



# 青島港國際股份有限公司

QINGDAO PORT INTERNATIONAL CO., LTD.\*

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

Stock Code: 06198.HK 601298.SH

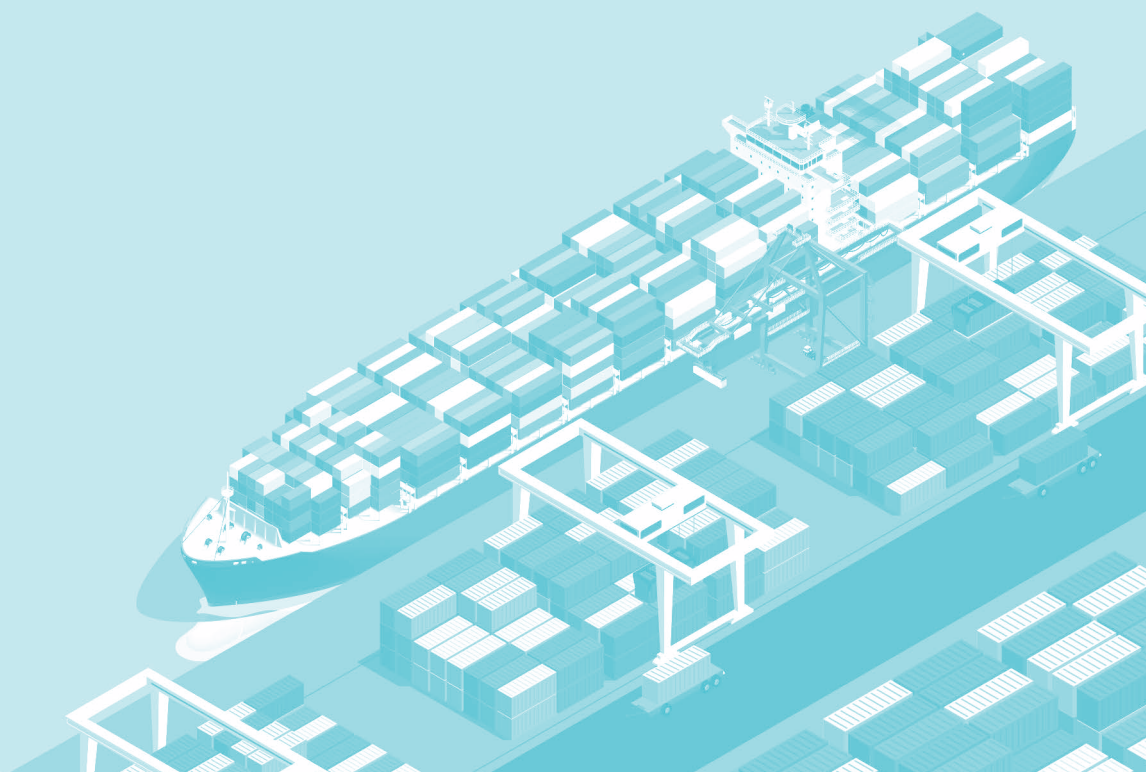
## 2021 INTERIM REPORT



\* For identification purpose only

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## DEFINITIONS

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

“A Share(s)”	share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the Shanghai Stock Exchange and traded in RMB (stock code: 601298)
“A Share Offering”	The Company’s public offering 454,376,000 A shares, which are listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“CFS”	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refers to the location designated by carriers for de-vanning of containerized cargo
“China Shipping Terminal Development”	China Shipping Terminal Development Co., Ltd. (中海碼頭發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of COSCO Shipping Ports Development Co., Ltd.
“Company”	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013
“Consolidated Group Companies”	the Company (including its branches) and its subsidiaries which are consolidated into the consolidated financial statements of the Company
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
“COSCO SHIPPING Group”	China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司), a company established in the PRC with limited liability and the ultimate controlling shareholder of COSCO SHIPPING Ports and Shanghai China Shipping Terminal, holding approximately 21% equity interests in the Company as of 30 June 2021 indirectly
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1199), holding approximately 20% equity interests in the Company as at 30 June 2021 indirectly
“Datang Terminal Phase II Project”	Dongjiakou Port Area Datang Terminal Phase II Project
“Director(s)”	the director(s) of the Company

## DEFINITIONS

“Domestic Shares”	the ordinary domestic share(s) of the Company with a nominal value of RMB1.00 each in the share capital of the Company, which were converted into A shares on 21 January 2019
“Gratuitous Transfer Agreement”	the Gratuitous Transfer Agreement of the Equity Interests in Qingdao Port (Group) Co., Ltd. among Shandong Port Group Co., Ltd., the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government, and the State-owned Assets Supervision & Administration Commission of Weihai Municipal Government 《(山東省港口集團有限公司與青島市人民政府國有資產監督管理委員會及威海市人民政府國有資產監督管理委員會關於青島港(集團)有限公司之股權無償劃轉協議)》 dated 22 August 2019
“Group”	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associates of the Company
“H share(s)”	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and are traded in Hong Kong dollar
“H Share(s) Placing”	the Company issued the 243,000,000 H shares by way of placing and has been listed on the Hong Kong Stock Exchange
“Haiwan Liquid Chemical”	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. (青島海灣液體化工港務有限公司), a company established in the PRC with limited liability and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Haiye Oil Terminal”	Qingdao Haiye Oil Terminal Co., Ltd.* (青島海業油碼頭有限公司), a company established in the PRC with limited liability in which the Company didn't hold any equity interests as at 30 June 2021, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Haiye Oil Terminal Share Transfer”	the transactions in relation to the acquisition of 51% equity interests in Haiye Oil Terminal under the Share Transfer Agreement which was entered into by the Haiye Petroleum and Yiruiyuan Trading as the vendors, the Company as the purchaser and other parties
“Haiye Petroleum”	Qingdao Haiye Petroleum Co., Ltd.* (青島海業石油有限公司), a company established in the PRC with limited liability and one of the vendors to the transactions in relation to the acquisition of 51% equity in Haiye Oil Terminal
“Harbour Engineer”	Shandong Harbour Engineering Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of Rizhao Port Group as at 30 June 2021
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC



## DEFINITIONS

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huaneng Qingdao”	Huaneng Qingdao Port Operation Co., Ltd. (華能青島港務有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of dry bulk cargo and break bulk cargo handling and ancillary services
“LNG”	liquefied natural gas
“Mercuria Oil Terminal”	Qingdao Haiye Mercuria Oil Terminal Co., Ltd. (青島海業摩科瑞倉儲有限公司), a company established in the PRC with limited liability and a subsidiary in which the Company holds 71% equity interests, which is mainly engaged in terminal stevedoring and warehousing services of liquid bulk
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“Multi-Purpose Berths and Ancillary Stacking Yards Project”	Project of Qingdao Port Investment Multi-Purpose Berths and North Jetty II Rear Ancillary Stacking Yards in Dongjiakou Port Area
“PRC” or “China”	the People’s Republic of China, and for the purpose of this report, excluding Hong Kong, Macau and Taiwan
“QDOT”	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司), a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of providing ore, coal and other cargo handling and ancillary services
“QDP”	Shandong Port Qingdao Port Group Co., Ltd. (山東港口青島港集團有限公司), which was changed the name on 2 August 2021 and formerly known as Qingdao Port (Group) Co., Ltd. (青島港(集團)有限公司), the controlling shareholder of the Company, holding approximately 55.5% equity interests in the Company as at 30 June 2021
“Qingdao Finance”	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interests) and QDP (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to QDP and its member companies
“Qingdao Port Engineering”	Qingdao Port (Group) Engineering Co., Ltd. (青島港(集團)港務工程有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at 30 June 2021, which is mainly engaged in the business of construction engineering, architectural decoration and engineering design services

## DEFINITIONS

“Qingdao Port Technology”	Shandong Port Technology Group Qingdao Co., Ltd. (山東港口科技集團青島有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at 30 June 2021, which is mainly engaged in computer software and hardware development, computer system integration, multimedia technology design and production, computer graphics and animation design, computer engineering and other related businesses. On 16 July 2021, Qingdao Port Technology changed its name into Shandong Port Technology Group Qingdao Co., Ltd., for which the Company and Ltd., Shandong Port Technology hold 49% and 51% equity interests, respectively
“Qingdao SASAC”	the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會), the de facto controller of the Company as at 30 June 2021
“Qingdao Port Oil Port”	Qingdao Port International Oil Port CO., Ltd. (青島港國際油港有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is mainly engaged in the business of the crude oil warehousing
“Qingdao Shihua”	Qingdao Shihua Crude Oil Terminal Co., Ltd. (青島實華原油碼頭有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“Qingwei Container”	Weihai Qingwei Container Terminal Co., Ltd. (威海青威集裝箱碼頭有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of providing container handling and ancillary services
“QQCT”	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (it is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), which is mainly engaged in the business of providing container handling and ancillary services
“RCEP”	Regional Comprehensive Economic Partnership
“Rio Tinto”	Rio Tinto Group (力拓集團), a company established in Spain and listed on the Australian Stock Exchange, the London Stock Exchange and the New York Stock Exchange with the same stock code of RIO), which is dominated in the exploration, RIO mining and processing of mineral resources
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd. (山東港口日照港集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Shandong Port Group as at 30 June 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Free Trade Zone”	China (Shandong) Pilot Free Trade Zone

## DEFINITIONS

“Shandong Port Group”	Shandong Port Group Co., Ltd. (山東省港口集團有限公司), a company established in the PRC with limited liability, holding 49% equity interests of the Company’s controlling shareholder QDP as at 30 June 2021
“Shandong Port Lianhua”	Shandong Port Lianhua Pipeline Petroleum Transportation Co., Ltd. (山東港聯化管道石油輸送有限公司), a company established in the PRC with limited liability and a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“Shandong Port Technology”	Shandong Port Technology Group Co., Ltd. (山東港口科技集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group as at 30 June 2021
“Shanghai China Shipping Terminal”	Shanghai China Shipping Terminal Development Co., Ltd. (上海中海碼頭發展有限公司), a company established in the PRC and a wholly-owned subsidiary of China Shipping Terminal Development
“Shipping Group”	Shandong Port Shipping Group Co., Ltd. (山東港口航運集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group as at 30 June 2021
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	supervisory committee of the Company
“TEU”	an abbreviation of Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of 20 feet, a width of 8 feet and a height of 8 feet and 6 inches, also known as the international unit of standard container
“Tongbao Shipping”	Qingdao Port Tongbao Shipping Co., Ltd. (青島港通寶航運有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at 30 June 2021, which is mainly engaged in the business of ship transportation, equipment installation and maintenance, shipping agency, freight management and other related services
“Weihai SASAC”	the State-owned Assets Supervision & Administration Commission of Weihai Municipal Government (威海市人民政府國有資產監督管理委員會)
“West United”	Qingdao Qianwan West Port United Terminal Co., Ltd. (青島前灣西港聯合碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (it is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of providing dry bulk cargo and break bulk cargo handling and ancillary services

## DEFINITIONS

“Yiruiyuan Trading”                      Qingdao Yiruiyuan Trading Co., Ltd.\* (青島懿睿源商貿有限公司), a company established in the PRC with limited liability and one of the vendors to the transactions in relation to the acquisition of 51% equity interests in Haiye Oil Terminal

\*     The Chinese name(s) of the PRC entities have been translated into English in this interim report for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.

\*     Certain amounts and percentage figures included in this report have been subject to rounding.



## COMPANY PROFILE

The Port of Qingdao commenced operations in 1892 and is one of the largest comprehensive ports in the world. It occupies a central position among ports in Northeast Asia and is an important hub of international trade in the West Pacific.

The Company was established on 15 November 2013. It was listed on the Main Board of the Hong Kong Stock Exchange on 6 June 2014 and was listed on the Main Board of the Shanghai Stock Exchange on 21 January 2019.

The Group is the primary operator of the Port of Qingdao and operates four port areas in Qingdao, including Qingdao Qianwan Port Area, Huangdao Oil Port Area, Dongjiakou Port Area and Dagang Port Area. It is mainly engaged in the handling of different types of cargoes such as container, metal ore, coal and crude oil and the provision of ancillary services, logistics and port value-added services, port ancillary services and financial services.

As of 30 June 2021, the Group operated 102 berths at the Port of Qingdao, which included 50 special berths dedicated to handling a single type of cargo and 52 multi-purpose berths capable of handling metal ore, coal and other general cargo.

Leveraging on the natural deep-water capacity and industry-leading facilities and equipment, services and management, the Group can accommodate the world's largest container vessels, iron ore vessels and oil tankers. The Group also possesses world-leading stevedoring efficiency, with the single-machine average operating rate of 52.1 units per hour for fully automatic container terminal.

# CORPORATE INFORMATION

## CHINESE NAME OF THE COMPANY

青島港國際股份有限公司

## ENGLISH NAME OF THE COMPANY

Qingdao Port International Co., Ltd.

## LEGAL REPRESENTATIVE

Mr. SU Jianguang

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

- (1) Headquarters in the PRC:  
No. 12 Jingba Road  
Huangdao District, Qingdao  
Shandong Province, PRC
- (2) Principal Place of Business in Hong Kong:  
31/F, Tower Two, Times Square  
1 Matheson Street, Causeway Bay  
Hong Kong

## DATES OF LISTING

6 June 2014 (H shares)  
21 January 2019 (A shares)

## PLACES OF LISTING

Main Board of The Stock Exchange of Hong Kong Limited  
(H shares)  
Main Board of the Shanghai Stock Exchange (A shares)

## ABBREVIATED CHINESE STOCK NAME

青島港 (applied to both H shares and A shares)

## ABBREVIATED ENGLISH STOCK NAME

Qingdao Port (only applied to H shares)

## STOCK CODES

06198 (H shares)  
601298 (A shares)

## TELEPHONE

86-532-82982133

## FACSIMILE

86-532-82822878

## EMAIL

qggj@qdport.com

## WEBSITE

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

## BOARD OF DIRECTORS

### (1) Executive Directors

Mr. SU Jianguang (*Chairman*)  
(re-designated on 21 July 2021)  
Mr. WANG Xinze (*General Manager*)

### (2) Non-executive Directors

Mr. LI Wucheng (*Vice Chairman*)  
(appointed on 18 August 2021)  
Mr. FENG Boming  
Mr. WANG Jun  
Ms. WANG Fuling

### (3) Independent Non-executive Directors

Ms. LI Yan  
Mr. JIANG Min  
Mr. LAI Kwok Ho

# CORPORATE INFORMATION

## SUPERVISORY COMMITTEE

Mr. ZHANG Qingcai (*Chairman*)  
 Mr. WANG Yaping  
 Mr. YANG Qiulin  
 Mr. LIU Shuiguo  
 Mr. XIA Xiliang  
 Ms. WANG Xiaoyan

## JOINT COMPANY SECRETARIES

Ms. SUN Hongmei (appointed on 15 September 2021)  
 Mr. LEE Kwok Fai Kenneth (appointed on 21 July 2021)

## AUTHORISED REPRESENTATIVES

Mr. SU Jianguang (appointed on 21 July 2021)  
 Ms. SUN Hongmei (appointed on 15 September 2021)

## SPECIAL COMMITTEES OF THE BOARD

### (1) Strategy and Development Committee

Mr. SU Jianguang (*Chairman*)  
 (appointed on 21 July 2021)  
 Mr. LI Wucheng (appointed on 18 August 2021)  
 Mr. WANG Xinze  
 Mr. FENG Boming  
 Mr. WANG Jun  
 Ms. WANG Fuling  
 Mr. JIANG Min

### (2) Audit Committee

Ms. LI Yan (*Chairman*)  
 Ms. WANG Fuling  
 Mr. LAI Kwok Ho

### (3) Nomination Committee

Mr. JIANG Min (*Chairman*)  
 Mr. SU Jianguang (appointed on 21 July 2021)  
 Mr. LAI Kwok Ho

### (4) Remuneration Committee

Mr. LAI Kwok Ho (*Chairman*)  
 Mr. LI Wucheng (appointed on 18 August 2021)  
 Ms. LI Yan

## H SHARE REGISTRAR

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

## LEGAL ADVISERS

### (1) As to Hong Kong law

Freshfields Bruckhaus Deringer  
 55th Floor, One Island East  
 Taikoo Place, Quarry Bay  
 Hong Kong

### (2) As to PRC law

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

## PRINCIPAL BANKERS

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. INTERNATIONAL AND DOMESTIC SITUATION

### 1. General Situation

In the first half of 2021, grappling with the complicated and volatile international and domestic environment, the Chinese government has adopted precise measures to consolidate anti-pandemic efforts and fruit of economic development. Such measures contributed to the constant economic recovery, on-going rebound in production demands, positive overall market expectations, and steady and upwards economic growth. Gross domestic product (GDP) increased by 12.7% year-on-year, an average increase of 5.3% over the same period in the past two years. In the first half of 2021, the total value of imports and exports of cargo increased by 27.1% year-on-year, of which exports increased by 28.1% year-on-year, imports increased by 25.9% year-on-year, and the trade structure continued to optimize (source: National Bureau of Statistics). Since 2021, due to China's overall strong epidemic prevention and control, port production has steadily regained momentum.

### 2. Operation of the Port Industry

Given the headwinds from the pandemic, in the first half of 2021, cargo throughput of the coastal ports in China increased by 10.3% as compared with the same period in the prior year, while container throughput increased by 14.0% as compared with the same period in the prior year (source: Ministry of Transport of the PRC). In the first half of 2021, the Port of Qingdao ranked fourth and fifth among the national coastal ports in terms of cargo throughput and container throughput, respectively, and it continued to rank second among the coastal ports of China and first among northern ports of China in terms of foreign trade throughput (source: Ministry of Transport of the PRC).

## II. REVIEW OF BUSINESS AND FINANCIAL RESULTS OF THE GROUP

### 1. Overall Review

Since 2021, the Group has been proactively addressing the latest status and changes in the port and shipping market in the post-pandemic era. It adheres to expansions in both sea and land operations. For the former, the Group increased shipping lines, expanded container shipping capacity and transit business, propelled the overtime operation of vessels, and collected empty containers. For the latter, the Group enhanced efforts in expanding inland market, and cooperated with railway operators to expand cargo sources, which effectively guaranteed the industry chain and supply chain in the hinterland, maintained steady growth in operating performance and further improved the port's radiation capacity, thus, the Group's position as the "estuary" of the Yellow River basin and a "bridgehead" in opening up has been further cemented. Meanwhile, striving to grow into a hub port and trade port, the Group proactively expanded its international and domestic transit business, and tapped into comprehensive port service capacities and resources advantages to provide customers with various supply chain value-added services, forge a new port and shipping ecosystem with a focus on port, and further bolster the influence of the port industry and enhance its hub status.

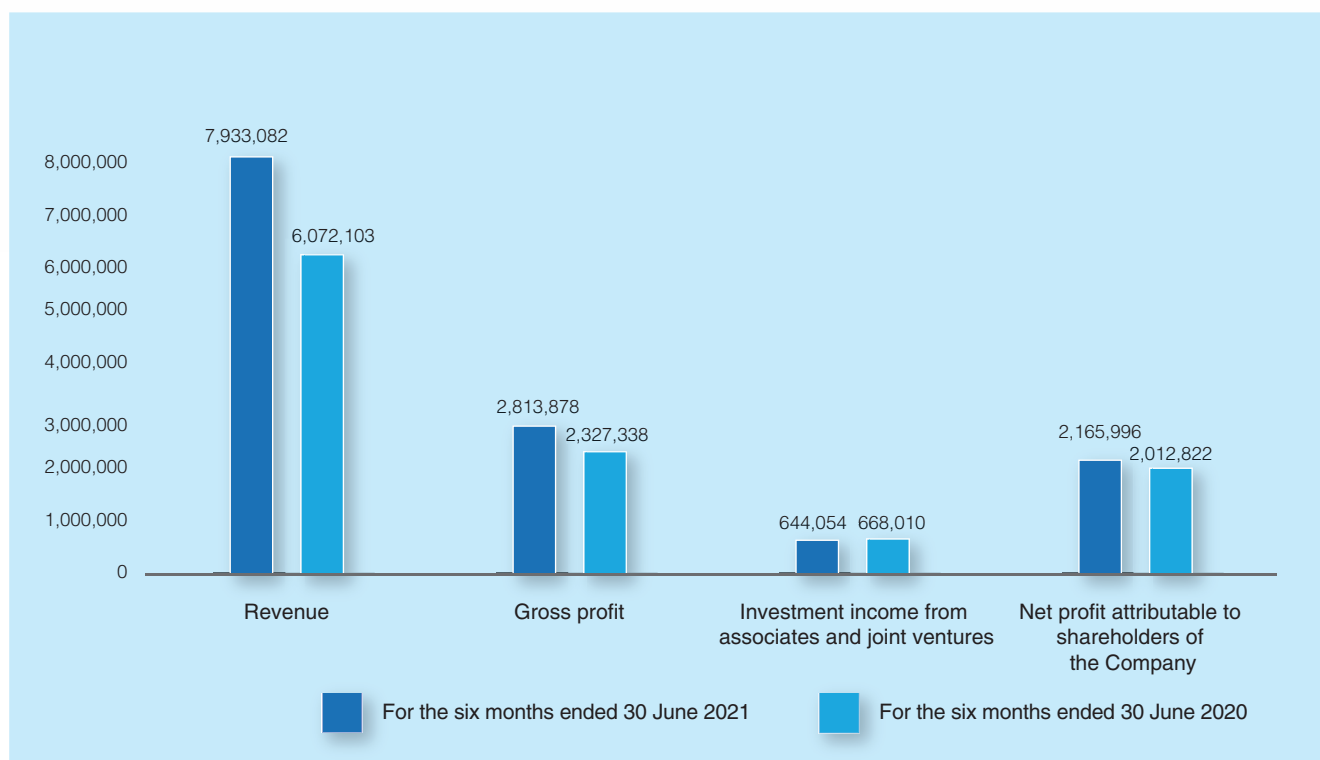
For the six months ended 30 June 2021, cargo throughput of the Group (without taking into account the respective shareholding percentages the Company holds in its joint ventures and associates) reached 287.49 million tons, representing an increase of 9.3% as compared with the same period in the prior year and an average increase of 6.8% as compared with the same period in the past two years, among which, container throughput amounted to 11.66 million TEUs, representing an increase of 12.8% as compared with the same period in the prior year and an average increase of 6.6% over the same periods in the past two years.

# MANAGEMENT DISCUSSION AND ANALYSIS

The details were as follows:

## Comparison of Major Operating Indicators

Unit: RMB'000



For the six months ended 30 June 2021, the Group recorded a revenue of RMB7,933 million, representing an increase of RMB1,861 million, or 30.6%, as compared to the same period in the prior year, mainly due to the increase in the revenue from the logistics and port value-added services segment, liquid bulk handling and ancillary services segment and metal ore, coal and other cargo handling and ancillary services segment.

For the six months ended 30 June 2021, the Group recorded a gross profit of RMB2,814 million, representing an increase of RMB487 million, or 20.9%, as compared to the same period in the prior year, mainly due to the increase in the gross profit from the liquid bulk handling and ancillary services segment and metal ore, coal and other cargo handling and ancillary services segment.

For the six months ended 30 June 2021, the Group's investment income from joint ventures and associates amounted to RMB644 million, representing a decrease of RMB24 million, or 3.6%, as compared to the same period in the prior year, mainly due to the decrease in the investment income from the container handling and ancillary services segment.



## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2021, the administrative expenses of the Group was RMB369 million, representing an increase of RMB149 million, or 67.6%, as compared to the same period in the prior year, mainly due to the increase of labor cost caused by implementing the welfare policy of supplementary medical insurance for employees, and suspension of concession policies for social security contributions which is enjoyed by the Group in the same period in the prior year.

For the six months ended 30 June 2021, the Group recorded a net profit attributable to shareholders of the Company of RMB2,166 million, representing an increase of RMB153 million, or 7.6%, as compared to the same period in the prior year.

