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

### 3. Accounts Receivable (Continued)

Accounts receivable with provision for bad debts made by portfolio of credit risk characteristics are as follows:

	2020			2019		
	Estimated balance arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss	Estimated balance arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	61,317,685.90	5	3,041,797.52	85,834,893.64	5	4,465,259.80
1 to 2 years	102,733.82	34	34,615.44	147,686.32	42	62,202.34
2 to 3 years	–	–	–	140,716.39	82	115,370.63
Over 3 years	3,871,077.43	100	3,871,077.43	3,896,601.43	100	3,896,601.43
	65,291,497.15	11	6,947,490.39	90,019,897.78	9	8,539,434.20

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

	Opening balance	Provision for the year	Recover or reversal in the year	Write-off in the year	Closing balance
2020	11,432,059.74	414,341.21	(4,898,910.56)	–	6,947,490.39
2019	12,664,738.99	2,822,231.20	(4,054,910.45)	–	11,432,059.74

The Group had no accounts receivable actually written off in 2020 and 2019.

As at 31 December 2020 and 31 December 2019, no accounts receivable of the Group was pledged.

As at 31 December 2020, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Hebei Jidong Hexin Logistics Co., Ltd. (河北冀東和信物流有限公司)	17,014,622.21	26.06	850,731.11	5
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	6,933,887.00	10.62	346,694.35	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,474,235.00	9.92	323,711.75	5
China Coal Industry Qinhuangdao Import & Export Co., Ltd. (中國煤炭工業秦皇島進出口有限公司)	4,137,862.00	6.34	206,893.10	5
Qinhuangdao COSCO Shipping Container Shipping Agency Co., Ltd. (秦皇島中遠海運集裝箱船務代理有限公司)	3,991,926.58	6.11	199,596.33	5
	38,552,532.79	59.05	1,927,626.64	

As at 31 December 2019, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Hebei Jidong Hexin Logistics Co., Ltd. (河北冀東和信物流有限公司)	24,901,095.90	26.80	1,245,054.80	5
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	18,721,035.00	20.15	936,051.75	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	5,597,760.00	6.02	279,888.00	5
Qinhuangdao COSCO Shipping Container Shipping Agency Co., Ltd. (秦皇島中遠海運集裝箱船務代理有限公司)	5,041,445.58	5.43	252,072.28	5
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	3,424,110.28	3.69	171,205.51	5
	57,685,446.76	62.09	2,884,272.34	

# NOTES TO FINANCIAL STATEMENTS

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

### 4. Other Receivables

	2020	2019
Assets transfer consideration receivable	27,816,839.00	27,816,839.00
Equity transfer consideration receivable	21,425,195.83	21,425,195.83
Utilities receivable	7,959,042.25	1,378,710.68
Deposits receivable	584,642.00	378,454.00
Other	5,702,007.84	755,603.58
	63,487,726.92	51,754,803.09
Less: provision for bad debts	9,964,738.11	3,911,189.55
	53,522,988.81	47,843,613.54

An aged analysis of other receivables is as follows:

	2020	2019
Within 1 year	12,678,772.64	46,908,158.97
1 to 2 years	46,004,894.69	102,459.02
2 to 3 years	102,431.29	4,657,455.83
Over 3 years	4,701,628.30	86,729.27
	63,487,726.92	51,754,803.09
Less: Provision for bad debts of other receivables	9,964,738.11	3,911,189.55
	53,522,988.81	47,843,613.54

Changes in bad debts provision for other receivables based on the expected credit loss in the next 12 months and the entire lifetime were as follow respectively:

2020

	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Credit-impaired financial assets (Lifetime ECL)	Total
Opening balance	3,911,189.55	-	-	3,911,189.55
Provision for the year	6,090,635.82	-	-	6,090,635.82
Reversal during the year	(37,087.26)	-	-	(37,087.26)
Closing balance	9,964,738.11	-	-	9,964,738.11

# NOTES TO FINANCIAL STATEMENTS

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

### 4. Other Receivables (Continued)

Changes in bad debts provision for other receivables based on the expected credit loss in the next 12 months and the entire lifetime were as follow respectively: (Continued)

2019

	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Credit-impaired financial assets (Lifetime ECL)	Total
Opening balance	1,989,110.91	-	-	1,989,110.91
Current year's opening balance				
- Transfer to Stage 3	(120,269.09)	-	120,269.09	-
Provision for the year	3,120,804.88	-	-	3,120,804.88
Reversal during the year	(1,078,457.15)	-	-	(1,078,457.15)
Write-off during the year	-	-	(120,269.09)	(120,269.09)
Closing balance	3,911,189.55	-	-	3,911,189.55

Changes in bad debts provision for other receivables were as follows:

	Opening balance	Provision for the year	Reversal during the year	Write-off during the year	Closing balance
2020	3,911,189.55	6,090,635.82	(37,087.26)	-	9,964,738.11
2019	1,989,110.91	3,120,804.88	(1,078,457.15)	(120,269.09)	3,911,189.55

In 2020, there was no other receivable actually written off (2019: RMB120,269.09).

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

### 4. Other Receivables (Continued)

As at 31 December 2020, other receivables from the five largest customers were as follows:

	Closing balance	Percentage of total balance of other receivables (%)	Nature	Aging	Closing balance of bad debt provision
Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (滄州市國土資源局渤海新區分局)	23,222,539.00	36.58	Assets transfer consideration	Within 2 years	2,322,253.90
Bohai Jinji Port Investment Development Co., Ltd. (渤海津冀港口投資發展有限公司)	21,425,195.83	33.75	Equity transfer consideration	Within 4 years	6,227,084.83
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	9,843,949.40	15.51	Utilities, charges for sea area utilization and rental expenses	Within 2 years	539,485.32
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	7.24	Assets transfer consideration	Within 2 years	459,430.00
China Communications Construction Company Limited (中國交通建設股份有限公司)	920,133.26	1.45	Utilities	Within 1 year	46,006.66
	60,006,117.49	94.53			9,594,260.71

As at 31 December 2019, the top five amounts of other receivables are as follows:

	Closing balance	Percentage of total balance of other receivables (%)	Nature	Aging	Closing balance of bad debt provision
Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (滄州市國土資源局渤海新區分局)	23,222,539.00	44.87	Assets transfer consideration	Within 1 year	1,161,126.95
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	21,425,195.83	41.40	Equity transfer consideration	Within 3 years	2,205,861.25
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	8.88	Assets transfer consideration	Within 1 year	229,715.00
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	1,365,296.70	2.64	Utilities	Within 1 year	68,264.84
CCCC First Harbour Consultants Co., Ltd. (中交第一航務工程勘察設計院有限公司)	282,792.46	0.55	Advances	Within 1 year	14,139.62
	50,890,123.99	98.34			3,679,107.66

As at 31 December 2020 and 31 December 2019, the Group had no government grants receivable.

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

### 5. Inventories

	2020			2019		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	42,807,243.93	4,545,766.22	38,261,477.71	60,279,175.84	4,181,062.02	56,098,113.82
Fuels	1,327,697.07	–	1,327,697.07	2,489,709.73	–	2,489,709.73
Spare parts	124,760,341.99	6,389,762.82	118,370,579.17	125,992,099.79	3,394,019.48	122,598,080.31
Low-cost consumables	4,958,709.67	73,851.47	4,884,858.20	4,258,614.45	23,164.93	4,235,449.52
Finished goods	–	–	–	728,380.56	–	728,380.56
	173,853,992.66	11,009,380.51	162,844,612.15	193,747,980.37	7,598,246.43	186,149,733.94

Change in provision for impairment is as follows:

#### 2020

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Materials	4,181,062.02	805,254.45	–	(440,550.25)	4,545,766.22
Spare parts	3,394,019.48	3,595,349.94	–	(599,606.60)	6,389,762.82
Low-cost consumables	23,164.93	51,020.29	–	(333.75)	73,851.47
	7,598,246.43	4,451,624.68	–	(1,040,490.60)	11,009,380.51

#### 2019

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Materials	4,319,128.82	–	–	(138,066.80)	4,181,062.02
Spare parts	3,422,881.22	–	–	(28,861.74)	3,394,019.48
Low-cost consumables	25,249.83	–	–	(2,084.90)	23,164.93
	7,767,259.87	–	–	(169,013.44)	7,598,246.43

### 6. Other Current Assets

	2020	2019
Deductible input VAT	124,800,857.29	106,632,857.34
Prepaid enterprise income tax	1,390,289.48	1,097,865.47
Other	13,337.50	1,130,674.25
	126,204,484.27	108,861,397.06

# NOTES TO FINANCIAL STATEMENTS

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

### 7. Long-term Equity Investments

2020

	Change within the year								Year-end provision for impairment	
	Opening balance	Increase in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend	Provision for impairment		Closing carrying amount
Equity method:										
Joint ventures										
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	221,023,425.48	-	(54,546,668.82)	-	(241,723.80)	-	-	(48,748,573.04)	117,486,459.82	(81,850,806.99)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	28,657,403.52	-	(12,223,167.53)	-	(53,716.40)	-	-	(10,833,016.23)	5,547,503.36	(18,119,045.54)
Sub-total	249,680,829.00	-	(66,769,836.35)	-	(295,440.20)	-	-	(59,581,589.27)	123,033,963.18	(99,969,852.53)
Associates										
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤質檢驗行) (Note)	40,314.02	-	(40,314.02)	-	-	-	-	-	-	-
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	670,803,506.05	-	24,732,433.95	(1,702,543.41)	-	-	(10,000,000.00)	-	683,833,396.59	-
Tangshan Caoifeidian Shive Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,442,623,220.84	-	220,388,068.71	91,018,161.47	3,304,524.45	-	(94,500,000.00)	-	1,682,793,976.47	-
Qinhuangdao Xing ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興業秦港能源棧有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Handan International Land Port Co., Ltd. (邯鄲國際港務有限公司)	143,422,694.18	-	(3,174,487.80)	-	-	-	-	-	140,248,206.38	-
Tangshan Jinqiang Railway Co., Ltd. (唐山京唐鐵路有限公司)	271,386,547.27	-	8,613,452.73	-	-	-	-	-	280,000,000.00	-
Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區興港拖船有限公司)	143,603,729.81	-	6,774,826.03	-	-	-	-	-	150,378,555.84	-
Xin Licheng Tally Co., Ltd. of Tangshan Caoifeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理成有限公司)	247,049.65	-	87,905.11	-	-	-	-	-	334,954.76	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,169,935.21	-	506,674.68	-	-	-	(623,756.37)	-	12,052,653.52	-
Sub-total	2,684,296,997.03	-	257,838,660.39	89,315,618.06	3,304,524.45	-	(105,123,756.37)	-	2,929,631,943.56	(20,800,000.00)
Total	2,933,977,826.03	-	191,068,724.04	89,315,618.06	3,009,084.25	-	(105,123,756.37)	(59,581,589.27)	3,052,665,906.74	(120,769,852.53)



# NOTES TO FINANCIAL STATEMENTS

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

### 7. Long-term Equity Investments (Continued)

2019

Equity method:	Change within the year										Year-end provision for impairment
	Opening balance	Increase in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend	Provision for impairment	Closing carrying amount		
<b>Joint ventures</b>											
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	317,497,275.58	-	(63,613,339.95)	-	241,723.80	-	-	(63,102,233.95)	221,023,425.48	(63,102,233.95)	
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	48,982,030.36	-	(13,092,313.93)	-	53,716.40	-	-	(7,286,029.31)	28,657,403.52	(7,286,029.31)	
Sub-total	366,479,305.94	-	(76,705,653.88)	-	295,440.20	-	-	(40,388,263.26)	249,680,829.00	(40,388,263.26)	
<b>Associates</b>											
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) (Note)	-	-	(5,870,185.98)	-	-	5,910,500.00	-	-	40,314.02	-	
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	643,656,324.14	-	31,282,801.77	1,702,243.03	-	-	(5,837,662.89)	-	670,803,506.05	-	
Tangshan Caofeidian Shiyue Port Co., Ltd. (唐山曹妃甸冀東港務有限公司)	1,127,953,901.45	-	216,590,491.90	141,157,662.38	2,421,165.11	-	(45,500,000.00)	-	1,442,623,220.84	-	
Qinhuangdao Xing'ao Qingang Energy Storage & Transportation Co., Ltd. (秦皇島興泰港能能源管理有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)	
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	151,880,703.76	-	(8,458,009.58)	-	-	-	-	-	143,422,694.18	-	
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	272,444,632.08	-	(1,058,084.81)	-	-	-	-	-	271,386,547.27	-	
Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區興港拖輪有限公司)	141,054,154.70	-	2,549,575.11	-	-	-	-	-	143,603,729.81	-	
Xin Liebang Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區倉庫管理責任有限公司)	364,455.17	-	(117,405.52)	-	-	-	-	-	247,049.65	-	
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江華華能源檢測有限公司)	11,457,900.00	-	712,035.21	-	-	-	-	-	12,169,935.21	-	
Sub-total	2,948,812,071.30	-	235,631,016.10	142,859,905.41	2,421,165.11	5,910,500.00	(51,337,662.89)	-	2,684,296,997.03	(20,800,000.00)	
Total	2,715,291,377.24	-	158,925,364.22	142,859,905.41	2,716,605.31	5,910,500.00	(51,337,662.89)	(40,388,263.26)	2,933,977,826.03	(61,188,263.26)	

Note: On 29 April 2020, the public transfer of the entire equity interest in Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) ("Huazheng Coal") held by the Company was considered and approved at the nineteenth meeting of the fourth session of the board of directors of the Company. Qinhuangdao Fengyuan Metal Installation Engineering Co., Ltd. (秦皇島市蓬源金屬安裝工程有限公司) agreed to accept the transfer of all the equity interest in Huazheng Coal held by the Company through the public transfer in the property rights trading market in Hebei, and an equity transfer contract was signed on 29 June 2020. The above-mentioned equity transfer has been completed on 3 July 2020.

# NOTES TO FINANCIAL STATEMENTS

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

### 7. Long-term Equity Investments (Continued)

Provision for impairment of the long-term equity investments:

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,800,000.00	-	-	20,800,000.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	33,102,233.95	48,748,573.04	-	81,850,806.99
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	7,286,029.31	10,833,016.23	-	18,119,045.54
<b>Total</b>	<b>61,188,263.26</b>	<b>59,581,589.27</b>	<b>-</b>	<b>120,769,852.53</b>

2019

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,800,000.00	-	-	20,800,000.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	-	33,102,233.95	-	33,102,233.95
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	-	7,286,029.31	-	7,286,029.31
<b>Total</b>	<b>20,800,000.00</b>	<b>40,388,263.26</b>	<b>-</b>	<b>61,188,263.26</b>

# NOTES TO FINANCIAL STATEMENTS

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

### 8. Other Equity Instruments Investments

2020

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current year	
			Equity instruments derecognized in current year	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	38,441,021.73	536,441,021.73	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島曹妃甸煤炭物流有限公司)	(18,110,993.36)	15,889,006.64	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	3,913,681.57	34,666,039.52	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	(580,000.00)	23,420,000.00	-	-
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	(6,404,744.00)	58,635,256.00	-	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	36,148,744.70	118,030,654.70	-	5,100,000.00
<b>Total</b>	<b>53,407,710.64</b>	<b>787,081,978.59</b>	<b>-</b>	<b>5,100,000.00</b>

2019

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current year	
			Equity instruments derecognized in current year	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	43,558,933.73	541,558,933.73	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島曹妃甸煤炭物流有限公司)	(17,381,506.03)	16,618,493.97	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	4,156,812.37	34,909,170.32	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	-	24,000,000.00	-	-
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	(8,123,166.66)	56,916,833.34	-	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	36,907,821.30	118,789,731.30	-	5,651,000.00
<b>Total</b>	<b>59,118,894.71</b>	<b>792,793,162.66</b>	<b>-</b>	<b>5,651,000.00</b>

# NOTES TO FINANCIAL STATEMENTS

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

### 9. Fixed Assets

	2020	2019
Fixed assets	13,397,846,298.01	14,386,156,309.03
Disposal of fixed assets	310,517.23	299,157.61
Fixed assets	13,398,156,815.24	14,386,455,466.64

#### 2020

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
<b>Cost</b>						
Opening balance	6,072,567,679.25	8,747,719,133.88	10,213,854,696.67	508,238,507.01	257,633,261.43	25,800,013,278.24
Purchase	1,361,561.10	-	914,468.15	1,451,885.76	8,406.19	3,736,321.20
Transferred from construction in progress	58,706,619.79	116,033.94	132,808,539.73	5,248,084.65	10,328,942.56	207,208,220.67
Reclassification	385,637,465.12	(385,176,358.71)	(1,442,211.10)	-	981,104.69	-
Disposal for the year	(8,316,916.84)	(1,665,356.00)	(81,055,711.01)	(18,405,461.78)	(21,102,358.66)	(130,545,804.29)
Closing balance	6,509,956,408.42	8,360,993,453.11	10,265,079,782.44	496,533,015.64	247,849,356.21	25,880,412,015.82
<b>Accumulated depreciation</b>						
Opening balance	1,707,567,240.43	2,578,159,079.96	6,466,412,513.29	403,481,246.52	190,950,750.70	11,346,570,830.90
Provision for the year	267,735,539.34	329,682,188.49	528,299,506.81	26,323,421.60	17,133,779.78	1,169,174,436.02
Reclassification	70,474,240.25	(70,053,950.25)	(1,262,539.78)	-	842,249.78	-
Disposal for the year	(4,418,742.22)	(395,769.00)	(77,654,866.93)	(17,664,247.74)	(20,419,407.16)	(120,553,033.05)
Closing balance	2,041,358,277.80	2,837,391,549.20	6,915,794,613.39	412,140,420.38	188,507,373.10	12,395,192,233.87
<b>Provision for impairment</b>						
Opening balance	-	-	66,602,489.44	10,132.88	673,515.99	67,286,138.31
Provision for the year	5,114,326.16	7,997,565.98	7,171,859.85	9,679.56	52,793.05	20,346,224.60
Reclassification	-	-	(14,558.65)	-	14,558.65	-
Write off for the year	-	-	(244,601.87)	-	(14,277.10)	(258,878.97)
Closing balance	5,114,326.16	7,997,565.98	73,515,188.77	19,812.44	726,590.59	87,373,483.94
<b>Carrying amounts</b>						
End of the year	4,463,483,804.46	5,515,604,337.93	3,275,769,980.28	84,372,782.82	58,615,392.52	13,397,846,298.01
Beginning of the year	4,365,000,438.82	6,169,560,053.92	3,680,839,693.94	104,747,127.61	66,008,994.74	14,386,156,309.03