### 2. Segment Review

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

#### Proportion of Each Business Segment Results

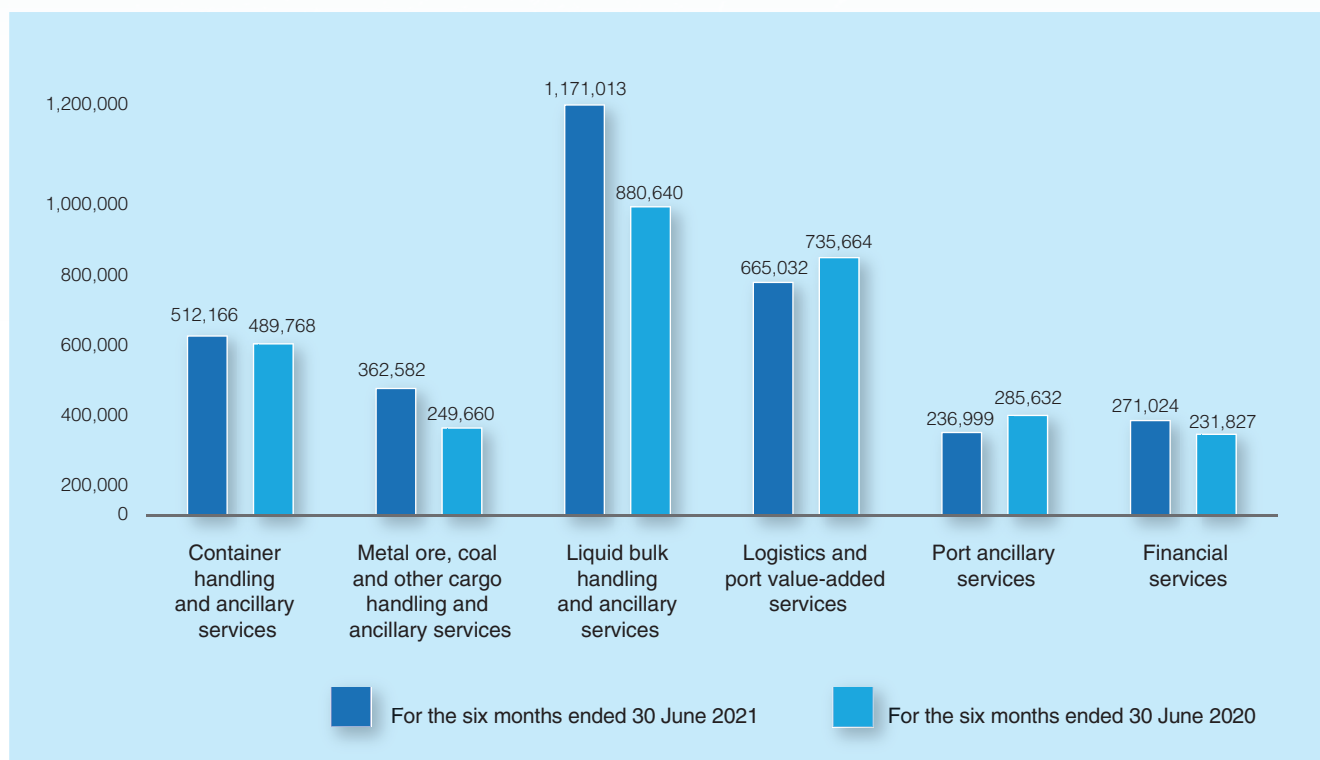
Unit: RMB'000

Business Segments	For the six months ended 30 June				Change
	2021		2020		
	Amount	Proportion	Amount	Proportion	
Container handling and ancillary services	512,166	15.9%	489,768	17.1%	4.6%
Metal ore, coal and other cargo handling and ancillary services	362,582	11.3%	249,660	8.7%	45.2%
Liquid bulk handling and ancillary services	1,171,013	36.4%	880,640	30.7%	33.0%
Logistics and port value-added services	665,032	20.6%	735,664	25.6%	-9.6%
Port ancillary services	236,999	7.4%	285,632	9.9%	-17.0%
Financial services	271,024	8.4%	231,827	8.1%	16.9%
Total results before inter-segment elimination	3,218,816	100.0%	2,873,191	100.0%	12.0%

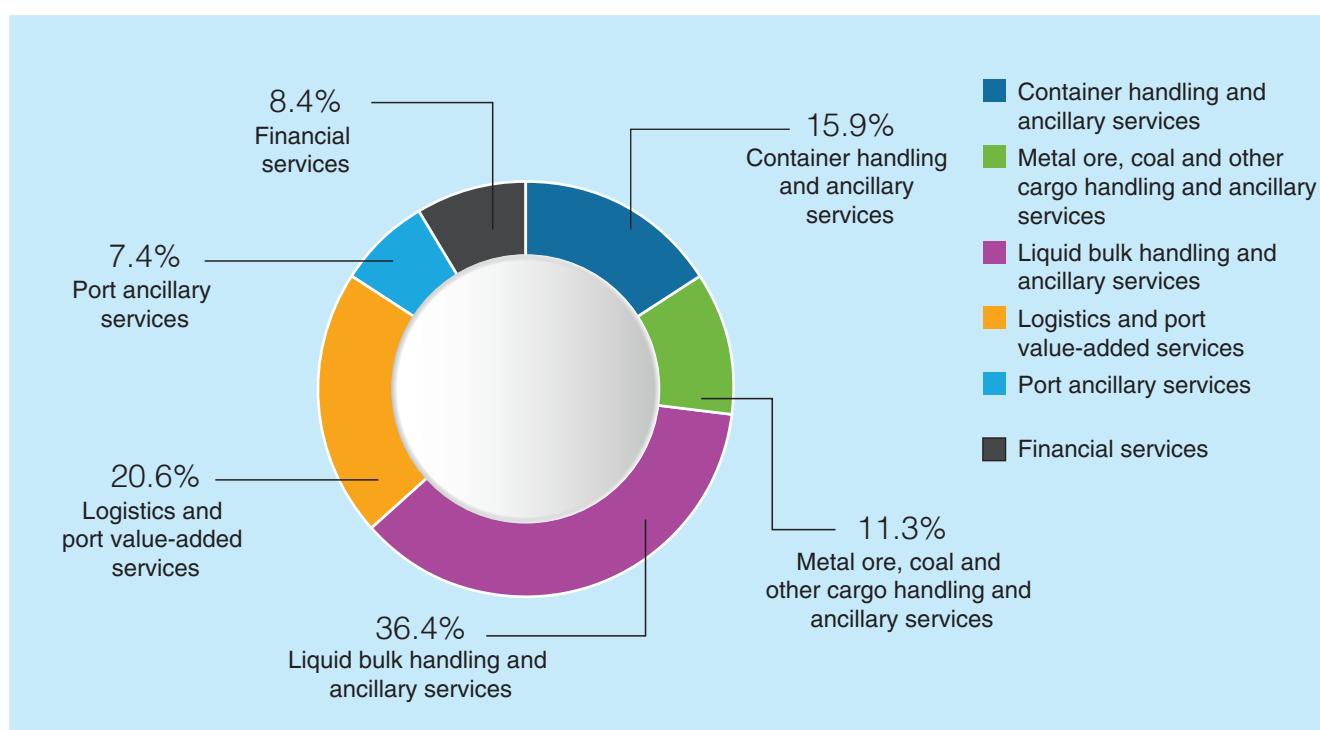
# MANAGEMENT DISCUSSION AND ANALYSIS

## Comparison of Each Business Segment Results

Unit: RMB'000



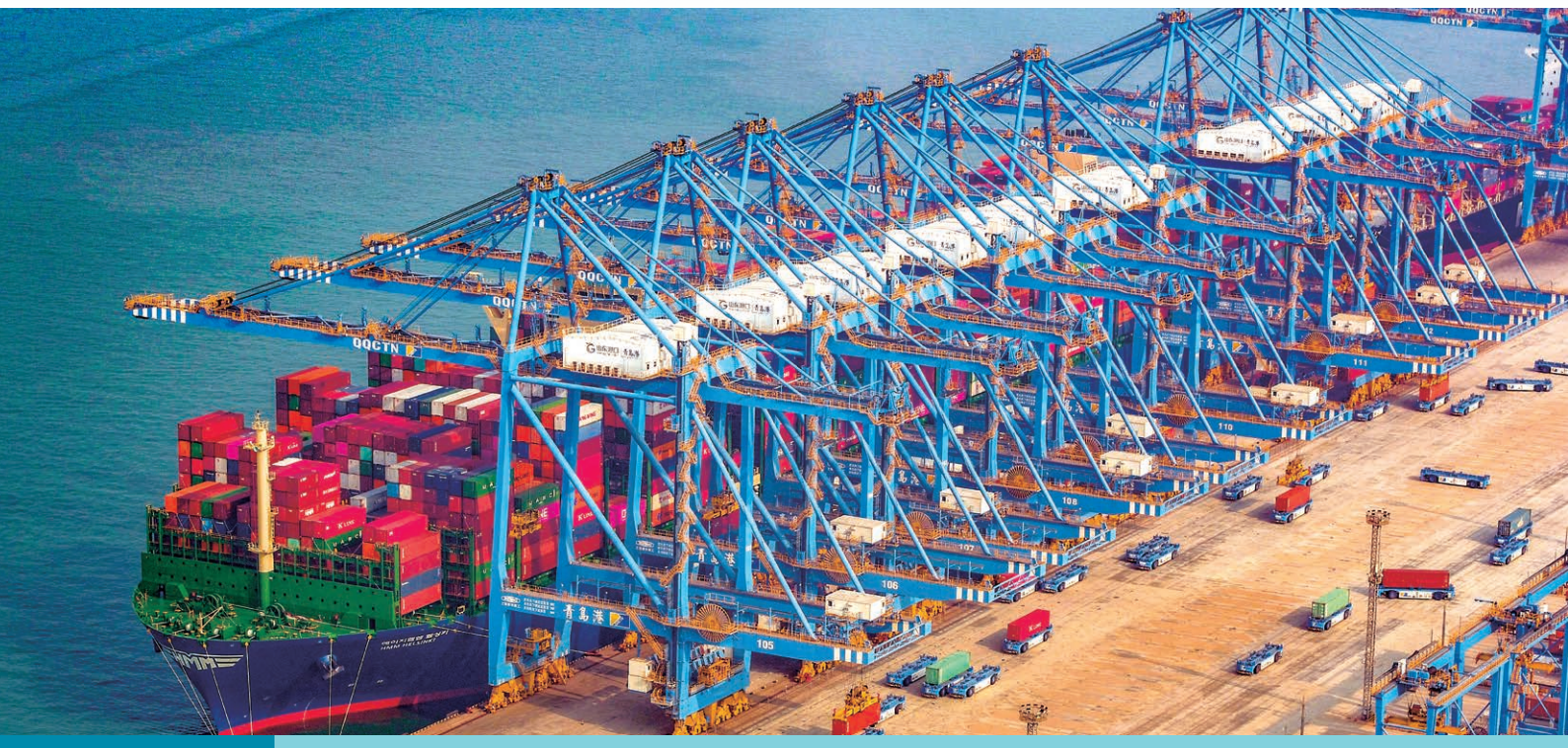
## Breakdown of each business segment for the six months ended 30 June 2021



# MANAGEMENT DISCUSSION AND ANALYSIS

The business segment results are as follows:

## (1) Container handling and ancillary services



Unit: RMB'000

	For the six months ended 30 June		Amount Changed	Percentage Changed
Item	2021	2020		
Consolidated Group Companies				
Revenue	152,116	92,564	59,552	64.3%
Cost of sales	41,177	34,879	6,298	18.1%
Gross profit	110,939	57,685	53,254	92.3%
Profit of Consolidated Group				
Companies	88,770	37,727	51,043	135.3%
Joint Ventures				
Revenue	2,207,115	1,990,328	216,787	10.9%
Cost of sales	906,225	727,400	178,825	24.6%
Investment income from joint ventures	423,396	452,041	-28,645	-6.3%
Segment result	512,166	489,768	22,398	4.6%

Note: Amount of revenue and cost of sales of joint ventures represent the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as QQCT, Qingwei Container and others, without taking into account the respective shareholding percentages the Company has in those joint ventures.



## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2021, the Group proactively endeavored to introduce more shipping lines, expanded international transshipment channel and constantly enhanced its business environment to accelerate the construction of the “International Hub Port in Northeast Asia”. The main breakthroughs achieved were as follows:

- a. The Group exerted continuous efforts to promote the headquarters marketing strategy for shipping companies, attracted shipping companies to increase shipping routes, opened up 15 new container routes and recorded a year-on-year increase of 15% in transit shipment volume. The Group continued to expand the development pattern of combining main and branch line networks and accelerate the transformation and upgrading from a portal port to a hub port. In view of the surge in international shipping demands and tight shipping space caused by the pandemic, the Group proactively negotiated and cooperated with shipping companies to open additional vessels and operate more than 180 additional shipping trips in the first half of the year; and
- b. The Group collaborated with the customs authorities to launch the new model of rapid inspection and release of inbound empty containers, in an endeavor to guarantee empty container reserve at the port and the demands of enterprises for timely use of containers. In the first half of 2021, the Group recorded a year-on-year increase of 5 % in stevedoring empty containers, which effectively guaranteed container-based export demands of enterprises.

For the six months ended 30 June 2021, the revenue of container handling and ancillary services was RMB152 million, representing an increase of RMB60 million, or 64.3%, as compared with the same period in the prior year. The segment recorded results of RMB512 million, representing an increase of RMB22 million, or 4.6%, as compared with the same period in the prior year, mainly due to an increase in container business during the current period and an increase in revenue from the previous year as the Group reduced port dues on cargo for customers amid the COVID-19 pandemic last year. The investment income from joint ventures amounted to RMB423 million, representing a decrease of RMB29 million as compared with the same period in the prior year, mainly attributable to the salary increase of employees in the joint ventures and growth in labour costs as compared with the same period in the prior year when the joint ventures were entitled to concession policies for social security contributions.

The financial information of the major joint venture QQCT in this business segment was summarized as follows:

Item	RMB'000	
	QQCT	
	For the six months ended 30 June	
	2021	2020
Revenue	2,119,238.71	1,900,030.18
Cost of sales	852,910.53	671,128.79
Investment income	25,802.53	47,004.56
Total profit	1,121,957.23	1,170,033.36
Income tax expenses	285,481.68	280,456.93
Net profit attributable to shareholders of the joint venture	829,585.13	884,310.70
Shareholding percentage held by the Company	51%	51%
Investment income of the Group	417,076.94	444,071.39

# MANAGEMENT DISCUSSION AND ANALYSIS

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



Unit: RMB' 000

	For the six months ended 30 June		Amount Changed	Percentage Changed
Item	2021	2020		
Consolidated Group Companies				
Revenue	1,906,935	1,493,553	413,382	27.7%
Cost of sales	1,392,906	1,163,028	229,878	19.8%
Gross profit	514,029	330,525	183,504	55.5%
Profit of Consolidated Group Companies				
	369,231	241,566	127,665	52.8%
Joint Ventures				
Revenue	919,195	837,072	82,123	9.8%
Cost of sales	811,528	718,328	93,200	13.0%
Investment income from joint ventures	-6,649	8,094	-14,743	-182.1%
Segment result	362,582	249,660	112,922	45.2%

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



## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2021, the Group innovated marketing approaches, conducted in-depth strategic cooperation with key customers, extended its whole-process logistic and value-added services, and proactively expanded new hinterland markets. The main breakthroughs achieved were as follows:

- a. the Group leveraged joint marketing to expand the dry cargo supply chain ecosystem, opened up the upstream and downstream business chains through collaboration among the port, traders and steel mills, and achieved a year-on-year increase of 9% in trade ore in the first half of 2021;
- b. the Group deepened strategic cooperation with global renowned steel mills to build up the international ore transit network and distribution hub in Northeast Asia and recorded a year-on-year increase of 67% in international transfer volume of iron ore in the first half of 2021; and
- c. in the first half of 2021, the Group achieved an increase in cargo sources through innovative business model. It successfully completed international transfer of raw ore of Vale of Brazil, embarked on the bonding and ore sieving and mixing business for 190,000 tons of ore, the first of its kind in China, and launched 200,000 tons of ore mixing business of Rio Tinto, which became the second world-class mine to commence ore mixing business in the Group following Vale of Brazil.

For the six months ended 30 June 2021, metal ore, coal and other cargo handling and ancillary services recorded revenue of RMB1,907 million, representing an increase of RMB413 million, or 27.7%, as compared with the same period in the prior year, mainly due to the revenue increase from the loading and unloading of grain, coke, steel and other cargos, cargo storage and whole process logistics transportation business. The segment recorded revenue of RMB363 million, representing an increase of RMB113 million, or 45.2%, as compared with the same period in the prior year, mainly due to an increase in the profit of loading and unloading of coke, grain and other cargos and cargo storage business of Consolidated Group Companies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (3) Liquid bulk handling and ancillary services



Unit: RMB'000

	For the six months ended 30 June		Amount Changed	Percentage Changed
Item	2021	2020		
Consolidated Group Companies				
Revenue	1,663,445	1,037,666	625,779	60.3%
Cost of sales	541,789	234,046	307,743	131.5%
Gross profit	1,121,656	803,620	318,036	39.6%
Profit of Consolidated Group Companies				
	989,632	710,494	279,138	39.3%
Joint Ventures				
Revenue	814,509	798,129	16,380	2.1%
Cost of sales	273,593	319,729	-46,136	-14.4%
Investment income from joint ventures	181,381	170,146	11,235	6.6%
Segment result	1,171,013	880,640	290,373	33.0%

Note: Amount of revenue and cost of sales of joint ventures represent the total amount of revenue and cost of sales in the financial information of joint ventures of the Company such as Qingdao Shihua and Haiwan Liquid Chemical without taking into account the shareholding percentage of the Company has in those joint ventures.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2021, the Group continued to improve the efficiency of terminals, storage tanks and oil pipelines, enrich business formats and accelerated the construction of the northern fuel supply base for vessels. The main breakthroughs achieved were as follows:

- a. the Group successfully secured the first berthing refueling business and recorded a year-on-year increase of 52.8% in the stevedoring volume of fuel for vessels in the first half of 2021; and
- b. the Dongjiakou Mercuria warehousing area was approved as the designated delivery warehouse of 1 million m<sup>3</sup> of crude oil futures, and the delivery warehouse of 150,000 tons of low-sulphur fuel oil futures was successfully completed in June 2021.

For the six months ended 30 June 2021, liquid bulk handling and ancillary services business recorded revenue of RMB1,663 million, representing an increase of RMB626 million, or 60.3%, as compared with the same period in the prior year, primarily due to the fact that the Group vigorously developed stevedoring and transportation business of liquid bulk cargo and increased production capacity of Dongjiakou Port-Weifang-Central and Northern Shandong branch oil pipeline and ancillary storage tanks, and generated more revenue from loading, unloading, pipeline transmission and storage business. Segment results reached RMB1,171 million, representing an increase of RMB290 million, or 33.0%, as compared with the same period in the prior year, mainly due to the increase in crude oil stevedoring, transmission and storage capacity.

The financial information of the major subordinate companies in this business segment was summarized as follows:

Unit: RMB'000

Item	Qingdao Shihua For the six months ended 30 June		Mercuria Oil Terminal For the six months ended 30 June		Shandong Port Lianhua For the six months ended 30 June	
	2021	2020	2021	2020	2021	2020
Revenue	<b>781,637.13</b>	774,390.60	<b>280,883.98</b>	226,432.99	<b>868,722.86</b>	800,433.16
Cost of sales	<b>251,806.00</b>	303,957.90	<b>121,220.35</b>	126,065.94	<b>223,214.89</b>	166,413.82
Net profit	<b>361,459.40</b>	331,930.95	<b>89,614.08</b>	53,482.22	<b>458,799.13</b>	432,052.93
Shareholding percentage held by the Company	<b>50%</b>	50%	<b>71%</b>	71%	<b>51%</b>	51%
Investment income of the Group	<b>183,059.56</b>	168,423.46	–	–	–	–

# MANAGEMENT DISCUSSION AND ANALYSIS

## (4) Logistics and port value-added services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2021	2020		
<b>Consolidated Group Companies</b>				
Revenue	2,990,533	2,184,895	805,638	36.9%
Cost of sales	2,264,442	1,439,044	825,398	57.4%
Gross profit	726,091	745,851	-19,760	-2.6%
<b>Profit of Consolidated Group Companies</b>	<b>633,412</b>	699,983	-66,571	-9.5%
<b>Joint ventures and associates</b>				
Revenue	314,459	364,646	-50,187	-13.8%
Cost of sales	236,239	274,665	-38,426	-14.0%
<b>Investment income from joint ventures and associates</b>	<b>31,620</b>	35,681	-4,061	-11.4%
<b>Segment result</b>	<b>665,032</b>	735,664	-70,632	-9.6%

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

For the six months ended 30 June 2021, the Group vigorously developed its modern logistics business, continued to improve port functions, firmly promoted the deep integration of “terminal + logistics”, accelerated the construction of a value-added service system incorporating services such as terminal stevedoring, transportation, CFS, agency, bonded warehouse, storage and inspection, and expanded its modern logistics industry clusters. The main breakthroughs achieved were as follows:

- a. the Group continued to strengthen the layout of inland ports and sea-rail intermodal transport and pushed forward promotion in inland areas. In the first half of 2021, the Group opened seven new lines, and the volume of sea-rail intermodal transportation increased by 8% year-on-year;
- b. the Group seized shipping business opportunities, fully tapped into the advantages of Qingdao Port's role as a major port for international and domestic round-trip foreign trade, and improved the distribution service network of Qingdao Port to the Yangtze River and Bohai Bay by waterway to effectively integrate shipping, cargo and port resources, thereby enhancing the competitiveness of waterway ore transport;
- c. the Group leveraged the turning point of international pandemic dynamics, proactively explored the supply of shipping companies, and promoted resources sharing at CFS in an orderly manner. In the first half of 2021, the Group achieved operation volume of 1.515 million TEUs, representing a year-on-year increase of 19.2%; and
- d. the Group kept a close eye on the new and adjusted routes of shipping companies, and completed 855 liner agency trips in the first half of 2021, representing a year-on-year increase of 9.5%.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2021, the revenue of logistics and port value-added services business amounted to RMB2,991 million, representing an increase of RMB806 million, or 36.9%, as compared with the same period in the prior year, mainly due to the increase in business volume of agency and CFS during the period. The segment recorded results of RMB665 million, representing a decrease of RMB71 million, or 9.6%, as compared with the same period in the prior year, mainly due to factors including the implementation supplementary medical welfare policies for staff, increase in staff salary and suspension of concession policies for social security contributions, resulting in an increase in labour costs, as well as the increase in the scale of business and receivables, resulting in an increase in provision for credit impairment.

### (5) Port ancillary services

Unit: RMB' 000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2021	2020		
Consolidated Group Companies				
Revenue	1,220,053	1,259,522	-39,469	-3.1%
Cost of sales	878,890	873,420	5,470	0.6%
Gross profit	341,163	386,102	-44,939	-11.6%
Profit of Consolidated Group				
Companies	236,524	285,317	-48,793	-17.1%
A joint venture				
Revenue	34,481	1,763	32,718	1855.8%
Cost of sales	29,901	1,400	28,501	2035.8%
Investment income from joint ventures	475	315	160	50.8%
Segment result	236,999	285,632	-48,633	-17.0%

Note: Amounts of revenue and cost of sales of a joint venture represent the amount of those in the financial statement of Ocean Bridge International Ports Management Co., Ltd. (海路國際港口運營管理有限公司), without taking into account of the shareholding percentage held by the Company in the joint venture.

For the six months ended 30 June 2021, the revenue of port ancillary services amounted to RMB1,220 million, representing a decrease of RMB39 million, or 3.1% as compared with the same period in the prior year. The segment recorded results of RMB237 million, representing a decrease of RMB49 million, or 17.0%, as compared with the same period in the prior year, mainly due to the decrease in business including engineering construction and construction of port machinery with the gradual completion of construction works of joint ventures for port facilities in the port area, as well as the implementation of supplementary medical welfare and early retirement policies, resulting in an increase in labour costs during the period.



# MANAGEMENT DISCUSSION AND ANALYSIS

## (6) Financial services

Unit: RMB' 000

	For the six months ended 30 June		Amount Changed	Percentage Changed
Item	2021	2020		
Consolidated Group Companies				
Revenue	183,654	154,348	29,306	19.0%
Cost of sales	37,274	31,695	5,579	17.6%
Gross profit	146,380	122,653	23,727	19.3%
Profit of Consolidated Group Companies				
	264,525	225,536	38,989	17.3%
An Associate				
Revenue	361,417	404,878	-43,461	-10.7%
Cost of sales	186,046	170,743	15,303	9.0%
Investment income from joint ventures	6,499	6,291	208	3.3%
Segment result	271,024	231,827	39,197	16.9%

Note: Amounts of revenue and cost of sales of an associate represent the amount of those in the financial statement of Qingdao Qingyin Financial Leasing Co., Ltd. (青島青銀金融租賃有限公司), without taking into account of the shareholding percentage held by the Company in the associate.

The Group innovated in finance and capital service functions and continuously developed new types of business initiatives to meet the diversified financing needs of its member units. The Group optimized its business structure, appropriately reduced the investment proportion of medium and high-risk products, increased the investment proportion of standard products, diversified investment risks, and deepened the integration of industry and finance to provide upstream customers with financing services so as to increase customer stickiness and achieve the transformation from a scale-efficient development mode to a high-quality development mode.

For the six months ended 30 June 2021, financial services recorded segment results of RMB271 million, representing an increase of RMB39 million, or 16.9%, as compared with the same period in the prior year, among which, the profit of Consolidated Group Companies was RMB265 million, representing an increase of RMB39 million, or 17.3%, as compared with the same period in the prior year, mainly due to the increase in total deposits received from and loans granted to members units by Qingdao Finance, resulting in an increase in profit from loan business.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB'000

<b>Balance sheet</b>	<b>Nature</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Other receivables	Granting short-term loans	<b>828,820</b>	1,442,375
Current portion of non-current assets	Current portion of long-term loans	<b>557,552</b>	59,128
Long-term receivables	Granting long-term loans	<b>2,771,260</b>	3,308,405
Other payables	Absorbing deposit	<b>(4,879,792)</b>	(6,368,517)

Unit: RMB'000

<b>Income statement</b>	<b>Nature</b>	<b>For the six months ended 30 June 2021</b>	<b>2020</b>
Finance expenses	Interest income		
– interest income	– granting loans	<b>183,547</b>	150,378
Finance expenses	Interest expenses		
– interest expenses	– absorbing deposit	<b>(37,274)</b>	(31,346)

### 3. Financial Position Analysis

Unit: RMB' 000

<b>Item</b>	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>	<b>Amount Changed</b>	<b>Percentage Changed</b>
Financial assets held for trading	<b>2,216,790</b>	1,121,813	1,094,977	97.6%
Current portion of non-current assets	<b>557,552</b>	59,128	498,424	843.0%
Other current assets	<b>1,073,295</b>	3,100,048	-2,026,753	-65.4%
Assets held for sale	<b>1,258,015</b>	–	1,258,015	100%
Short-term borrowings	<b>1,045,206</b>	135,133	910,073	673.5%
Current portion of non-current liabilities	<b>192,136</b>	2,288,917	-2,096,781	-91.6%

As at 30 June 2021, the Group's financial assets held for trading increased by RMB1,095 million, or 97.6%, as compared to the beginning of this year, mainly due to the increase of RMB985 million in structured deposits.

As at 30 June 2021, the Group's current portion of non-current assets increased by RMB498 million, or 843.0%, as compared to the beginning of this year, mainly due to the increase in current portion of medium and long-term loans and financial leasing payments of Qingdao Finance.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, the Group's other current assets decreased by RMB2,027 million, or 65.4%, as compared to the beginning of this year, mainly due to the decrease of RMB1,581 million in interbank certificates of deposit and the decrease of RMB400 million in financial assets purchased under resale agreements by Qingdao Finance.

As at 30 June 2021, the Group's held for sale assets increases by RMB1,258 million, as compared to the beginning of this year, mainly due to the proposed transfer of the Group's three subsidiaries upon approval of the Board on 28 June 2021. As at 30 June 2021, such transfers of equity have not been completed.

As at 30 June 2021, the Group's short-term borrowings increased by RMB910 million, or 673.5%, as compared to the beginning of this year, mainly due to the increase in demand of the fund for procurement agent business and the increase of RMB908 million in short-term borrowings.

As at 30 June 2021, the Group's current portion of non-current liabilities decreased by RMB2,097 million, or 91.6%, as compared to the beginning of this year, mainly due to the current portion of bonds payable cashed during the period.

### 4. Cash Flow Analysis

For the six months ended 30 June 2021, the Group's net cash outflow amounted to RMB1,592 million, among which:

- (1) The net cash inflow from operating activities amounted to RMB468 million, which was mainly derived from the operating profit of the Consolidated Group Companies;
- (2) The net cash inflow from investing activities amounted to RMB1,052 million, which mainly comprised of the net inflow of RMB1,095 million arising from the recovery of wealth management products and fixed term deposit, the net inflow of RMB657 million arising from the provision of loans and financial leasing to member units, the net inflow of RMB226 million arising from the interests of external loans and purchase of wealth management products, and the net outflow of RMB840 million arising from the purchase and construction of fixed assets and construction in progress; and recovery of RMB83 million statutory deposit reserve by Qingdao Finance; and
- (3) The net cash outflow from financing activities amounted to RMB3,103 million, which mainly comprised of net cash outflow of RMB2,174 million arising from the repayment of payable bonds and interests, the net inflow of RMB986 million arising from the short-term borrowings, the net outflow of RMB1,541 million arising from deposits-absorbing business of Qingdao Finance, the cash outflow of RMB77 million arising from the payment of interests, the net outflow of RMB73 million arising from the distribution of dividends for subsidiaries.

In order to facilitate the understanding of shareholders of the Company and investors, after eliminating the impact of Qingdao Finance as well as the Group's purchase of financial investment products and the recovery of fixed term deposits with an initial term over three months on the cash flow, the net cash outflow of the Group amounted to RMB1,886 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Liquidity and Financial Resources

As at 30 June 2021, the Group's cash at bank and on hand amounted to RMB6,658 million and financial products including interbank deposits amounted to RMB3,590 million. After eliminating the impact of the deposit and loan business of Qingdao Finance, the self-owned cash at bank and on hand and financial products of the Group amounted to RMB9,613 million. After eliminating the impact of Qingdao Finance, the Group's total interest-bearing borrowings amounted to RMB1,168 million, among which, borrowings at fixed interest rates amounted to RMB1,042 million and borrowings at floating interest rates amounted to RMB126 million. The Group continued to optimize its financial policies to ensure continuous operation with best capital structure to provide favorable returns for the shareholders of the Company.

As at 30 June 2021, the gearing ratio of the Group was 4%. After eliminating the impact of Qingdao Finance, the amount of the Group's cash at bank and on hand exceeded its interest-bearing borrowings.

### 6. Capital Structure

As at 30 June 2021, the total shareholders' equity of the Group amounted to RMB37,440 million, representing an increase of RMB700 million as compared to the beginning of this year, among which, the equity interest attributable to the shareholders of the Company increased by RMB439 million and the equity interest of minority shareholders increased by RMB261 million. The increase in the equity interest attributable to the shareholders of the Company was mainly due to the increase of RMB2,166 million in operating profit for the current period and the decrease of RMB1,702 million in declared dividends for the year 2020.

As at 30 June 2021, the Company had 6,491,100,000 issued shares, comprising of 5,392,075,000 A shares and 1,099,025,000 H shares, representing 83.07% and 16.93% of the total issued shares of the Company, respectively. The A share market capitalization and H share market capitalization of the Company were RMB33,323 million and HKD4,704 million, respectively, which were calculated based on the closing price of RMB6.18 per share on the Shanghai Stock Exchange and the closing price of HKD4.28 per share on the Hong Kong Stock Exchange as at 30 June 2021.

### 7. Gearing Ratio

Details of the Group's gearing ratio are set out in Note 13 to the financial statements.

### 8. Interest Rate and Exchange Rate Risks

As at 30 June 2021, cash at bank and on hand, receivables, payables and external bank borrowings of the Group which were calculated at floating rates amounted to RMB5,213 million, RMB2,701 million, RMB4,776 million and RMB126 million, respectively. The Group assessed the interest rate risk and anticipated that interest rate fluctuation would have no material impact on the Group.

The Group's main business activities are conducted in the PRC and settled mainly in RMB. As at 30 June 2021, the Group's USD deposits were approximately USD127 million, and changes in exchange rates do not have material impact on the Group. The Group will continue to closely monitor interest rate and exchange rate risks. The Group did not enter into any hedging arrangements to hedge against exposures to interest rate and exchange rate risks for the six months ended 30 June 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 9. Financial Indicators

Indicators	For the six months ended 30 June		Change (+/-)
	2021	2020	
Return on total assets	4.4%	4.3%	+0.1 percentage point
Weighted average return on net assets	6.4%	6.5%	-0.1 percentage point
Interest coverage ratio	38.93	30.11	+8.82 times
Current ratio	1.28	1.29	-0.01
Quick ratio	1.25	1.27	-0.02

For the six months ended 30 June 2021, the return on total assets of the Group was 4.4%, representing an increase of 0.1 percentage point as compared to the same period in the prior year, mainly due to the increase of RMB274 million in the total profit as compared to the same period in the prior year; the weighted average return on net assets was 6.4%, representing a decrease of 0.1 percentage point as compared to the same period in the prior year. The interest coverage ratio of the Group was 38.93 times, representing an increase of 8.82 times as compared to the same period in the prior year, mainly due to the payment of bonds payable, the decrease in interest expense as compared to the same period in the prior year and the increase in profit before interest and tax. The current ratio of the Group was 1.28, representing a decrease of 0.01 as compared to the same period in the previous year, and the quick ratio of the Group was 1.25, representing a decrease of 0.02 as compared to the same period in the previous year.

## III. CAPITAL INVESTMENT

For the six months ended 30 June 2021, the significant investment of the Group was RMB620 million, mainly used for the Dongjiakou Port – Weifang – Central and Northern Shandong oil pipeline and the auxiliary tanks construction project, Dongjiakou crude oil terminal Phase II project, Dongjiakou crude oil commercial reserve tanks project, and Dongjiakou port area bulk cargo berths and stacking yard projects and other projects.

## IV. SIGNIFICANT ENTRUSTED WEALTH MANAGEMENT

As at 30 June 2021, the details of the Group's major entrusted wealth management were as follows:

Unit: RMB'000

Trustee	Product Type	Balance	Value Date	Due Date	Expected Annualized	Source of Funds
					Rate of Return	
Bank of Communications Co., Ltd.	Structured deposit	800,000	2021/1/22	2021/7/21	3.00%	Raised funds
Xiamen Bank Co., Ltd.	Wealth management products	200,000	2021/6/2	Redeemable at any time	Floating	Self-owned capital

Note: The above listed is the entrusted wealth management with a single investment amount of reaching and more than RMB200 million.



## MANAGEMENT DISCUSSION AND ANALYSIS

### V. SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

On 10 May 2021, the Company entered into equity transfer agreements with Haiye Petroleum and Yiruiyuan Trading, and proposed to acquire 40.8% and 10.2% equity interests in Haiye Oil Terminal held by Haiye Petroleum and Yiruiyuan Trading, respectively. The transaction considerations were RMB1,047,614,256 and RMB261,903,564, respectively. As at 30 June 2021, the project is under the concentration review by the State Administration for Market Regulation, and the transactions have not been completed. For details, please refer to the announcement of the Company dated 10 May 2021. As at the date of this report, the Company has paid RMB261,903,564, representing 20% of the total consideration as deposit as per the stipulations in the agreements. The unpaid amount of investment is RMB1,047,614,256.

On 28 June 2021, (i) the Company, Harbour Engineering and Qingdao Port Engineering entered into the Qingdao Port Engineering Share Transfer Agreement, and (ii) the Company, Harbour Engineering and Rizhao Port Group entered into the Harbour Engineering Capital Increase Agreement, pursuant to which, the Company agreed to make a capital contribution of RMB183,487.8 thousand to Harbour Engineering by transferring 51% equity interests in Qingdao Port Engineering to Harbour Engineering in exchange for 9.62% of the enlarged share capital in Harbour Engineering. As at 30 June 2021, the project has not yet completed the change of industrial and commercial registration. For details, please refer to the announcement of the Company dated 28 June 2021.

On 28 June 2021, (i) the Company, Shipping Group and Tongbao Shipping entered into the Tongbao Shipping Share Transfer Agreement, and (ii) the Company, Shandong Port Group and Shipping Group entered into the Shipping Group Capital Increase Agreement, pursuant to which, the Company agreed to make a capital contribution of RMB36,656.0 thousand to Shipping Group by transferring 100% equity interests in Tongbao Shipping to Shipping Group in exchange for 11.02% of the enlarged share capital in Shipping Group. As at 30 June 2021, the project has not yet completed the change of industrial and commercial registration. For details, please refer to the announcement of the Company dated 28 June 2021.

On 28 June 2021, the Company, Shandong Port Technology and Qingdao Port Technology entered into the Qingdao Port Technology Capital Increase Agreement, pursuant to which, Shandong Port Technology agreed to make a capital contribution in cash of RMB52,842.245 thousand to Qingdao Port Technology, among which RMB20,816.326 thousand as registered capital, representing 51% of the enlarged share capital in Qingdao Port Technology, and RMB32,025.919 thousand as capital reserves. For details, please refer to the announcement of the Company dated 28 June 2021. As at 16 July 2021, Qingdao Port Technology has completed the filing with the changed name of Shandong Port Technology Group Qingdao Co., Ltd. at the industrial and commercial registration administration. The Company and Shandong Port Technology hold 49% and 51% of the equity interests of Qingdao Port Technology, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### VI. MORTGAGE AND PLEDGE OF ASSETS

As at 30 June 2021, none of the Group's assets was mortgaged or pledged.

### VII. CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities.

### VIII. EMPLOYEES

As at 30 June 2021, the Company had 3,937 employees while the principal subsidiaries of the Company had 4,755 employees. The Group implements a “two matches” principle to match the revenue growth with the Company's operation and development, and to match the growth of labor's remuneration with the increase of labor productivity. The Group links the salaries with the performance results, and the employees' salaries or its measuring units are adjusted annually in accordance with the employees' working performance, human resources market condition and the economic environment. The Group basically implements a basic salary plus a performance-based salary system for our senior management. In addition, to actively establish a learning enterprise and cultivate employees with active learning, the Group offers internal trainings on safety and security, business operations and technical skills to the employees to improve their skills related to their positions.

### IX. DESCRIPTION OF OTHER OPERATING MATTERS

As the Company plans to transform and upgrade Dagang Port Area into an international port for cruise liners, the business of Dagang Port Area will be gradually relocated to Dongjiakou Port Area and Qianwan Port Area. In March 2020, Qingdao international home port for cruise liners started construction and the construction was gradually carried on as planned. As at 30 June 2021, the construction of international port for cruise liners had no effect on the main business of Dagang Port Area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area and operations of certain clients around Huangdao Oil Port Area to Dongjiakou Port Area. As at 30 June 2021, the Group did not receive any relocation plan or relevant notice, and did not obtain any information in relation to such relocation of clients and businesses to Dongjiakou Port Area, hence the operation of Huangdao Oil Port Area was not affected.

### X. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after 30 June 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### XI. OUTLOOK FOR THE SECOND HALF OF 2021

In the second half of 2021, notwithstanding the fluid and complicated global pandemic dynamics and unstable external environment with heightened uncertainties, the recovery trend of the global economy is expected to continue with sustained rebound in overseas demand. As China diligently adheres to its new development philosophy and creates a new development landscape to push forward quality development, steadfastly pursues stable growth and structural adjustments, and continues to maintain support for the real economy through macro policies, the stable and improving trend is expected to remain in general, it is expected that the capacity of domestic imports and exports will see a stable and improving situation in the second half of 2021. Meanwhile, empowered by a combination of policies related to the Shandong Free Trade Zone, RCEP Pilot Demonstration Zone and SCODA, the Group will embrace opportunities and face challenges in its business development. It will aim at accelerating “the construction of a world-class marine port”, seize policy benefits, continue to advance reforms and stay focused on results to create greater value for shareholders and society.

Firstly, the Group will continuously improve its operating performance. It will focus on the three key areas of terminal stevedoring, business format innovation and port area industries to promote enhancements through synergy and advance mutual benefits through cooperation, so as to promote the burst of development vitality. The Group will develop premium routes, expand the scale of transit business and accelerate the construction of an empty container allocation hub in Northeast Asia. It will focus on the northern consumer goods distribution hub to create a cold chain express shipping cluster. The Group will focus on the construction of the Northern China International Fuel and Gas Centre to vigorously develop bonded fuel supply business for vessels and expand the scale of bonded crude oil blending business. It will seize opportunities arising from the establishment of the Shandong Commodity Trading Platform to strongly develop business such as crude oil, ore, paper pulp, rubber and cotton, and create a key hub for connecting global commodity industry chains.

Secondly, the Group will continuously increase its development potential. It will accelerate the construction of an intelligent port, push forward the advancement of key research projects in full swing, expand the scenarios for smart applications, advance the construction of infrastructure facilities including dedicated 5G networks and Internet of Things, and promote digital port transformation. The Group will push forward “carbon peak and carbon neutrality” initiatives by expanding the scope of using clean energy, such as hydrogen and LNG, and establishing a clean and low-carbon energy consumption system for the port. It will accelerate the construction of key projects including liquid chemical terminals, multi-purpose berths and grain silos in Dongjiakou Port Area to further boost port handling capacity.

Thirdly, the Group will continuously promote management efficiency. It will enhance the internal control operation system, improve essential safety management standards, fortify epidemic prevention measures and reduce operation risks. The Group will improve its modern corporate governance system for more standard and refined management. It will innovate human-oriented management and expand career development channels for employees to build a young and professional management team, an elite and high-end technical team, and a skilled and efficient industry worker team.

## OTHER INFORMATION

### I. CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules for the six months ended 30 June 2021.

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

The Company has adopted the Model Code of Appendix 10 to the Hong Kong Listing Rules as its own code of conduct for securities transactions by Directors and Supervisors. Specific enquiry has been made to all the Directors and Supervisors and each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code for the six months ended 30 June 2021.

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

Save as otherwise disclosed in this report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors or Supervisors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors and Supervisors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the period ended 30 June 2021.

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

On 21 July 2021, due to work adjustment, Mr. JIA Funing resigned as an executive Director of the Company, the chairman of the Board, the chairman of the strategy and development committee of the Board, a member of the nomination committee of the Board, and the authorised representative of the Company under Rule 3.05 of the Hong Kong Listing Rules; Mr. SU Jianguang resigned as the vice chairman of the Board and a member of the remuneration committee of the Board, was re-designated to the executive Director of the Company and was appointed as the chairman of the Board, the chairman of the strategy and development committee of the Board, and a member of the nomination committee of the Board at the same day, with a term of office commencing from 21 July 2021 and ending on the date of the expiration of the third session of the Board. Mr. SU Jianguang was also appointed as the authorised representative of the Company under Rule 3.05 of the Hong Kong Listing Rules at the same day with effect from 21 July 2021. For further details, please refer to the announcement of the Company dated 21 July 2021.

Ms. LEUNG Suet Wing has resigned as one of the joint company secretaries of the Company due to work re-allocation. Mr. LEE Kwok Fai Kenneth has been appointed as one of the joint company secretaries of the Company with effect from 21 July 2021. For further details, please refer to the announcement of the Company dated 21 July 2021.

On 18 August 2021, Mr. LI Wucheng was appointed as the non-executive Director of the Company, the vice chairman of the Board, the member of the strategy and development committee of the Board and the remuneration committee of the Board, with a term of office both commencing from 18 August 2021 and ending on the date of the expiration of the third session of the Board. For further details, please refer to the announcement of the Company dated 18 August 2021.

## OTHER INFORMATION

Mr. LIU Yongxia has resigned as the secretary to the Board, one of the joint company secretaries of the Company, and the authorised representative of the Company under Rule 3.05 of Hong Kong Listing Rules due to the adjustment of work arrangements on 15 September 2021. Ms. SUN Hongmei has been appointed as the secretary to the Board, one of the joint company secretaries of the Company, and the authorised representative of the Company under Rule 3.05 of Hong Kong Listing Rules with effect from 15 September 2021. For further details, please refer to the announcement of the Company dated 15 September 2021.

Save as disclosed herein, there were no changes to the Directors', Supervisors' and chief executive's information as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the period from 1 January 2021 to 30 June 2021.

### V. REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2021.

### VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

No purchase, sale and redemption of any listed securities of the Company were made by the Company or any of its subsidiaries for the six months ended 30 June 2021.

### VII. CHANGES AND TERMINATION OF USE OF PROCEEDS FOR INVESTMENT PROJECTS OF A SHARE OFFERING

The Company completed its initial public offering of RMB denominated ordinary shares (A shares) of 454,376,000 shares with a nominal value RMB1.00 per share and was listed on the Shanghai Stock Exchange on 21 January 2019, with the net amount of proceeds of approximately RMB1,978.93 million.

Details of the use of proceeds were as follows:

Unit: RMB' 000

Investment Projects for Use of Proceeds	Net Amount of Proceeds
Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project	–
The Project of Qingdao Port Investment multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area	1,000,000
Dongjiakou Integrated Logistics Stacking Yard Phase I Project	180,000
Intelligent Port Area Upgrading Project	200,000
Port Area Equipment Procurement Project	302,100
Supplementing working capital	296,830
<b>Total</b>	<b>1,978,930</b>



## OTHER INFORMATION

According to the needs of business development of the Group, upon the approval by the Board on 26 March 2020 and the annual general meeting of the Company held on 10 June 2020, the Company resolved to terminate Dongjiakou Integrated Logistics Stacking Yard Phase I Project and put the unused proceeds of RMB180 million into Port Area Equipment Procurement Project and to remove Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project from one of the investment projects for use of proceeds, continuing to build this project by self-raised funds or by means of joint ventures; upon the approval by the Board on 24 May 2021 and by the annual general meeting of the Company held on 28 June 2021, the Company resolved to invest the estimated remaining proceeds of RMB687.17 million, which was originally proposed to be used for the Multi-Purpose Berths and Ancillary Stacking Yards Project, into the Datang Terminal Phase II Project.

After the aforesaid change and termination of investment projects for use of proceeds from A share offering have completed, the details of the use of proceeds were as follows:

Unit: RMB' 000

Investment Projects for Use of Proceeds	Net Amount of Proceeds
The Dongjiakou Port Area Datang Terminal Phase II Project	687,170
Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area	312,830
Intelligent Port Area Upgrading Project	200,000
Port Area Equipment Procurement Project	482,100
Supplementing working capital	296,830
	<hr/>
<b>Total</b>	<b>1,978,930</b>
	<hr/>

For further details, please refer to the announcements dated 26 March 2020, 10 June 2020, 24 May 2021 and 28 June 2021, and the circulars dated 26 May 2020 and 27 May 2021 of the Company.

## VIII. USE OF PROCEEDS

The net proceeds from the H Shares Placing of the Company in 2017 were approximately HKD1,035 million, equivalent to approximately RMB912 million, which will be used in the way as disclosed in the announcement of the Company dated 20 January 2017. As at 31 December 2020, approximately HKD574 million was carried over to this year, which is proposed to be used as funds for overseas terminal investment and acquisition by the Company and working capital for the management of overseas terminal projects by the terminal project management companies jointly established with COSCO SHIPPING Ports. Based on the actual situation of the investment projects for the use of proceeds from H Shares Placing and upon consideration and approval by the Board of the Company which completed voting on 24 May 2021 and the annual general meeting of the year held on 28 June 2021, the Company decided to use the remaining proceeds from the H Shares Placing of approximately HKD634.91 million (including accumulated interest income) for the acquisition of 51% equity interests in Haiye Oil Terminal. For the six months ended 30 June 2021, the Company did not use any H Shares Placing proceeds. The Company will use the remaining proceeds in accordance with the progress of the investment projects and business development. As at the date of this report, the remaining proceeds are expected to be fully used towards the investment projects within 12 months.

## OTHER INFORMATION

The net proceeds from the Company's issuance of the Domestic Shares to Shanghai China Shipping Terminal were approximately RMB2,600 million. As at 31 December 2020, approximately RMB103 million was carried over to this year, which is proposed to be used towards the construction of the port facilities in Dongjiakou Port Area, enhancement of the modern logistics business structure of the Company, domestic terminals investment and acquisition and consolidation of the relevant port assets at the Port of Qingdao, and construction of information technology facilities of the Company. For the six months ended 30 June 2021, approximately RMB103 million of the proceeds had been used towards the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used for domestic terminals investment and acquisition. As at the date of this report, the remaining proceeds have been fully used by the Company.

The net proceeds from the initial public offering of A shares of the Company were approximately RMB1,979 million. As at 31 December 2020, approximately RMB1,127 million was carried over to this year. Taking into account the actual business development and operational needs of the Group, the Company has changed the use of the net proceeds and intends to use them for projects including storage yards in Dongjiakou Port Area, Datang Terminal Phase II Project, intelligent upgrade of the port area, equipment purchase and supplementary working capital. For details, please refer to the Company's announcements dated 26 March 2020, 10 June 2020, 24 May 2021 and 28 June 2021 and circulars dated 26 May 2020 and 27 May 2021. For the six months ended 30 June 2021, approximately RMB30 million of the proceeds had been used towards the investment projects in the way as disclosed in the Company's initial public offering of A shares prospectus and the Company's announcements dated 26 March 2020 and 10 June 2020 and circular dated 26 May 2020, which was mainly used for the intelligent port area upgrading project. The Company will use the remaining proceeds in accordance with the progress of the investment projects and business development. As at the date of this report, there is no detailed schedule for using the remaining proceeds.

### IX. DIVIDENDS

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2021.

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

So far as the Directors are aware, as at 30 June 2021, none of the Directors, Supervisors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

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

As at 30 June 2021, so far as the Directors are aware, the following persons (other than the Directors, Supervisors and chief executive of the Company) will be taken or deemed to have interests and/or short positions in the shares or underlying shares of the Company which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name	Class of Shares	Capacity/Nature of interest	Number of shares held <sup>(1)</sup>	Approximate percentage of shareholding in the registered capital of the Company	Approximate percentage of shareholding in the total number of issued A shares of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company
QDP	A share	Beneficial owner <sup>(2)</sup>	3,522,179,000 (L)	54.26%	65.32%	–
Shandong Port Group Co., Ltd.	A share	Interest in a controlled corporation <sup>(2)</sup>	3,522,179,000 (L)	54.26%	65.32%	–
COSCO SHIPPING Ports Development Co., Ltd.	H share	Beneficial owner <sup>(5)</sup>	173,313,000 (L)	2.67%	–	15.77%
Shanghai China Shipping Terminal Development Co., Ltd.	A share	Beneficial owner <sup>(3)</sup>	1,015,520,000 (L)	15.64%	18.83%	–
COSCO SHIPPING Ports Limited	A share	Interest in a controlled corporation <sup>(3)</sup>	1,111,520,000 (L)	17.12%	20.61%	–
	H share	Interest in a controlled corporation <sup>(5)</sup>	173,313,000 (L)	2.67%	–	15.77%
China COSCO (Hong Kong) Limited	A share	Interest in a controlled corporation <sup>(3)</sup>	1,111,520,000 (L)	17.12%	20.61%	–
	H share	Interest in a controlled corporation <sup>(5)</sup>	173,313,000 (L)	2.67%	–	15.77%
COSCO SHIPPING Holdings Co., Ltd.	A share	Interest in a controlled corporation <sup>(3)</sup>	1,111,520,000 (L)	17.12%	20.61%	–
	H share	Interest in a controlled corporation <sup>(5)</sup>	173,313,000 (L)	2.67%	–	15.77%
China Ocean Shipping Co., Ltd.	A share	Interest in a controlled corporation <sup>(4)</sup>	1,207,520,000 (L)	18.60%	22.39%	–
	H share	Interest in a controlled corporation <sup>(5)</sup>	173,313,000 (L)	2.67%	–	15.77%
China COSCO Shipping Corporation Limited	A share	Interest in a controlled corporation <sup>(4)</sup>	1,207,520,000 (L)	18.60%	22.39%	–
	H share	Interest in a controlled corporation <sup>(5)</sup>	173,313,000 (L)	2.67%	–	15.77%
China Life Insurance (Group) Company	H share	Beneficial owner	180,000,000 (L)	2.77%	–	16.38%
FMR LLC	H share	Interest in a controlled corporation	82,645,863 (L)	1.27%	–	7.52%
FIL Limited	H share	Interest in a controlled corporation <sup>(6)</sup>	66,462,000 (L)	1.02%	–	6.05%
Pandanus Associates Inc.	H share	Interest in a controlled corporation <sup>(6)</sup>	66,462,000 (L)	1.02%	–	6.05%
Pandanus Partners L.P.	H share	Interest in a controlled corporation <sup>(6)</sup>	66,462,000 (L)	1.02%	–	6.05%

## OTHER INFORMATION

### Notes:

- (1) The letter “L” denotes long position in such securities.
- (2) Qingdao SASAC and Shandong Port Group holds 51% and 49% equity interests of QDP, respectively. The Company was informed that as at 31 December 2021, QDP directly or indirectly held 83,153,000 H shares of the Company, representing approximately 7.57% of the total number of issued H shares of the Company. According to the SFO, the shareholders of the Company only need to submit the disclosure of interests form when certain conditions are reached. As at the date of holding the H shares of the Company by QDP and as at the date of this report, based on publicly available information and so far as the Directors are aware, the Company had sufficient public float and the issued shares of the Company held by the public is no less than 16.62%, and is therefore in compliance with the Hong Kong Listing Rules.