# NOTES TO FINANCIAL STATEMENTS

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

### 9. Fixed Assets (Continued)

2019

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
<b>Cost</b>						
Opening balance	6,233,885,580.83	8,742,793,323.01	10,202,939,825.44	515,145,410.06	258,613,705.19	25,953,377,844.53
Purchase	-	-	1,195,857.88	314,827.43	575,456.68	2,086,141.99
Transferred from construction in progress	3,187,971.28	465,506.53	43,101,660.15	2,319,139.09	13,097,446.70	62,171,723.75
Reclassification	(31,464,387.30)	4,460,304.34	28,535,853.21	-	(1,531,770.25)	-
Disposal for the year	(1,932,685.56)	-	(61,918,500.01)	(9,540,869.57)	(13,121,576.89)	(86,513,632.03)
Transferred to right-of-use assets for the year	(131,108,800.00)	-	-	-	-	(131,108,800.00)
Closing balance	6,072,567,679.25	8,747,719,133.88	10,213,854,696.67	508,238,507.01	257,633,261.43	25,800,013,278.24
<b>Accumulated depreciation</b>						
Opening balance	1,457,746,272.22	2,239,793,823.29	5,983,158,192.03	385,126,026.37	187,712,163.32	10,253,536,477.23
Provision for the year	259,884,026.95	337,800,020.44	535,868,904.22	27,587,488.57	16,557,186.57	1,177,697,626.75
Reclassification	(3,832,991.08)	565,236.23	3,944,018.83	-	(676,263.98)	-
Disposal for the year	(38,818.62)	-	(56,558,601.79)	(9,232,268.42)	(12,642,335.21)	(78,472,024.04)
Transferred to right-of-use assets for the year	(6,191,249.04)	-	-	-	-	(6,191,249.04)
Closing balance	1,707,567,240.43	2,578,159,079.96	6,466,412,513.29	403,481,246.52	190,950,750.70	11,346,570,830.90
<b>Provision for impairment</b>						
Opening balance	-	-	69,966,559.16	10,132.88	794,799.64	70,771,491.68
Reclassification	-	-	46,755.85	-	(46,755.85)	-
Write off for the year	-	-	(3,410,825.57)	-	(74,527.80)	(3,485,353.37)
Closing balance	-	-	66,602,489.44	10,132.88	673,515.99	67,286,138.31
<b>Carrying amounts</b>						
End of the year	4,365,000,438.82	6,169,560,053.92	3,680,839,693.94	104,747,127.61	66,008,994.74	14,386,156,309.03
Beginning of the year	4,776,139,308.61	6,502,999,499.72	4,149,815,074.25	130,009,250.81	70,106,742.23	15,629,069,875.62

As at 31 December 2020 and 31 December 2019, the Group had no fixed assets which were temporarily idle.

# NOTES TO FINANCIAL STATEMENTS

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

### 9. Fixed Assets (Continued)

Fixed assets leased out under operating leases were as follows:

2020

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
<b>Cost</b>						
Opening balance	2,606,651.37	28,948,268.61	42,582,126.32	427,816.00	15,900.00	74,580,762.30
Transferred to fixed assets during the year	9,724,710.34	-	21,200.00	-	-	9,745,910.34
Transferred from fixed assets during the year	(2,606,651.37)	(13,130,099.26)	(10,600.00)	-	(10,600.00)	(15,757,950.63)
Closing balance	9,724,710.34	15,818,169.35	42,592,726.32	427,816.00	5,300.00	68,568,722.01
<b>Accumulated depreciation</b>						
Opening balance	732,129.67	8,887,261.42	20,131,876.19	414,981.52	11,781.00	30,178,029.80
Transferred to fixed assets during the year	202,140.59	-	15,422.40	-	-	217,562.99
Provision	404,281.19	757,805.50	3,203,831.12	-	785.40	4,366,703.21
Transferred from fixed assets during the year	(732,129.67)	(4,030,342.96)	(7,854.00)	-	(7,854.00)	(4,778,180.63)
Closing balance	606,421.78	5,614,723.96	23,343,275.71	414,981.52	4,712.40	29,984,115.37
<b>Carrying amounts</b>						
Closing balance	9,118,288.56	10,203,445.39	19,249,450.61	12,834.48	587.60	38,584,606.64
Opening balance	1,874,521.70	20,061,007.19	22,450,250.13	12,834.48	4,119.00	44,402,732.50

2019

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
<b>Cost</b>						
Opening balance	2,669,296.41	28,948,268.61	50,030,406.79	-	32,172.37	81,680,144.18
Transferred to fixed assets during the year	-	-	15,928,208.12	427,816.00	15,900.00	16,371,924.12
Transferred from fixed assets during the year	(62,645.04)	-	(23,376,488.59)	-	(32,172.37)	(23,471,306.00)
Closing balance	2,606,651.37	28,948,268.61	42,582,126.32	427,816.00	15,900.00	74,580,762.30
<b>Accumulated depreciation</b>						
Opening balance	539,546.14	7,450,085.84	12,323,249.15	-	14,419.50	20,327,300.63
Transferred to fixed assets during the year	-	-	9,831,825.63	414,981.52	8,996.40	10,255,803.55
Provision	214,926.89	1,437,175.58	3,202,402.92	-	2,784.60	4,857,289.99
Transferred from fixed assets during the year	(22,343.36)	-	(5,225,601.51)	-	(14,419.50)	(5,262,364.37)
Closing balance	732,129.67	8,887,261.42	20,131,876.19	414,981.52	11,781.00	30,178,029.80
<b>Carrying amounts</b>						
Closing balance	1,874,521.70	20,061,007.19	22,450,250.13	12,834.48	4,119.00	44,402,732.50
Opening balance	2,129,750.27	21,498,182.77	37,707,157.64	-	17,752.87	61,352,843.55

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

### 9. Fixed Assets (Continued)

As at 31 December 2020, fixed assets without title certificate are as follows:

	Carrying amounts	Reason for not obtaining the title certificate
Properties and buildings	10,555,247.43	In progress

As at 31 December 2019, fixed assets without title certificate are as follows:

	Carrying amounts	Reason for not obtaining the title certificate
Properties and buildings	156,595,199.16	In progress

### 10. Construction in Progress

	2020			2019		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	1,012,156,030.23	-	1,012,156,030.23	672,446,295.76	-	672,446,295.76
Commencing project of complex port zone in Huanghua Port	34,738,961.95	-	34,738,961.95	20,258,154.40	-	20,258,154.40
Phase 1 of crude oil terminal of Huanghua Port	32,302,017.67	-	32,302,017.67	32,070,885.59	-	32,070,885.59
The sixth and seventh coal terminal in Caofeidian	13,568,875.64	-	13,568,875.64	10,632,568.33	-	10,632,568.33
35-ton open-top container handling and environmental protection upgrading project	-	-	-	47,487,044.15	-	47,487,044.15
Others	114,691,311.40	24,416,466.25	90,274,845.15	60,185,113.00	24,416,466.25	35,768,646.75
Total	1,207,457,196.89	24,416,466.25	1,183,040,730.64	843,080,061.23	24,416,466.25	818,663,594.98

# NOTES TO FINANCIAL STATEMENTS

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

### 10. Construction in Progress (Continued)

Movements in significant construction in progress for 2020 were as follows:

	Budget	Opening balance	Increase in the year	Transferred from fixed assets or intangible assets during the year	Transferred to fixed assets and intangible assets during the year	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	3,050,861,400.00	672,446,295.76	1,010,864,908.82	-	(671,155,175.35)	-	1,012,156,030.23	Fund raised, loans from financial institutes and self-owned capital	55
Commencing project of complex port zone in Huanghua Port	7,555,702,691.30	20,258,154.40	14,749,476.94	-	(268,669.39)	-	34,738,861.95	Loans from financial institutes and self-owned capital	91
35-ton open-top container handling and environmental protection upgrading project	86,093,400.00	47,487,044.15	7,146,694.99	-	(54,633,739.14)	-	-	Self-owned capital	63
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	32,070,885.59	358,242.08	-	(127,110.00)	-	32,302,017.67	Self-owned capital	1
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	10,632,588.33	2,936,307.31	-	-	-	13,568,875.64	Self-owned capital	1
Others	3,091,940,221.52	60,185,113.00	215,552,598.20	-	(159,730,869.96)	(1,315,529.84)	114,691,311.40		
Total	31,772,496,213.42	843,080,061.23	1,251,608,229.34	-	(885,915,563.84)	(1,315,529.84)	1,207,457,196.89		

Movements in significant construction in progress for 2019 were as follows:

	Budget	Opening balance	Increase in the year	Transferred from fixed assets or intangible assets during the year	Transferred to fixed assets and intangible assets during the year	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	3,050,861,400.00	670,779,861.54	2,785,307.49	-	(1,118,873.27)	-	672,446,295.76	Fund raised, loans from financial institutes and self-owned capital	22
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	16,115,314.45	4,142,839.95	-	-	-	20,258,154.40	Loans from financial institutes and self-owned capital	91
35-ton open-top container handling and environmental protection upgrading project	86,093,400.00	-	47,487,044.15	-	-	-	47,487,044.15	Self-owned capital	55
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	24,843,918.62	7,226,966.97	-	-	-	32,070,885.59	Self-owned capital	1
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	-	10,632,588.33	-	-	-	10,632,588.33	Self-owned capital	1
Others	6,259,940,181.12	44,975,647.30	98,847,385.34	-	(83,113,269.04)	(524,650.60)	60,185,113.00		
Total	34,940,496,173.02	756,714,741.91	171,122,112.23	-	(84,232,142.31)	(524,650.60)	843,080,061.23		



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

### 10. Construction in Progress (Continued)

In 2020, the included capitalized interest of construction in progress were as follows:

	Progress of project	Accumulated amounts of capitalized interest	Including: Capitalized interest for the year	Ratio of capitalized interest for the year
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	55%	475,206,442.82	7,559,238.89	0.75%
Others		308,589.48	308,589.48	2.18%
		475,515,032.30	7,867,828.37	

In 2019, the Group did not include in the capitalized interest of construction in progress.

Provision for impairment of construction in progress:

#### 2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance	Reason for provision
Basement Treatment Engineering	24,416,466.25	-	-	24,416,466.25	Recoverable amount lower than carrying amount

#### 2019

	Opening balance	Increase in the year	Decrease in the year	Closing balance	Reason for provision
Basement Treatment Engineering	-	24,416,466.25	-	24,416,466.25	Recoverable amount lower than carrying amount

### 11. Right-of-use Assets

#### 2020

	Buildings	Terminal facilities	Machinery	Total
<b>Cost</b>				
Opening balance	136,958,687.91	16,523,326.76	937,886.04	154,419,900.71
Additions	747,211.12	-	-	747,211.12
Closing balance	137,705,899.03	16,523,326.76	937,886.04	155,167,111.83
<b>Accumulated depreciation</b>				
Opening balance	12,511,504.79	5,507,775.75	312,628.73	18,331,909.27
Provision	6,432,337.91	5,507,775.44	312,628.56	12,252,741.91
Closing balance	18,943,842.70	11,015,551.19	625,257.29	30,584,651.18
<b>Carrying amounts</b>				
End of the year	118,762,056.33	5,507,775.57	312,628.75	124,582,460.65
Beginning of the year	124,447,183.12	11,015,551.01	625,257.31	136,087,991.44

# NOTES TO FINANCIAL STATEMENTS

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

### 11. Right-of-use Assets (Continued)

2019

	Buildings	Terminal facilities	Machinery	Total
<b>Cost</b>				
Opening balance and closing balance	136,958,687.91	16,523,326.76	937,886.04	154,419,900.71
<b>Accumulated depreciation</b>				
Opening balance	6,191,249.04	-	-	6,191,249.04
Provision	6,320,255.75	5,507,775.75	312,628.73	12,140,660.23
Closing balance	12,511,504.79	5,507,775.75	312,628.73	18,331,909.27
<b>Carrying amounts</b>				
Closing balance	124,447,183.12	11,015,551.01	625,257.31	136,087,991.44
Opening balance	130,767,438.87	16,523,326.76	937,886.04	148,228,651.67

As at 31 December 2020 and 31 December 2019, the management of the Group was of the opinion that no provision for impairment of right-of-use assets was necessary.

### 12. Intangible Assets

2020

	Land use rights	Software	Sea area use rights	Total
<b>Cost</b>				
Opening balance	2,562,936,692.39	149,761,107.53	66,742,407.41	2,779,440,207.33
Purchase for the year	-	2,709,027.42	-	2,709,027.42
Transferred from construction in progress	-	6,155,489.52	672,551,853.65	678,707,343.17
Disposal for the year	(8,589,700.00)	(23,325,947.05)	-	(31,915,647.05)
Closing balance	2,554,346,992.39	135,299,677.42	739,294,261.06	3,428,940,930.87
<b>Accumulated amortization</b>				
Opening balance	243,026,365.83	87,273,881.60	6,288,010.35	336,588,257.78
Provision for the year	54,512,046.38	9,063,221.90	11,552,054.44	75,127,322.72
Disposal for the year	(254,356.44)	(23,325,947.05)	-	(23,580,303.49)
Closing balance	297,284,055.77	73,011,156.45	17,840,064.79	388,135,277.01
<b>Carrying amount</b>				
End of the year	2,257,062,936.62	62,288,520.97	721,454,196.27	3,040,805,653.86
Beginning of the year	2,319,910,326.56	62,487,225.93	60,454,397.06	2,442,851,949.55

# NOTES TO FINANCIAL STATEMENTS

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

### 12. Intangible Assets (Continued)

2019

	Land use rights	Software	Sea area use rights	Total
<b>Cost</b>				
Opening balance	2,142,014,718.03	126,753,607.88	382,816,773.70	2,651,585,099.61
Purchase for the year	79,752,377.29	951,935.46	37,347,384.84	118,051,697.59
Transferred from construction in progress	4,854.37	22,055,564.19	-	22,060,418.56
Disposal for the year	(8,922,158.91)	-	(3,334,849.52)	(12,257,008.43)
Reclassification	350,086,901.61	-	(350,086,901.61)	-
Closing balance	2,562,936,692.39	149,761,107.53	66,742,407.41	2,779,440,207.33
<b>Accumulated amortization</b>				
Opening balance	160,196,287.46	80,424,869.57	35,255,578.59	275,876,735.62
Provision for the year	50,884,122.89	6,849,012.03	4,268,097.77	62,001,232.69
Disposal for the year	(933,749.70)	-	(355,960.83)	(1,289,710.53)
Reclassification	32,879,705.18	-	(32,879,705.18)	-
Closing balance	243,026,365.83	87,273,881.60	6,288,010.35	336,588,257.78
<b>Carrying amount</b>				
End of the year	2,319,910,326.56	62,487,225.93	60,454,397.06	2,442,851,949.55
Beginning of the year	1,981,818,430.57	46,328,738.31	347,561,195.11	2,375,708,363.99

As at 31 December 2020 and 31 December 2019, the Group has no intangible assets which were from internal research and development.

As at 31 December 2020, intangible assets without title certificate are as follows:

	Carrying amounts	Reason for not obtaining the title certificate
Land use rights	297,536,480.91	The land use right certificate of a reclaimed land has not been renewed

As at 31 December 2019, intangible assets without title certificate are as follows:

	Carrying amounts	Reason for not obtaining the title certificate
Land use rights	830,301,804.02	The land use right certificate of a reclaimed land has not been renewed

### 13. Long-term Prepaid Expenses

2020

	Opening balance	Accrued	Amortisation	Closing balance
Dredging costs	64,994,277.21	18,988,333.34	29,894,812.19	54,087,798.36
Afforestation fee	2,559,568.76	4,683,964.98	1,575,255.23	5,668,278.51
Renovation costs	-	2,493,632.33	-	2,493,632.33
	67,553,845.97	26,165,930.65	31,470,067.42	62,249,709.20

2019

	Opening balance	Accrued	Amortisation	Closing balance
Dredging costs	1,182,783.93	64,487,369.76	675,876.48	64,994,277.21
Afforestation fee	-	2,559,568.76	-	2,559,568.76
	1,182,783.93	67,046,938.52	675,876.48	67,553,845.97

# NOTES TO FINANCIAL STATEMENTS

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

### 14. Deferred Tax Assets/Liabilities

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

	2020		2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government grants	206,855,643.52	51,713,910.88	242,419,025.40	60,604,756.35
Asset impairment provision	136,865,285.28	34,216,321.32	75,621,926.12	18,905,481.53
Employee bonus	320,450,000.00	80,112,500.00	298,400,000.00	74,600,000.00
Accrued early retirement schemes	835,300,473.68	208,825,118.42	829,872,866.92	207,468,216.73
Deductible losses	-	-	100,005,645.28	25,001,411.32
Difference between tax base and accounting base of fixed assets	87,805,822.28	21,951,455.57	94,786,038.92	23,696,509.73
Changes in fair value of investments in other equity instruments	25,095,737.36	6,273,934.34	25,504,672.72	6,376,168.18
	1,612,372,962.12	403,093,240.53	1,666,610,175.36	416,652,543.84

	2020		2019	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of other equity instruments investments	78,503,448.00	19,625,862.00	84,623,567.44	21,155,891.86

Deferred income tax assets and liabilities are offset as follows:

	2020		2019	
	Eliminations	Remaining balance	Eliminations	Remaining balance
Deferred income tax assets	(6,273,934.34)	396,819,306.19	(6,376,168.18)	410,276,375.66
Deferred income tax liabilities	(6,273,934.34)	13,351,927.66	(6,376,168.18)	14,779,723.68

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

	2020	2019
Deductible temporary differences	139,729,350.28	112,945,381.94
Deductible losses	843,365,630.46	681,343,273.23
	983,094,980.74	794,288,655.17

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

	2020	2019
2020	-	39,216,529.88
2021	27,928,207.79	28,825,211.13
2022	83,436,599.66	83,448,925.70
2023	221,583,157.46	223,510,842.67
2024	299,845,878.06	306,341,763.85
2025	210,571,787.49	-
	843,365,630.46	681,343,273.23

# NOTES TO FINANCIAL STATEMENTS

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

### 15. Other Non-current Assets

	2020	2019
Prepayments for engineering equipment expenses	63,712,378.20	39,722,759.93
Deductible input VAT	9,228,066.76	17,347,666.31
Prepaid enterprise income tax	-	20,289,110.89
Payment of land transfer fund	-	1,319,437.00
	72,940,444.96	78,678,974.13

### 16. Short-term Borrowings

	2020	2019
Unsecured borrowings	322,582,895.00	151,581,786.20
Interest payable on short-term borrowings	357,652.75	229,711.11
	322,940,547.75	151,811,497.31

As at 31 December 2020, the interest rate of the above unsecured borrowings was 3.20%-6.00% per annum (31 December 2019: 3.76%-6.00%).