On 22 August 2019, Shandong Port Group, Qingdao SASAC, QDP and Weihai SASAC entered into the Gratuitous Transfer Agreement, and Qingdao SASAC transferred 100% equity interests in QDP to Shandong Port Group. On 17 November 2020, Shandong Port Group, Qingdao SASAC and QDP entered into the Supplemental Agreement to Gratuitous Transfer Agreement. Qingdao SASAC gratuitously transferred 49% equity interests in QDP to Shandong Port Group and the gratuitous transfer has been completed already. As at the date of the report, the controlling shareholder of the Company is still QDP, and the ultimate controller of the Company is still Qingdao SASAC. For details, please refer to the announcements of the Company dated 22 August 2019, 23 August 2019, 28 August 2019, 30 August 2019, 17 November 2020, 20 November 2020 and 2 December 2020. The Company will continue to pay attention to this matter and make timely information disclosure.

- (3) 96,000,000 A shares and 1,015,520,000 A shares of the Company are directly held by China Shipping Terminal Development Co., Ltd. and Shanghai China Shipping Terminal Development Co., Ltd., respectively. Shanghai China Shipping Terminal Development Co., Ltd. is wholly owned by China Shipping Terminal Development Co., Ltd.. China Shipping Terminal Development Co., Ltd. is wholly owned by COSCO SHIPPING Ports Development Co., Ltd., which is wholly owned by COSCO SHIPPING Ports. China COSCO (Hong Kong) Limited, which is wholly owned by COSCO SHIPPING Holdings Co., Ltd., owned 50.23% interests (in which 6.74% interests was held by its wholly-owned subsidiary) in COSCO SHIPPING Ports. COSCO SHIPPING Holdings Co., Ltd. is 8.295% owned by COSCO SHIPPING Group and 37.717% owned by China Ocean Shipping Co., Ltd., and China Ocean Shipping Co., Ltd. is wholly owned by COSCO SHIPPING Group. As such, each of COSCO SHIPPING Ports, China COSCO (Hong Kong) Limited, COSCO SHIPPING Holdings Co., Ltd., China Ocean Shipping Co., Ltd. and COSCO SHIPPING Group is deemed to be interested in 1,111,520,000 A shares of the Company.
- (4) In addition to the 96,000,000 A shares and 1,015,520,000 A shares of the Company directly held by China Shipping Terminal Development Co., Ltd. and Shanghai China Shipping Terminal Development Co., Ltd. respectively, there are 96,000,000 A shares of the Company directly held by COSCO Shipping (Qingdao) Co., Ltd., which is wholly owned by COSCO SHIPPING Group. As such, COSCO SHIPPING Group is deemed to be interested in 96,000,000 A shares of the Company and deemed to be interested in 1,207,520,000 A shares of the Company in total.
- (5) 173,313,000 H shares of the Company are directly held by COSCO SHIPPING Ports Development Co., Ltd.. Based on the shareholding relationships set out under note (2) above, each of COSCO SHIPPING Ports, China COSCO (Hong Kong) Limited, COSCO SHIPPING Holdings Co., Ltd., China Ocean Shipping Co., Ltd. and COSCO SHIPPING Group is deemed to be interested in 173,313,000 H shares of the Company.
- (6) FIL Limited is deemed to be interested in 66,462,000 H shares of the Company held by its controlled entities/corporations. Pandanus Partners L.P. owned 37.01% of the equity interest in FIL Limited. Pandanus Partners L.P. is wholly owned by Pandanus Associates Inc. Accordingly, Pandanus Partners L.P. and Pandanus Associates Inc. are also deemed to be interested in the aforesaid 66,462,000 H shares of the Company.

Save as disclosed above, as at 30 June 2021, none of the persons had interest or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company.



# CONSOLIDATED BALANCE SHEET

As at 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 4	30 June 2021 (Unaudited)	31 December 2020
<b>Current assets</b>			
Cash at bank and on hand	(1)	6,657,674,946	8,548,976,734
Financial assets held for trading	(2)	2,216,789,656	1,121,813,078
Notes receivable	(3)	19,822,936	52,322,799
Accounts receivable	(4)	2,817,615,225	2,982,613,568
Financing receivables	(5)	328,044,432	528,732,800
Advances to suppliers	(6)	165,436,439	102,314,994
Other receivables	(7)	2,849,709,003	2,273,191,624
Inventories	(8)	78,911,251	137,327,278
Contract assets	(9)	273,122,763	62,830,443
Assets held for sale	(10)	1,258,015,061	–
Current portion of non-current assets	(12)	557,552,123	59,127,841
Other current assets	(11)	1,073,295,413	3,100,048,118
<b>Total current assets</b>		<b>18,295,989,248</b>	<b>18,969,299,277</b>
<b>Non-current assets</b>			
Long-term receivables	(12)	2,773,480,075	3,308,404,670
Long-term equity investments	(13)	10,493,458,961	9,871,753,951
Other non-current financial assets	(14)	672,014,337	586,308,466
Investment properties	(15)	168,139,690	170,522,903
Fixed assets	(16)	15,907,081,529	16,168,130,367
Construction in progress	(17)	3,443,756,832	3,068,902,274
Right-of-use assets	(18)	412,738,301	311,822,056
Intangible assets	(19)	2,915,020,440	2,914,515,994
Development costs		12,630,428	–
Goodwill	(20)	48,683,209	48,683,209
Long-term prepaid expenses		52,117,103	27,145,518
Deferred tax assets	(21)	934,476,733	920,319,850
Other non-current assets	(22)	1,023,489,871	811,556,445
<b>Total non-current assets</b>		<b>38,857,087,509</b>	<b>38,208,065,703</b>
<b>TOTAL ASSETS</b>		<b>57,153,076,757</b>	<b>57,177,364,980</b>

# CONSOLIDATED BALANCE SHEET

As at 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 4	30 June 2021 (Unaudited)	31 December 2020
<b>Current liabilities</b>			
Short-term borrowings	(24)	1,045,205,956	135,133,306
Notes payable	(25)	772,575,151	890,180,633
Accounts payable	(26)	1,520,120,682	1,197,290,688
Advances from customers		55,328,463	6,453,928
Contract liabilities	(27)	194,700,357	148,693,164
Employee benefits payable	(28)	394,448,077	440,016,032
Taxes payable	(29)	289,111,558	256,377,041
Other payables	(30)	8,609,787,387	9,421,058,097
Liabilities held for sale	(10)	1,230,315,956	–
Current portion of non-current liabilities	(31)	192,135,941	2,288,917,202
Other current liabilities		10,745,165	8,474,375
<b>Total current liabilities</b>		<b>14,314,474,693</b>	<b>14,792,594,466</b>
<b>Non-current liabilities</b>			
Long-term borrowings	(32)	16,820,687	109,708,639
Lease liabilities	(33)	212,837,284	139,109,235
Long-term payables	(34)	44,556,320	40,973,544
Provisions		9,220,403	9,765,192
Deferred income	(35)	274,215,935	280,047,491
Long-term employee benefits payable	(36)	2,203,650,000	2,326,560,000
Deferred tax liabilities	(21)	53,594,748	54,031,756
Other non-current liabilities	(37)	2,583,267,186	2,683,842,524
<b>Total non-current liabilities</b>		<b>5,398,162,563</b>	<b>5,644,038,381</b>
<b>Total liabilities</b>		<b>19,712,637,256</b>	<b>20,436,632,847</b>

# CONSOLIDATED BALANCE SHEET

As at 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 4	30 June 2021 (Unaudited)	31 December 2020
<b>Shareholders' equity</b>			
Share capital	(38)	6,491,100,000	6,491,100,000
Capital surplus	(39)	12,288,455,757	12,318,673,889
Other comprehensive income	(40)	284,863,227	287,298,275
Specific reserve		12,057,657	4,279,187
Surplus reserve	(41)	1,617,193,102	1,617,193,102
General risk reserve	(42)	411,248,470	411,248,470
Undistributed profits	(43)	12,330,628,330	11,866,599,218
<b>Total equity attributable to shareholders of the Company</b>		<b>33,435,546,543</b>	32,996,392,141
<b>Minority interests</b>		<b>4,004,892,958</b>	3,744,339,992
<b>Total Shareholders' equity</b>		<b>37,440,439,501</b>	36,740,732,133
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>57,153,076,757</b>	57,177,364,980

Legal representative:

Principal in charge of accounting:

Head of accounting department:

# COMPANY BALANCE SHEET

As at 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 14	30 June 2021 (Unaudited)	31 December 2020
<b>Current assets</b>			
Cash at bank and on hand	(1)	5,806,089,322	8,333,996,251
Financial assets held for trading		1,205,000,000	220,000,000
Notes receivable		1,335,878	8,219,152
Accounts receivable	(2)	644,205,815	1,219,976,288
Financing receivables	(3)	110,984,000	286,445,752
Advances to suppliers		49,623,765	28,137,650
Other receivables	(4)	1,534,935,558	700,894,981
Inventories		16,637,452	62,098,053
Contract assets		–	49,231,610
Assets held for sale	(6)	154,455,552	–
Current portion of non-current assets	(5)	128,212,064	433,352,280
Other current assets		50,054,016	72,543,846
<b>Total current assets</b>		<b>9,701,533,422</b>	<b>11,414,895,863</b>
<b>Non-current assets</b>			
Long-term receivables	(5)	2,288,000,000	2,103,000,000
Long-term equity investments	(6)	15,795,531,226	15,175,058,130
Other non-current financial assets		71,421,487	71,421,487
Investment properties	(7)	1,354,535,791	1,376,919,138
Fixed assets	(8)	7,513,336,895	7,686,460,150
Construction in progress	(9)	2,317,118,277	2,045,778,428
Right-of-use assets		106,655,390	113,794,210
Intangible assets	(10)	2,131,051,729	2,118,457,836
Development costs		10,142,687	–
Long-term prepaid expenses		31,154,782	3,433,631
Deferred tax assets		50,522,852	41,294,915
Other non-current assets		658,303,074	389,819,151
<b>Total non-current assets</b>		<b>32,327,774,190</b>	<b>31,125,437,076</b>
<b>TOTAL ASSETS</b>		<b>42,029,307,612</b>	<b>42,540,332,939</b>



# COMPANY BALANCE SHEET

As at 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 14	30 June 2021 (Unaudited)	31 December 2020
<b>Current liabilities</b>			
Short-term borrowings		493,929,758	492,801,545
Notes payable		265,138,299	408,914,009
Accounts payable		434,763,223	574,635,530
Advances from customers		87,325,690	6,446,235
Contract liabilities		104,269,987	109,583,678
Employee benefits payable		284,214,324	319,497,688
Taxes payable		49,259,432	44,252,776
Other payables		2,629,722,558	657,655,859
Current portion of non-current liabilities		18,384,179	2,196,290,190
Other current liabilities		4,501,967	6,259,510
<b>Total current liabilities</b>		<b>4,371,509,417</b>	<b>4,816,337,020</b>
<b>Non-current liabilities</b>			
Lease liabilities		37,837,318	54,080,491
Long-term payables		44,556,320	40,973,544
Provisions		–	9,765,192
Deferred income		136,494,665	138,433,588
Long-term employee benefits payable		1,721,500,000	1,763,450,000
Other non-current liabilities		2,583,267,186	2,683,842,524
<b>Total non-current liabilities</b>		<b>4,523,655,489</b>	<b>4,690,545,339</b>
<b>Total liabilities</b>		<b>8,895,164,906</b>	<b>9,506,882,359</b>
<b>Shareholders' equity</b>			
Share capital		6,491,100,000	6,491,100,000
Capital surplus	(12)	16,253,991,053	16,247,471,564
Other comprehensive income	(13)	291,230,000	291,230,000
Surplus reserve		1,617,193,102	1,617,193,102
Undistributed profits	(14)	8,480,628,551	8,386,455,914
<b>Total shareholders' equity</b>		<b>33,134,142,706</b>	<b>33,033,450,580</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>42,029,307,612</b>	<b>42,540,332,939</b>

Legal representative:

Principal in charge of accounting:

Head of accounting department:

# CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>1. Revenue</b>	(44)	<b>7,933,081,653</b>	6,072,103,452
Less: Cost of sales	(44),(48)	<b>(5,119,203,977)</b>	(3,744,765,192)
Taxes and surcharges	(45)	<b>(67,342,355)</b>	(51,263,872)
Selling and distribution expenses	(48)	<b>(27,492,908)</b>	(14,665,388)
General and administrative expenses	(46),(48)	<b>(368,994,711)</b>	(220,125,601)
Research and development expenses	(19),(48)	<b>(11,932,279)</b>	(6,606,855)
Financial expenses	(47)	<b>60,953,028</b>	105,288,105
Including: Interest expenses		<b>83,110,450</b>	98,805,635
Interest income		<b>195,287,696</b>	226,364,485
Add: Other income	(49)	<b>83,043,873</b>	32,901,118
Investment income	(50)	<b>714,395,114</b>	768,169,574
Including: Investment income from associates and joint ventures		<b>644,054,244</b>	668,009,957
Gains on changes in fair value		<b>5,708,790</b>	2,720,249
Credit impairment losses	(51)	<b>(37,994,011)</b>	(84,076,845)
Asset impairment losses		<b>(11,087,572)</b>	10,171,621
Gains on disposal of assets		<b>7,860,343</b>	17,371,326
<b>2. Operating profit</b>		<b>3,160,994,988</b>	2,887,221,692
Add: Non-operating income		<b>2,091,339</b>	5,968,028
Less: Non-operating expenses		<b>(1,229,152)</b>	(5,535,707)
<b>3. Total profit</b>		<b>3,161,857,175</b>	2,887,654,013
Less: Income tax expenses	(52)	<b>(636,127,270)</b>	(568,944,486)
<b>4. Net profit</b>		<b>2,525,729,905</b>	2,318,709,527
Classified by continuity of operations			
Net profit from continuing operations		<b>2,525,729,905</b>	2,318,709,527
Net profit from discontinued operations		<b>-</b>	-
Classified by ownership of the equity			
Minority interests		<b>359,734,373</b>	305,887,088
Attributable to shareholders of the Company		<b>2,165,995,532</b>	2,012,822,439

# CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>5. Other comprehensive income, net of tax</b>	(40)	<b>(3,478,640)</b>	(12,121,900)
Attributable to shareholders of the Company, net of tax			
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		–	–
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		(2,435,048)	(8,485,330)
Attributable to minority shareholders, net of tax		(1,043,592)	(3,636,570)
<b>6. Total comprehensive income</b>		<b><u>2,522,251,265</u></b>	<b><u>2,306,587,627</u></b>
Attributable to shareholders of the Company		<b>2,163,560,484</b>	2,004,337,109
Attributable to minority interests		<b>358,690,781</b>	302,250,518
<b>7. Earnings per share</b>			
Basic earnings per share (RMB)	(53)(a)	<b>0.33</b>	0.31
Diluted earnings per share (RMB)	(53)(b)	<b>0.33</b>	0.31

Legal representative:

Principal in charge of accounting:

Head of accounting department:

# COMPANY INCOME STATEMENT

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 14	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>1. Revenue</b>	(15)	<b>3,236,966,810</b>	3,005,350,021
Less: Cost of sales	(15),(17)	<b>(2,227,010,322)</b>	(2,155,155,084)
Taxes and surcharges		<b>(40,096,998)</b>	(37,139,111)
Selling and distribution expenses	(17)	<b>(5,538,620)</b>	(10,259,925)
General and administrative expenses	(17)	<b>(230,760,182)</b>	(128,094,983)
Research and development expenses	(17)	<b>(6,070,311)</b>	(1,133,487)
Financial expenses	(16)	<b>(43,502,016)</b>	14,724,010
Including: Interest expenses		<b>33,799,182</b>	49,456,044
Interest income		<b>25,104,927</b>	83,027,122
Add: Other income		<b>14,616,021</b>	14,634,286
Investment income	(18)	<b>1,265,742,334</b>	1,486,605,805
Including: Investment income from associates and joint ventures		<b>632,253,367</b>	665,478,800
Credit impairment losses	(11)	<b>34,965,858</b>	(8,473,813)
Asset impairment losses	(11)	<b>1,392,635</b>	607,424
Gains on disposal of assets		<b>7,068,954</b>	14,337,797
<b>2. Operating profit</b>		<b>2,007,774,163</b>	2,196,002,940
Add: Non-operating income		<b>601,176</b>	3,960,996
Less: Non-operating expenses		<b>(193,106)</b>	(2,058,696)
<b>3. Total profit</b>		<b>2,008,182,233</b>	2,197,905,240
Less: Income tax expenses	(19)	<b>(212,043,176)</b>	(222,441,363)
<b>4. Net profit</b>		<b>1,796,139,057</b>	1,975,463,877
Classified by continuity of operations			
Net profit from continuing operations		<b>1,796,139,057</b>	1,975,463,877
Net profit from discontinued operations		—	—
<b>5. Other comprehensive income, net of tax</b>		—	—
<b>6. Total comprehensive income</b>		<b>1,796,139,057</b>	1,975,463,877

Legal representative:

Principal in charge of accounting:

Head of accounting department:

# CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>1. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		7,528,043,467	5,777,880,636
Cash received relating to other operating activities	(54)(a)	156,786,688	195,472,042
<b>Sub-total of cash inflows</b>		<b>7,684,830,155</b>	<b>5,973,352,678</b>
Cash paid for goods and services		(3,605,679,175)	(3,027,292,669)
Cash paid to and on behalf of employees		(1,297,780,805)	(1,035,535,068)
Payments of taxes and surcharges		(898,812,725)	(735,391,595)
Cash paid relating to other operating activities	(54)(b)	(1,414,334,356)	(126,312,288)
<b>Sub-total of cash outflows</b>		<b>(7,216,607,061)</b>	<b>(4,924,531,620)</b>
<b>Net cash flows from operating activities</b>	(55)(a)	<b>468,223,094</b>	<b>1,048,821,058</b>
<b>2. Cash flows from investing activities</b>			
Cash received from disposal of investments		10,461,398,258	11,301,116,200
Cash received from returns on investments		279,934,146	315,546,444
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,396,344	27,339,910
Net cash received from disposal of subsidiaries and other business units	(55)(b)	28,935,375	–
Cash received relating to other investing activities	(54)(c)	1,587,728,121	1,361,313,463
<b>Sub-total of cash inflows</b>		<b>12,367,392,244</b>	<b>13,005,316,017</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(839,616,575)	(1,637,487,780)
Cash paid to acquire investments		(9,627,453,879)	(7,894,720,052)
Cash paid relating to other investing activities	(54)(d)	(848,521,403)	(3,631,526,148)
<b>Sub-total of cash outflows</b>		<b>(11,315,591,857)</b>	<b>(13,163,733,980)</b>
<b>Net cash flows used in investing activities</b>		<b>1,051,800,387</b>	<b>(158,417,963)</b>



# CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>3. Cash flows from financing activities</b>			
Cash received from capital contributions		–	77,450,000
Including: Cash received from capital contributions by minority shareholders of subsidiaries		–	77,450,000
Cash received from borrowings		2,032,231,229	254,204,011
Cash received relating to other financing activities	(54)(e)	–	1,549,216,247
<b>Sub-total of cash inflows</b>		<b>2,032,231,229</b>	<b>1,880,870,258</b>
Cash repayments of borrowings		(3,234,755,959)	(177,426,785)
Cash payments for distribution of dividends, profits or interest expenses		(150,561,004)	(114,369,549)
Including: Cash payments for distribution of profit to minority shareholders of subsidiaries		(73,489,256)	(30,660,895)
Cash paid relating to other financing activities	(54)(f)	(1,750,218,618)	(139,367,304)
<b>Sub-total of cash outflows</b>		<b>(5,135,535,581)</b>	<b>(431,163,638)</b>
<b>Net cash flows used in financing activities</b>		<b>(3,103,304,352)</b>	<b>1,449,706,620</b>
<b>4. Effect of foreign exchange rate changes on cash</b>		<b>(8,829,142)</b>	<b>21,222,031</b>
<b>5. Net (decrease)/increase in cash</b>	(55)(a)	<b>(1,592,110,013)</b>	<b>2,361,331,746</b>
Add: Cash at the beginning of the period		6,076,037,331	3,998,246,081
<b>6. Cash at the end of the period</b>	(55)(a)	<b>4,483,927,318</b>	<b>6,359,577,827</b>

Legal representative:

Principal in charge of accounting:

Head of accounting department:

# COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	2,949,955,981	2,398,437,331
Cash received relating to other operating activities	172,971,712	190,745,161
<b>Sub-total of cash inflows</b>	<b>3,122,927,693</b>	<b>2,589,182,492</b>
Cash paid for goods and services	(1,374,245,873)	(1,005,688,780)
Cash paid to and on behalf of employees	(728,287,366)	(652,507,049)
Payments of taxes and surcharges	(307,009,038)	(293,338,158)
Cash paid relating to other operating activities	(124,839,212)	(81,005,918)
<b>Sub-total of cash outflows</b>	<b>(2,534,381,489)</b>	<b>(2,032,539,905)</b>
<b>Net cash flows from operating activities</b>	<b>588,546,204</b>	<b>556,642,587</b>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	437,518,799	4,778,531,500
Cash received from returns on investments	687,572,693	896,686,543
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	688,069	19,729,268
Cash received relating to other investing activities	320,000,000	963,501,443
<b>Sub-total of cash inflows</b>	<b>1,445,779,561</b>	<b>6,658,448,754</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(198,877,738)	(343,853,975)
Cash paid to acquire investments	(1,798,378,718)	(6,079,759,395)
Cash paid relating to other investing activities	(324,000,000)	(703,000,000)
<b>Sub-total of cash outflows</b>	<b>(2,321,256,456)</b>	<b>(7,126,613,370)</b>
<b>Net cash flows from investing activities</b>	<b>(875,476,895)</b>	<b>(468,164,616)</b>

# COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>3. Cash flows from financing activities</b>		
Cash received from borrowings	<u>251,497,607</u>	<u>252,000,000</u>
<b>Sub-total of cash inflows</b>	<u>251,497,607</u>	<u>252,000,000</u>
Cash repayments of borrowings	<u>(2,424,610,273)</u>	<u>(205,800,000)</u>
Cash payments for distribution of dividends, profits or interest expenses	<u>(30,103,192)</u>	<u>(85,707,706)</u>
Cash paid relating to other financing activities	<u>(19,352,075)</u>	<u>(23,231,550)</u>
<b>Sub-total of cash outflows</b>	<u>(2,474,065,540)</u>	<u>(314,739,256)</u>
<b>Net cash flows used in financing activities</b>	<u>(2,222,567,933)</u>	<u>(62,739,256)</u>
<b>4. Effect of foreign exchange rate changes on cash</b>	<u>(5,668,455)</u>	<u>18,241,739</u>
<b>5. Net increase in cash</b>	<u>(2,515,167,079)</u>	<u>43,980,454</u>
Add: Cash at the beginning of the period	<u>8,311,409,540</u>	<u>6,829,500,453</u>
<b>6. Cash at the end of the period</b>	<u>5,796,242,461</u>	<u>6,873,480,907</u>

Legal representative:

Principal in charge of accounting:

Head of accounting department:

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	Attributable to shareholders of the Company							Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits		
Balance at 31 December 2019		6,491,100,000	12,326,352,961	182,668,672	3,914,265	1,278,378,901	380,586,794	9,694,379,282	3,239,981,167	33,597,362,042
Movements for the six months ended 30 June 2020 (Unaudited)										
Total comprehensive income										
Net profit		-	-	-	-	-	-	2,012,822,439	305,887,088	2,318,709,527
Other comprehensive income	(40)	-	-	(8,485,330)	-	-	-	-	(3,636,570)	(12,121,900)
Total comprehensive income for the period		-	-	(8,485,330)	-	-	-	2,012,822,439	302,250,518	2,306,587,627
Capital contribution and withdrawal by shareholders										
Capital contribution by minority shareholders in subsidiaries		-	-	-	-	-	-	-	77,450,000	77,450,000
Profit distribution										
Profit distribution to shareholders	(43)	-	-	-	-	-	-	(1,300,167,330)	(35,086,249)	(1,335,253,579)
Specific reserve										
Appropriation to safety fund		-	-	-	27,429,785	-	-	-	5,111,444	32,541,229
Utilization of safety fund		-	-	-	(19,431,940)	-	-	-	(2,341,037)	(21,772,977)
Recognition of other changes in equity of associates and joint ventures										
	(39)	-	13,038,294	-	-	-	-	-	-	13,038,294
Balance at 30 June 2020 (Unaudited)		6,491,100,000	12,339,391,255	174,183,342	11,912,110	1,278,378,901	380,586,794	10,407,034,391	3,587,365,843	34,669,952,636