As at 31 December 2020, the Group had no overdue borrowings (31 December 2019: nil).

### 17. Accounts Payable

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

	2020	2019
Accounts payable	185,335,672.51	164,642,529.63

An ageing analysis of accounts payable is as follows:

	2020	2019
Within 1 year	167,100,108.14	145,972,351.26
1 to 2 years	9,855,718.76	8,881,066.27
2 to 3 years	7,256,662.88	7,166,217.99
Over 3 years	1,123,182.73	2,622,894.11
	185,335,672.51	164,642,529.63

As at 31 December 2020 and 31 December 2019, the Group had no significant accounts payable ageing more than 1 year.

### 18. Contract Liabilities

	2020	2019
Port handling fees	628,834,623.68	521,347,567.01
Weighing fees	757,870.03	4,088,240.03
Others	679,603.39	740,253.76
	630,272,097.10	526,176,060.80

# NOTES TO FINANCIAL STATEMENTS

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

### 19. Employee Benefits Payable

2020

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	314,200,407.07	1,439,180,596.89	1,417,327,752.66	336,053,251.30
Post-employment benefits (defined contribution plans)	17,892,027.62	188,525,359.48	187,584,585.43	18,832,801.67
Early retirement schemes due within one year (Note V. 26)	309,679,808.36	289,512,247.02	248,918,213.62	350,273,841.76
	641,772,243.05	1,917,218,203.39	1,853,830,551.71	705,159,894.73

2019

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	269,404,133.96	1,471,003,477.68	1,426,207,204.57	314,200,407.07
Post-employment benefits (defined contribution plans)	23,253,525.40	257,924,499.54	263,285,997.32	17,892,027.62
Early retirement schemes due within one year (Note V. 26)	160,390,405.93	371,121,418.57	221,832,016.14	309,679,808.36
	453,048,065.29	2,100,049,395.79	1,911,325,218.03	641,772,243.05

Short-term employee benefits are as follows:

2020

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	298,400,000.00	1,056,473,808.53	1,034,423,808.53	320,450,000.00
Staff welfare	212,405.26	124,295,797.08	124,003,527.26	504,675.08
Social insurance	-	95,035,728.77	95,035,728.77	-
Including: Medical insurance	-	86,785,957.30	86,785,957.30	-
Work-related injury insurance	-	8,249,771.47	8,249,771.47	-
Maternity insurance (Note 1)	-	-	-	-
Housing funds	7,478,256.46	118,035,799.50	117,862,159.69	7,651,896.27
Union fund and employee education fund	8,109,745.35	25,616,782.65	26,279,848.05	7,446,679.95
Short-term paid leaves	-	14,987,458.55	14,987,458.55	-
Other short-term employee benefits	-	4,735,221.81	4,735,221.81	-
	314,200,407.07	1,439,180,596.89	1,417,327,752.66	336,053,251.30

2019

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	253,010,000.00	1,088,726,251.99	1,043,336,251.99	298,400,000.00
Staff welfare	120,094.34	102,924,656.59	102,832,345.67	212,405.26
Social insurance	-	108,291,713.99	108,291,713.99	-
Including: Medical insurance	-	88,073,219.39	88,073,219.39	-
Work-related injury insurance	-	14,881,164.81	14,881,164.81	-
Maternity insurance	-	5,337,329.79	5,337,329.79	-
Housing funds	9,984,515.61	115,955,991.11	118,462,250.26	7,478,256.46
Union fund and employee education fund	6,289,524.01	32,215,163.34	30,394,942.00	8,109,745.35
Short-term paid leaves	-	18,543,724.13	18,543,724.13	-
Other short-term employee benefits	-	4,345,976.53	4,345,976.53	-
	269,404,133.96	1,471,003,477.68	1,426,207,204.57	314,200,407.07

# NOTES TO FINANCIAL STATEMENTS

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

### 19. Employee Benefits Payable (Continued)

Defined contribution plans are as follows:

2020

	Opening balance	Accrued	Paid	Closing balance
Basic pension	-	109,629,375.79	109,629,375.79	-
Unemployment insurance	-	4,842,516.47	4,842,516.47	-
Enterprise annuity contribution (Note 2)	17,892,027.62	74,053,467.22	73,112,693.17	18,832,801.67
	17,892,027.62	188,525,359.48	187,584,585.43	18,832,801.67

2019

	Opening balance	Accrued	Paid	Closing balance
Basic pension	-	177,388,947.18	177,388,947.18	-
Unemployment insurance	-	7,143,538.93	7,143,538.93	-
Enterprise annuity contribution (Note 2)	23,253,525.40	73,392,013.43	78,753,511.21	17,892,027.62
	23,253,525.40	257,924,499.54	263,285,997.32	17,892,027.62

Note 1: According to the Implementation Rules on the Combination of Maternity Insurance and Basic Medical Insurance for Employees at the Provincial Level (《省本級生育保險和職工基本醫療保險合併實施細則》) jointly issued by the Hebei Provincial Healthcare Security Administration, the Department of Finance of Hebei Province and the Hebei Provincial Tax Service of the State Taxation Administration, the contribution of the maternity insurance and medical insurance for employees will be combined from 1 January 2020. Employers shall make contributions at 8.3% of the contribution base for them (including the maternity insurance at 0.8% and the basic medical insurance for employees at 7.5%).

Note 2: The Group operates a defined contribution pension scheme, which requires payments of fixed contribution to independent fund. According to the pension scheme, the highest payment shall not exceed the national regulations, which is within 8% of prior year's total payroll. The total payment made by the enterprise and employees shall not exceed 12% of prior year's total payroll. Since January 2017, the payment was calculated at 8% of prior year's total payroll.

### 20. Taxes Payable

	2020	2019
Enterprise income tax	73,303,238.68	57,662,382.50
Environmental protection tax	73,125,155.18	70,356,895.93
Individual income tax	2,677,807.73	2,835,103.10
Stamp duty	79,496.70	82,190.92
Value-added tax	23,585.83	108,353.96
Urban maintenance and construction tax	1,651.01	7,584.78
Education surcharge	1,179.29	5,417.70
Land use tax	-	3,673,926.01
Real estate tax	-	1,815,136.22
	149,212,114.42	136,546,991.12

# NOTES TO FINANCIAL STATEMENTS

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

### 21. Other Payables

	2020	2019
Dividend payable	1,455.91	1,101.94
Other payables	674,475,950.75	618,069,836.65
	674,477,406.66	618,070,938.59
Other payables		
Engineering equipment expenses	626,868,862.80	544,631,855.64
Sewage charges of dust	18,002,926.68	18,002,926.68
Land premium	1,922,846.40	27,639,367.78
Others	27,681,314.87	27,795,686.55
	674,475,950.75	618,069,836.65

As at 31 December 2020, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	302,624,850.47	Not yet settled

As at 31 December 2019, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	329,742,132.49	Not yet settled

### 22. Non-current Liabilities Due within One Year

	2020	2019
Long-term borrowings due within one year (Note V. 23)	617,888,149.39	689,649,033.78
Long-term payables due within one year (Note V. 25)	100,400,000.00	400,000.00
Lease liabilities due within one year (Note V. 24)	8,670,524.40	8,219,266.69
	726,958,673.79	698,268,300.47

Long-term borrowings due within one year included interest payable of long-term borrowings.

### 23. Long-term Borrowings

	2020	2019
Unsecured borrowings	6,504,678,794.37	6,573,331,526.76
Less: long-term borrowings due within one year	617,888,149.39	689,649,033.78
	5,886,790,644.98	5,883,682,492.98

As at 31 December 2020, the interest rate of the above borrowings ranged from 3.80%-5.15% per annum (31 December 2019: 4.26%-5.15%).



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

### 23. Long-term borrowings (Continued)

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

	2020	2019
Within 1 year (including 1 year)	617,888,149.39	689,649,033.78
Within 2 years (including 2 years)	572,854,949.00	648,691,848.00
Within 3 to 5 years (including 3 years and 5 years)	3,239,598,745.98	2,933,593,774.98
Over 5 years	2,074,336,950.00	2,301,396,870.00
	6,504,678,794.37	6,573,331,526.76

### 24. Lease Liabilities

	2020	2019
Lease liabilities	9,123,036.49	15,740,777.88
Less: lease liabilities due within one year	8,670,524.40	8,219,266.69
	452,512.09	7,521,511.19

### 25. Long-term Payables

	2020	2019
Long-term payables	238,400,000.00	238,800,000.00
Including: amount due within one year	100,400,000.00	400,000.00
	138,000,000.00	238,400,000.00

As at 31 December 2020, the Group recognized the corresponding equity payables of RMB238.4 million (31 December 2019: RMB238.8 million) under the equity repurchase commitment with Tangshan Jingtang Railway Co., Ltd. During the year.

Analysis of long-term payables maturity date:

	2020	2019
Within 1 year (including 1 year)	100,400,000.00	400,000.00
Within 2 years (including 2 years)	102,000,000.00	100,400,000.00
Within 3 to 5 years (including 3 years and 5 years)	6,000,000.00	106,000,000.00
Over 5 years	30,000,000.00	32,000,000.00
	238,400,000.00	238,800,000.00

# NOTES TO FINANCIAL STATEMENTS

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

### 26. Long-term Employee Remuneration Payables

Other long-term employee benefits

	2020	2019
Early retirement schemes payable	850,572,279.68	842,607,809.71
Including: amount due within one year	350,273,841.76	309,679,808.36
Non-current portion	500,298,437.92	532,928,001.35

Change in early retirement schemes payable are as follows:

	2020	2019
Early retirement schemes		
Opening balance	842,607,809.71	479,401,487.71
Increase in the year	256,882,683.59	585,038,338.14
Decrease in the year	(248,918,213.62)	(221,832,016.14)
Closing balance	850,572,279.68	842,607,809.71

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

	2020	2019
Undiscounted amount		
Within 1 year	350,273,841.76	309,679,808.36
1 year to 2 years	243,641,208.62	234,603,799.23
2 years to 3 years	157,257,836.71	177,860,761.05
Over 3 years	155,299,638.50	184,916,360.95
	906,472,525.59	907,060,729.59
Unrecognized financing cost	(55,900,245.91)	(64,452,919.88)
	850,572,279.68	842,607,809.71

The Group has optimized and adjusted the posts of the employees who met certain conditions on a voluntary basis, and has formulated and implemented the policy of "Leaving Posts and Waiting for Retirement". The Group has the obligation to pay the costs on employees who leave their posts and wait for retirement in the next 1 year to 10 years until the employees reach their statutory retirement age. The costs on employees who leave their posts and wait for retirement are determined with reference to certain proportion of the average monthly wages of the previous year before the employees officially leave their posts and wait for retirement. In the meantime, the Group will make provision and pay for insurance and housing fund for those employees under local requirements for social insurance. Taking into account future payment obligations of the costs on employees who leave their posts and wait for retirement, such costs will be accounted into the administrative expenses on a one-off basis in accordance with discounted China bond and government bond yields for the corresponding period.

# NOTES TO FINANCIAL STATEMENTS

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

### 27. Estimated Liabilities

2020

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

2019

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

Note: In January 2018, the former Cangzhou Bohai Port Co., Ltd (滄州渤海港務有限公司) ("the former Cangzhou Bohai Port"), the former a subsidiary of the Company, received a summons from the Intermediate People's Court of Cangzhou City, Hebei Province, in relation to a lawsuit filed against the former Cangzhou Bohai Port as a defendant by China Construction Sixth Engineering Division Co., Ltd. ("CCSED"). The CCSED alleged that it undertook the construction of Information Center of Huanghua Port of the former Cangzhou Bohai Port in 2010 and requested the former Cangzhou Bohai Port to pay the construction fee for the above project of RMB33,864,106.08 and relevant interests and requested that the litigation fee and maintenance fee shall be borne by the former Cangzhou Bohai Port. On 28 June 2018, the former Cangzhou Bohai Port received a civil judgment ((2018) Ji 09 Min Chu No. 91) from the Intermediate People's Court of Cangzhou City, Hebei Province, in which CCSED's claim was dismissed and proceedings acceptance fee shall be borne by CCSED, the plaintiff.

On 17 October 2018, the former Cangzhou Bohai Port received the civil ruling (2018) Ji Min Zhong No. 869 issued by the High People's Court of Hebei Province, it is ordered that the civil judgment (2018) Ji Min Chu No. 91 from the Intermediate People's Court of Cangzhou City be revoked and the case be remanded to the Intermediate People's Court of Cangzhou City.

The former Cangzhou Bohai Port received the civil judgment ((2019) Ji 09 Min Zhong No. 7086 and (2019) Ji 09 Min Zhong No. 6618) from the Intermediate People's Court of Cangzhou City, Hebei Province in 2019, in relation to the contract dispute between Wang Hongqiang, a sub-contractor of the construction of Information Center of Huanghua Port, and Qinhuangdao Third Electric Power Engineering Co., Ltd (秦皇島三電電力工程有限公司), pursuant to which the former Cangzhou Bohai Port shall make a payment of construction fee of RMB3,502,390.33 in total to the aforesaid sub-contractor and loss of capital occupation at an interest rate published by the People's Bank of China for similar loans in the same period. The former Cangzhou Bohai Port made a payment of RMB5,503,007.00 to the sub-contractor in June 2020.

On 14 September 2020, the former Cangzhou Bohai Port received the civil judgment ((2020) Ji Min Zhong No. 393) from the High People's Court of Hebei Province, pursuant to which: I. The former Cangzhou Bohai Port is to make a payment of the construction fee of RMB10,432,615.73 to CCSED; II. Calculated based on the construction fee of RMB10,432,615.73 in arrears for a period from 1 December 2010 to 19 August 2019 at an interest rate published by the People's Bank of China for similar loans in the same period, and for a period from 20 August 2019 up to the date of actual settlement at the loan prime rate promulgated by the National Interbank Funding Center, the former Cangzhou Bohai Port is to make a payment for 75% of the loss of capital occupation to CCSED. The former Cangzhou Bohai Port has made a payment of RMB15,030,257.08 to CCSED and has made a reversal on overprovision to the estimated liability of RMB13,326,735.92.

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

### 28. Deferred Income

	2020	2019
Government grants in relation to assets		
Special environmental subsidy	141,194,477.65	156,576,721.90
Subsidy for retrofitting of contingency coal storage depot	60,250,000.00	79,750,000.00
Technology center project funds	1,057,556.87	1,316,027.39
Others	2,148,484.43	2,300,603.61
	204,650,518.95	239,943,352.90
Government grants in relation to income Technology center project funds	2,870,000.00	3,170,000.00
	207,520,518.95	243,113,352.90

As at 31 December 2020, liabilities items related to government grants are as follows:

	Opening balance	Increase in the year	Recognized in other revenue in the year	Closing balance	Related to assets/income
Special environmental subsidy	156,576,721.90	-	15,382,244.25	141,194,477.65	Related to assets
Retrofitting of contingency coal storage depot	79,750,000.00	-	19,500,000.00	60,250,000.00	Related to assets
Technology center project funds	4,486,027.39	-	558,470.52	3,927,556.87	Related to assets and income
Others	2,300,603.61	-	152,119.18	2,148,484.43	Related to assets
	243,113,352.90	-	35,592,833.95	207,520,518.95	

As at 31 December 2019, liabilities items related to government grants are as follows:

	Opening balance	Increase in the year	Recognized in other revenue in the year	Closing balance	Related to assets/income
Special environmental subsidy	173,026,993.91	-	16,450,272.01	156,576,721.90	Related to assets
Retrofitting of contingency coal storage depot	99,250,000.00	-	19,500,000.00	79,750,000.00	Related to assets
Technology center project funds	2,737,499.96	2,670,000.00	921,472.57	4,486,027.39	Related to assets and income
Others	1,728,944.44	700,000.00	128,340.83	2,300,603.61	Related to assets
	276,743,438.31	3,370,000.00	37,000,085.41	243,113,352.90	

### 29. Share Capital

2020

	Number at the beginning of the year	Changes during the year			Number at the end of the year
		Issuance of new shares	Others (Note)	Subtotal	
I. Shares subject to selling restrictions					
1. Shares held by State-owned legal persons	3,063,066,842.00	-	(3,063,066,842.00)	(3,063,066,842.00)	-
2. Other	41,247,362.00	-	(41,247,362.00)	(41,247,362.00)	-
Total of shares subject to selling restrictions	3,104,314,204.00	-	(3,104,314,204.00)	(3,104,314,204.00)	-
II. Shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	1,653,244,796.00	3,104,314,204.00	3,104,314,204.00	4,757,559,000.00	
2. Overseas listed foreign share	829,853,000.00	-	-	-	829,853,000.00
Total of shares not subject to selling restrictions	2,483,097,796.00	-	3,104,314,204.00	3,104,314,204.00	5,587,412,000.00
Total of shares	5,587,412,000.00	-	-	-	5,587,412,000.00

# NOTES TO FINANCIAL STATEMENTS

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

### 29. Share Capital (Continued)

2019

	Number at the beginning of the year	Changes during the year			Number at the end of the year
		Issuance of new shares	Others	Subtotal	
I. Shares subject to selling restrictions					
1. Shares held by State-owned legal persons	3,063,066,842.00	-	-	-	3,063,066,842.00
2. Other	41,247,362.00	-	-	-	41,247,362.00
Total of shares subject to selling restrictions	3,104,314,204.00	-	-	-	3,104,314,204.00
II. Shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	1,653,244,796.00	-	-	-	1,653,244,796.00
2. Overseas listed foreign shares	829,853,000.00	-	-	-	829,853,000.00
Total of shares not subject to selling restrictions	2,483,097,796.00	-	-	-	2,483,097,796.00
Total of shares	5,587,412,000.00	-	-	-	5,587,412,000.00

Note: The shares subject to selling restrictions of the Group are A shares subject to selling restrictions under the initial public offering with a lock-up period of thirty-six months from the listing date of the shares of the Company. As of 17 August 2020, all of 3,104,314,204.00 shares subject to selling restrictions have converted into tradable shares not subject to selling restrictions.