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	Attributable to shareholders of the Company							Total shareholders' equity
		Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	
Balance at 31 December 2020		6,491,100,000	12,318,673,889	287,298,275	4,279,187	1,617,193,102	411,248,470	11,866,599,218	36,740,732,133
Movements for the six months ended 30 June 2021 (Unaudited)									
Total comprehensive income									
Net profit		-	-	-	-	-	-	2,165,995,532	2,525,729,905
Other comprehensive income	(40)	-	-	(2,435,048)	-	-	-	(1,043,592)	(3,478,640)
Total comprehensive income for the period		-	-	(2,435,048)	-	-	-	2,165,995,532	2,522,251,265
Capital contribution and withdrawal by shareholders									
Capital contribution by minority shareholders in subsidiaries		-	(36,737,621)	-	-	-	-	(68,247,133)	(104,984,754)
Profit distribution									
Profit distribution to shareholders	(43)	-	-	-	-	-	-	(1,701,966,420)	(1,737,623,485)
Specific reserve									
Appropriation to safety fund		-	-	-	32,882,529	-	-	8,499,230	41,381,759
Utilization of safety fund		-	-	-	(25,104,059)	-	-	(2,732,847)	(27,836,906)
Recognition of other changes in equity of associates and joint ventures	(39)	-	6,519,489	-	-	-	-	-	6,519,489
Balance at 30 June 2021 (Unaudited)		6,491,100,000	12,288,455,757	284,863,227	12,057,657	1,617,193,102	411,248,470	12,330,628,330	37,440,439,501

Legal representative:

Principal in charge of accounting:

Head of accounting department:



# COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 14	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total equity
Balance at 31 December 2019		<u>6,491,100,000</u>	<u>16,255,150,636</u>	<u>191,510,000</u>	<u>-</u>	<u>1,278,378,901</u>	<u>6,637,295,439</u>	<u>30,853,434,976</u>
Movements for the six months ended								
30 June 2020 (Unaudited)								
Total comprehensive income								
Net profit		-	-	-	-	-	1,975,463,877	1,975,463,877
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	1,975,463,877	1,975,463,877
Profit distribution								
Profit distribution to shareholders		-	-	-	-	-	(1,300,167,330)	(1,300,167,330)
Specific reserve								
Appropriation to safety fund		-	-	-	14,687,201	-	-	14,687,201
Utilization of safety fund		-	-	-	(14,687,201)	-	-	(14,687,201)
Recognition of other changes in equity of associates and joint ventures	(12)	-	13,038,294	-	-	-	-	13,038,294
Balance at 30 June 2020 (Unaudited)		<u>6,491,100,000</u>	<u>16,268,188,930</u>	<u>191,510,000</u>	<u>-</u>	<u>1,278,378,901</u>	<u>7,312,591,986</u>	<u>31,541,769,817</u>

# COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 14	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total equity
Balance at 31 December 2020		<u>6,491,100,000</u>	<u>16,247,471,564</u>	<u>291,230,000</u>	<u>-</u>	<u>1,617,193,102</u>	<u>8,386,455,914</u>	<u>33,033,450,580</u>
Movements for the six months ended 30 June 2021 (Unaudited)								
Total comprehensive income								
Net profit		-	-	-	-	-	1,796,139,057	1,796,139,057
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	1,796,139,057	1,796,139,057
Profit distribution								
Profit distribution to shareholders		-	-	-	-	-	(1,701,966,420)	(1,701,966,420)
Specific reserve								
Appropriation to safety fund		-	-	-	15,343,200	-	-	15,343,200
Utilization of safety fund		-	-	-	(15,343,200)	-	-	(15,343,200)
Recognition of other changes in equity of associates and joint ventures	(12)	-	6,519,489	-	-	-	-	6,519,489
Balance at 30 June 2021 (Unaudited)		<u>6,491,100,000</u>	<u>16,253,991,053</u>	<u>291,230,000</u>	<u>-</u>	<u>1,617,193,102</u>	<u>8,480,628,551</u>	<u>33,134,142,706</u>

Legal representative:

Principal in charge of accounting:

Head of accounting department:

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 1 GENERAL INFORMATION

Qingdao Port International Co., Ltd. (“the Company”) is a joint stock limited company incorporated in Qingdao City of Shandong Province of the People’s Republic of China (“the PRC”) on 15 November 2013 (the Company’s “Date of Incorporation”) by Qingdao Port (Group) Co., Ltd. (“Qingdao Port Group”) as the Leading Promoter together with “Other Promoters” including Shenzhen Malai Storage Co., Ltd. (“Malai Storage”), Qingdao Ocean Shipping Co., Ltd. (“Qingdao Ocean”) (now renamed as COSCO Shipping (Qingdao) Co., Ltd.), China Shipping Terminal Development Co., Ltd. (“China Shipping Terminal”), Everbright Holdings (Qingdao) Financial Leasing Co., Ltd. (Everbright Holdings Qingdao) and Qingdao International Investment Co., Ltd. (“Qingdao International Investment”) (Collectively referred to as “other promoters”), with its registered address at No. 12 Jingba Road, Huangdao District, Qingdao, PRC.

Pursuant to *Qingdao State-Owned Assets Supervision & Administration Commission’s Reply on Approval of Establishment of Limited Liability Company and Listing of H-Shares By Qingdao Port (Group) Co., Ltd.* (Qing Guo Zi Gui [2013] No. 29) and restructuring plan, Qingdao Port Group restructures and establishes a limited liability company. The total share capital of the Company at incorporation is 4,000,000,000 shares (Par value at RMB1). The total capital contributions subscribed by the initiators and the share capital converted are as follows (Amounts in ten thousand Yuan):

Name of promoter	Form of contribution	Amount of contribution	Share capital	Capital surplus	Shareholding
Qingdao Port Group	Asset and liability	1,065,228	360,000	705,228	90.0%
Malai Storage	Cash at bank and on hand	33,141	11,200	21,941	2.8%
Qingdao Ocean	Cash at bank and on hand	28,406	9,600	18,806	2.4%
China Shipping Terminal	Cash at bank and on hand	28,406	9,600	18,806	2.4%
Everbright Holdings					
Qingdao	Cash at bank and on hand	14,203	4,800	9,403	1.2%
Qingdao International Investment	Cash at bank and on hand	14,203	4,800	9,403	1.2%
Total		<u>1,183,587</u>	<u>400,000</u>	<u>783,587</u>	<u>100.0%</u>

The Company issued 705,800,000 foreign-listed H-shares overseas at its Initial Public Offering on 6 June 2014. The issuing price per share is HKD3.76 (approximately RMB2.98). The amount of raised capital less capitalized listing expenses was RMB1,995,921,171, including share capital of RMB705,800,000 (705,800,000 shares, par value at RMB1) and capital surplus of RMB1,290,121,171.

The Company exercised over-allotment option on 2 July 2014 and issued additional 72,404,000 foreign-listed H shares overseas. The issuing price per share was HKD3.76 (approximately RMB2.99). The amount raised in over-allotment was RMB216,167,727, including share capital of RMB72,404,000 (72,404,000 shares, par value at RMB1) and capital surplus of RMB143,763,727.

Furthermore, 77,821,000 state-owned shares held by Qingdao Port Group (equivalent to 10% of the issued H-shares) are converted to H-shares and transferred to the National Council for Social Security Fund of the PRC as a portion of shares in the IPO and over-allotment for sale.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 1 GENERAL INFORMATION (Continued)

The completion of the placing of 243,000,000 new H shares of the Company (the “Placing”) took place on 18 May 2017 at the placing price of HKD4.32 per H Share (equivalent to approximately RMB3.81). The number of total share capital of the Company increased to 5,021,204,000 shares as a result of the issue of the Placing Shares.

The Company made private placement of 1,015,520,000 Domestic Shares to Shanghai China Shipping Terminal Development Co., Ltd. (“Shanghai China Shipping Terminal”) on 22 May 2017 at a subscription price of RMB5.71 per share. After the completion of the private placement of the Domestic Shares, the number of total issued shares of the Company increased to 6,036,724,000 shares.

On 21 January 2019, the Company completed the initial public offering of 454,376,000 ordinary shares (A shares) and was listed on the main board of Shanghai Stock Exchange with a par value of RMB1.00 per share at the issuing price of RMB4.61 per share. After the completion of the issuance of A shares, the number of total issued shares of the Company increased to 6,491,100,000 shares.

As at 30 June 2021, the total share capital of the Company is 6,491,100,000 shares with par value at RMB1.00, including 5,392,075,000 A-shares and 1,099,025,000 H-shares, accounting for 83.07% and 16.93% respectively of the total share capital of the Company. Qingdao Port Group holds 55.54% shares of the Company in total.

Pursuant to the *Gratuitous Transfer Agreement of the Equity Interests in Qingdao Port (Group) Co., Ltd. among Shandong Port Group Co., Ltd., the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government, and the State-owned Assets Supervision & Administration Commission of Weihai Municipal Government signed by Shandong Port Group Co., Ltd.* (“Shandong Port Group”), the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government (“Qingdao SASAC”), the State-owned Assets Supervision & Administration Commission of Weihai Municipal Government and Qingdao Port Group on 22 August 2019, Qingdao SASAC shall transfer 100% equity interests in Qingdao Port Group to Shandong Port Group. Pursuant to the *Supplementary Agreement to the Gratuitous Transfer Agreement of the Equity Interests in Qingdao Port (Group) Co., Ltd. among Shandong Port Group Co., Ltd. and the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government* (“Supplementary Agreement”) signed by Qingdao Port Group, Shandong Port Group and Qingdao SASAC on 17 November 2020, Qingdao SASAC shall transfer 49% equity interests in Qingdao Port Group to Shandong Port Group. After 36 months from the listing of the Company’s A shares, Qingdao SASAC and Shandong Port Group will negotiate separately in relation to the transfer of the remaining 51% equity interests in Qingdao Port Group. Qingdao Port Group completed the change of industrial and commercial registration procedure on 2 December 2020, upon which Qingdao SASAC and Shandong Port Group held 51% and 49% of equity interests in Qingdao Port Group, respectively. Pursuant to the Supplementary Agreement, before the date on which the Company’s A shares having been listed for 36 months, Shandong Port Group shall not enjoy the portion of the distributed profit of Qingdao Port Group attributable to the Company, and Shandong Port Group’s voting on relevant matters regarding the Company on Qingdao Port Group’s general meetings shall concur with Qingdao SASAC’s voting. Therefore, as at 30 June 2021, Qingdao Port Group remained as the Company’s controlling shareholder and Qingdao SASAC remained as the ultimate controller of the Company.

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

For the details of the main subsidiaries included in the scope of consolidation for the year, please refer to Note 6. The subsidiaries included in the scope of consolidation for the year refer to the subsidiaries that are newly established are Qingdao Port Equipment Manufacturing Co., LTD. (“Equipment Manufacturing”) and Qingdao Port Construction Management Center Co., LTD. (“Construction Management Center”). The subsidiary that is no longer included in the scope of consolidation for the year is Qingdao City Qingdao Port Commodity Trading Center Co., Ltd. (“Commodity Trading”) that is disposed of. For details, please refer to Note 5.

These financial statements have been approved for issuance by the Company’s Board of Directors on 26 August 2021.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Accounting policies and accounting estimates are determined based on the features of the Group's production and operation, which mainly include judgement criteria for the provision of expected credit losses on receivables and contract assets (Note 2(9)), depreciation of fixed assets, amortization of intangible assets and right-of-use assets (Note 2(13), (16), (25)), provision of early retirement benefits and supplementary retirement benefits (Note 2(19)), and recognition and measurement of revenue (Note 2(22)), etc.

The Group's critical judgements applied in determining significant accounting policies, critical accounting estimations and key assumptions are as follows Note 2(30).

### (1) Preparation basis of financial statements

The financial statements are prepared in accordance with *the Accounting Standard for Business Enterprises – Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as the “Accounting Standards for Business Enterprises”); and are also prepared in accordance with *the Public Information Disclosure and Compilation Rules for Public Offering of Securities No. 15 – General Provisions for Financial Reporting* issued by China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance came into effect on 3 March 2014. Certain disclosures in the financial statements have been adjusted in accordance with requirements in Hong Kong Companies Ordinance.

#### (a) Preparation basis of consolidated financial statements

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

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

#### (b) Preparation basis of the Company's financial statements

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



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the six months ended 30 June 2021 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Consolidated and the Company's financial position as at 30 June 2021 and their financial performance, cash flows and other information for the six months ended 30 June 2021.

### (3) Accounting year

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

### (4) Recording currency

The recording currency is Renminbi (RMB). The financial statements are shown in RMB.

### (5) Business combination

#### (a) Business combination involving enterprises under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the acquiree was acquired from the third party by the ultimate controlling party in previous years, it shall be based on the carrying amount of the assets and liabilities of the acquiree (including the goodwill formed by the acquisition of the acquiree by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (capital premium). If the capital surplus (capital premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs that directly attribute to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issuance of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

#### (b) Business combination involving enterprises not under common control

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

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (6) Preparation of consolidated financial statements

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

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

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

All significant intra-group balances, transactions and unrealized profits are eliminated from the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognized as minority interests, net profit attributable to minority interests and total comprehensive incomes attributable to minority interests and presented separately in the consolidated financial statements under shareholders' equity, net profits and total comprehensive income respectively. Where the loss for the current period attributable to the minority shareholders of the subsidiaries exceeds the share of the minority interests in the opening balance of owners' equity, the excess is deducted against minority interests. Unrealized profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealized profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

### (7) Cash and cash equivalents

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

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (8) Foreign currency translation

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

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

### (9) Financial instruments

Financial instrument is a contract that forms a financial asset of one party and forms a financial liability or equity instrument of the other party. When the Group becomes a party to a financial instrument contract, the relevant financial assets or financial liabilities are recognized.

#### (a) Financial assets

##### (i) *Classification and measurement of financial assets*

Based on the business model for financial asset management and the contractual cash flow characteristics of financial assets, the Group classifies the financial assets as: (1) financial assets measured at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. For financial assets at fair value through profit and loss, the related transaction costs are directly recognized in profit or loss. For other financial assets, the related transaction costs are included in initially recognized amounts. Accounts receivable or notes receivable arising from sales of products or rendering of services excluding or without regard to significant financing components are initially recognized at the consideration that is entitled to be charged by the Group as expected.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (9) Financial instruments (Continued)

#### (a) Financial assets (Continued)

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

###### Debt instruments

Debt instruments held by the Group are instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured with the following three methods respectively:

###### Measured at amortized cost:

The Group's business model for financial asset management aims to receive contractual cash flows. The contractual cash flow characteristics of such financial assets are consistent with basic loan arrangement, which means the cash flow generated at certain dates is only the payment for the principal and corresponding interest based on unpaid principal. The interest income of such financial assets is recognized using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, notes receivable, accounts receivable, other receivables, debt investments and long-term receivables. Debt investments and long-term receivables due within 1 year (inclusive) at the balance sheet date are included in the current portion of non-current assets; debt investments with maturities of no more than 1 year (inclusive) at acquisition are included in other current assets.

###### Measured at fair value through other comprehensive income:

The Group's business model for the financial asset management aims to receive contractual cash flows and hold the financial assets for sale. The contractual cash flow characteristics of such financial assets are consistent with basic loan arrangement. Such financial assets are measured at fair value through other comprehensive income. However, impairment losses or gains, exchange gains or losses and interest income calculated using the effective interest method are included in profit or loss in the current period. Such financial assets mainly comprise financing receivables and other debt investments, etc. Such financial assets are presented as other debt investments. Other debt investments due within 1 year (inclusive) at the balance sheet date are included in the current portion of non-current assets, other debt investments with maturities of no more than 1 year (inclusive) at acquisition are included in other current assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (9) Financial instruments (Continued)

#### (a) Financial assets (Continued)

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

Measured at fair value through profit or loss:

Debt instruments not classified as financial assets measured at amortized cost or at fair value through other comprehensive income are presented as financial assets held for trading at fair value through profit or loss by the Group. At initial recognition, the Group designates a portion of financial assets as those measured at fair value through profit or loss to eliminate or dramatically reduce accounting mismatches. Financial assets with maturities over 1 year and expected to be held over 1 year at the balance sheet date are presented as other non-current financial assets, the others are presented as financial assets held for trading.

Equity instruments

Investments in equity instruments over which the Group exert no control, joint control or significant influence, are presented as financial assets held for trading and are measured at fair value through profit or loss; financial assets expected to be held over 1 year at the balance sheet date are presented as other non-current financial assets.

##### (ii) Impairment

Relevant loss provision is recognized for financial assets measured at amortized cost, investments in equity instruments at fair value through other comprehensive income, contract assets, lease receivables and financial guarantee contracts based on Expected Credit Loss ("ECL").

ECL is recognized when the Group considers reasonable and supportable information that is related to past events, current situation and forecasts on future economic conditions, and calculates probability-weighted amount of the present value of the difference between cash flows of contract receivable and expected cash flows, taking default risk as the weight.

ECL of financial instruments in different stages are measured respectively at each balance sheet date by the Group. Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, loss provisions are provided at 12-month ECL; Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these financial instruments, lifetime ECL are recognized. Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized.

For financial instruments with low credit risk at the balance sheet date, the Group assumes the credit risk of such financial instruments does not increase significantly after the initial recognition, and measures loss provision based on 12-month ECL.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (9) Financial instruments (Continued)

#### (a) Financial assets (Continued)

##### (ii) Impairment (Continued)

For financial instruments in Stage1 and Stage 2 and that with low credit risk, interest income is calculated based on gross carrying amount without deduction of impairment provision and the effective interest rate. For financial instruments in the Stage 3, interest income is calculated based on amortized cost by using carrying amount less impairment provision appropriated and the effective interest rate.

For notes receivable, accounts receivable, financing receivables and contract assets caused by sales of goods, rendering of services and other daily operating activities, no matter whether there is a significant financing component, the Group measures their loss provision based on lifetime ECL. For lease receivables, the Group measures the loss provision based on lifetime ECL.

When there is no information at reasonable cost to assess the ECL on the individual basis, the Group classifies receivables into several groups in accordance with their credit risk characteristics and measures ECL on the basis of grouping basis. Basis for grouping is as follows:

Grouping of financing receivables and notes receivable:

Grouping of financing receivables	Bank acceptance notes
Grouping A	Trade acceptance notes receivable from companies in the scope of consolidation (For company financial statements)
Grouping B	Trade acceptance notes receivable from other companies outside the scope of consolidation

Grouping of accounts receivable:

Grouping A	Accounts receivable from companies in the scope of consolidation (For company financial statements)
Grouping B	Accounts receivable from engineering and construction businesses of companies outside the scope of consolidation
Grouping C	Accounts receivable from companies outside the scope of consolidation other than engineering and construction businesses

Grouping of other receivables and long-term receivables:

Grouping A	Other receivables and long-term receivables from companies in the scope of consolidation (For company financial statements)
Grouping B	Loans and advances from companies outside the scope of consolidation
Grouping C	Receivables from companies outside the scope of consolidation other than loans and advances

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (9) Financial instruments (Continued)

##### (a) Financial assets (Continued)

##### (ii) Impairment (Continued)

For accounts receivable, lease receivable and financing receivables caused by sales of goods, rendering of services and other daily operating activities that on the grouping basis, the Group calculates the ECL by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the exposure at default (“EAD”) and lifetime ECL ratio. For other notes receivables, financing receivables and other receivables on the grouping basis, the Group calculates the ECL by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the EAD and the ECL ratio within 12 months or for the lifetime.

For loans and advances that are accounted for as other receivables and long-term receivables, the Group measures loans based on the client’s “probability of default” and financial status of the agreed obligations, taking into account EAD and possible future development trends.

Impairment losses provision or reversal is recognized in profit or loss in the current period by the Group. For debt instrument measured at fair value through other comprehensive income, the Group adjusted other comprehensive income accordingly upon the recognition of the impairment losses or gains into profit or loss.

##### (iii) Derecognition

A financial asset is derecognized when any of the below criteria is met: (1)the contractual rights to receive the cash flows from the financial asset expire; (2)the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3)the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of investments in other equity instruments, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in other comprehensive income, is recognized in retained earnings. On derecognition of other financial assets, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in other comprehensive income is recognized in profit or loss in the current period.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (9) Financial instruments (Continued)

#### (b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities measured at amortized cost and financial liabilities at fair value through profit or loss.

The financial liabilities of the Group mainly comprise of financial liabilities measured at amortized cost, including notes payable, accounts payable, other payables, borrowings and bonds payable. Such financial liabilities are recognized initially at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Such financial liabilities with maturities no more than one year (inclusive) are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year (inclusive) at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognized part of the financial liability and the consideration paid is recognized in profit or loss in the current period.

#### (c) Determination of fair value of financial instruments

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (10) Inventories

**(a) Classification**

Inventories include amounts of materials and finished goods, spare parts, fuel, low value consumables, and are stated at the lower of cost and net realizable value.

**(b) Costing of inventories when issued**

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

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

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

**(d) The Group adopts the perpetual inventory system.**

#### (11) Long-term equity investments

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (11) Long-term equity investments (Continued)

#### (a) Determination of investment cost

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

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (11) Long-term equity investments (Continued)

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

When the Group increases the percentage of shareholding in investee due to additional investment, but the investee remains to be an associate or a joint venture, it shall be accounted for using equity method with the updated percentage of shareholding. When the additional investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the additional investment date, the cost of long-term equity investment is not adjusted; when the additional investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the additional investment date, the difference is included in non-operating income and the cost of the long-term equity investment is adjusted upwards accordingly. While making the adjustment, goodwill relating to the original and additional investment or the amount included in profit or loss should be considered.

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

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

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

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

##### (d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2 (18)).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (12) Investment properties

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

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

	Estimated useful lives	Estimated net residual values	Annual depreciation/ amortization rates
Buildings	30 years	4%	3.2%
Land use rights	35-50 years	—	2.0%-2.9%

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

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

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

The carrying amount of an investment property is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2 (18)).

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (13) Fixed assets

#### (a) Recognition and initial measurement of fixed assets

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

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

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

#### (b) Depreciation methods of fixed assets

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (13) Fixed assets (Continued)

- (c) The carrying amount of a fixed asset is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(18)).

(d) **Disposal of fixed assets**

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

### (14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2 (18)).

### (15) Borrowing costs

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

The capitalized amount of specific borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the interest expenses incurred in the period less interest income of the unused borrowings deposited at bank or investment income from temporary investments.

The capitalized amount of general borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilized general borrowings. The effective interest rate is the rate at which the future cash flows of the borrowings over the expected lifetime or a shorter applicable period are discounted into the initial recognized amount of the borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (16) Intangible assets

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

**(a) Land use rights**

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

**(b) Sea area use rights**

Sea area use rights are initially recorded at their cost on acquisition and amortized on the straight-line basis over their useful lives of 45-50 years.

**(c) Software**

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

**(d) Periodical review of useful life and amortization method**

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

**(e) Research and development**

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (16) Intangible assets (Continued)

#### (e) Research and development (Continued)

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalized only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period. Capitalized expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

#### (f) Impairment of intangible assets

The carrying amount of intangible assets is reduced to its recoverable amount when its recoverable amount is lower than its carrying amount (Note 2 (18)).



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (17) Long-term prepaid expenses

Long-term prepaid expenses include the expenditures for improvements to right-of-use assets, and other expenditures that has been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial period and are presented at actual expenditures net of accumulated amortization.

#### (18) Impairment of long-term assets

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

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment losses are recognized, it will not be reversed for the value recovered in the subsequent periods.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (19) Employee benefits

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

#### (a) Short-term employee benefits

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

#### (b) Post-employment benefits

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

##### *Basic pensions*

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (19) Employee benefits (Continued)

##### (b) Post-employment benefits (Continued)

###### *Corporate annuity*

Employees who retire on and subsequent to 1 January 2016 enjoy the corporate annuity plan set up by the Group in accordance with State's corporate annuity regulations apart from basic pensions. The annuity is accrued by the Group in proportion to the payroll. During the accounting period in which employees provide services, the amount calculated in line with the above-mentioned proportion is recognized as liabilities and is included into profit or loss for the current period.

###### *Supplemental retirement benefits*

Pursuant to the *Minutes of the 29th Executive Meeting of the 15th People's Government of Qingdao City* issued by the General Office of Qingdao Municipal Government on 19 August 2013, the Group, besides the pension plan specified by the State, offers supplemental retirement benefits to employees retired or to be retired prior to 31 December 2015 and the surviving family members involved, which is under defined benefit plans. Pursuant to the *Interim Measures for Supplementary Medical Insurance Management of Qingdao Port International Co., Ltd.* (Qing Gang Guo Ji Ren Zi [2020] No.104), the Group provides supplementary medical benefit and other supplemental benefits to employees retired or to be retired in the future. The above supplemental retirement benefits belong to defined benefit plan. The supplemental retirement benefits borne by the Group are recognized as liabilities, actuarially evaluated using projected unit credit method, and presented as the present value of expected future cash outflow. Actuarial gains and losses are included in other comprehensive income in the period when incurred, and past service cost is recognized in the period when incurred. The supplemental retirement benefits are discounted at the interest rate of government bonds that have terms to maturity approximating to the terms of the related supplemental retirement benefits.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (19) Employee benefits (Continued)

#### (c) Termination benefits

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

#### *Early retirement benefits*

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

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

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

### (20) Dividend distribution

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (21) Provisions

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

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

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

The financial guarantee contract loss provision recognized by the Group on the basis of expected credit losses is recognized as an estimated liability.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

#### (22) Revenue recognition

The Group recognizes revenue at the amount of consideration to which the Group expects to be entitled when customers obtain control of relevant goods or services.