### 30. Capital Reserve

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	5,196,156,925.69	-	-	5,196,156,925.69
Others (Note)	11,387,866.92	125,275.79	-	11,513,142.71
	5,207,544,792.61	125,275.79	-	5,207,670,068.40

Note: On 27 August 2020, the Group cancelled Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司), a wholly-owned subsidiary, and reversed a decrease of RMB125,275.79 in capital reserve resulted from the acquisition of minority interests in previous years.

2019

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	5,196,156,925.69	-	-	5,196,156,925.69
Others (Note)	6,661,882.78	4,725,984.14	-	11,387,866.92
	5,202,818,808.47	4,725,984.14	-	5,207,544,792.61

Note: On 21 May 2019, Cangzhou Mineral Port, a subsidiary of the Company, consolidated Cangzhou Bohai Port Co., Ltd., another subsidiary of the Company, and continues to exist, resulting in a change in percentage of shareholding of minority shareholders. The transaction lead to a decrease in minority interests by RMB4,725,984.14 and an increase in capital reserve by RMB4,725,984.14.

# NOTES TO FINANCIAL STATEMENTS

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

### 31. Other Comprehensive Income

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

	1 January 2020	Increase/(decrease)	31 December 2020
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	141,157,662.38	91,018,161.47	232,175,823.85
Other comprehensive income accounted for using equity method which will be reclassified to profit and loss	1,702,543.41	(1,702,543.41)	-
Changes in fair value of other equity instruments investment	33,760,810.46	(4,635,947.72)	29,124,862.74
Exchange differences arising from translation of foreign currency denominated financial statements	4,712,311.61	(2,748,520.90)	1,963,790.71
	181,333,327.86	81,931,149.44	263,264,477.30
	1 January 2019	Increase/(decrease)	31 December 2019
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	-	141,157,662.38	141,157,662.38
Other comprehensive income accounted for using equity method which will be reclassified to profit and loss	300.38	1,702,243.03	1,702,543.41
Changes in fair value of other equity instruments investment	(4,812,085.75)	38,572,896.21	33,760,810.46
Exchange differences arising from translation of foreign currency denominated financial statements	3,720,530.54	991,781.07	4,712,311.61
	(1,091,254.83)	182,424,582.69	181,333,327.86

Amount of other comprehensive income for the current period:

#### 2020

	Amount before tax	Less: Other comprehensive income previously recognised to be transferred to current profit or loss	Less: Other comprehensive income previously recognised to be transferred to current retained profit or loss	Less: Income tax	Attributable to the parent company	Attributable to minority interest
Other comprehensive income which will not be reclassified to profit and loss						
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	91,018,161.47	-	-	-	91,018,161.47	-
Changes in fair value of other equity instruments investment	(5,711,184.07)	-	-	1,427,796.02	(4,635,947.72)	352,559.67
Other comprehensive income which will be reclassified to profit and loss						
Other comprehensive income accounted for using equity method which will be reclassified to profit and loss	(1,702,543.41)	-	-	-	(1,702,543.41)	-
Exchange differences arising on translation	(2,748,520.90)	-	-	-	(2,748,520.90)	-
	80,855,913.09	-	-	1,427,796.02	81,931,149.44	352,559.67

#### 2019

	Amount before tax	Less: Other comprehensive income previously recognised to be transferred to current profit or loss	Less: Other comprehensive income previously recognised to be transferred to current retained profit or loss	Less: Income tax	Attributable to the parent company	Attributable to minority interest
Other comprehensive income which will not be reclassified to profit and loss						
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	141,157,662.38	-	-	-	141,157,662.38	-
Changes in fair value of other equity instruments investment	38,154,619.01	-	-	(9,538,654.75)	38,572,896.21	(9,956,931.95)
Other comprehensive income which will be reclassified to profit and loss						
Other comprehensive income accounted for using equity method which will be reclassified to profit and loss	1,702,243.03	-	-	-	1,702,243.03	-
Exchange differences arising on translation	991,781.07	-	-	-	991,781.07	-
	182,006,305.49	-	-	(9,538,654.75)	182,424,582.69	(9,956,931.95)

# NOTES TO FINANCIAL STATEMENTS

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

### 32. Special Reserve

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety expense	108,030,468.84	65,424,408.33	(34,008,161.60)	139,446,715.57

2019

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety expense	80,726,967.97	69,773,506.66	(42,470,005.79)	108,030,468.84

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

### 33. Surplus Reserve

2020

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	1,334,346,000.28	99,026,455.71	-	1,433,372,455.99

2019

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	1,235,538,930.68	98,807,069.60	-	1,334,346,000.28

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

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

### 34. Retained Profits

	2020	2019
Retained profits at the beginning of the year	2,191,776,305.79	1,789,566,768.00
Net profit attributable to shareholders of the parent	995,132,015.27	931,247,331.39
Less: Appropriation to statutory surplus reserve	99,026,455.71	98,807,069.60
Cash dividend payable for common shares (Note 1)	502,867,080.00	430,230,724.00
Retained profits at the end of the year	2,585,014,785.35	2,191,776,305.79

Note 1: Pursuant to the Resolution on 2019 Profit Distribution deliberated at the eighteenth meeting of the fourth session of the Board of the Company held on 27 March 2020, the Company proposed to pay a cash dividend totaling RMB502,867,080.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.09 per share (inclusive of tax). The abovementioned proposal was approved on the 2019 Annual General Meeting held on 20 June 2020.

Pursuant to the Resolution on 2018 Profit Distribution considered and approved at the tenth meeting of the fourth session of the Board of the Company held on 27 March 2019, the Company proposed to pay a cash dividend totaling RMB430,230,724.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.077 per share (inclusive of tax). The abovementioned proposal was approved on Annual General Meeting of 2018 held on 20 June 2019.

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

### 35. Operating Revenue and Cost

	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal operations	6,441,796,748.35	3,863,064,895.85	6,702,886,681.25	3,837,841,651.72
Other operations	14,056,962.29	4,634,789.22	19,843,327.84	5,964,253.00
	6,455,853,710.64	3,867,699,685.07	6,722,730,009.09	3,843,805,904.72

The revenue is categorized as follows:

	2020	2019
Revenue generated from contracts with customers	6,446,186,223.16	6,704,268,404.89
Rental income	9,667,487.48	18,461,604.20
	6,455,853,710.64	6,722,730,009.09

Revenue generated from contracts with customers is segregated as follows:

Reportable segment – integrated port services	2020	2019
Geographical area of operations		
Qinhuangdao	4,416,534,130.94	4,872,430,372.00
Others	2,029,652,092.22	1,831,838,032.89
	6,446,186,223.16	6,704,268,404.89
Major types of services		
Service in relation to coal and relevant products	4,714,512,609.80	5,126,720,904.60
Service in relation to metal ore and relevant products	1,053,278,471.59	1,077,396,348.63
Service in relation to general and other cargoes	453,231,556.23	242,897,582.99
Container service	81,815,855.55	88,966,112.25
Service in relation to liquefied cargoes	53,502,873.90	60,846,087.83
Others	89,844,856.09	107,441,368.59
	6,446,186,223.16	6,704,268,404.89

Revenue recognized for the year included in the beginning carrying amount in contract liabilities is as below:

	2020	2019
Contract Liabilities	438,767,807.63	412,272,230.04

### 36. Tax and Surcharges

	2020	2019
Environmental protection tax	276,028,570.25	279,128,265.67
Land use tax	47,185,039.57	49,620,378.02
Real estate tax	17,076,024.04	17,666,776.10
Urban maintenance and construction tax and education surcharge	16,171,144.58	19,765,714.54
Stamp duty	1,367,365.18	796,824.54
Vehicles and vessels use tax	652,305.17	719,037.19
Land value-added tax	–	378,260.76
	358,480,448.79	368,075,256.82

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



# NOTES TO FINANCIAL STATEMENTS

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

### 37. Administrative Expenses

	2020	2019
Payroll and cost of outsourcing labor	450,979,489.60	493,518,181.62
Early retirement schemes (Note V. 26)	256,255,951.47	584,598,089.39
Depreciation and amortization	52,346,604.40	54,297,922.00
Rental expenses	27,997,824.88	28,771,474.51
Office charges	10,933,392.25	11,273,003.79
Repair and maintenance expenses	10,475,421.38	13,671,543.21
Epidemic prevention expenses	10,377,168.87	10,201,129.79
Auditors' remuneration	5,665,229.67	5,330,188.67
Travel expenses	4,958,458.17	7,586,759.00
Business entertainment expenses	4,229,307.88	4,542,142.13
Information disclosure and announcement expenses	1,841,799.48	2,252,431.16
Others	55,895,210.27	71,031,438.55
	891,955,858.32	1,287,074,303.82

### 38. Research and Development Expenses

	2020	2019
Staff labor costs	8,670,997.92	8,045,982.62
Commissioned research and development expense	2,452,240.23	3,993,579.38
Others	346,187.53	357,594.60
	11,469,425.68	12,397,156.60

### 39. Financial Cost

	2020	2019
Interest expenses	314,531,469.14	339,311,527.11
Less: interest income	40,524,005.20	37,669,730.13
Less: capitalised interest	7,867,828.37	-
Foreign exchange gain	(332,429.01)	(1,295,246.96)
Others	892,058.03	1,364,859.89
	266,699,264.59	301,711,409.91

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

# NOTES TO FINANCIAL STATEMENTS

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

### 40. Other Income

	2020	2019
Government subsidy related to daily activities	53,331,088.58	41,785,557.25
Refund of withholding personal income tax	298,954.42	–
	53,630,043.00	41,785,557.25

The government subsidy related to daily activities are as follows:

	2020	2019	Related to assets/income
Retrofitting of contingency coal storage depot (Note 1)	19,500,000.00	19,500,000.00	Related to assets
Special environmental subsidy (Note 2)	15,382,244.25	16,450,272.01	Related to assets
The Relocation Compensation	4,392,138.00	–	Related to income
Employment subsidy	165,437.80	96,028.62	Related to income
Others	13,891,268.53	5,739,256.62	
	53,331,088.58	41,785,557.25	

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

Note 2: Such government subsidy was a special subsidy received for acquisition of relevant environmental protection facilities according to the Notice regarding the Sewage Charges on Coal Dust Imposed by the Qinhuangdao Municipal People's Government (Qin Zheng [2006] No. 66). The subsidy is amortized and transferred to other income in accordance with the depreciation of relevant fixed assets.

### 41. Investment Income

	2020	2019
Long-term equity investment income accounted for under the equity method	191,068,724.04	158,925,364.22
Dividend income on other equity instrument investments held	5,100,000.00	5,651,000.00
Investment income generated from disposal of long-term equity investment	2,133,100.00	16,886,790.00
Investment loss generated from deregistered of subsidiaries	(125,275.79)	–
Investment income from disposal of financial assets held for trading	3,763,645.88	5,677,585.95
	201,940,194.13	187,140,740.17

### 42. Impairment Loss of Credit

	2020	2019
Loss of bad debts for accounts receivable	4,484,569.35	1,232,679.25
Loss of bad debts for other receivables	(6,053,548.56)	(2,042,347.73)
	(1,568,979.21)	(809,668.48)

# NOTES TO FINANCIAL STATEMENTS

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

### 43. Asset Impairment Loss

	2020	2019
Impairment loss for long-term equity Investment	(59,581,589.27)	(40,388,263.26)
Fixed assets impairment loss	(20,346,224.60)	-
Loss for inventory impairment	(4,451,624.68)	-
Impairment loss for construction in progress	-	(24,416,466.25)
	(84,379,438.55)	(64,804,729.51)

Note 1: The Group recognized an impairment loss of RMB59,581,589.27 on long-term equity investments in the current year, which was attributable to the provisions for the impairment of such long-term equity investments as Jinji International Container Terminal Co., Ltd. and Bohai Jinji Port Investment Development Co., Ltd. (渤海津冀港口投資發展有限公司), joint ventures of the Group, recorded operating losses in recent years. The recoverable amount was determined based on the estimated present value of future asset groups. A discount rate of 15.93% was adopted in determining the estimated present value of future cash flows of asset groups.

Note 2: The Group recognized an impairment loss of RMB20,346,224.60 on fixed assets in the current year, of which, it made provisions for the impairment of fixed assets of a branch of Qinhuangdao Port Co., Ltd. amounting to RMB14,197,318.10. The recoverable amount was determined based on the estimated present value of future cash flows of relevant asset groups. A discount rate of 11.41% was adopted in determining the estimated present value of future cash flows of relevant asset groups. In addition, Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驃港礦石港務有限公司), a subsidiary of the Group, recognized an impairment loss of RMB6,148,906.50 on fixed assets, which was due to that its engineering equipment cannot continue to be used as they failed to meet environmental requirements and full provisions have been made based on the carrying value of relevant fixed assets.

### 44. Income of Disposal of Assets

	2020	2019
Income of disposal of intangible assets	-	16,630,764.91
Income/(loss) of disposal of fixed assets	1,069,063.11	(7,169.30)
	1,069,063.11	16,623,595.61

### 45. Non-operating Income

	2020	2019	Including 2020 non-recurring gains and losses
Payables waived	12,176,144.77	248,669.74	12,176,144.77
Gains from spoilage and obsolescence of non-current assets	1,545,805.38	2,532,140.97	1,545,805.38
Government subsidy	2,600.00	2,000,000.00	2,600.00
Others	878,615.48	2,530,753.33	878,615.48
	14,603,165.63	7,311,564.04	14,603,165.63

### 46. Non-operating Expenses

	2020	2019	Including 2020 non-recurring gains and losses
Losses from spoilage and obsolescence of non-current assets	6,309,426.21	1,718,735.47	6,309,426.21
Public welfare donation expenses	3,452,215.99	2,000.00	3,452,215.99
Others	1,249,079.99	1,853,702.56	1,249,079.99
	11,010,722.19	3,574,438.03	11,010,722.19

# NOTES TO FINANCIAL STATEMENTS

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

### 47. Expense by Nature

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

	2020	2019
Payroll and labor costs (Note)	1,945,153,194.25	2,364,028,697.76
Depreciation and amortization	1,277,420,270.44	1,249,901,192.49
Power and fuel costs	256,567,167.85	294,621,838.41
Consumption expense of machinery	266,608,478.91	243,996,137.02
Rent not included in the measurement of lease liabilities	132,059,483.10	128,271,560.82
Repair and maintenance expenses	518,435,686.52	501,025,973.67
Others	374,880,688.00	361,521,793.27
	4,771,124,969.07	5,143,367,193.44

Note: Payroll for 2020 included early retirement schemes of RMB256,882,683.59 (2019: RMB585,038,338.14). Please refer to Note V. 26 Long-term Employee Remuneration Payables for details.

### 48. Income Tax Expense

	2020	2019
Current income tax expenses	320,771,937.63	397,458,201.29
Deferred income tax expenses	13,457,069.47	(132,685,057.28)
	334,229,007.10	264,773,144.01

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

	2020	2019
Total profit	1,233,832,354.11	1,093,248,769.97
Income tax expenses calculated at the statutory tax rate	308,458,088.53	273,312,192.49
Effect of different tax rates of subsidiaries	(486,281.98)	(28,276,373.08)
Income not subject to tax	(1,275,000.00)	(1,412,750.00)
Share of profits and losses of joint ventures and associates	(47,767,181.00)	(39,731,341.05)
Expenses not deductible for tax	15,850,932.68	10,558,183.90
Utilizing deductible losses of previous periods	(2,847,114.79)	(7,796,447.34)
Unrecognized deductible losses	52,642,946.88	76,585,440.97
Effect of recognition of unrecognized deductible losses and temporary deductible difference in previous years	1,117,143.40	(32,581,075.96)
Effect of unrecognized deductible temporary difference	7,020,834.48	7,005,722.56
Adjustments in respect of current income tax of previous periods	(1,788,549.63)	4,724,848.56
Others	3,303,188.53	2,384,742.96
Income tax expense at the Group's effective rate	334,229,007.10	264,773,144.01

# NOTES TO FINANCIAL STATEMENTS

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

### 49. Earnings per Share

	2020	2019
Basic and diluted earnings per share from continuing operations	0.18	0.17

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

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

	2020	2019
<b>Earnings</b>		
Net profit for the year attributable to ordinary shareholders of the Company from continuing operations	995,132,015.27	931,247,331.39
<b>Shares</b>		
Weighted average number of ordinary shares in issue of the Company	5,587,412,000.00	5,587,412,000.00

The Company had no dilutive potential ordinary shares in issue in 2020 (2019: nil).

### 50. Notes to the Statement of Cash Flows

	2020	2019
<b>Cash received relating to other operating activities</b>		
Interest income from bank deposit	40,523,805.20	37,669,730.13
Government subsidy	5,999,909.22	2,364,803.34
Others	8,483,266.61	25,339,238.83
	55,006,981.03	65,373,772.30
<b>Cash paid relating to other operating activities</b>		
Rental expenses	134,395,039.31	125,936,004.61
Dredging costs	43,046,149.59	67,046,938.52
Insurance	22,180,955.97	24,429,152.48
Sanitary charges, afforestation fee	23,405,792.44	19,541,703.04
Professional service fee	6,775,752.15	7,335,195.55
Office charges, conference expenses	11,601,881.85	6,759,144.73
Travel expenses	4,958,458.17	7,586,759.00
Donation expenses	3,452,215.99	-
Research and development expenses	2,798,427.76	4,351,173.98
Bank business handling fees	263,352.83	1,364,859.89
Others	57,104,433.61	59,190,447.59
	309,982,459.67	323,541,379.39
<b>Cash received relating to other investing activities</b>		
Recovery of litigation preservation fee	35,523,116.22	14,075,064.86
Recovery of guarantee deposits	6,000,000.00	-
	41,523,116.22	14,075,064.86
<b>Other cash paid for investing activities</b>		
Payment of guarantee deposits	6,000,000.00	6,000,000.00
<b>Cash payments relating to other financing activities</b>		
Payment of lease fee of right-of-use	7,956,338.38	8,546,970.14

# NOTES TO FINANCIAL STATEMENTS

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

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

(1) Supplemental Information to Statement of Cash Flows

Reconciliation of net profit to cash flows from operating activities:

	2020	2019
Net profit	899,603,347.01	828,475,625.96
Add: Credit impairment loss	1,568,979.21	809,668.48
Asset impairment loss	84,379,438.55	64,804,729.51
Fixed assets depreciation	1,169,174,436.02	1,177,697,626.75
Amortization of intangible assets	64,523,025.09	61,707,981.51
Right-of-use assets depreciation	12,252,741.91	12,140,660.23
Decrease/(increase) in long-term deferred expenses	5,304,136.77	(66,371,062.04)
Amortization of deferred income	(35,592,833.95)	(37,000,085.41)
Loss/(gain) on disposal of fixed assets, intangible assets and other long-term assets	3,694,557.72	(17,437,001.11)
Financial costs	306,959,716.96	338,016,280.15
Investment income	(201,940,194.13)	(187,140,740.17)
Decrease/(increase) in deferred income tax assets	13,457,069.47	(132,685,057.28)
Decrease in inventories	18,853,497.11	5,334,382.21
Increase in other current assets	(18,284,472.27)	(22,049,715.75)
Increase in operating receivables	(64,219,632.40)	(9,726,865.81)
Increase in operating payables	267,101,714.77	410,165,323.02
Increase in special reserve	28,990,878.58	26,394,777.91
Net cash flows from operating activities	2,555,826,406.42	2,453,136,528.16

Major non-cash investing and financing activities:

	2020	2019
Received from sale of goods or rendering of services		
Endorsed bank acceptance notes 65,625,129.96	1,500,000.00	
Endorsed commercial acceptance notes	48,600,000.00	-
	114,225,129.96	1,500,000.00

Net movements in cash and cash equivalents:

	2020	2019
Balances of cash at end of the year	2,179,804,887.07	2,115,226,869.17
Less: Balances of cash at beginning of the year	2,115,226,869.17	1,984,473,726.56
Net increase in cash and cash equivalents	64,578,017.90	130,753,142.61

# NOTES TO FINANCIAL STATEMENTS

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

### 51. Supplemental Information to Statement of Cash Flows (Continued)

#### (2) Cash and Cash Equivalents

	2020	2019
Cash	2,179,804,887.07	2,115,226,869.17
Including: Cash on hand	29,102.29	27,704.54
Bank deposits on demand	2,179,775,784.78	2,115,199,164.63
Balance of cash and cash equivalents at the end of the year	2,179,804,887.07	2,115,226,869.17

### 52. Assets with Restricted Ownership

	2020	2019
Cash and bank balances	6,320,500.00	41,845,516.22

As at 31 December 2020, the Group paid guarantee deposits of RMB6,000,000.00 (31 December 2019: RMB6,000,000.00) and performance deposits of port business contract of RMB320,000.00 and other deposits of RMB500.00 (31 December 2019: RMB320,000.00 and RMB2,400.00). As at 31 December 2020, the Group had no frozen deposits due to the pending lawsuits (31 December 2019: RMB35,523,116.22).

### 53. Foreign Currency Monetary Items

	2020			2019		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US\$	6,330,155.58	6.5246	41,302,022.84	5,351,402.14	6.9762	37,342,643.89
EUR	-	-	-	475.78	7.8155	3,718.43
HK\$	18,991,017.69	0.8416	15,983,600.12	70,761,726.32	0.8958	63,386,939.20
Other receivables						
US\$	912.50	6.5246	5,953.74	-	-	-
HK\$	1,729.61	0.8416	1,455.71	1,230.19	0.8958	1,101.97
Accounts payable						
HK\$	569,000.00	0.8416	478,893.16	-	-	-
Taxes payable						
HK\$	28,147.92	0.8416	23,690.42	28,147.92	0.8958	25,214.34
Other payables						
HK\$	63,373.03	0.8416	53,337.48	62,873.62	0.8958	56,320.92
US\$	-	-	-	59,990.00	6.9762	418,502.24

## VI. CHANGES IN CONSOLIDATION SCOPE

### 1. Cancellation of a subsidiary

	Nature of business	Percentage of total
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司) (Note)	Sales of accessories	100.00%

Note: On 27 August 2020, Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司), a subsidiary of the Company, completed the registration of cancellation with the industrial and commercial administration.

The scope of financial statement consolidation in the current year is consistent with that in the previous year except the cancelled of a subsidiary.

# NOTES TO FINANCIAL STATEMENTS

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## VII. INTERESTS IN OTHER ENTITIES

### 1. Interests in Subsidiaries

The subsidiaries of the Company are as follows:

	Place of principal business	Place of incorporation	Nature of business	Registered capital RMB' 0000	Percentage of shareholding	
					Direct (%)	Indirect (%)
Subsidiaries acquired through the equity contribution from HPG during the establishment of the Company						
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司) (Note)	Qinhuangdao city	Qinhuangdao city	Accessories sales	1,000	-	-
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	Qinhuangdao city	Qinhuangdao city	Loading and unloading services	40,000	55.00	-
Subsidiaries acquired through establishment or investment						
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	180,000	51.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	526,635	97.59	-
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	Cangzhou city	Cangzhou city	Cargo tallying services	500	33.00	23.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	5,000	99.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	12,000	65.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	Hong Kong	Hong Kong	International trade	HK\$5,000	100.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	Tangshan city	Tangshan city	Port investment	200,000	56.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	5,000	100.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	Tangshan city	Tangshan city	Cargo tallying services	300	100.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	5,000	100.00	-
Hebei Tangshan Caofeidian Jitong Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	Tangshan city	Tangshan city	Loading and unloading services	300,000	59.00	-
Subsidiaries acquired through the merger of enterprises under common control						
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司)	Qinhuangdao city	Qinhuangdao city	Cargo tallying services	1,274	84.00	-

Note: On August 27, 2020, Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司), a subsidiary of the Company, completed the cancellation of registration with the Bureau of Industry and Commerce. Please refer to Note VI.1 for details.



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## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in Subsidiaries (continued)

Subsidiaries with significant minority interests are as follows:

2020

	Percentage of shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(97,058,215.89)	–	537,237,023.78

2019

	Percentage of shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(111,075,502.63)	–	633,520,013.18

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

	2020	2019
Current assets	300,461,409.41	215,824,348.36
Non-current assets	5,046,486,928.66	5,405,800,743.36
Total assets	5,346,948,338.07	5,621,625,091.72
Current liabilities	992,029,635.35	756,968,617.19
Non-current liabilities	3,258,516,613.37	3,571,758,488.44
Total liabilities	4,250,546,248.72	4,328,727,105.63

	2020	2019
Revenue	555,264,548.52	543,881,040.60
Net loss	(198,077,991.61)	(226,684,699.26)
Other comprehensive income	719,509.54	(20,320,269.28)
Total comprehensive income	(197,358,482.07)	(247,004,968.54)
Net cash flows from operating activities	404,041,581.39	357,728,771.19

# NOTES TO FINANCIAL STATEMENTS

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## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered capital RMB' 0000	Percentage of shareholding (%)		Accounting treatment
					Direct	Indirect	
<b>Joint ventures</b>							
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Tianjin City	Tianjin City	Investment and development	200,000	50.00	-	Equity method
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	Cangzhou City	Cangzhou City	Loading and unloading services	10,000	10.00	45.00	Equity method
<b>Associates</b>							
Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司)	Qinhuangdao city	Qinhuangdao city	Financial services	150,000	40.00	-	Equity method
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	Tangshan City	Tangshan City	Loading and unloading services	200,000	35.00	-	Equity method
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興業港能源儲運有限公司)	Qinhuangdao city	Qinhuangdao city	Energy services	5,000	40.00	-	Equity method
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Handan city	Handan city	Logistic services	80,000	-	15.94	Equity method
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司) (Note 1)	Tangshan City	Tangshan City	Railway construction and operation	140,000	3.23	-	Equity method
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理程理貨有限責任公司)	Tangshan City	Tangshan City	Tally services	300	-	30.00	Equity method
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Cangzhou City	Cangzhou City	Tugging services	40,573.43	-	35.00	Equity method
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) (Note 2)	Qinhuangdao city	Qinhuangdao city	Technical services	800	-	-	Equity method
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	Ningbo City	Ningbo City	Retail business	1,378.75	15.00	-	Equity method

Note 1: On 31 December 2020, Beijing Shougang Resource Reuse Technology Co., Ltd., a shareholder of Tangshan Jingtang Railway Co., Ltd. (hereinafter referred to as "Jingtang Railway"), completed the contribution of RMB800 million to the subscription and the Company has not completed the contribution of RMB160 million to the subscription. According to the Articles of Association of Jingtang Railway, all shareholders shall exercise the voting rights and obtain the dividend distribution based on their paid-in contribution proportions. As agreed in the investment contract, the shareholder China Development Fund Co., Ltd. obtains fixed income each year and does not participate in the decision-making of the company.

Note 2: On 29 June 2020, the Group entered into an equity transfer contract and transferred the entire equity interest in Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) to Qinhuangdao Fengyuan Metal Installation Engineering Co., Ltd. (秦皇島市逢源金屬安裝工程有限公司), a third party. Please refer to Note V. 7 for details.

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## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

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

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

	2020	2019
Current assets	189,509,209.82	188,720,881.47
Including: Cash and cash equivalents	49,508,609.82	188,720,595.47
Non-current assets	230,592,029.17	341,140,025.69
Total assets	420,101,238.99	529,860,907.16
Current liabilities	21,426,705.35	21,609,588.30
Non-current liabilities	-	-
Total liabilities	21,426,705.35	21,609,588.30
Owners' equity	398,674,533.64	508,251,318.86
Share of net assets in proportion to shareholding	199,337,266.81	254,125,659.43
Provision for impairment	81,850,806.99	33,102,233.95
Carrying amount of investment	117,486,459.82	221,023,425.48

	2020	2019
Revenue	-	-
Administrative expenses	3,341,431.30	12,645,129.31
Financial cost – interest income	4,225,424.71	3,255,888.14
Financial cost – interest expense	-	-
Income tax expense	-	-
Net loss	(109,093,337.63)	(110,339,889.91)
Total comprehensive income	(109,093,337.63)	(110,339,889.91)

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## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

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

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

2020

	Caofeidian Shiye	Finance Company
Current assets	2,535,816,942.80	2,292,044,089.14
Including: Cash and cash equivalents	411,396,747.28	1,693,788,469.43
Non-current assets	4,911,920,880.50	3,666,943,592.30
Total assets	7,447,737,823.30	5,958,987,681.44
Current liabilities	1,274,605,755.60	4,249,380,681.05
Non-current liabilities	1,384,000,188.93	23,508.92
Total liabilities	2,658,605,944.53	4,249,404,189.97
Minority interest	38,320,517.43	–
Equity attributable to shareholders of the parent	4,750,811,361.34	1,709,583,491.47
Share of net assets in proportion to shareholding	1,662,783,976.47	683,833,396.59
Carrying amount of investment	1,662,783,976.47	683,833,396.59

2020

	Caofeidian Shiye	Finance Company
Revenue	1,716,300,971.24	150,580,189.57
Administrative expense	151,173,308.02	15,626,139.65
Financial cost – interest income	4,444,433.36	–
Financial cost – interest expense	82,953,115.96	–
Income tax expense	158,676,246.87	18,186,659.53
Net profit	629,082,329.49	61,831,084.87
Including: Net profit attributable to the parent	629,537,342.02	61,831,084.87
Other comprehensive income	260,051,889.92	(4,256,358.51)
Total comprehensive income	889,589,231.94	57,574,726.36
Dividend received	94,500,000.00	10,000,000.00

# NOTES TO FINANCIAL STATEMENTS

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## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

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

2019

	Caofeidian Shiye	Finance Company
Current assets	1,408,224,709.87	1,883,528,427.40
Including: Cash and cash equivalents	413,639,589.05	1,261,288,789.82
Non-current assets	5,664,351,740.17	3,141,003,038.26
Total assets	7,072,576,450.04	5,024,531,465.66
Current liabilities	1,388,741,672.72	3,345,850,778.82
Non-current liabilities	1,523,278,616.40	1,671,921.73
Total liabilities	2,912,020,289.12	3,347,522,700.55
Minority interest	38,775,529.96	-
Equity attributable to shareholders of the parent	4,121,780,630.96	1,677,008,765.11
Share of net assets in proportion to shareholding	1,442,623,220.84	670,803,506.05
Carrying amount of investment	1,442,623,220.84	670,803,506.05

2019

	Caofeidian Shiye	Finance Company
Revenue	1,587,864,779.86	140,397,402.64
Administrative expense	159,026,438.61	16,558,543.63
Financial cost – interest income	5,685,077.43	-
Financial cost – interest expense	114,179,954.18	-
Income tax expense	134,553,036.97	14,496,666.15
Net profit	619,008,423.63	63,538,840.08
Including: Net profit attributable to the parent	618,829,976.83	63,538,840.08
Other comprehensive income	403,307,606.80	1,702,243.03
Total comprehensive income	1,022,137,583.63	65,241,083.11
Dividend received	45,500,000.00	5,837,662.89

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## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

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

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

	2020	2019
<b>Joint ventures</b>		
Total carrying amount of investment	5,547,503.36	28,657,403.52
Total amount of the following items calculated in the Group's equity proportion		
Net loss	(12,223,167.53)	(13,092,313.93)
Total comprehensive income	(12,223,167.53)	(13,092,313.93)
<b>Associates</b>		
Total carrying amount of investment	583,014,570.50	570,870,270.14
Total amount of the following items calculated in the Group's equity proportion		
Net profit/(loss)	12,768,056.73	(12,242,075.57)
Total comprehensive income	12,768,056.73	(12,242,075.57)

# NOTES TO FINANCIAL STATEMENTS

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## VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Financial Instruments by Category

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

2020

Financial assets

	At amortized cost	Financial assets at fair value through other comprehensive income		Total
		Requirements of standards	Designed	
Cash and bank balances	3,554,825,387.07	–	–	3,554,825,387.07
Bills receivable	158,493,277.00	–	–	158,493,277.00
Accounts receivable	58,344,006.76	–	–	58,344,006.76
Other receivables	53,522,988.81	–	–	53,522,988.81
Other investments in equity instruments	–	–	787,081,978.59	787,081,978.59
	3,825,185,659.64	–	787,081,978.59	4,612,267,638.23

Financial liabilities

	Financial liabilities carried at amortized cost
Short-term borrowings	322,940,547.75
Bills payable	3,169,300.00
Accounts payable	185,335,672.51
Other payables	656,474,479.98
Non-current liabilities due within one year	726,958,673.79
Long-term payables	138,000,000.00
Lease liabilities	452,512.09
Long-term borrowings	5,886,790,644.98
	7,920,121,831.10

# NOTES TO FINANCIAL STATEMENTS

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

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

2019

Financial assets

	At amortized cost	Financial assets at fair value through other comprehensive income		Total
		Requirements of standards	Designed	
Cash and bank balances	2,805,072,385.39	-	-	2,805,072,385.39
Bills receivable	172,344,886.06	-	-	172,344,886.06
Accounts receivable	81,480,463.58	-	-	81,480,463.58
Other receivables	47,843,613.54	-	-	47,843,613.54
Other investments in equity instruments	-	-	792,793,162.66	792,793,162.66
	3,106,741,348.57	-	792,793,162.66	3,899,534,511.23

Financial liabilities

	Financial liabilities carried at amortized cost
Short-term borrowings	151,811,497.31
Accounts payable	164,642,529.63
Other payables	600,068,011.91
Non-current liabilities due within one year	698,268,300.47
Long-term payables	238,400,000.00
Lease liabilities	7,521,511.19
Long-term borrowings	5,883,682,492.98
	7,744,394,343.49

### 2. Transfer of Financial Assets

Continuing involvement in transferred financial assets derecognized generally

As at 31 December 2020, the Group has endorsed bank acceptance notes with a carrying amount of RMB63,031,357.26 (31 December 2019: RMB13,375,481.11) and commercial acceptance notes with a carrying amount of RMB43,600,000.00 (31 December 2019: nil) to suppliers to settle the amounts payable. As at 31 December 2020, for notes due within 6 months, if acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered that the Group has transferred substantially all risks and rewards. Therefore, the Group has derecognized carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

In 2020, the Group did not recognize any profit or loss at the date of transfer. The Group had no current or accumulated income or expense related to Continuing Involvement of financial assets which had been derecognized. The endorsement happens evenly throughout the year.