##### (a) Rendering of services

The corresponding revenue recognition methods are summarised as follows:

- Income from services is recognized based on the progress of completed services over a period of time, including stevedoring of goods (including metal ores, coal, crude oil, grains, break bulk cargo, containers), port management, logistics and transportation, tugboat and barging, ocean shipping tallying, construction and other services, which is determined based on proportion of costs incurred to date to the estimated total costs. On the balance sheet date, the Group re-estimates progress of completed services to reflect the changes of the compliance with the contract.
- Income from stacking of goods like metal ores, coal, crude oil, grains, break bulk cargo, containers is recognized on the straight-line basis over the service period.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (22) Revenue recognition (Continued)

#### (a) Rendering of services (Continued)

When the revenue is recognized pursuant to the progress of completed services by the Group, the amounts with unconditional collection right obtained by the Group are recognized as accounts receivable, and the rest are recognized as contract assets. Meanwhile, loss provision for accounts receivable and contract assets is recognized based on ECL (Note 2 (9)). If the contract amount received or receivable exceeds the amount for the completed services, the difference is recognized as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include contract performance costs and contract acquisition costs. Costs for rendering of services are recognized as contract performance costs, and are carried forward to cost of sales from main operations pursuant to the progress of services completed when the revenue is recognized. The Group will recognize the incremental costs incurred in obtaining the contracts as contract acquisition costs. For the costs to obtain a contract with the amortization period within one year, the costs are charged in the current profit or loss when incurred. For the costs to obtain a contract with the amortisation period beyond one year, the costs are charged in the current profit or loss on the same basis as revenue of rendering of services recognised under the relevant contract. If the carrying amount of contract costs exceeds the residual considerations expected to be obtained from the provision of the services less the costs expected to be incurred, the Group makes provision for impairment for the difference and recognizes it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the costs to fulfil a contract is more than one year when initially recognised, the amount of the Group's costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

The Group assesses whether it is the principal or an agent in the transactions regarding whether the Group has the control of goods when transferring the goods to the customer or rendering of services. Provided that the Group has the control of goods (or services) before the transfer of the goods for services, it is the principal and should recognise revenue for the gross amount of consideration received or receivable; otherwise it is the agent and should recognise revenue at the amount of commissions and fees to which the Group expects to be entitled.

#### (b) Sale of goods

Revenue from sales of oil and electricity belongs to contract obligations to be satisfied at a point in time and the corresponding revenue is recognized when the control of goods is transferred to the buyer.



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (23) Government grants

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

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

Government grants related to assets are those obtained for forming long-term assets by purchase, construction or acquisition in other ways. Grants related to income are government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognized in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate future costs, expenses or losses are recorded as deferred income and recognized in profit or loss upon the recognition of the related costs, expenses or losses; government grants related to income that compensate incurred costs, expenses or losses are recognized in current profit or loss directly. The Group uses the same presentation method for similar government grants.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (24) Deferred tax assets and deferred tax liabilities

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

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

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

Deferred tax assets and liabilities are offset when:

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (25) Leases

Lease refers to a contract in which the lessor transfers the use right of the assets to the lessee in a certain period of time to obtain the consideration.

##### **The Group as a lessee:**

The Group recognizes right-of-use assets on the beginning date of the lease period and lease liabilities based on the present value of the unpaid amount of lease payment. Lease payments include fixed payment and the amount to be paid based on reasonable assurance that the purchase option will be exercised or the lease option will be terminated. The flexible rental based on the sales amount is not included in the lease payment and is recognized in profit or loss for the current period when actually incurred. Lease liabilities that are to be paid within one year (inclusive) since the balance sheet date are included in the current portion of non-current liabilities.

The Group's right-of-use assets comprise of buildings, port facilities, storage facilities, loading equipment and vessels, etc. Right-of-use assets are initially measured at cost which includes the initially measured amount of lease liabilities, the lease payment and initial direct costs on or before the beginning date of the lease period, deducting the lease incentives already received. If the Group can reasonably assure to obtain the ownership of lease assets when the lease period is due, depreciation is charged over the residual useful life of lease assets. Otherwise, depreciation is charged over the shorter of the lease period and the residual useful life of lease assets. The carrying amounts of right-of-use assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts.

For short-term leases with lease periods not exceeding 12 months and leases of low-value assets, the Group chooses not to recognize the right-of-use assets and lease liabilities. And the related rental expenses are either recognized over the period of the lease in current profit or loss or capitalized as part of the cost of related assets on a straight-line basis.

The Group shall account for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group shall redetermine the lease term at the effective date of the lease modification, and remeasure the lease liabilities by discounting the revised lease payments using a revised discount rate, except that the contract changes directly resulting from COVID-19 are accounted for by applying the practical expedient. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other leases which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (25) Leases (Continued)

#### **The Group as the lessor:**

A lease that has substantially transferred almost all the risks and rewards related to the ownership of the leased asset is a financial lease. Other leases are operating leases.

#### *(a) Operating leases*

When the Group leases out self-owned port facilities, storage facilities, buildings and etc., the rental income from the operating lease is recognized on the straight-line basis over the lease period.

For a lease modification, the Company accounts for it as a new lease from the effective date of the modification, and considers any lease payments received in advance or receivable relating to the lease before modification as receivables of the new lease.

#### *(b) Finance leases*

As at the beginning date of the lease period, the Group recognizes finance lease receivables for finance leases and derecognizes related assets. Finance lease receivables are included in long-term receivables and finance lease receivables that are to be received within one year (inclusive) since the balance sheet date are included in the current portion of non-current assets.

### (26) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when both of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject to usual practices for sale of such non-current asset or disposal group; (2) the Group has signed a legal binding sale agreement with other parties and has obtained appropriate approval, and the sale is to be completed within one year.

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

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

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

Profit or loss from the discontinued operations stated in the income statement includes the profit or loss arising from operation and disposal.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (27) Custodian business

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

#### (28) Specific reserve

Pursuant to the regulations of the Ministry of Finance, Administration of Work Safety and relevant local government departments, the Group accrues specific reserve of safety production in light of the actual revenue of dangerous goods stacking and other related services in the prior year.

Specific reserve is mainly for safety expenses on facilities such as stevedoring, transportation, and stacking.

The provision for specific reserve is recognized as relevant cost or profit or loss for the current period, and it is also included in specific reserve. The specific reserve is written down when withdrawal of safety fund is of expense expenditure. If it is capital expenditure, the expenditure incurred is recorded in construction in progress and recognized as fixed assets when the project is completed and is ready for the intended use, and meanwhile, specific reserve is written down at the cost of the fixed assets and accumulated depreciation is recognized at the same amount. Consequently, such fixed assets are not depreciated in subsequent periods.

#### (29) Segment information

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (30) Critical accounting estimates and judgements

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

#### (a) Critical judgements in applying the accounting policies

##### (i) *Classification of financial assets*

The Group's major judgments when determining the classification of financial assets include analysis of business models and contract cash flow characteristics.

The Group determines the business model of managing financial assets at the level of the financial asset portfolio. The factors considered include the way to evaluate and report the performance of financial assets to key management personnel, the risks that affect the performance of financial assets and their management methods, and relevant business managers How to get paid, etc.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the principal may be due to early repayment and other reasons that may lead to changes in the time distribution or amount during the duration; whether the interest is only Including the time value of money, credit risk, other basic borrowing risks, and the consideration of costs and profits. For example, does the amount paid in advance reflect only the unpaid principal and the interest based on the unpaid principal, as well as the reasonable compensation paid for early termination of the contract.

##### (ii) *Judgement on significant increase in credit risk*

The judgement on significant increase in credit risk of loans and advances made by the Group is mainly based on whether it has been overdue for over 30 days, or whether one or more of the following indicators have changed significantly: business environment in which the debtor operates, internal and external credit ratings, significant changes in actual or expected operating results, significant decrease in value of collaterals or credit rate of the guarantor, etc.

Judgement of the Group on the credit impaired of loans and advances is mainly based on whether it has been overdue for over 90 days (i.e., a default has occurred), or whether it meets one or more of the following conditions: the debtor suffers from significant financial difficulties, is engaged in other debt restructuring, or probably goes bankrupt, etc.



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (30) Critical accounting estimates and judgements (Continued)

##### (b) Critical accounting estimates and assumption

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

##### (i) *Estimate on depreciation of fixed assets*

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

##### (ii) *Actuarial calculation of early retirement and supplemental retirement benefits*

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

##### (iii) *Measurement of ECL*

The Group calculates ECL pursuant to exposure at default and ECL rate, and determines ECL rate based on probability of default and loss given default. When determining ECL rate, the Group adopts data like historical credit loss experience in combination with current situation and forward-looking information to adjust historical data.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 3 TAXATION

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

Category	Tax base	Tax rate
Enterprise income tax	Taxable income	15%, 20% and 25%
Value-added tax ("VAT") (a)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)	6%, 9% and 13%
	Taxable revenue amount	3% and 5%
Land use tax	Actual size of the land occupied	RMB3.2-11.2 per square meter per year
City maintenance and construction tax	Value added tax	7%
Educational surcharge	Value added tax	3%

#### (a) VAT

For the six months ended 30 June 2021, in addition to sales and commodity trading of fuel oil, mechanical and electrical equipment, concrete, hydropower, etc., the company and certain subsidiaries also provide services such as transportation, stevedoring, port management, tugboat and barging, ocean shipping tallying, construction and installation projects, tangible movable property leasing and the provision of loans. Value-added tax is applicable to the above-mentioned businesses. The value-added tax rate applicable to the sales of fuel oil, mechanical and electrical equipment and electricity, commodity trading and tangible movable property leasing services is 13%; the value-added tax rate applicable to stevedoring services, port management services, tugboat and barging services, ocean shipping tallying and the provision of loans and other services is 6%; the value-added tax rate applicable to the provision of transportation services, the provision of construction and installation projects, etc., the transfer of real estate such as docks, storage yards, land use rights, and the lease of real estate services is 9%; the transfer or lease of real estate acquired before 30 April 2016 is taxed pursuant to the simplified taxation method, and the applicable tax rate is 5%; tax for revenue from providing construction services of the old projects that started before 30 April 2016 and armor projects can be calculated by the simple tax calculation method and the tax rate is 3%.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 3 TAXATION (Continued)

### (2) Tax incentives

#### (a) Enterprise income tax

Pursuant to the Circular on Enterprise Income Tax Policy concerning Deductions for Equipment and Appliances (Cai Shui [2018] 54) issued by the State Administration of Taxation, during the period from 1 January 2018 to 31 December 2020, the cost of newly purchased equipment with the original cost less than RMB5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing. Pursuant to *the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies* (Announcement [2021] No. 6 of the Ministry of Finance and the State Taxation Administration), *Circular on Enterprise Income Tax Policy Concerning Deductions for Equipment and Appliances* (Cai Shui [2018] No. 54) and other 14 documents issued by the Ministry of Finance and the State Taxation Administration, the applicable period of preferential tax policies that have expired shall be extended to 31 December 2023.

In 2019, the Company's subsidiary Qingdao Port Technology Co., Ltd. ("Qingdao Port Technology") obtained the Certificate of High-tech Enterprises (Certificate No. GR201937100906) jointly issued by Qingdao Municipal Science and Technology Bureau, Qingdao Municipal Finance Bureau, State Administration of Taxation Qingdao Municipal Taxation Bureau. The certificate is valid for 3 years. Pursuant to the relevant provisions of Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the enterprise income tax rate applicable to Qingdao Port Technology was 15% during the six months ended 30 June 2021 (during the six months ended 30 June 2020:15%).

In accordance with Cai Shui [2008] No. 116 and Cai Shui [2008] No. 46, Qingdao Port General Terminal Co., LTD. ("Qingdao Port General Terminal") (Used name: Datang Qingdao Port Co., LTD.) and Qingdao Port Dongjiakou Multi-purpose Terminal Co., Ltd. ("DMT") applied for public infrastructure projects and obtained the Notice of Tax Matters approved by Huangdao State Taxation Bureau of Qingdao City (Combined by Huangdao Branch of Qingdao Local Taxation Bureau and Jiaonan State Taxation Bureau of Shandong Province) And it will enjoy a three-year exemption from enterprise income tax since the first year of earning operating income related to the port, followed by three years of 50% tax reduction. For the six months ended 30 June 2021, Qingdao Port General Terminal was qualified for 50% tax reduction for the third year and DMP was qualified for 50% tax reduction for the second year.

For the six months ended 30 June 2021, pursuant to Cai Shui [2019] No.13, Qingdao Port International Port Service Co., Ltd. ("Port Service"), Qingdao Ocean Shipping Repair Co., Ltd. ("Ocean Shipping Repair"), Qingdao Port Culture & Media Co., Ltd. ("Cultural & Media"), Qingdao Port Engineering Design Institute Co., Ltd. ("Port Engineering Design Institute"), Qingdao Waili Inspection and Testing Co., Ltd. ("Waili Inspection"), Qingdao Port Tongbao Shipping Co., Ltd. ("Tongbao Shipping") and Shandong Port Production Guarantee Co., Ltd. ("Production Guarantee"), subsidiaries of the Company, were all small low-profit enterprises. The portion of the annual taxable income of less than RMB1 million shall be deducted into the taxable income by 25%, and the enterprise income tax shall be prepaid at the rate of 20%; the annual taxable income shall exceed RMB1 million but no more than 3 million shall be deducted into the taxable income by 50%, and the enterprise income tax shall be prepaid at the rate of 20%.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 3 TAXATION (Continued)

#### (2) Tax incentives (Continued)

##### (b) VAT

Pursuant to relevant stipulations of the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform* ([2019] No. 39) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, and the *Announcement on Clarifying the Policies on Additional Value-added Tax Deduction Policy for Life Services* ([2019] No. 87) jointly issued by the Ministry of Finance and the State Administration of Taxation, Qingdao Port Properties Co., Ltd. (“Qingdao Port Properties”), a subsidiary of the Company engaged in the life service sector, is eligible for a 15% additional VAT deduction from 1 October 2019 to 31 December 2021. Additionally, Qingdao Port International Logistics Co., Ltd. (“Qingdao Port Logistics”), Qingdao Port Jieyuntong Logistics Co., Ltd. (“Jieyuntong Logistics”), Qingdao Port Lianjie International Logistics Co., Ltd. (“Lianjie Logistics”), Qingdao Shengshi International Logistics Co., Ltd. (“Shengshi Logistics”), Qingdao Ocean Shipping Tally Co., Ltd. (“Ocean Shipping Tally”), Waili Inspection, Qingdao Port Eimskip Coldchain Logistics Co., Ltd. (“Eimskip Coldchain”), Qingdao Port Technology, Qingdao Port Tongan Security Service Co., Ltd. (“Tongan Security”), subsidiaries of the Company engaged in the production service sector, are eligible for a 10% additional VAT deduction based on deductible input VAT in the current period from 1 April 2019 to 31 December 2021.

##### (c) Land use tax

For the six months ended 30 June 2021, pursuant to the *Announcement on the Continued Implementation of Preferential Policies on the Use of Urban Land for Bulk Commodity Storage Facilities of Logistics Enterprises* ([2020] No.16), jointly issued by the Ministry of Finance and the State Administration of Taxation, the Group’s warehousing area for bulk commodities is subject to 50% tax reduction of land use tax. Pursuant to *Provisions of the State Administration of Taxation on the Exemption of Land Use Tax for Port Land Used by Transportation Departments* (Guoshui Di Zi [1989] No. 123), the Group’s land exclusively for ports (Berths, including quayside, deep-water floating quay, embankment, dam, etc.) is exempted from land use tax.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (1) Cash at bank and on hand

	30 June 2021 (Unaudited)	31 December 2020
Cash on hand	8,398	—
Cash at bank	5,829,945,301	7,696,820,702
Other cash balances	827,721,247	852,156,032
	<u>6,657,674,946</u>	<u>8,548,976,734</u>
Including: amounts deposited abroad	24,197,564	25,228,534

As at 30 June 2021, other cash balances include statutory deposit reserves in the People's Bank of China by Qingdao Finance amounted to RMB741,389,512 (31 December 2020: RMB824,079,195) pursuant to relevant regulations, deposits for the issuance of bank acceptance notes amounted to RMB21,974,322 (31 December 2020: RMB21,574,981), deposits for the issuance of letter of credit amounted to RMB63,336,738 (31 December 2020: RMB5,474,726) and deposits for the issuance of letter of guarantee amounted to RMB1,020,675 (31 December 2020: RMB1,027,130).

### (2) Financial assets held for trading

	30 June 2021 (Unaudited)	31 December 2020
Wealth management products (i)	2,214,858,374	1,121,813,078
Equity investments	1,931,282	—
	<u>2,216,789,656</u>	<u>1,121,813,078</u>

(i) As at 30 June 2021 and 31 December 2020, wealth management products are the Group's structural deposits and non-principal-guaranteed wealth management products with floating income purchased from commercial banks and other financial institutions.

The Group expects that there is no significant credit risk associated with the amounts and does not expect that there will be any significant losses from non-performance by banks and other financial institutions.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (3) Notes receivable

	30 June 2021 (Unaudited)	31 December 2020
Trade acceptance notes	20,998,167	54,813,964
Less: Bad debt provision	(1,175,231)	(2,491,165)
	<u>19,822,936</u>	<u>52,322,799</u>

- (a) As at 30 June 2021 and 31 December 2020, the Group had no pledged acceptance notes.
- (b) As at 30 June 2021 and 31 December 2020, the Group had no trade acceptance notes that have been endorsed but not mature.
- (c) **Provision**

For notes receivable arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group measures the provision of notes receivable based on the lifetime ECL regardless of whether there is a significant financing component. As at 30 June 2021, the Group had no notes receivable with provision for impairment on individual basis.

For the six months ended 30 June 2021, the amount of bad debt provision reversed during the period was RMB1,057,362, which was reversed for the amount of bad debt provision made on the grouping basis. For the six months ended 30 June 2021, the Group did not make any significant debt provision write-off for notes receivable during the period. The amount of provision for bad debts classified as held for sale during the period was RMB258,572, which was the provision for bad debt transferred to held for sale due to the Group's decision on disposal of Tongbao Shipping, Qingdao Port (Group) Engineering Co., Ltd. ("Qingdao Port Engineering") and Qingdao Port Technology, and the corresponding cost was RMB5,171,434.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (4) Accounts receivable

	30 June 2021 (Unaudited)	31 December 2020
Accounts receivable	2,994,307,525	3,210,799,719
Less: Bad debt provision	(176,692,300)	(228,186,151)
	<u>2,817,615,225</u>	<u>2,982,613,568</u>

The Group's income is partially in the form of cash, advances from customers, bank acceptance notes and trade acceptance notes. Remaining sales income is settled primarily with credit terms of 30 to 90 days.

(a) The ageing of accounts receivables based on their recording dates is analyzed as follows:

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	2,553,559,708	2,599,240,153
1 to 2 years	393,875,161	512,444,480
2 to 3 years	37,218,220	82,297,431
3 to 4 years	1,030,724	6,809,460
4 to 5 years	—	—
More than 5 years	8,623,712	10,008,195
	<u>2,994,307,525</u>	<u>3,210,799,719</u>

Accounts receivable are mainly recorded based on the date of transaction. The ageing of accounts receivable represented based on their recording dates is basically the same as the ageing represented based on the dates of invoice.

(b) As at 30 June 2021, the total amount of top five accounts receivable is analyzed as follows:

	Amount	Provision for bad debt	% of total balance
Total amount of top five accounts receivable	<u>713,317,954</u>	<u>(61,897,432)</u>	<u>23.82%</u>

(c) As at 30 June 2021 and 31 December 2020, the Group did not have any receivables that were derecognized due to the transfer of financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (4) Accounts receivable (Continued)

#### (d) Bad debt provision

The Group measures the provision of accounts receivable based on the lifetime ECL regardless of whether there exists a significant financing component.

Bad debt provision of accounts receivable is classified and analyzed as follows:

	30 June 2021 (Unaudited)			
	Carrying amount		Bad debt provision	
	Amount	% of the total	Amount	Lifetime ECL rate
Bad debt provision on the individual basis (i)	22,092,229	0.74%	(20,408,509)	92.38%
Bad debt provision on the grouping basis (ii)				
Group B	736,890,532	24.61%	(65,257,062)	8.86%
Group C	2,235,324,764	74.65%	(91,026,729)	4.07%
	<u>2,994,307,525</u>	<u>100.00%</u>	<u>(176,692,300)</u>	

	31 December 2020			
	Carrying amount		Bad debt provision	
	Amount	% of the total	Amount	Lifetime ECL rate
Bad debt provision on the individual basis (i)	22,242,229	0.69%	(20,008,509)	89.96%
Bad debt provision on the grouping basis (ii)				
Group B	1,723,926,531	53.69%	(149,518,689)	8.67%
Group C	1,464,630,959	45.62%	(58,658,953)	4.01%
	<u>3,210,799,719</u>	<u>100.00%</u>	<u>(228,186,151)</u>	

- (i) As at 30 June 2021, for the receivables of RMB22,092,229 from Zhongshang Jiankai (Qingdao) Technology Development Co., Ltd., the Group believed that such receivables were difficult to recover as the company had obvious signs of operation difficulties, therefore, the Group made provision for bad debts for those cannot be recovered.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (4) Accounts receivable (Continued)

#### (d) Bad debt provision (Continued)

(ii) The analysis of accounts receivable in combination with provision for bad debts is as follows:

Accounts Receivable Group B-Accounts Receivable for engineering and construction Business:

30 June 2021 (Unaudited)			
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	368,180,976	4.32%	(15,892,593)
1 to 2 years	353,865,760	12.06%	(42,663,733)
2 to 3 years	13,813,072	41.05%	(5,670,012)
Over 3 years	1,030,724	100.00%	(1,030,724)
	<u>736,890,532</u>		<u>(65,257,062)</u>

31 December 2020			
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	1,156,593,578	4.40%	(50,946,285)
1 to 2 years	480,180,981	12.15%	(58,360,217)
2 to 3 years	80,342,512	41.58%	(33,402,727)
Over 3 years	6,809,460	100.00%	(6,809,460)
	<u>1,723,926,531</u>		<u>(149,518,689)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (4) Accounts receivable (Continued)

#### (d) Bad debt provision (Continued)

- (ii) The analysis of accounts receivable in combination with provision for bad debts is as follows (Continued):

Accounts receivable Group C-Accounts receivable other than engineering and construction businesses:

	30 June 2021 (Unaudited)		
	Ending Balance	Provision for bad debt	
	Amount	Lifetime ECL rate	Amount
Within 1 year	2,185,378,732	3.04%	(66,413,351)
1 to 2 years	40,009,401	36.68%	(14,676,747)
Over 2 years	9,936,631	100.00%	(9,936,631)
	<u>2,235,324,764</u>		<u>(91,026,729)</u>

	31 December 2020		
	Ending Balance	Provision for bad debt	
	Amount	Lifetime ECL rate	Amount
Within 1 year	1,442,646,574	2.98%	(42,934,855)
1 to 2 years	10,021,270	37.53%	(3,760,983)
Over 2 years	11,963,115	100.00%	(11,963,115)
	<u>1,464,630,959</u>		<u>(58,658,953)</u>

- (iii) For the six months ended 30 June 2021, the provision for bad debts was RMB32,774,001, the Group did not make any significant debt provision reversal or write-off for accounts receivable during the period. The amount of provision for bad debts classified as held for sale during the period was RMB84,267,852, which was the provision for bad debt transferred to held for sale due to the Group's decision on disposal of Tongbao Shipping, Qingdao Port Engineering and Qingdao Port Technology, and the corresponding cost was RMB1,075,812,875.

- (e) There are no accounts receivable actually written off during the period.

- (f) As at 30 June 2021 and 31 December 2020, the Group had no pledged accounts receivable.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (5) Financing receivables

	30 June 2021 (Unaudited)	31 December 2020
Bank acceptance notes	<u>328,044,432</u>	<u>528,732,800</u>

- (a) The Group endorses or discounts part of the bank acceptance notes for its daily fund management purpose and meet the requirements for derecognition. Therefore, the bank acceptance notes are classified as financial assets at fair value through other comprehensive income. As at 30 June 2021, the Group measured the provision for bad debts based on the entire lifetime expected credit loss. The Group believes that its bank acceptance notes do not expose to significant credit risk and will not cause significant losses by bank default.
- (b) As at 30 June 2021 and 31 December 2020, the Group had no pledged bank acceptance notes.
- (c) As at 30 June 2021, the bank acceptance notes that the Group has endorsed or discounted but have not yet expired amounted to RMB330,822,927 (31 December 2020: RMB462,524,503) and has been derecognized.

### (6) Advances to suppliers

- (a) The ageing analysis of advances to suppliers is as follows:

	30 June 2021 (Unaudited)		31 December 2020	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	<u>165,436,439</u>	<u>100.00%</u>	<u>102,314,994</u>	<u>100.00%</u>

- (b) As at 30 June 2021, the total amount of top five advances to suppliers is analyzed as follows:

	Amount	% of total balance
Total amount of top five advances to suppliers	<u>32,080,092</u>	<u>19.39%</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (7) Other receivables

	30 June 2021 (Unaudited)	31 December 2020
Payment for targeted procurement business (i)	1,461,299,748	446,691,494
Loans provided to related parties and third parties (ii)	839,554,341	1,460,577,659
Receivables and advances of agent business (iii)	504,746,383	332,245,278
Deposits and guarantees	58,837,747	44,961,001
Lease payments receivable of operating lease	11,091,561	1,755,377
Dividends receivable	5,202,300	15,591,695
Others	13,963,776	12,579,546
	<b>2,894,695,856</b>	<b>2,314,402,050</b>
Less: Provision for bad debts	<b>(44,986,853)</b>	<b>(41,210,426)</b>
	<b>2,849,709,003</b>	<b>2,273,191,624</b>

- (i) The payment for targeted procurement refers to the advances made by the Group for customers' targeted procurement of goods.
- (ii) Loans provided to related parties and third parties are the short-term entrusted loans provided by Qingdao Finance, a subsidiary of the Company, and its lending funds to other financial institutions.
- (iii) Receivables and advances of agent business are receivables from the Group's shipping agency business and advances to agent purchase of goods on behalf of the Group's clients.