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

### 3. Risks Arising from Financial Instruments

The Group has exposure to the following main risks from its use of financial instruments during the ordinary course of business: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). Financial instruments of the Group mainly include cash and bank balances, equity investment, borrowing, bills receivable and accounts receivable, bills payables and accounts payables, etc. The risks arising from such financial instruments and risk management policies adopted by the Group to minimize such risks are summarized below.

The board of directors is responsible for planning and establishing the Group's risk management framework, developing the Group's risk management policies and related guidelines and overseeing the implementation of risk management measures. The Group has developed risk management policies to identify and analyze the risks faced by the Group. These risk management policies define specific risks which cover many aspects such as market risk, credit risk and liquidity risk management. The Group evaluates the market environment and changes in the Group's operations to determine whether to update the risk management policies and systems on a regular basis. The various functional departments of the Group are responsible for implementing the requirements of the board of directors in respect of the comprehensive risk management work. The audit committee discusses and evaluates the Group's risk management controls and procedures on a regular basis, and submits the audit results to the board of directors of the Group.

#### Credit risk

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

Because the counterparties of the cash and bank balances and acceptance bills receivables are the well-established banks with high credit ratings and creditworthy third parties, the credit risk of these financial instruments is lower.

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

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 31 December 2020, there is a concentration of specific credit risk within the Group as 26% and 59% (31 December 2019: 27% and 62%) of the Group's accounts receivables were due from the largest and five largest customers. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

# NOTES TO FINANCIAL STATEMENTS

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

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

Credit risk (continued)

#### Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, the external credit rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met:

- Quantitative criteria are mainly that the increase in remaining lifetime probability of default at the reporting date is considered significant comparing with the one at initial recognition;
- Qualitative criteria are that significant adverse change in debtor's operation or financial status, the watch-list, etc.

#### Definition of credit-impaired financial asset

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

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

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

Credit risk (continued)

#### Parameters of ECL measurement

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss with ECL of the entire lifetime. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as counterparty rating, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information.

The relevant definitions are set out below:

- PD refers to the possibility that the debtor will not be able to fulfill its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the historical mobility rate model of accounts receivables, taking into account the forward looking information to reflect the debtor's PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;
- EAD is the amount that the Company should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL. The impact of these economic indicators on the probability of default (PD) and loss given default (LGD) varies depending on the types of businesses.

#### Credit risk exposures

As at 31 December 2020 and 31 December 2019, the Group made provisions for the credit risk exposure for bad debt of receivables based on the future 12 months or entire remaining lifetime credit loss. Please refer to Note V. 3 Accounts receivable and Note V. 4 Other receivables.

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

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

#### Liquidity risk

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

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various funding means, such as bank borrowings. As at 31 December 2020, approximately 15% (31 December 2019: 13%) of the Group's interest-bearing liabilities are due within one year.

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

#### 2020

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	-	330,229,718.56	-	-	330,229,718.56
Accounts payable	-	185,335,672.51	-	-	185,335,672.51
Bills payable	-	3,169,300.00	-	-	3,169,300.00
Other payables	27,682,770.78	628,791,709.20	-	-	656,474,479.98
Non-current liabilities due within one year	-	741,549,808.66	-	-	741,549,808.66
Long-term borrowings	-	266,288,390.95	4,601,581,333.91	2,393,367,880.61	7,261,237,605.47
Lease liabilities	-	-	671,825.39	-	671,825.39
Long-term payables	-	-	108,000,000.00	30,000,000.00	138,000,000.00
	27,682,770.78	2,155,364,599.88	4,710,253,159.30	2,423,367,880.61	9,316,668,410.57

#### 2019

	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	-	154,184,850.09	-	-	154,184,850.09
Accounts payable	-	164,642,529.63	-	-	164,642,529.63
Other payables	27,796,788.49	572,271,223.42	-	-	600,068,011.91
Non-current liabilities due within one year	-	719,591,875.47	-	-	719,591,875.47
Long-term borrowings	-	271,390,306.95	4,411,136,066.92	2,476,187,562.65	7,158,713,936.52
Lease liabilities	-	-	8,387,016.24	-	8,387,016.24
Long-term payables	-	-	206,400,000.00	32,000,000.00	238,400,000.00
	27,796,788.49	1,882,080,785.56	4,625,923,083.16	2,508,187,562.65	9,043,988,219.86

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

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

Market risk

#### Interest rate risk

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

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

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

2020

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total increase/ (decrease) in shareholder's equity
RMB	50	(24,733,809.35)	-	(24,733,809.35)
RMB	(50)	24,733,809.35	-	24,733,809.35

2019

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total increase/ (decrease) in shareholder's equity
RMB	50	(24,802,374.35)	-	(24,802,374.35)
RMB	(50)	24,802,374.35	-	24,802,374.35

# NOTES TO FINANCIAL STATEMENTS

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

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

Market risk (Continued)

#### Exchange rate risk

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

2020

	Increase/ (decrease) in exchange rates	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total increase/ (decrease) in shareholder's equity
If the RMB strengthens against the HK\$	1%	(104,573.38)	(11,145.13)	(115,718.51)
If the RMB strengthens against the US\$	1%	(309,809.82)	–	(309,809.82)
If the RMB weakens against the HK\$	(1%)	104,573.38	11,145.13	115,718.51
If the RMB weakens against the US\$	(1%)	309,809.82	–	309,809.82

2019

	Increase/ (decrease) in exchange rates	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total increase/ (decrease) in shareholder's equity
If the RMB strengthens against the HK\$	1%	(411,142.96)	(63,655.83)	(474,798.79)
If the RMB strengthens against the US\$	1%	(276,931.06)	–	(276,931.06)
If the RMB weakens against the HK\$	(1%)	411,142.96	63,655.83	474,798.79
If the RMB weakens against the US\$	(1%)	276,931.06	–	276,931.06

# NOTES TO FINANCIAL STATEMENTS

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

### 4. Capital Management

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

The Group makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. During 2020 and 2019, there was no change in the Group's capital management objectives, policies or processes.

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

	2020	2019
Bills payable	3,169,300.00	-
Accounts payable	185,335,672.51	164,642,529.63
Other payables	674,477,406.66	618,070,938.59
Short-term borrowings	322,940,547.75	151,811,497.31
Non-current liabilities due within one year	726,958,673.79	698,268,300.47
Long-term borrowings	5,886,790,644.98	5,883,682,492.98
Lease liabilities	452,512.09	7,521,511.19
Long-term payables	138,000,000.00	238,400,000.00
Less: Cash and bank balances	3,554,825,387.07	2,805,072,385.39
Net debt	4,383,299,370.71	4,957,324,884.78
Equity attributable to shareholders of the parent company	15,216,180,502.61	14,610,442,895.38
Capital and net debt	19,599,479,873.32	19,567,767,780.16
Net debt to equity ratio	22%	25%

# NOTES TO FINANCIAL STATEMENTS

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## IX. DISCLOSURE OF FAIR VALUE

### 1. Assets and Liabilities Measured at Fair Value

2020

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Other investments in equity instruments	-	-	787,081,978.59	787,081,978.59

2019

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Other investments in equity instruments	-	24,000,000.00	768,793,162.66	792,793,162.66

### 2. Liabilities Disclosed at Fair Value

2020

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term borrowings	-	-	5,886,790,644.98	5,886,790,644.98
Lease liabilities	-	-	452,512.09	452,512.09
Long-term payables	-	-	138,000,000.00	138,000,000.00
	-	-	6,025,243,157.07	6,025,243,157.07

2019

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term borrowings	-	-	5,883,682,492.98	5,883,682,492.98
Lease liabilities	-	-	7,521,511.19	7,521,511.19
Long-term payables	-	-	238,400,000.00	238,400,000.00
	-	-	6,129,604,004.17	6,129,604,004.17



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## IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

### 3. Fair Value Estimation

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

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

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

The fair values of long-term and short-term loans are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 31 December 2020 and 31 December 2019, the Group's exposure to non-performance risk associated with the long-term and short-term borrowings is assessed as insignificant.

For the fair value of investment in unlisted equity instrument, the Group estimated and quantified the potential impact of using other reasonable and probable assumptions as inputs to the valuation model: with the use of less favorable assumptions, the fair value is reduced by approximately RMB74,777,297.19; with the use of more favorable assumption, the fair value increased by approximately RMB74,777,297.19.

### 4. Unobservable inputs

Below is a summary of the significant unobservable inputs to the fair value measurement of level 3:

	Fair value at the end of year	Valuation techniques	Unobservable inputs (weighted average)	Range
Equity instrument investments	31 December 2020: 787,081,978.59	listed company comparison method	Liquidity discount	2020: 19%-22%
Equity instrument investments	31 December 2019: 768,793,162.66	listed company comparison method	Liquidity discount	2019: 24%-29%

# NOTES TO FINANCIAL STATEMENTS

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## IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

### 5. Reconciliation of fair value measurement

The reconciliation of the fair value measurement of level 3 held is as follows:

2020

	Total profit or loss for the current year				Closing balance	Changes in unrealized gains or losses of the current period of the assets held at the end of the year including in profit or loss
	Opening balance	Included in profit or loss	Included in other comprehensive income	Increase for the current year		
Other investments in equity instruments	768,793,162.66	-	(5,711,184.07)	24,000,000.00	787,081,978.59	-

2019

	Total profit or loss for the current year				Closing balance	Changes in unrealized gains or losses of the current period of the assets held at the end of the year including in profit or loss
	Opening balance	Included in profit or loss	Included in other comprehensive income	Increase for the current year		
Other investments in equity instruments	730,638,543.63	-	38,154,619.03	-	768,793,162.66	-

## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

### 1. Parent Company

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

HPG is the ultimate holding company of the Company.

### 2. Subsidiaries

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

### 3. Joint Ventures and Associates

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

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

### 4. Other Related Parties

Company name	Relationship with related parties
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	A subsidiary of the controlling shareholder
Hebei Bohai-rim Coal Trading Center Co., Ltd. (河北環渤海煤炭交易中心有限公司)	A subsidiary of the controlling shareholder
Cangzhou Bohai New Zone Far Trans Shipping Agency Company Co., Ltd. (滄州渤海新區泛航船務代理有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group City Construction and Development Co., Ltd. (河北港口集團城市建設發展有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司) (Note)	A subsidiary of the controlling shareholder
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Shenggang Real Estate Development Co., Ltd. (秦皇島盛港房地產開發有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Blue Harbour International Travel Service Co., Ltd. (秦皇島市藍港國際旅行社有限公司)	A subsidiary of the controlling shareholder
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	A subsidiary of the controlling shareholder
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區之海船務代理有限公司)	A subsidiary of the controlling shareholder
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Kezheng Engineering Detection Co., Ltd. (秦皇島科正工程檢測有限公司)	A subsidiary of the controlling shareholder
HPG (Tianjin) Investment Management Co., Ltd. (河北港口集團(天津)投資管理有限公司)	A subsidiary of the controlling shareholder
HPG Real Estate Development Co., Ltd. (河北港口集團房地產開發有限公司)	A subsidiary of the controlling shareholder
Jigang Financial leasing (Tianjin) Co., Ltd. (冀港融資租賃(天津)有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	A subsidiary of the controlling shareholder
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	A subsidiary of the controlling shareholder
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	Other enterprises significantly affected by the controlling shareholder
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Same key management personnel *
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Same key management personnel *
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	Same key management personnel **
Qinhuangdao Bank Co., Ltd. (秦皇島銀行股份有限公司)	Same key management personnel ***

Note: Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司) had been deregistered on 9 May 2019.

\* Director of the Company is also director of the company.

\*\* President of the Company is also director of the company.

\*\*\* Supervisor of the Company is also director of the company.

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

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

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

	Type of goods or services (Note 1)	2020	2019
<b>Transactions with the parent company</b>			
HPG	Integrated service (Note 2)	40,884,649.14	67,073,317.76
<b>Transactions with joint ventures</b>			
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Asset purchase	221,800.00	-
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	Logistics service	-	5,663.70
		221,800.00	5,663.70
<b>Transactions with other related parties</b>			
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Repair and maintenance service	232,317,777.98	222,605,211.18
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Construction service	159,031,679.51	93,535,410.28
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Examination and test services	33,449,421.00	23,439,350.30
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Logistics service	28,092,737.20	27,227,893.85
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方園港灣工程監理有限公司)	Supervisory service	19,840,855.58	2,132,231.50
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Logistics service	2,169,811.26	5,056,603.63
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	Logistics service	1,409,589.83	711,345.46
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	Logistics service	843,544.35	914,340.85
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	Construction service	53,500.00	-
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Logistics service	33,113.21	40,566.04
Qinhuangdao Shenggang Real Estate Development Co., Ltd. (秦皇島盛港房地產開發有限公司)	Asset purchase	30,400.00	-
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	Logistics service	24,840.00	4,032.00
Qinhuangdao Kezheng Engineering Detection Co., Ltd. (秦皇島科正工程檢測有限公司)	Examination and test services	20,222.64	11,506.60
Hebei Port Group City Construction and Development Co., Ltd. (河北港口集團城市建設發展有限公司)	Logistics service	2,816.60	-
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	Repair and maintenance service	-	284,562.27
		477,320,309.16	375,963,053.96
		518,426,758.30	443,042,035.42

Note 1: Purchase of goods and receipt of services from related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

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

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

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

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

	Type of goods or services (Note)	2020	2019
<b>Transactions with the parent company</b>			
HPG	Electricity supply service etc.	5,721,391.14	7,628,035.58
<b>Transactions with joint ventures and associates</b>			
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	Labor services	3,826,298.89	4,519,168.08
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	Electricity supply service	3,767,023.09	4,427,787.66
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	Labor services	461,029.95	452,092.06
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Electricity supply service	101,084.84	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	Electricity supply service	86,554.13	3,511.33
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) (註 2)	Electricity supply, labor services and sampling services	6,200.36	5,742,988.76
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Electricity supply service	-	96,704.48
		8,248,191.26	15,242,252.37
<b>Transactions with other related parties</b>			
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	Sales of goods	84,294,505.65	47,751,073.36
Qinhuangdao Qinren Shipping Co., Ltd. Sales of goods (秦皇島秦仁海運有限公司)	Sales of goods and tallying service	16,118,858.49	13,786,159.45
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Equipment sales and draft survey service	3,267,935.05	6,039,539.49
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Labor services and electricity supply service	2,429,283.73	1,290,097.02
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Electricity supply service and loading and unloading service	2,110,822.46	685,228.35
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Sales of goods and equipment sales	1,106,121.77	10,616,462.44
Qinhuangdao Seaview Hotel Co., Ltd. (秦皇島海景酒店有限公司)	Electricity supply service	1,081,807.49	1,149,951.56
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	Electricity supply service	538,932.85	553,835.63
Hebei Port Group City Construction and Development Co., Ltd. (河北港口集團城市建設發展有限公司)	Sales of goods	484,662.28	4,800,647.51
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Electricity supply service	239,892.18	463,734.37
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方園港灣工程監理有限公司)	Electricity supply service	218,491.03	48,477.03
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Electricity supply service	114,988.67	79,854.31
Qinhuangdao Hegang Co., Ltd. Loading and (秦皇島禾港有限責任公司)	Loading and unloading service	86,514.49	132,445.96
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Sales of goods	21,961.42	18,996.38
Hebei Port Group (Tianjin) Investment Management Co., Ltd. (河北港口集團(天津)投資管理有限公司)	Sales of goods	7,280.66	-
Jigang Financial leasing (Tianjin) Co., Ltd. (冀港融資租賃(天津)有限公司)	Sales of goods	679.63	-
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	Electricity supply service	-	5,009,786.99
		112,122,737.85	92,426,289.85
		126,092,320.25	115,296,577.80

Note 1: Sale of goods and render of services to related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

Note 2: On 29 June 2020, the Group entered into an equity transfer contract and transferred the entire equity interest in Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) to Qinhuangdao Fengyuan Metal Installation Engineering Co., Ltd. (秦皇島市逢源金屬安裝工程有限公司), a third party. Please refer to Note V. 7 for details.

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

#### (2) Leases with related parties

##### As lessor

	Category of leased assets	Rental income in 2020	Rental income in 2019
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	Storage facilities	1,300,095.24	1,536,476.20
HPG Port Engineering Co., Ltd. (河北港口集團港口工程有限公司)	Land use right	256,982.08	-
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	Land use right	192,905.21	183,207.27
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	Land use right	95,710.22	-
HPG Real Estate Development Co., Ltd. (河北港口集團房地產開發有限公司)	Building	93,853.21	-
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	Building	79,365.08	49,523.81
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	Machinery and equipment	17,166.67	-
HPG (河北港口集團)	Machinery and equipment and building	14,585.01	18,392.38
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Machinery and Equipment	3,222.12	3,138.79
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行) (Note)	Machinery and Equipment	-	2,414,617.57
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	Building	-	37,614.68
<b>Total</b>		<b>2,053,884.84</b>	<b>4,242,970.70</b>

##### As lessee

	Category of leased assets	Rental expense in 2020	Rental expense in 2019
HPG	Buildings and harbor facilities	91,380,439.75	81,625,672.16
HPG	Office buildings	16,515,737.37	26,487,497.08
HPG	Machinery and equipment	5,330,583.85	5,212,548.37
HPG	Vehicle	77,618.08	510,584.74
Qinhuangdao Shenggang Real Estate Development Co., Ltd. (秦皇島盛港房地產開發有限公司)	Building	1,047,619.05	1,190,476.19
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	Building	418,753.04	445,349.69
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Building	12,568.40	-
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	Building	-	22,856.60
Qinhuangdao Blue Harbour International Travel Service Co., Ltd. (秦皇島市藍港國際旅行社有限公司)	Building	-	37,550.00
<b>Total</b>		<b>114,783,319.54</b>	<b>115,532,534.83</b>

The Group and HPG entered into the lease contracts, respectively, pursuant to which the Group leased the land, buildings and port facilities from HPG for production and operation.