(a) The ageing of other receivables based on their recording dates is analyzed as follows:

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	2,683,300,495	2,151,795,253
1 to 2 years	99,521,009	157,937,482
2 to 3 years	111,387,482	700,321
More than 3 years	486,870	3,968,994
	<b>2,894,695,856</b>	<b>2,314,402,050</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (7) Other receivables (Continued)

#### (b) Loss provisions and the movement in the carrying balance

	Stage 1	
	ECL over the next 12 months	
	(on the grouping basis)	
	Amount	Provision for bad debts
31 December 2020	2,314,402,050	(41,210,426)
Increase in the current period (Unaudited)	590,377,945	(6,501,941)
Classified as held for sale (Unaudited)	(10,084,139)	2,725,514
30 June 2021 (Unaudited)	<u>2,894,695,856</u>	<u>(44,986,853)</u>

As at 30 June 2021 and 31 December 2020, the Group did not have any other receivables of which the provision for bad debts was made on the individual basis. Other receivables of which the provision for bad debts was made on the grouping basis were all in the first stage, which were analyzed below:

	30 June 2021 (Unaudited)			31 December 2020		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Group B	2,300,854,089	(15,746,512)	0.68%	1,907,269,153	(19,128,158)	1.00%
Group C	593,841,767	(29,240,341)	4.92%	407,132,897	(22,082,268)	5.42%
	<u>2,894,695,856</u>	<u>(44,986,853)</u>		<u>2,314,402,050</u>	<u>(41,210,426)</u>	

- (c) The amount of provision for bad debts during the period was RMB9,883,587, which was provided for the amount of bad debt provision made on the grouping basis. The amount of bad debt provision reversed during the period was RMB3,381,646, which was reversed for the amount of bad debt provision made on the grouping basis. There were no written off of the Group's provision for bad debts for the current year. The amount of provision for bad debts classified as held for sale during the period was RMB2,725,514, which was the provision for bad debt transferred to held for sale due to the Group's decision on disposal of Tongbao Shipping, Qingdao Port Engineering and Qingdao Port Technology, and the corresponding cost was RMB10,084,139.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (7) Other receivables (Continued)

(d) As at 30 June 2021, top five other receivables are analyzed as follows:

	Nature	Amount	Ageing	% of total	Provision for bad debts
Qingdao Long Run Cheng Energy Co., LTD.	Payment for targeted procurement business	437,054,704	Within 1 year	15.10%	(1,458,082)
Qingdao Dayuan Petroleum Energy Co., LTD.	Payment for targeted procurement business	428,865,080	Within 1 year	14.82%	(1,430,760)
Qingdao Port Investment and Construction (Group) Co., Ltd. ("QDP Investment Group")	Loans and others	340,112,998	Within 1 year	11.75%	(3,864,480)
Qingdao Beyonse Energy Co., LTD.	Payment for targeted procurement business	266,888,123	Within 1 year	9.22%	(890,380)
Qingdao Port Dongjiakou Ore Terminal Co., Ltd. ("QDOT")	Loans and others	203,743,769	Within 1 year	7.04%	(3,131,274)
		<u>1,676,664,674</u>		<u>57.93%</u>	<u>(10,774,976)</u>

(e) As at 30 June 2021 and 31 December 2020, the Group did not recognise government grants at amounts receivable.

(f) As at 30 June 2021, the Group had no other receivables pledged as collateral for its short-term borrowings (as at 31 December 2020:nil).

### (8) Inventories

(a) Inventories are summarized by categories as follows:

	30 June 2021 (Unaudited)			31 December 2020		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Materials and finished goods	58,400,975	-	58,400,975	101,766,939	-	101,766,939
Fuel	13,769,333	-	13,769,333	26,817,935	-	26,817,935
Spare parts	3,016,271	-	3,016,271	2,270,698	-	2,270,698
Others	3,724,672	-	3,724,672	6,471,706	-	6,471,706
	<u>78,911,251</u>	<u>-</u>	<u>78,911,251</u>	<u>137,327,278</u>	<u>-</u>	<u>137,327,278</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (8) Inventories (Continued)

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

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	Classified as held for sale (Unaudited)	30 June 2021 (Unaudited)
Materials and finished goods	101,766,939	691,496,915	(698,611,732)	(36,251,147)	58,400,975
Fuel	26,817,935	138,016,734	(151,065,336)	–	13,769,333
Spare parts	2,270,698	16,208,220	(13,584,941)	(1,877,706)	3,016,271
Others	6,471,706	49,532,992	(49,094,253)	(3,185,773)	3,724,672
	<u>137,327,278</u>	<u>895,254,861</u>	<u>(912,356,262)</u>	<u>(41,314,626)</u>	<u>78,911,251</u>

(c) As at 30 June 2021 and 31 December 2020, the management of the Group considered that there is no indication that the inventories may be impaired, therefore no provision for decline in the value of inventories is recorded.

### (9) Contract assets

	30 June 2021 (Unaudited)	31 December 2020
Contract assets	285,602,971	64,382,560
Less: provision for contract assets	<u>(12,480,208)</u>	<u>(1,552,117)</u>
	<u>273,122,763</u>	<u>62,830,443</u>

The Group measures the provision for contract assets based on the lifetime ECL regardless of whether there exists a significant financing component. As at 30 June 2021 and 31 December 2020, the Group's contract assets were not overdue, and had no contract assets with provision for impairment on individual basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (10) Assets and liabilities held for sale

	30 June 2021 (Unaudited)		
	Carrying amount immediately before classifying as held for sale (Unaudited)	Provision for impairment of assets held for sale (Unaudited)	Carrying amount (Unaudited)
Assets held for sale –			
Cash at bank and on hand	98,625,901	–	98,625,901
Financial assets held for trading	625,078	–	625,078
Notes receivable	5,171,434	(258,572)	4,912,862
Accounts receivable	1,075,812,875	(84,267,852)	991,545,023
Financing receivables	12,838,178	–	12,838,178
Advances to suppliers	5,570,420	–	5,570,420
Other receivables	10,084,139	(2,725,514)	7,358,625
Inventories	41,314,626	–	41,314,626
Contract assets	12,575,259	(159,481)	12,415,778
Other current assets	64,285	–	64,285
Fixed assets	55,380,072	–	55,380,072
Construction in progress	385,840	–	385,840
Intangible assets	3,602,504	–	3,602,504
Long-term prepaid expenses	1,247,477	–	1,247,477
Deferred tax assets	22,128,392	–	22,128,392
	<u>1,345,426,480</u>	<u>(87,411,419)</u>	<u>1,258,015,061</u>
Liabilities held for sale –			
Short-term borrowings	(78,022,196)		(78,022,196)
Contract liabilities	(3,181,561)		(3,181,561)
Notes payable	(93,235,802)		(93,235,802)
Accounts payable	(126,470,858)		(126,470,858)
Employee benefits payable	(12,510,630)		(12,510,630)
Taxes payable	(13,122,844)		(13,122,844)
Other payables	(775,207,626)		(775,207,626)
Other current liabilities	(445,204)		(445,204)
Long-term employee benefits payable	(126,760,000)		(126,760,000)
Deferred income	(1,359,235)		(1,359,235)
	<u>(1,230,315,956)</u>		<u>(1,230,315,956)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (10) Assets and liabilities held for sale (Continued)

The Group intends to transfer Tongbao Shipping under the logistics and port value-added services segment and Qingdao Port Engineering(including the wholly-owned subsidiary Port Engineering Design Institute) and Qingdao Port Technology under the port supporting services segment. On 28 June 2021, with the approval of the Board of Directors, the Company signed an agreement with the aforementioned companies. QDP International made a capital contribution to Shandong Harbor Construction Group Co., Ltd. ("Shandong Harbor Construction") with 51% equity of Qingdao Port Engineering at a consideration of RMB183,487,800 and obtained 9.62% of the enlarged share capital of Shandong Harbor Construction. After the completion of the contribution, QDP International lost its control over Qingdao Port Engineering. QDP International made a capital contribution to Shandong Port Shipping Group Co., Ltd. ("Shandong Port Shipping") with 100% equity of Tongbao Shipping at a consideration of RMB36,656,000 and obtained 11.02% of the enlarged share capital of Shandong Port Shipping. After the completion of the contribution, QDP International lost its control over Tongbao Shipping. Shandong Port Technology Group Co., Ltd. ("Shandong Port Technology") made an additional investment in cash of RMB52,842,245 to Qingdao Port Technology, of which RMB20,816,326 was included in registered capital (accounting for 51% of the enlarged share capital of Qingdao Port Technology), and RMB32,025,919 was included in the capital surplus. Upon the completion of equity transaction, QDP International lost its control over Qingdao Port Technology. The above equity transaction is expected to be completed in 2021. The to-be-transferred assets and liabilities of the subsidiary meet the recognition criteria for held for sale and are presented under the assets held for sale and liabilities held for sale in the balance sheet respectively. As at 30 June 2021, the balance of other comprehensive income relating to the aforementioned subsidiaries to be disposed of is RMB3,860,000.

### (11) Other current assets

	30 June 2021 (Unaudited)	31 December 2020
Other debt investments		
– Certificates of interbank deposits (i)	643,524,400	2,224,427,170
Debt investments		
– Income certificates (ii)	132,297,500	221,810,694
– Financial assets held under resale agreement	–	400,101,476
VAT input to be deducted	297,473,513	253,708,778
	<u>1,073,295,413</u>	<u>3,100,048,118</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (11) Other current assets (Continued)

- (i) The amounts were interbank deposits purchased within 1 year in the current period by Qingdao Finance, a subsidiary of the Company. Management held such deposits for contract cash flows and for resale. Therefore, such assets were classified as financial assets measured at fair value through other comprehensive income. As assessed by the Group, certificates of interbank deposits are not exposed to significant credit risks and will not cause significant credit losses due to bank default. As at 30 June 2021, the original value of the interbank deposits was RMB634,720,650 and changes in fair value recorded in other comprehensive income was RMB8,803,750.
- (ii) The amounts were income certificates purchased by Qingdao Finance, a subsidiary of the Company, from the Shenwan Hongyuan Securities Co., Ltd. The Group held the amounts to collect contractual cash flows and the contractual cash flow characteristics were consistent with a basic lending arrangement, so they were classified as financial assets measured at amortized cost. Income certificates include interest calculated based on the effective interest rate method. The effective interest rate of above-mentioned income certificates ranges from 3.50% to 3.55%.

The Group expects that there is no significant credit risk associated with the amounts and does not expect that there will be any significant losses from non-performance by counterparties.

#### (12) Long-term receivables

	30 June 2021 (Unaudited)	31 December 2020
Loans provided to related parties (i)	1,996,968,295	1,669,198,483
Sale and leaseback to related parties (ii)	1,408,647,063	1,773,141,757
Less: current portion	(565,080,194)	(60,310,383)
	<u>2,840,535,164</u>	<u>3,382,029,857</u>
Impairment provision	(74,583,160)	(74,807,729)
Less: current portion	7,528,071	1,182,542
	<u>(67,055,089)</u>	<u>(73,625,187)</u>
	<u>2,773,480,075</u>	<u>3,308,404,670</u>

- (i) Loans to related parties are long-term loans provided by Qingdao Finance, a subsidiary of the Company. The loans and related loan impairment provisions to be recovered within one year are presented as current portion of non-current assets.
- (ii) Leaseback services are provided by Qingdao Finance, a subsidiary of the Company, to related parties. The leaseback amount and related impairment provisions to be recovered within one year are presented as current portion of non-current assets.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (12) Long-term receivables (Continued)

#### (a) Loss provisions and the statement of changes in the carrying balance

	Stage 1	
	ECL over the next 12 months (on the grouping basis)	
	Amount	Provision for bad debt
31 December 2020	3,442,340,240	(74,807,729)
Reversal in the current period (Unaudited)	(36,724,882)	224,569
30 June 2021 (Unaudited)	<b>3,405,615,358</b>	<b>(74,583,160)</b>

As at 30 June 2021 and 31 December 2020, the Group did not have any long-term receivables for the provision of bad debts on single basis. Long-term receivables for the provision of bad debts on the grouping basis are in the first stage analyzed as follows:

	30 June 2021 (Unaudited)			31 December 2020		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Group B	<b>3,405,615,358</b>	<b>(74,583,160)</b>	<b>2.19%</b>	<b>3,442,340,240</b>	<b>(74,807,729)</b>	<b>2.17%</b>

### (13) Long-term equity investments

	30 June 2021 (Unaudited)	31 December 2020
Joint ventures (a)	<b>9,724,405,920</b>	9,126,041,249
Associates (b)	<b>769,053,041</b>	745,712,702
	<b>10,493,458,961</b>	<b>9,871,753,951</b>

As at 30 June 2021 and 31 December 2020, the Group's management considered that there was no indication that the long-term equity investments may be impaired, therefore no provision for impairment was required.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (13) Long-term equity investments (Continued)

#### (a) Joint ventures

Investments in joint ventures are set out below:

	31 December 2020	Decrease in investment	Movements for the current period (Unaudited)				30 June 2021 (Unaudited)
			Share of net profit/(loss) under equity method	Share of other changes in equity	Cash dividends/ profit declared	Intra-group unrealized profit	
Qingdao Qianwan Container Terminal Co., Ltd. ("QQCT") (i)	5,421,481,038	-	415,575,344	6,322,073	-	1,501,592	5,844,880,047
Qingdao Shihua Crude Oil Terminal Co., Ltd. ("Qingdao Shihua")	1,697,303,849	-	180,729,698	-	-	2,329,860	1,880,363,407
Qingdao Qianwan West Port United Terminal Co., Ltd. ("West United") (ii)	416,631,907	-	8,550,321	110,093	(5,100,000)	(582,824)	419,609,497
Weihai Qingwei Container Terminal Co., Ltd. ("Qingwei Container")	160,506,225	-	10,613,661	92,525	-	3,165,881	174,378,292
Qingdao Evergreen Container Storage and Transportation Co., Ltd. ("Evergreen Container")	47,731,619	-	9,418,885	(98,477)	(17,331,992)	-	39,720,035
Qingdao Orient International Container Storage and Transportation Co., Ltd. ("Orient Container")	44,040,346	-	2,803,026	-	(5,657,884)	-	41,185,488
Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. ("Haiwan Liquid Chemical")	155,799,401	-	1,122,828	-	-	-	156,922,229
Qingdao Ganghai International Logistics Co., Ltd. ("Ganghai Logistics")	5,144,621	-	531,467	-	-	-	5,676,088
Qingdao Shenzhouxing International Transportation Co., Ltd. ("Shenzhouxing Cargo Agency")	23,624,273	-	6,110,711	-	-	-	29,734,984
China Shipping Agency (Qingdao) Co., Ltd. ("China Shipping Agency")	10,042,164	-	(284,028)	-	-	-	9,758,136
Qingdao United International Shipping Agency Co., Ltd. ("United Shipping Agency")	29,320,117	-	1,079,370	-	(1,860,513)	-	28,538,974
Huaneng Qingdao Port Operation Co., Ltd. ("Huaneng Qingdao")	116,977,222	-	(2,162,306)	93,275	-	-	114,908,191
Qingdao Port Dongjiakou IMC Logistics Co., Ltd. ("Dongjiakou IMC Logistics") (iii)	67,874,928	-	(29,576)	-	-	-	67,845,352
QDOT	692,250,868	-	(14,880,487)	-	-	918,482	678,288,863

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (13) Long-term equity investments (Continued)

#### (a) Joint ventures (Continued)

	31 December 2020	Decrease in investment	Movements for the current period (Unaudited)				30 June 2021 (Unaudited)
			Share of net profit/(loss) under equity method	Share of other changes in equity	Cash dividends/ profit declared	Intra-group unrealized profit	
Qingdao Port Express Logistics (Linyi) Co., Ltd. ("Linyi Express")	4,287,954	-	35,876	-	-	-	4,323,830
Sinotrans Qingdao Port Dongjiakou Logistics Co., Ltd. ("Dongjiakou Sinotrans Logistics")	51,914,944	-	108,161	-	-	-	52,023,105
Qingdao Port Lianrong Logistics Co., Ltd. ("Lianrong Logistics")	8,012,785	-	1,905,135	-	(1,000,000)	-	8,917,920
Binzhou Port QDP International Terminal Co., Ltd. ("Binzhou Port QDP International Terminal") (iv)	6,790,024	(8,633,973)	1,843,949	-	-	-	-
Qingdao PetroChina Storage Company Limited ("PetroChina Storage")	146,658,360	-	(472,017)	-	-	-	146,186,343
Ocean Bridge International Port Operation and Management Co., Ltd. ("Ocean Bridge International")	1,734,098	-	287,252	-	-	-	2,021,350
Qingdao Port Lianhai International Logistics Co., Ltd. ("Lianhai Logistics")	17,914,506	-	1,209,283	-	-	-	19,123,789
	<u>9,126,041,249</u>	<u>(8,633,973)</u>	<u>624,096,553</u>	<u>6,519,489</u>	<u>(30,950,389)</u>	<u>7,332,991</u>	<u>9,724,405,920</u>

- (i) The Company holds 51% equity interest of QQCT, and the other shareholder holds 49%. The Company can designate 6 out of 11 board members in QQCT, and another 5 members are designated by the other shareholder. In accordance with the Articles of Association of QQCT, its significant financial and operating decisions should be passed at the Meeting of Board of Directors by at least 10 out of 11 directors. The Company still cannot unilaterally exercise control over QQCT, therefore QQCT is still accounted for as a joint venture.
- (ii) The Company holds 51% equity interest of West United. In accordance with the Articles of Association of West United, its significant financial and operating decisions should be passed at the Meeting of Shareholders, but the Board of Directors is authorized to vote on the main business decisions. The Company can designate 3 out of 5 board members in West United. The significant financial and operational decisions need to be approved by all directors. The Company cannot unilaterally exercise control over West United, therefore, West United is account for as a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (13) Long-term equity investments (Continued)

#### (a) Joint ventures (Continued)

- (iii) The Company holds 51% equity interest of Dongjiakou IMC Logistics. In accordance with the Articles of Association of Dongjiakou IMC Logistics, its significant financial and operating decisions should be passed at the Meeting of Board of Directors. The Company can designate 4 out of 7 board members in Dongjiakou IMC Logistics. The significant financial and operational decisions need to be approved by all directors. The Company cannot unilaterally exercise control over Dongjiakou IMC Logistics, therefore West United is account for as a joint venture.
- (iv) On 2 April 2021, QDP International signed an equity transfer agreement to transfer 50% equity which held in Binzhou Port QDP International Terminal to Shandong Bohai Bay Port Group Co., Ltd. After the completion of registration of changes on 18 May 2021, QDP International had no equity in Binzhou Port QDP International Terminal.

Information of interests in joint ventures are set out in Note 6(2).

#### (b) Associates

Investments in associates are set out below:

	31 December 2020	Movements for the current period (Unaudited)				30 June 2021 (Unaudited)
		Transfer from subsidiary	Increase/decrease in investment	Share of net profit/(loss) under equity method	Cash dividends/ profit declared	
Qingdao Qingyin Financial Leasing Co., Ltd. ("Qingyin Financial Leasing")	114,484,004	-	-	6,498,792	-	120,982,796
Vado Investment	72,270,671	-	-	(2,793,388)	-	69,477,283
Unitrans Group Co., Ltd. ("Unitrans")	125,697,776	-	-	8,719,652	(7,593,436)	126,823,992
Shandong Port Energy Co., Ltd. ("Shandong Port Energy")	12,562,474	-	-	527,120	-	13,089,594
COSCO SHIPPING Ports (Abu Dhabi) Co., Ltd. ("COSCO Abu Dhabi")	420,207,777	-	-	-	-	420,207,777
Shandong Port Overseas Development Group Qingdao Co., Ltd. ("Overseas Development Qingdao")	490,000	-	-	(339,858)	-	150,142
Commodity Trading (i)	-	11,818,675	-	12,382	-	11,831,057
Global Shipping Business Network Limited ("GSBN") (ii)	-	-	6,490,400	-	-	6,490,400
	<u>745,712,702</u>	<u>11,818,675</u>	<u>6,490,400</u>	<u>12,624,700</u>	<u>(7,593,436)</u>	<u>769,053,041</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (13) Long-term equity investments (Continued)

#### (b) Associates (Continued)

- (i) On 12 May 2021, QDP Logistics, a subsidiary of QDP International, signed an equity transfer agreement to transfer 51% equity which held in Commodity Trading to Shandong Commodity Trading Center Co., Ltd. ("Shandong Commodity Trading"), and 20% equity it held to Shandong Port International Trade Group Qingdao Co., Ltd. ("Shandong Port International Trade Qingdao Company"). After the completion of registration of changes on 13 May 2021, QDP Logistics, which hold 29% equity in Commodity Trading, lost control over Commodity Trading, but QDP Logistics had a significant influence on Commodity Trading, so Commodity Trading was converted from a subsidiary to an associate.
- (ii) In 2021, GSBN was established jointly by QDP International, Cosco Container Lines (Hong Kong) Co., Ltd., Cosco Shipping Port Ltd., Hapag-Lloyd Aktiengesellschaft Co. Ltd., Hutchison Ports GSBN Limited, Orient Overseas Container Line Limited, PSA i-Tech Pte. Ltd. and Shanghai International Port Group (HK) Co., Ltd.. The registered capital was USD8 million, and each party contributed USD1 million, with the shareholding ratio of 12.5%. QDP International only has significant influence on GSBN, which is accounted for as an associate.

Information on equity in associates is set out in Note 6(2).

### (14) Other non-current financial assets

	30 June 2021 (Unaudited)	31 December 2020
Investments in financial assets at fair value through profit or loss		
Financial bonds (i)	599,806,460	514,100,589
Equity investments (ii)	72,207,877	72,207,877
	<u>672,014,337</u>	<u>586,308,466</u>

- (i) Other non-current financial assets with a carrying amount of RMB599,806,460 were mainly bank financial bonds purchased by Qingdao Finance, a subsidiary of the Company.
- (ii) Equity investment with a carrying amount of RMB72,207,877 represents unlisted equity investments held by the Group in Binhai Hongrun Pipeline stock limited, Sinopec Qingdao Liquefied Natural Gas Co., Ltd. ("LNG") and Sanya Yalong Bay Development Co., Ltd. ("Sanya Yalong Bay") with shareholding of 10%, 1% and 0.06% respectively, over which the Group has no control, joint control or significant influence. The Group has no plan to dispose these investments and they are measured at fair value through profit or loss. For the six months ended 30 June 2021, the Company didn't receive any cash dividends from the above-mentioned companies (For the six months ended 30 June 2020, the Company received cash dividends of RMB19,500 from Sanya Yalong Bay).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (15) Investment properties

	Buildings	Land use rights	Total
<b>Cost</b>			
31 December 2020	<u>44,811,262</u>	<u>158,364,497</u>	<u>203,175,759</u>
30 June 2021 (Unaudited)	<u>44,811,262</u>	<u>158,364,497</u>	<u>203,175,759</u>
<b>Accumulated depreciation</b>			
31 December 2020	<u>(9,992,751)</u>	<u>(22,660,105)</u>	<u>(32,652,856)</u>
Increase in the current period (Unaudited)	<u>(783,677)</u>	<u>(1,599,536)</u>	<u>(2,383,213)</u>
30 June 2021 (Unaudited)	<u>(10,776,428)</u>	<u>(24,259,641)</u>	<u>(35,036,069)</u>
<b>Net book value</b>			
30 June 2021 (Unaudited)	<u>34,034,834</u>	<u>134,104,856</u>	<u>168,139,690</u>
31 December 2020	<u>34,818,511</u>	<u>135,704,392</u>	<u>170,522,903</u>
	Buildings	Land use rights	Total
<b>Cost</b>			
31 December 2019	<u>44,811,262</u>	<u>160,420,632</u>	<u>205,231,894</u>
30 June 2020 (Unaudited)	<u>44,811,262</u>	<u>160,420,632</u>	<u>205,231,894</u>
<b>Accumulated depreciation</b>			
31 December 2019	<u>(8,425,397)</u>	<u>(19,711,612)</u>	<u>(28,137,009)</u>
Increase in the current period (Unaudited)	<u>(678,713)</u>	<u>(1,689,126)</u>	<u>(2,367,839)</u>
30 June 2020 (Unaudited)	<u>(9,104,110)</u>	<u>(21,400,738)</u>	<u>(30,504,848)</u>
<b>Net book value</b>			
30 June 2020 (Unaudited)	<u>35,707,152</u>	<u>139,019,894</u>	<u>174,727,046</u>
31 December 2019	<u>36,385,865</u>	<u>140,709,020</u>	<u>177,094,885</u>

As at 30 June 2021 and 31 December 2020, the management of the Group considered that there is no indication that the investment properties may be impaired, therefore no provision for impairment is recorded.

For the six months ended 30 June 2021 and 2020, no interest expenses were capitalized in investment properties by the Group.

As at 30 June 2021, there were no investment properties without certificates (31 December 2020: nil).