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

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

#### (3) Borrowings from related parties

##### Capital Repayment

2020

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	2,149,000.00	6.00%	2020/1/19	2021/1/13
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	433,895.00	6.00%	2020/5/11	2021/5/6
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	30,000,000.00	1-year LPR 4.65 quoted interest rate minus 55 basis points	2020/4/21	2030/4/20
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	1-year LPR 4.65 quoted interest rate minus 85 basis points	2020/7/6	2023/7/5
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	1-year LPR 4.65 quoted interest rate minus 68 basis points	2020/7/17	2029/4/23
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	3.40%	2020/8/20	2021/8/19
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	100,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis points	2020/8/24	2021/2/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	100,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis point	2020/8/24	2021/8/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	100,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis point	2020/8/24	2022/2/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	100,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis points	2020/8/24	2022/8/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	100,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis point	2020/8/24	2023/2/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	100,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis point	2020/8/24	2023/8/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	100,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis point	2020/8/24	2024/2/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	100,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis point	2020/8/24	2024/8/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	6,700,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis point	2020/8/24	2025/2/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	19,500,000.00	1-year LPR 4.65 quoted interest rate minus 60 basis point	2020/8/24	2025/8/24
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	3.40%	2020/9/9	2021/8/19
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	20,000,000.00	3.40%	2020/10/15	2021/8/19
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	3.20%	2020/12/18	2021/12/17

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

#### (3) Borrowings from related parties (Continued)

##### Capital Repayment (Continued)

2019

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	20,000,000.00	Benchmark interest rate 5% higher	2019/1/15	2022/1/14
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	50,000,000.00	Benchmark interest rate 5% higher	2019/1/15	2022/1/14
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	10,000,000.00	Benchmark	2019/4/16	2022/4/15
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	20,000,000.00	Benchmark	2019/4/24	2022/4/23
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	80,000,000.00	Benchmark	2019/6/28	2022/6/27
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	30,000,000.00	Benchmark	2019/5/27	2019/11/26
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	275,000,000.00	Benchmark	2019/10/24	2024/10/23
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	1,200,000.00	7.50%	2019/3/20	2019/8/18
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	543,786.20	6.00%	2019/9/27	2020/9/21
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	2,000,000.00	6.00%	2019/10/8	2020/10/2
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	5,000,000.00	6.00%	2019/10/16	2020/10/11
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	2,320,000.00	6.00%	2019/11/13	2020/11/7
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	11,718,000.00	6.00%	2019/12/9	2020/12/3

##### Interest expenses paid

	2020	2019
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	25,728,501.02	16,656,625.36
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	1,272,310.45	197,982.92
	27,000,811.47	16,854,608.28

##### Capital Repayment

	2020	2019
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	83,000,000.00	175,000,000.00
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	21,581,786.20	1,200,000.00
	104,581,786.20	176,200,000.00



# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

#### (4) Key management personnel

	2020	2019
Remuneration for key management personnel	5,018,359.85	5,282,825.10

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

##### Trademark use right

In December 2008, the Company entered into an agreement with HPG, pursuant to which, the Company had the exclusive right to use HPG's trademark for free with a term of ten years commencing on 31 March 2008. Upon expiry, it will unconditional automatically renew for ten years until maturity at 31 March 2028.

##### Deposits in related parties

As at 31 December 2020, the balance of the Group's deposits in Hebei Port Group Finance Company Limited amounted to RMB3,008,249,859.54 (31 December 2019: RMB2,191,604,588.45). The interest income received from Hebei Port Group Finance Company Limited amounted to RMB32,872,827.27 in 2020 (2019: RMB30,454,823.08).

As at 31 December 2020, the balance of the Group's deposits in Qinhuangdao Bank Co., Ltd. amounted to RMB22,484.85 (31 December 2019: RMB12,990.13). The interest income received from Qinhuangdao Bank amounted to RMB9,594.72 in 2020 (31 December 2019: RMB12,990.13).

##### Agency business

Related agencies accept the port services provided by the Group on behalf of non-related third parties shipping companies, and pay port services fee on behalf of these shipping companies to the Group. Relevant agencies derive service income from non-related third parties they serve. Below are the amount settled between related agencies serving non-related third parties and the Group:

	2020	2019
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	193,981,325.24	81,752,790.13
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	53,116,790.61	43,929,210.62
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	51,613,016.92	32,900,725.55
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	46,296,357.05	51,025,255.10
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	3,283,659.45	2,563,805.56
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	250,452.73	982,201.07
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區聯合國際船舶代理有限公司)	10,883.96	2,889.62
Cangzhou Bohai New Zone Far Trans Shipping Agency Company (滄州渤海新區泛航船務代理有限公司)	-	9,416.04
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區之海船務代理有限公司)	-	7,007.55
	348,552,485.96	213,173,301.24

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

#### Capital commitments

	2020	2019
Contracted, but not provided for		
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	4,330,591.40	16,627,963.00
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	3,237,163.83	1,100,014.00
HPG	-	46,300.00
Qinhuangdao Kezheng Engineering Detection Co., Ltd. (秦皇島科正工程檢測有限公司)	3,696.00	-
	7,571,451.23	17,774,277.00

#### Investment commitments

	2020	2019
Contracted, but not provided for		
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	600,000,000.00	600,000,000.00
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	540,000,000.00	540,000,000.00
	1,140,000,000.00	1,140,000,000.00

#### Lease commitments

	2020	2019
Within 1 year (including 1 year)	71,723.00	3,109,082.12

Pursuant to the relevant lease contracts, the aforementioned minimum lease payments under non-cancellable leases on 31 December 2020 mainly include rentals payable by the Company to HPG in respect of the lease of buildings, facilities and equipment etc., with an annual rental of RMB71,723.00. The rental payable by the Group to the related parties for the lease assets is based on the terms of the agreement entered between the Group and related parties.

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

	2020		2019	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<b>Accounts receivable</b>				
<b>Due from the parent company</b>				
HPG	866,900.87	46,219.54	234,456.36	15,034.92
<b>Due from joint ventures and associates</b>				
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,812,327.69	92,573.88	1,305,008.00	65,250.40
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	–	–	3,234,238.29	171,205.51
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	–	–	2,892,625.54	2,892,625.54
	1,812,327.69	92,573.88	7,431,871.83	3,129,081.45
<b>Due from other related parties</b>				
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	6,933,887.00	346,694.35	18,721,035.00	936,051.75
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,474,235.00	323,711.75	5,597,760.00	279,888.00
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	1,138,933.00	56,946.65	1,915,488.00	95,774.40
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	531,010.00	26,550.50	1,330,612.00	66,530.60
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	358,537.59	17,926.88	629,876.03	31,493.80
Huanghua Foreign Ships Agency Co., Ltd. (黃驊港外輪代理有限公司)	26,094.00	1,304.70	38,179.00	1,908.95
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	–	–	76,078.56	3,803.93
Hebei Port Group City Construction and Development Co., Ltd. (河北港口集團城市建設發展有限公司)	–	–	81,814.46	4,090.72
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	–	–	72,485.56	3,624.28
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	–	–	26,952.03	1,347.60
	15,462,696.59	773,134.83	28,490,280.64	1,424,514.03
	18,141,925.15	911,928.25	36,156,608.83	4,568,630.40

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

### 7. Balances of Accounts Due from Related Parties (Continued)

	2020		2019	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<b>Other receivables</b>				
<b>Due from the parent company</b>				
HPG	100,000.00	30,000.00	100,000.00	10,000.00
<b>Due from joint venture and associate</b>				
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	21,425,195.83	6,227,084.83	21,425,195.83	2,205,861.25
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	9,843,949.40	539,485.32	1,365,296.70	68,264.84
	31,269,145.23	6,766,570.15	22,790,492.53	2,274,126.09
<b>Due from other related parties</b>				
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	459,430.00	4,594,300.00	229,715.00
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	310,495.46	15,524.77	-	-
	4,904,795.46	474,954.77	4,594,300.00	229,715.00
	36,273,940.69	7,271,524.92	27,484,792.53	2,513,841.09
<b>Prepayments</b>				
<b>Advances to parent company</b>				
HPG	161,504.25	-	-	-

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

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

	2020	2019
<b>Accounts payable</b>		
<b>Due to the parent company</b>		
HPG	137,595.81	2,966,376.05
<b>Due to other related parties</b>		
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	59,370,345.63	42,494,658.16
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	38,292,714.68	29,440,708.94
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	7,282,627.04	1,990,608.56
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	2,824,735.09	49,490.00
Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司)	477,366.65	-
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	446,162.00	428,821.54
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	-	600,000.00
Qinhuangdao Gangli Elevator Co., Ltd. (秦皇島港立電梯有限責任公司)	-	11,215.00
	108,693,951.09	75,015,502.20
	108,831,546.90	77,981,878.25
<b>Other payables</b>		
<b>Due to the parent company</b>		
HPG	18,272,658.07	27,741,987.72
<b>Due to associates</b>		
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理程理貨有限責任公司)	9,052.44	-
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	-	10,000.00
	9,052.44	10,000.00
<b>Due to other related parties</b>		
Hebei Port Group Port Engineering Limited (河北港口集團港口工程有限公司)	113,981,140.10	147,115,486.60
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司)	8,464,750.11	5,932,284.93
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	520,000.00	600,000.00
Hebei Port Group Testing Technology Co., Ltd. (河北港口集團檢測技術有限公司)	212,914.00	35,134.00
Qinhuangdao Hegang Co., Ltd. (秦皇島禾港有限責任公司)	50,000.00	50,000.00
Qinhuangdao Huibo Petroleum Co., Ltd. (秦皇島匯博石油有限公司)	40,000.00	40,000.00
Hebei Port Group Port Machinery Limited (河北港口集團港口機械有限公司)	36,500.00	36,500.00
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	-	450,000.00
	123,305,304.21	154,259,405.53
	141,587,014.72	182,011,393.25

# NOTES TO FINANCIAL STATEMENTS

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## X. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

### 8. Balances of Accounts Due to Related Parties (Continued)

	2020	2019
<b>Contract Liabilities</b>		
<b>Advance from associates</b>		
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	24,923.86	–
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	–	10,000.44
	24,923.86	10,000.44
<b>Advance from other related parties</b>		
Hebei Port Group International Logistics Co., Ltd. (河北港口集團國際物流有限公司)	11,218,340.07	12,252,130.50
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. (黃驊港外代國際貨運代理有限公司)	3,993,255.82	3,467,852.07
Qinhuangdao Oriental Petroleum Co., Ltd. (秦皇島東方石油有限公司)	610,094.01	883,703.39
Qinhuangdao Jinyuan Shipping Agency Co., Ltd. (秦皇島晉遠船務代理有限公司)	208,788.49	193,811.82
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	7,411.00	3,620.00
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區之海船務代理有限公司)	3,440.00	3,440.00
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd. (唐山曹妃甸工業區聯合國際船舶代理有限公司)	1,702.00	1.00
Hebei Bohai-rim Coal Trading Center Co., Ltd. (河北環渤海煤炭交易中心有限公司)	–	43,127.00
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	–	6,585,233.90
	16,043,031.39	23,432,919.68
	16,067,955.25	23,442,920.12
<b>Lease liabilities</b>		
<b>The parent company</b>		
HPG	8,528,594.79	15,740,777.88
<b>Short-term borrowings</b>		
<b>Loans to associates</b>		
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	170,000,000.00	–
<b>Loans to other related parties</b>		
Jigang Commercial Factoring (Tianjin) Co., Ltd. (冀港商業保理(天津)有限公司)	2,582,895.00	21,581,786.20
<b>Long-term borrowings</b>		
<b>Loans to associates</b>		
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	619,000,000.00	545,000,000.00

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

# NOTES TO FINANCIAL STATEMENTS

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## XI. COMMITMENTS

	2020	2019
Contracted, but not provided for		
Investment commitments	1,140,000,000.00	1,140,000,000.00
Capital commitments	1,035,945,533.68	1,028,080,728.04
	2,175,945,533.68	2,168,080,728.04

## XII. EVENTS AFTER THE BALANCE SHEET

### Dividends declared

Pursuant to the Resolution on 2020 Profit Distribution deliberated at the 24th meeting of the fourth session of the Board of the Company held on 29 March 2021, the Company proposed to pay a cash dividend totaling RMB357,594,368.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.64 per 10 shares (tax inclusive). Such proposal was pending approval at the general meeting of the Company.

## XIII. OTHER IMPORTANT ITEMS

### 1. Segment Reporting

#### Operating segments

The Group is primarily engaged in provision of integrated port services for customers. The Management monitors the operating results of its business units as a whole for the purpose of making decisions on resources allocation and performance assessment.

#### Other information

#### Information about products and services

For the revenue classified by category, please refer to 35 of Note V.

#### Geographical information

100% of the Group's operations and customers are located in Mainland China; 100% of its revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

#### Information about major customers

Operating revenue (revenue generated that reached or exceeded 10% of the Group's revenue) of RMB817,404,543.39 (2019: RMB935,150,078.26) was derived from the Group's revenue to a single customer.

# NOTES TO FINANCIAL STATEMENTS

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## XIII. OTHER IMPORTANT ITEMS (CONTINUED)

### 2. Leases

#### (1) As lessor

The Group uses some port facilities such as stockpiling and machinery equipment for leasing to form operating leases with a term of one year. Pursuant to leasing contracts, rentals shall be adjusted annually according to market situations. The Group recorded income from leasing out port facilities of RMB9,667,487.48 for 2020 (2019: RMB18,461,604.20), details of which are set out in Note V. 35. Leasing of port facilities is set out in the item "Fixed assets", details of which are set out in Note V. 9.

#### Operating leases

Profit or loss in relation to the operating leases is set out as follows:

	2020	2019
Lease income	9,667,487.48	18,461,604.20

According to the lease contracts entered into with lessees, the minimum lease payments under non-cancellable leases are as follows:

	2020	2019
Within 1 year (including 1 year)	2,137,221.08	640,481.97
1 year to 2 years (inclusive)	674,969.00	443,978.37
2 years to 3 years (inclusive)	315,281.00	171,738.37
Over 3 years	452,346.00	89,108.00
	3,579,817.08	1,345,306.71

#### (2) As lessee

	2020	2019
Interest expenses on lease liabilities	288,806.10	861,607.23
Minimum lease payments with simplified processing included in profit or loss	131,983,926.22	128,196,003.94
Lease payments of low value asset with simplified processing included in profit or loss (other than short-term leases)	75,556.88	75,556.88
Total cash outflow relating to lease	142,351,377.69	134,482,974.74

The leased assets of the Group include premises, buildings, port facilities and machinery equipment used in operation, with the lease term of generally one year. Leasing contracts generally stipulate that the Group cannot sublease the leased assets. Some lease contracts include options for renewal and termination. The options for renewal cover the terms of the period.

#### Leases committed but not yet commenced

Expected future cash outflow of leases committed but not yet commenced of the Group is as follows:

	2020	2019
Within 1 year (including 1 year)	71,723.00	4,503,648.88
1 year to 2 years (inclusive)	71,723.00	106,000.00
2 years to 3 years (inclusive)	71,723.00	54,306.85
Over 3 years	143,446.00	-
	358,615.00	4,663,955.73

#### Other information on leases

Please refer to Note V. 11 for details of right-of-use assets; please refer to Note III. 26 for details of simplified processing of short-term leases and leases of low-value assets; please refer to Note V. 24 for details of lease liabilities.



# NOTES TO FINANCIAL STATEMENTS

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## XIII. OTHER IMPORTANT ITEMS (CONTINUED)

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

	2020	2019
Fees	400,000.00	400,000.00
Other emoluments:		
Salaries and allowances	5,423,134.95	4,939,681.68
Pension scheme contributions	527,232.55	1,231,860.54
	5,950,367.50	6,171,542.22
	6,350,367.50	6,571,542.22

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

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

	2020	2019
HOU Shujun	100,000.00	100,000.00
ZANG Xiuqing	100,000.00	100,000.00
CHEN Ruihua	100,000.00	100,000.00
XIAO Zuhe	100,000.00	100,000.00
	400,000.00	400,000.00

There were no other remunerations payable to the independent non-executive Directors during the year (2019: nil).

# NOTES TO FINANCIAL STATEMENTS

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## XIII. OTHER IMPORTANT ITEMS (CONTINUED)

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

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

	2020	2019
Salaries and allowances:		
Executive Directors:		
CAO Ziyu	-	-
WANG Lubiao*	-	82,937.28
MA Xiping	674,322.24	623,512.89
YANG Wensheng	699,557.04	728,343.70
Non-executive Directors:		
XIAO Xiang	-	-
LI Jianping	-	-
LIU Guanghai	-	-
Supervisors:		
CAO Dong	606,380.13	518,940.59
BIAN Yingzi (卞英姿)	-	-
BU Zhouqing	-	-
CHEN Linyan	607,876.28	515,349.81
MENG Bo	-	-
	2,588,135.69	2,469,084.27

# NOTES TO FINANCIAL STATEMENTS

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## XIII. OTHER IMPORTANT ITEMS (CONTINUED)

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

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

	2020	2019
Pension scheme contributions:		
Executive Directors:		
CAO Ziyu	-	-
WANG Lubiao*	-	44,645.85
MA Xiping	66,748.70	164,128.72
YANG Wensheng	67,966.03	174,318.64
Non-executive Directors:		
XIAO Xiang	-	-
LI Jianping	-	-
LIU Guangha	-	-
Supervisors:		
CAO Dong	59,005.22	127,231.13
BIAN Yingzi	-	-
BU Zhouqing	-	-
CHEN Linyan	58,746.02	127,195.59
MENG Bo	-	-
	252,465.97	637,519.93

\* WANG Lubiao resigned from the relevant position of the Company in March 2019.

# NOTES TO FINANCIAL STATEMENTS

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## XIII. OTHER IMPORTANT ITEMS (CONTINUED)

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

#### (3) Senior Management

	2020	2019
<b>Salaries and allowances:</b>		
GUO Xikun	674,048.08	622,933.70
HE Zhenya *	697,191.44	638,073.97
NIE Yuzhong	673,911.04	622,644.11
CHEN Lixin	713,408.35	586,945.63
XIA Zhixin**	76,440.35	-
	2,834,999.26	2,470,597.41
<b>Pension scheme contributions:</b>		
CHEN Lixin	67,966.03	104,658.44
HE Zhenya*	67,863.84	165,758.06
NIE Yuzhong	66,748.70	161,528.72
GUO Xikun	66,748.70	162,395.39
XIA Zhixin**	5,439.31	-
	274,766.58	594,340.61

\* HE Zhenya resigned from the relevant position of the Company in December 2020.

\*\* XIA Zhixin was employed as the Vice President of QHD Port in December 2020.

There was no agreement under which a director, supervisor or senior management waived or agreed to waive any remuneration during the year (2019: nil).

### 4. Five Highest Paid Senior Management

The five highest paid employees during the year included two Directors (2019: two), details of whose remuneration are set out in 3. Remunerations of Directors, Supervisors and Senior Management of Note XIII. Details of remunerations of the remaining three non-directors and non-supervisor employees (2019: three) during the year are as follows:

	2020	2019
Salaries and allowances	2,084,647.87	1,883,651.78
Pension scheme contributions	202,578.57	489,682.17
	2,287,226.44	2,373,333.95

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

	Number of employees	
	2020	2019
Nil to RMB1,000,000	3	3

# NOTES TO FINANCIAL STATEMENTS

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

### 1. Accounts Receivable

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

An ageing analysis of the accounts receivable is as follows:

	2020		2019	
Within 1 year	35,493,746.55		45,961,195.81	
1 to 2 years	2,056,941.42		30,900.10	
2 to 3 years	–		7,068.39	
Over 3 years	2,471,077.43		2,476,077.43	
	40,021,765.40		48,475,241.73	
Less: Provision for bad debts of accounts receivable	4,451,458.90		7,527,342.01	
	35,570,306.50		40,947,899.72	

	2020				Value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of Provision (%)	
Provision for bad debts by credit risk characteristics group	40,021,765.40	100	4,451,458.90	11	35,570,306.50

	2019				Value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of Provision (%)	
Provision for bad debts by single item	2,892,625.54	6	2,892,625.54	100	–
Provision for bad debts by credit risk characteristics group	45,582,616.19	94	4,634,716.47	10	40,947,899.72
	48,475,241.73	100	7,527,342.01	16	40,947,899.72

Accounts receivable which are subject to provision for bad debts made by portfolio of credit risk characteristics are as follows:

	2020			2019		
	Estimated Carrying amount arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss	Estimated carrying amount arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	35,493,746.55	4	1,287,309.40	43,068,570.27	5	2,139,829.33
1 to 2 years	2,056,941.42	34	693,072.07	30,900.10	42	13,014.47
2 to 3 years	–	0	–	7,068.39	82	5,795.24
Over 3 years	2,471,077.43	100	2,471,077.43	2,476,077.43	100	2,476,077.43
	40,021,765.40	11	4,451,458.90	45,582,616.19	10	4,634,716.47

# NOTES TO FINANCIAL STATEMENTS

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

### 1. Accounts Receivable (Continued)

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

	Opening balance in the year	Provision in the current year	Reversal in the current year	Write-off in the current year	Closing balance in the year
2020	7,527,342.01	-	(3,075,883.11)	-	4,451,458.90
2019	11,074,005.46	-	(3,546,663.45)	-	7,527,342.01

In 2020, the Company had no accounts receivable actually written off (2019: Nil).

As at 31 December 2020, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Provision ratio (%)
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	6,876,165.00	17	343,808.25	5
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	6,474,235.00	16	323,711.75	5
Suizhong Haixing Shipping Agency Co., Ltd. (綏中海星船務代理有限公司)	2,430,000.00	6	121,500.00	5
CNOOC Chemical Import and Export Co., Ltd. (中海石油化工進出口有限公司)	2,156,818.00	5	107,840.90	5
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	2,095,818.00	5	104,790.90	5
	20,033,036.00	49	1,001,651.80	

As at 31 December 2019, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Provision ratio (%)
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	18,656,879.00	38.49	932,843.95	5
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	5,597,760.00	11.55	279,888.00	5
Electricity bureau of Jiangsu Province (江蘇省電力局)	3,422,557.68	7.06	171,127.88	5
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	2,892,625.54	5.97	2,892,625.54	100
Suizhong Haixing Shipping Agency Co., Ltd. (綏中海星船務代理有限公司)	2,700,000.00	5.57	135,000.00	5
	33,269,822.22	68.64	4,411,485.37	

# NOTES TO FINANCIAL STATEMENTS

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

### 2. Long-term Equity Investments

2020

	Opening balance	Additional investment	Decrease in investment	Closing balance	Distribution of dividends
Subsidiaries					
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	12,085,383.72	-	-	12,085,383.72	-
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司) (Note)	10,125,275.79	-	(10,125,275.79)	-	-
Qinhuangdao Xin'gangwan Container Terminal Co. Ltd (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	219,521,347.15	-
Cangzhou Bohai Port Co., Ltd. (滄州渤海港務有限公司)	-	-	-	-	-
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	918,000,000.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	5,213,212,300.00	-	-	5,213,212,300.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	78,000,000.00	-	-	78,000,000.00	-
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	49,500,000.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	-	-	56,000,000.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	40,115,000.00	-	-	40,115,000.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	50,000,000.00	-	-	50,000,000.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	5,000,000.00	-	-	5,000,000.00	-
Hebei Caofeidian Jigang General Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	118,000,000.00	-	-	118,000,000.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	9,915,228.64	-	-	9,915,228.64	-
Sub-total	6,779,474,535.30	-	(10,125,275.79)	6,769,349,259.51	-

Note: On August 27, 2020, Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司), a subsidiary of the Company, completed the cancellation of registration with the Bureau of Industry and Commerce. Please refer to Note VI. 1 for details.

# NOTES TO FINANCIAL STATEMENTS

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

### 2. Long-term Equity Investments (Continued) 2020 (Continued)

Equity method:	Change within the year										Year-end provision for impairment
	Opening Balance	Increase in investment	Decrease in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other movements	Distribution of dividends	Provision for impairment	Closing carrying amount	
Joint ventures											
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	221,023,425.46	-	-	(54,546,688.82)	-	(241,723.80)	-	(48,748,573.04)	117,486,469.82	(81,850,806.99)	
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	30,533,713.82	-	-	(12,223,167.53)	-	(53,716.40)	-	(10,833,016.23)	7,423,813.36	(18,119,045.54)	
Sub-total	251,557,139.00	-	-	(66,769,856.35)	-	(295,440.20)	-	(59,581,589.27)	124,910,273.18	(99,969,852.53)	
Associates											
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	670,803,506.05	-	-	24,732,433.95	(1,702,643.41)	-	(10,000,000.00)	-	683,833,396.59	-	
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,442,623,220.84	-	-	220,336,069.71	91,018,161.47	3,304,524.45	(84,500,000.00)	-	1,662,783,976.47	-	
Qinhuangdao Xingao Qir'gang Energy Storage & Transportation Co., Ltd. (秦皇島興業港能源儲運有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)	
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	271,386,547.27	-	-	8,613,452.73	-	-	-	-	280,000,000.00	-	
Gangzhou Ocean Shipping Tally Co., Ltd. (廣州中理外輪理貨有限公司)	2,840,314.40	-	-	261,423.76	-	-	-	-	3,101,738.16	-	
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,169,835.21	-	-	506,674.68	-	-	(623,756.37)	-	12,052,853.52	-	
Qinhuangdao Huazheng Coal Inspection Institute (秦皇島華正煤炭檢驗行)	40,314.02	-	-	(40,314.02)	-	-	-	-	-	-	
Sub-total	2,899,863,837.79	-	(10,125,275.79)	187,641,904.46	89,315,618.06	3,304,524.45	(105,123,756.37)	(59,581,589.27)	9,536,031,467.43	(20,800,000.00)	
Total	9,430,895,512.09	-	(10,125,275.79)	187,641,904.46	89,315,618.06	3,009,084.25	(105,123,756.37)	(59,581,589.27)	9,536,031,467.43	(20,769,852.53)	



# NOTES TO FINANCIAL STATEMENTS

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

### 2. Long-term Equity Investments (Continued)

2019

	Opening balance	Additional investment	Decrease in investment	Closing balance	Distribution of dividends
<b>Subsidiaries</b>					
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	12,085,383.72	-	-	12,085,383.72	-
Qinhuangdao Ruigang Technology Import & Export Co., Ltd. (秦皇島瑞港技術進出口有限公司)	10,125,275.79	-	-	10,125,275.79	-
Qinhuangdao Xin'gangwan Container Terminal Co. Ltd (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	219,521,347.15	-
Cangzhou Bohai Port Co., Ltd (滄州渤海港務有限公司)	2,464,400,000.00	-	(2,464,400,000.00)	-	-
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	918,000,000.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	2,748,812,300.00	2,464,400,000.00	-	5,213,212,300.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	78,000,000.00	-	-	78,000,000.00	-
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	49,500,000.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	-	-	56,000,000.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Ltd. (秦皇島港港盛(香港)有限公司)	40,115,000.00	-	-	40,115,000.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd (滄州黃驊港散貨港務有限公司)	50,000,000.00	-	-	50,000,000.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	5,000,000.00	-	-	5,000,000.00	-
Hebei Tangshan Caofeidian Jitong Port Co., Ltd (河北唐山曹妃甸冀同港口有限公司)	-	118,000,000.00	-	118,000,000.00	-
Tangshan Caofeidian Ocean Shipping Tally Co.,Ltd. (唐山曹妃甸中理外輪理貨有限公司)	-	9,915,228.64	-	9,915,228.64	-
<b>Sub-total</b>	<b>6,651,559,306.66</b>	<b>2,592,315,228.64</b>	<b>(2,464,400,000.00)</b>	<b>6,779,474,535.30</b>	<b>-</b>

# NOTES TO FINANCIAL STATEMENTS

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

### 2. Long-term Equity Investments (Continued)

2019 (Continued)

	Opening balance	Increase in investment	Decrease in investment	Investment gain or loss under the equity method	Change within the year				Closing carrying amount	Year-end provision for impairment
					Other comprehensive income	Other equity movements	Other movements	Distribution of dividends		
<b>Equity method:</b>										
<b>Joint ventures</b>										
Bohai Jin-ji Port Investment and Development Company Limited (渤海津冀港口投资发展有限公司)	317,497,275.58	-	-	(63,613,339.95)	-	241,723.80	-	-	221,023,425.48	(33,102,233.95)
Jinji International Container Terminal Co., Ltd. (津冀国际集装箱码头有限公司)	48,982,030.36	1,876,310.00	-	(13,092,313.93)	-	53,716.40	-	-	30,533,713.52	(7,286,029.31)
Sub-total	366,479,305.94	1,876,310.00	-	(76,705,653.88)	-	295,440.20	-	-	251,557,139.00	(40,388,263.26)
<b>Associates</b>										
Hebei Port Group Finance Company Limited (河北港口集团财务有限公司)	643,656,324.14	-	-	31,282,601.77	1,702,243.03	-	(5,837,662.89)	-	670,803,506.05	-
Tangshan Caofeidian Shiyue Port Co., Ltd. (唐山曹妃甸实业港务有限公司)	1,127,953,901.45	-	-	216,590,491.90	141,157,662.38	2,421,165.11	(45,500,000.00)	-	1,442,623,220.84	-
Qinhuangdao Xingao Qin gang Energy Storage & Transportation Co., Ltd. (秦皇岛兴家港务储运有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Tangshan Jingfang Railway Co., Ltd. (唐山京唐港务有限公司)	272,444,632.08	-	-	(1,055,084.81)	-	-	-	-	271,386,547.27	-
Gangzhou Ocean Shipping Tally Co., Ltd. (隆中理外编理有限公司)	1,686,632.05	-	-	1,153,682.35	-	-	-	-	2,840,314.40	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越华能源检测有限公司)	11,457,900.00	-	-	712,035.21	-	-	-	-	12,169,935.21	-
Qinhuangdao Huazheng Coal Inspection Institute (秦皇岛华正煤炭检测行)	2,057,199,389.72	-	-	(5,870,165.98)	-	-	-	5,910,500.00	40,314.02	-
Sub-total	9,075,238,002.32	2,594,191,538.64	(2,464,400,000.00)	166,104,886.56	142,859,905.41	2,421,165.11	(51,337,662.89)	-	9,630,895,512.09	(61,188,263.26)
Total	9,441,717,308.26	4,470,501,848.64	(2,464,400,000.00)	165,399,232.68	144,559,810.52	2,716,605.31	(45,500,000.00)	-	10,067,413,906.80	(101,576,526.52)

# NOTES TO FINANCIAL STATEMENTS

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

### 2. Long-term Equity Investments (Continued)

Provision for impairment of long-term equity investments:

2020

	Opening amount	Increase in the year	Decrease in the year	Closing amount
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	20,800,000.00	-	-	20,800,000.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	33,102,233.95	48,748,573.04	-	81,850,806.99
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	7,286,029.31	10,833,016.23	-	18,119,045.54
Total	61,188,263.26	59,581,589.27	-	120,769,852.53

2019

	Opening amount	Increase in the year	Decrease in the year	Closing amount
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司)	20,800,000.00	-	-	20,800,000.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	-	33,102,233.95	-	33,102,233.95
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	-	7,286,029.31	-	7,286,029.31
Total	20,800,000.00	40,388,263.26	-	61,188,263.26

### 3. Other Equity Instrument Investments

2020

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current year	
			Equity instruments derecognized in current year	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	38,441,021.73	536,441,021.73	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	(18,110,993.36)	15,889,006.64	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	3,913,681.57	34,666,039.52	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	(580,000.00)	23,420,000.00	-	-
Total	23,663,709.94	610,416,067.89	-	-

2019

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current year	
			Equity instruments derecognized in current year	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	43,558,933.73	541,558,933.73	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	(17,381,506.03)	16,618,493.97	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	4,156,812.37	34,909,170.32	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	-	24,000,000.00	-	-
Total	30,334,240.07	617,086,598.02	-	-

# NOTES TO FINANCIAL STATEMENTS

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

### 4. Operating Revenue and Cost

	2020	2019
Revenue from the principal operations	4,332,279,733.76	4,773,047,954.72
Cost of the principal operations	2,242,931,749.20	2,296,311,288.48

Operating revenue by category is as follows:

	2020	2019
Income from contracts with customers	4,330,308,799.95	4,768,919,299.74
Lease income	1,970,933.81	4,128,654.98
	4,332,279,733.76	4,773,047,954.72

Breakdown of operating revenue from contracts with customers is as follows:

Reporting segment - comprehensive port services	2020	2019
Principal operating area		
Qinhuangdao	4,330,308,799.95	4,768,919,299.74
Principal service type		
Service in relation to coal and relevant products	3,997,356,671.76	4,450,671,218.63
Service in relation to metal ore and relevant products	34,149,999.02	13,377,647.65
Service in relation to general and other cargoes	193,556,397.47	178,409,833.60
Service in relation to liquefied cargoes	53,502,873.90	60,846,087.83
Others	51,742,857.80	65,614,512.03
	4,330,308,799.95	4,768,919,299.74

### 5. Investment Income

	2020	2019
Investment income from disposal of long-term equity investments	(26,494.17)	-
Income from long-term equity investments under equity method	187,641,904.46	166,104,886.56
	187,615,410.29	166,104,886.56

# ADDITIONAL MATERIALS

2020

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## 1. SCHEDULE OF EXTRAORDINARY PROFIT AND LOSS

	2020	2019
(Loss)/gain on disposal of non-current assets	(3,694,557.72)	17,437,001.11
Government grants credited to profit or loss for the current period	52,393,095.84	47,163,278.19
Gain on disposal of subsidiaries and associates	2,007,824.21	16,886,790.00
Gain on entrusted investment or asset management	3,763,645.88	5,677,585.95
Donation expenses	(3,452,215.99)	(2,000.00)
Other non-operating income and expenses	11,805,680.26	925,720.51
Sub-total	62,823,472.48	88,088,375.76
Less: Effect of income tax	14,671,336.54	20,069,983.49
Less: Effect of non-controlling interests (after tax)	2,224,477.69	3,180,743.71
Total	45,927,658.25	64,837,648.56

The Group recognizes non-recurring profit and loss according to Explanatory Announcement No.1 on Information Disclosure of Companies Offering Their Securities to the Public – Nonrecurring Profit and Loss (CSRC Announcement [2008] No. 43).

## 2. RETURN ON NET ASSETS AND EARNING PER SHARE

2020

	Return on Net Asset (%)	Earnings Per Share	
		Basic	Diluted
Net profit for the year attributable to ordinary shareholders of the Company	6.54	0.18	0.18
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	6.24	0.17	0.17

2019

	Return on Net Asset (%)	Earnings Per Share	
		Basic	Diluted
Net profit for the year attributable to ordinary shareholders of the Company	6.53	0.17	0.17
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	6.08	0.16	0.16

## XIV DOCUMENTS AVAILABLE FOR INSPECTION

Documents Available for Inspection	Financial statements signed and affixed with the seal by the responsible person, person in charge of accounting and head of the accounting department of the Company
	Originals of the Audit Report affixed with the seal by certified public accountants firm and signed and affixed with the seal by certified public accountants
	Originals of all documents and manuscripts of announcements publicly disclosed by the Company in website designated by the CSRC during the Reporting Period

Chairman: Cao Ziyu

Approval of reporting by the Board: 29 March 2021

Revised Information

Applicable     Not applicable