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (16) Fixed assets

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
<b>Cost</b>										
31 December 2020	991,135,224	11,942,827,103	5,659,507,049	3,004,971,480	1,094,632,687	1,467,160,110	128,471,459	178,918,482	83,755,828	24,551,379,422
Increase in the current period (Unaudited)										
Purchase in the current period	-	388,741	317,618	9,828,605	12,077,441	-	2,219,852	8,415,753	2,364,024	35,612,034
Transfer from construction in progress	3,188,191	204,271,510	243,149	10,617,590	101,399,674	-	-	1,999,115	129,345	321,848,574
Transfer from right-of-use assets	-	-	-	105,667,618	-	-	-	-	-	105,667,618
Decrease in the current period (Unaudited)										
Disposal and discarding	-	(45,505)	(985,271)	(1,403,889)	(6,661,820)	-	(1,279,252)	-	(44,061)	(10,419,798)
Transfer to right-of-use assets	-	(201,139,492)	-	-	-	-	-	-	-	(201,139,492)
Classified as held for sale	(16,276,170)	-	(479,733)	(10,494,614)	(37,043,136)	(17,130,000)	(6,529,579)	(772,129)	(2,880,348)	(91,605,709)
Others	-	-	(8,354,463)	-	-	-	-	-	-	(8,354,463)
30 June 2021 (Unaudited)	978,047,245	11,946,302,357	5,650,248,349	3,119,186,790	1,164,404,846	1,450,030,110	122,882,480	188,561,221	83,324,788	24,702,988,186
<b>Accumulated depreciation</b>										
31 December 2020	(259,773,862)	(2,661,311,137)	(1,229,365,911)	(2,527,657,968)	(685,931,329)	(750,755,725)	(86,187,489)	(138,518,994)	(43,746,640)	(8,383,249,055)
Increase in the current period (Unaudited)										
Provision	(17,531,463)	(182,795,021)	(101,430,789)	(36,460,411)	(44,185,397)	(31,774,589)	(3,707,778)	(8,834,472)	(3,075,359)	(429,795,279)
Transfer from right-of-use assets	-	-	-	(54,985,263)	-	-	-	-	-	(54,985,263)
Decrease in the current period (Unaudited)										
Disposal and discarding	-	26,503	161,686	1,287,314	6,334,245	-	1,057,637	-	42,298	8,909,683
Transfer to right-of-use assets	-	26,987,620	-	-	-	-	-	-	-	26,987,620
Classified as held for sale	2,416,875	-	460,544	8,156,951	14,275,826	4,972,352	3,738,318	592,385	1,612,386	36,225,637
30 June 2021 (Unaudited)	(274,888,450)	(2,817,092,035)	(1,330,174,470)	(2,609,659,377)	(709,506,055)	(777,557,962)	(85,099,312)	(146,761,081)	(45,167,315)	(8,795,906,657)
<b>Net book value</b>										
30 June 2021 (Unaudited)	703,158,795	9,129,210,322	4,320,073,879	509,527,413	454,898,191	672,472,148	37,783,168	41,800,140	38,157,473	15,907,081,529
31 December 2020	731,361,362	9,281,515,966	4,430,141,138	477,313,512	408,701,358	716,404,385	42,283,970	40,399,488	40,009,188	16,168,130,367

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (16) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
<b>Cost</b>										
31 December 2019	818,569,550	10,362,041,433	5,230,197,779	2,874,750,171	830,005,381	1,475,164,071	119,987,908	172,746,147	78,023,223	21,961,485,663
Increase in the current period (Unaudited)										
Transfer from construction in progress	4,958,268	479,561,764	24,021,472	-	12,465,039	-	-	-	-	521,006,543
Purchase in the current period	954,677	2,171,323	-	12,436,662	46,964,935	-	2,811,182	317,207	1,020,862	66,676,848
Transfer from right-of-use assets	-	74,587,362	-	-	-	-	-	-	-	74,587,362
Decrease in the current period (Unaudited)										
Disposal and discarding	(2,687,208)	(79,092)	-	(19,647,125)	(12,698,558)	(8,003,961)	(5,160,191)	(327,541)	(303,255)	(48,906,929)
30 June 2020 (Unaudited)	821,795,287	10,918,282,790	5,254,219,251	2,867,539,710	876,736,797	1,467,160,110	117,638,899	172,735,813	78,740,830	22,574,849,487
<b>Accumulated depreciation</b>										
31 December 2019	(231,537,703)	(2,342,156,773)	(1,033,709,960)	(2,455,218,659)	(620,908,128)	(691,553,129)	(88,315,037)	(121,659,755)	(40,031,185)	(7,620,150,329)
Increase in the current period (Unaudited)										
Provision	(13,608,836)	(140,922,856)	(98,272,400)	(50,718,132)	(29,733,888)	(31,905,801)	(3,774,967)	(8,722,859)	(2,095,563)	(379,755,302)
Transfer from right-of-use assets	-	(5,012,419)	-	-	-	-	-	-	-	(5,012,419)
Decrease in the current period (Unaudited)										
Disposal and discarding	1,258,198	75,928	-	18,271,502	6,327,352	7,603,763	4,643,014	240,097	175,726	38,595,580
30 June 2020 (Unaudited)	(243,888,341)	(2,488,016,120)	(1,131,982,360)	(2,487,665,289)	(644,374,664)	(715,855,167)	(82,446,990)	(130,142,517)	(41,951,022)	(7,966,322,470)
<b>Net book value</b>										
30 June 2020 (Unaudited)	577,906,946	8,430,266,670	4,122,236,891	379,874,421	232,362,133	751,304,943	35,191,909	42,593,296	36,789,808	14,608,527,017
31 December 2019	587,031,847	8,019,884,660	4,196,487,819	419,531,512	209,037,253	783,610,942	36,672,871	51,086,392	37,992,038	14,341,335,334

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (16) Fixed assets (Continued)

The book value of fixed assets leased out by the Group through operating leases is as follows:

	Buildings	Port facilities	Storage facilities	Other equipment	total
cost					
31 December 2020	26,984,361	2,187,267,267	924,917,845	93,923	3,139,263,396
30 June 2021 (Unaudited)	26,984,361	2,187,267,267	924,917,845	93,923	3,139,263,396
Accumulated depreciation					
31 December 2020	(9,280,264)	(425,294,255)	(161,951,332)	(86,194)	(596,612,045)
Provision (Unaudited)	(662,876)	(31,498,033)	(12,250,134)	–	(44,411,043)
30 June 2021 (Unaudited)	(9,943,140)	(456,792,288)	(174,201,466)	(86,194)	(641,023,088)
Net book value					
30 June 2021 (Unaudited)	17,041,221	1,730,474,979	750,716,379	7,729	2,498,240,308
31 December 2020	17,704,097	1,761,973,012	762,966,513	7,729	2,542,651,351

The lease contracts of buildings, port facilities, storage facilities and other equipment signed by the Group as lessor have no residual value guarantee clauses.

The depreciation amount for fixed assets for the six months ended 30 June 2021 is RMB429,795,279 (For the six months ended 30 June 2020: RMB379,755,302). The amounts of depreciation expenses charged to cost of sales and general and administrative expenses were RMB417,277,776 and RMB12,517,503 respectively (For the six months ended 30 June 2020: RMB368,082,172 and RMB11,673,130).

For the six months ended 30 June 2021, the costs of fixed assets transferred from construction in progress amount to RMB321,848,574 (For the six months ended 30 June 2020: RMB521,006,543).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (16) Fixed assets (Continued)

- (a) As at 30 June 2021 and 31 December 2020, there is no mortgaged fixed assets in the Group.
- (b) As at 30 June 2021 and 31 December 2020, the Group considered that there was no indication that the fixed assets may be impaired, therefore no provision for impairment was required.
- (c) As at 30 June 2021 and 31 December 2020, there were no temporarily idle fixed assets.
- (d) Fixed assets that have not received property right certificate:

As at 30 June 2021, properties with carrying amount of RMB23,935,063 (Cost: RMB26,935,361) (As at 31 December 2020: carrying amount of RMB21,275,335 (Cost: RMB23,905,456)) are located on non-owned land, the project final account of properties with carrying amount of RMB114,437,404 (Cost: RMB120,407,991) (As at 31 December 2020: carrying amount of RMB216,685,292 (Cost: RMB221,014,767)) have not yet been processed, so the property right certificate has not yet been processed.

#### (17) Construction in progress

	30 June 2021 (Unaudited)			31 December 2020		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Dongjiakou crude oil commercial reserve project	1,299,683,607	-	1,299,683,607	1,060,900,260	-	1,060,900,260
Dongjiakou stevedoring, storage and transportation projects for liquid bulk cargo	963,098,981	-	963,098,981	1,088,880,896	-	1,088,880,896
Dongjiakou bulk cargo berths and storage yard project	559,336,059	-	559,336,059	550,421,248	-	550,421,248
Dongjiakou general wharf grain silo phase II project	340,619,863	-	340,619,863	129,025,524	-	129,025,524
Other projects	281,018,322	-	281,018,322	239,674,346	-	239,674,346
	<u>3,443,756,832</u>	<u>-</u>	<u>3,443,756,832</u>	<u>3,068,902,274</u>	<u>-</u>	<u>3,068,902,274</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (17) Construction in progress (Continued)

#### (a) Changes of major projects

Project name	Budget	31 December 2020	Increase in the current period (Unaudited)	Transfer to fixed assets (Unaudited)	Transfer to held for sale (Unaudited)	30 June 2021 (Unaudited)	Percentage of project investment among budget	Progress of the project	Accumulative amount of capitalized borrowing costs	Including: Borrowing costs capitalized in the current period	Capitalization rate in the current period	Sources of capital
Dongjiakou steredoring, storage and transportation projects for liquid bulk cargo	4,647,979,000	1,088,880,896	169,268,122	(295,050,037)	-	963,098,981	82%	82%	-	-	-	Internal capital
Dongjiakou crude oil commercial reserve project	4,480,000,000	1,060,900,260	238,783,347	-	-	1,299,683,607	29%	29%	-	-	-	Internal capital
Dongjiakou bulk cargo berths and storage yard project	1,597,366,000	550,421,248	8,937,075	(22,264)	-	559,336,059	79%	79%	31,532,088	235,583	4.90%	Internal capital and bank loan
Dongjiakou general wharf grain silo phase II project	798,259,500	129,025,524	211,594,339	-	-	340,619,863	43%	43%	-	-	-	Internal capital
Other projects		239,674,346	68,506,089	(26,776,273)	(385,840)	281,018,322			-	-	-	Internal capital
		3,068,902,274	697,088,972	(321,848,574)	(385,840)	3,443,756,832			31,532,088	235,583		

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (17) Construction in progress (Continued)

#### (a) Changes of major projects (Continued)

Project name	Budget	31 December 2019	Increase in the current period (Unaudited)	Transfer to fixed assets (Unaudited)	30 June 2020 (Unaudited)	Percentage of project investment among budget	Progress of the project	Accumulative amount of capitalized borrowing costs	Including: Borrowing costs capitalized in the current period	Capitalization rate in the current period	Sources of capital
Dongjiakou stevedoring, storage and transportation projects for liquid bulk cargo	11,367,960,000	1,633,252,741	931,612,074	(382,679,600)	2,182,185,215	35%	35%	-	-	-	Internal capital
Dongjiakou bulk cargo berths and storage yard project	2,588,049,500	663,305,860	148,667,723	(122,274,674)	689,698,909	48%	48%	31,034,142	364,277	4.90%	bank loan and and raised funds
Other projects		214,055,542	59,982,413	(16,052,269)	257,985,686			-	-	-	Internal capital
		<u>2,510,614,143</u>	<u>1,140,262,210</u>	<u>(521,006,543)</u>	<u>3,129,869,810</u>			<u>31,034,142</u>	<u>364,277</u>		

As at 30 June 2021 and 2020, the management of the Group considered that there is no indication that the construction in progress may be impaired, therefore no provision for impairment was recorded.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (18) Right-of-use assets

	Buildings	Port facilities	Storage facilities	Loading equipment	Vessel	Total
Cost						
31 December 2020	1,871,306	30,740,178	214,588,497	135,464,068	91,439,655	474,103,704
Increase in the current period (Unaudited)						
New lease contracts	18,561,167	201,139,492	6,154,323	–	–	225,854,982
Decrease in the current period (Unaudited)						
Lease change	–	–	(15,060,412)	–	–	(15,060,412)
Transfer to fixed assets	–	–	–	(105,667,618)	–	(105,667,618)
30 June 2021 (Unaudited)	20,432,473	231,879,670	205,682,408	29,796,450	91,439,655	579,230,656
Accumulated depreciation						
31 December 2020	(883,673)	(3,767,383)	(83,451,070)	(64,527,558)	(9,651,964)	(162,281,648)
Increase in the current period (Unaudited)						
Provision	(893,650)	(2,460,244)	(30,807,189)	(1,430,234)	(2,412,990)	(38,004,307)
New lease contracts	–	(26,987,620)	–	–	–	(26,987,620)
Decrease in the current period (Unaudited)						
Lease change	–	–	5,795,957	–	–	5,795,957
Transfer to fixed assets	–	–	–	54,985,263	–	54,985,263
30 June 2021 (Unaudited)	(1,777,323)	(33,215,247)	(108,462,302)	(10,972,529)	(12,064,954)	(166,492,355)
Net book value						
30 June 2021 (Unaudited)	18,655,150	198,664,423	97,220,106	18,823,921	79,374,701	412,738,301
31 December 2020	987,633	26,972,795	131,137,427	70,936,510	81,787,691	311,822,056

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (18) Right-of-use assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Vessel	Total
Cost						
31 December 2019	1,871,306	262,314,357	171,378,705	135,464,068	91,439,655	662,468,091
Decrease in the current period (Unaudited)						
Lease change	–	(74,587,362)	–	–	–	(74,587,362)
30 June 2020 (Unaudited)	1,871,306	187,726,995	171,378,705	135,464,068	91,439,655	587,880,729
Accumulated depreciation						
31 December 2019	(259,904)	(24,223,067)	(35,751,196)	(56,053,261)	(4,825,982)	(121,113,410)
Increase in the current period (Unaudited)						
Provision	(311,884)	(7,486,331)	(19,902,414)	(6,614,743)	(2,412,991)	(36,728,363)
Decrease in the current period (Unaudited)						
Lease change	–	5,012,419	–	–	–	5,012,419
30 June 2020 (Unaudited)	(571,788)	(26,696,979)	(55,653,610)	(62,668,004)	(7,238,973)	(152,829,354)
Net book value						
30 June 2020 (Unaudited)	1,299,518	161,030,016	115,725,095	72,796,064	84,200,682	435,051,375
31 December 2019	1,611,402	238,091,290	135,627,509	79,410,807	86,613,673	541,354,681

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (19) Intangible assets

	Land use right	Software	Sea area use right	Others	Total
Cost					
31 December 2020	2,943,642,848	157,296,587	76,548,790	50,178,663	3,227,666,888
Increase in the current period (Unaudited)					
Purchase	21,839	182,255	49,391,000	–	49,595,094
Decrease in the current period (Unaudited)					
Disposal and discarding	–	(9,989,783)	–	–	(9,989,783)
Classified as held for sale	(216,667)	(5,640,772)	–	–	(5,857,439)
30 June 2021 (Unaudited)	2,943,448,020	141,848,287	125,939,790	50,178,663	3,261,414,760
Accumulated amortization					
31 December 2020	(189,808,695)	(74,392,269)	(7,667,622)	(41,282,308)	(313,150,894)
Increase in the current period (Unaudited)					
Provision	(29,967,280)	(12,540,112)	(1,477,627)	(1,503,125)	(45,488,144)
Decrease in the current period (Unaudited)					
Disposal and discarding	–	9,989,783	–	–	9,989,783
Classified as held for sale	28,889	2,226,046	–	–	2,254,935
30 June 2021 (Unaudited)	(219,747,086)	(74,716,552)	(9,145,249)	(42,785,433)	(346,394,320)
Book value					
30 June 2021 (Unaudited)	2,723,700,934	67,131,735	116,794,541	7,393,230	2,915,020,440
31 December 2020	2,753,834,153	82,904,318	68,881,168	8,896,355	2,914,515,994

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (19) Intangible assets (Continued)

	Land use rights	Software	Sea area use rights	Others	Total
Cost					
31 December 2019	2,565,864,495	113,512,362	76,548,790	50,178,663	2,806,104,310
Increase in the current period (Unaudited)					
Purchase	119,344,265	85,490	–	–	119,429,755
Internal research and development	–	8,884,761	–	–	8,884,761
30 June 2020 (Unaudited)	2,685,208,760	122,482,613	76,548,790	50,178,663	2,934,418,826
Accumulated amortization					
31 December 2019	(133,728,828)	(58,498,418)	(7,193,390)	(38,276,058)	(237,696,694)
Increase in the current period (Unaudited)					
Provision	(26,669,231)	(9,080,475)	(237,116)	(1,503,125)	(37,489,947)
30 June 2020 (Unaudited)	(160,398,059)	(67,578,893)	(7,430,506)	(39,779,183)	(275,186,641)
Book value					
30 June 2020 (Unaudited)	2,524,810,701	54,903,720	69,118,284	10,399,480	2,659,232,185
31 December 2019	2,432,135,667	55,013,944	69,355,400	11,902,605	2,568,407,616

For the six months ended 30 June 2021, the amount of amortization for intangible assets was RMB45,488,144 (For the six months ended 30 June 2020: RMB37,489,947).

As at 30 June 2021, the group has no land that is still in the process of certificate application (As at 31 December 2020: nil). As at 30 June 2021, there were sea area use rights with carrying amount of RMB49,308,682 (Cost: RMB49,391,000) without certificates (31 December 2020: nil).

As at 30 June 2021 and 31 December 2020, there were no pledged land use rights.

As at 30 June 2021 and 31 December 2020, the management of the Group considered that there was no indication of impairment of intangible assets, and therefore no provision for impairment was required.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (19) Intangible assets (Continued)

The Group's Development expenses are as follows:

			Decrease in the current period		
	31 December 2020	Increase in current period (Unaudited)	Recorded in profit and loss (Unaudited)	Recognized as intangible assets (Unaudited)	30 June 2021 (Unaudited)
Information maintenance and software	–	24,562,707	(11,932,279)	–	12,630,428

For the six months ended 30 June 2021, the Group's expenditures on research and development incurred amounted to RMB24,562,707 (For the six months ended 30 June 2020: RMB15,491,616), of which RMB11,932,279 (For the six months ended 30 June 2020: RMB6,606,855) was recognised as research and development expenses for the current period, none of which (For the six months ended 30 June 2020: RMB8,884,761) recognized as intangible assets, and RMB12,630,428 recognised as development costs (For the six months ended 30 June 2020: nil). As at 30 June 2021, the intangible assets developed by the Group accounted for 1.44% of the carrying amount of the total intangible assets (31 December 2020: 2.52%).

#### (20) Goodwill

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2021 (Unaudited)
Goodwill-				
Red Star Logistics	27,996,716	–	–	27,996,716
Qingdao Haiye Mercurial Logistics Co., Ltd. ("Mercurial Logistics")	10,129,085	–	–	10,129,085
Qingdao Gangyuntai Logistics Co., Ltd. ("Gangyuntai Logistics")	4,686,830	–	–	4,686,830
Other	10,557,408	–	–	10,557,408
	53,370,039	–	–	53,370,039
Less: Provision for impairment- Gangyuntai Logistics	(4,686,830)	–	–	(4,686,830)
	48,683,209	–	–	48,683,209

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (20) Goodwill (Continued)

The Group's goodwill was all allocated to related asset groups or groups of asset groups on the acquisition date, without any change of goodwill allocation During the six months ended 30 June 2021. The allocation was summarised by the operating segment as follows:

	30 June 2021 (Unaudited)	31 December 2020
Red Star Logistics	27,996,716	27,996,716
Mercurial Logistics	10,129,085	10,129,085
Other	15,244,238	15,244,238
	<u>53,370,039</u>	<u>53,370,039</u>

During the goodwill impairment test, the Group compares the carrying amount of the relevant assets or sets of asset groups (including goodwill) with their recoverable amount. If the recoverable amount is lower than the carrying amount, the difference shall be recognised in profit or loss for the current period.

The Group determines the growth rate and gross profit rate based on historical experience and forecasts of market development, and uses a pre-tax interest rate that reflects the specific risks of the relevant asset group as the discount rate, which is approximately 12%. The growth rate in the forecast period is determined based on the five-year budget of the relevant asset group. The growth rate in the stable period is determined by the Group with reference to the historical price index using an average growth rate of 3%.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (21) Deferred tax assets and deferred tax liabilities

#### (a) Deferred tax assets before offsetting

	30 June 2021(Unaudited)		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets revaluation surplus	2,759,580,152	689,895,038	2,791,909,644	697,977,411
Elimination of intra-group unrealized profit	483,348,684	120,837,171	438,703,904	109,675,976
Provision for asset impairment	241,355,776	60,163,712	285,830,815	71,282,554
Early retirement benefits	112,560,000	28,140,000	57,800,000	14,450,000
Accrued expenses	89,285,340	22,321,335	29,965,453	7,491,363
Government grant	85,180,568	21,295,142	89,054,903	22,263,726
Deductible losses	89,687,904	22,421,976	75,112,459	18,778,115
	<u>3,860,998,424</u>	<u>965,074,374</u>	<u>3,768,377,178</u>	<u>941,919,145</u>
Including:				
Expected to be recovered within one year (inclusive)		53,307,516		32,438,145
Expected to be recovered after one year		<u>911,766,858</u>		<u>909,481,000</u>
		<u>965,074,374</u>		<u>941,919,145</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (21) Deferred tax assets and deferred tax liabilities (Continued)

##### (b) Deferred tax liabilities before offsetting

	30 June 2021(Unaudited)		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	214,378,992	53,594,748	216,127,024	54,031,756
Depreciation of fixed assets	96,208,724	24,052,181	68,379,520	17,094,880
Changes in fair value of wealth management products	26,181,840	6,545,460	18,017,660	4,504,415
	<u>336,769,556</u>	<u>84,192,389</u>	<u>302,524,204</u>	<u>75,631,051</u>
Including:				
Expected to be recovered within one year (inclusive)		10,597,692		7,400,656
Expected to be recovered after one year		<u>73,594,697</u>		<u>68,230,395</u>
		<u>84,192,389</u>		<u>75,631,051</u>

##### (c) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analyzed as follows:

	30 June 2021 (Unaudited)	31 December 2020
Deductible temporary differences	20,408,509	20,008,509
Deductible losses	<u>189,606,085</u>	<u>200,233,067</u>
	<u>210,014,594</u>	<u>220,241,576</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (21) Deferred tax assets and deferred tax liabilities (Continued)

(d) Deductible losses that are not recognized as deferred tax assets will expire in the following years:

	30 June 2021 (Unaudited)	31 December 2020
2022	–	–
2023	29,287,267	37,909,231
2024	86,934,387	90,435,589
2025	71,789,726	71,888,247
2026	1,594,705	–
	<u>189,606,085</u>	<u>200,233,067</u>

(e) The net balances of deferred tax assets after offsetting are as follows:

	30 June 2021(Unaudited)		31 December 2020	
	Offsetting amount	Amount after offsetting	Offsetting amount	Amount after offsetting
Deferred tax assets	(30,597,641)	934,476,733	(21,599,295)	920,319,850
Deferred tax liabilities	(30,597,641)	53,594,748	(21,599,295)	54,031,756

### (22) Other non-current assets

	30 June 2021 (Unaudited)	31 December 2020
Foundation oil (i)	290,316,583	290,316,583
Prepayment for the equity of Haiye Oil Terminal (ii)	261,903,564	–
Construction and equipment expenditures prepaid	231,439,743	188,394,022
Taxes advance receipt from port facilities rental income (iii)	147,175,446	153,385,112
VAT input to be deducted	92,654,535	179,460,728
	<u>1,023,489,871</u>	<u>811,556,445</u>

- (i) The Company's subsidiary, Weifang Port Lianhua Storage Co., Ltd. ("Weifang Port Lianhua"), Qingdao Haiye Mercuria Oil Terminal Co., Ltd. ("Mercuria Oil Terminal") and Dongying Port Lianhua Storage Co., Ltd. ("Dongying Port Lianhua") and Red Star Logistics purchased some crude oil for the purpose of production and filled in the crude oil pipeline and tanks, so as to ensure the precision of oil product metering and increase the tank pressure for production safety.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (22) Other non-current assets (Continued)

- (ii) The Prepayment is equity transfer fund paid in advance by the company to purchase 40.80% and 10.20% equities of Qingdao Haiye Oil Terminal Co., Ltd. (“Haiye Oil Terminal”) from Qingdao Haiye Petroleum Co., Ltd. (“Haiye Petroleum Company”) and Qingdao Yiruiyuan Trading Co., Ltd. (“Yiruiyuan Trading Company”) respectively, because the equity transaction also needs to pass the State Administration for Market Regulation’s anti-monopoly examination of the concentration of operators, the transaction has not been completed as at 30 June 2021.
- (iii) The Group leased out certain land use rights, port facilities, storage facilities and other assets (collectively “Port Facilities”) in Qianwan Port Area to QQCT, a joint venture of the Group with a lease term of 30 years. By the end of 2010, the Group had received the rental payments in full. The Group calculated the tax and surcharges relating to the amounts received and recorded them as other non-current assets. The amount of taxes paid has been amortized to the other tax items in tax and surcharges pursuant to rental income recognized in each period.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (23) Provision for asset impairment

	31 December	Increase in the	Decrease in the current period		30 June
	2020	current period (Unaudited)	Reversal (Unaudited)	Classified as held for sale (Unaudited)	2021 (Unaudited)
Provision for bad debts of notes receivables	2,491,165	–	(1,057,362)	(258,572)	1,175,231
Including: Provision for bad debts on the individual basis	–	–	–	–	–
Provision for bad debts on the grouping basis	2,491,165	–	(1,057,362)	(258,572)	1,175,231
Provision for bad debts of accounts receivable	228,186,151	32,774,001	–	(84,267,852)	176,692,300
Including: Provision for bad debts on the individual basis	20,008,509	400,000	–	–	20,408,509
Provision for bad debts on the grouping basis	208,177,642	32,374,001	–	(84,267,852)	156,283,791
Provision for bad debts of other receivables	41,210,426	9,883,587	(3,381,646)	(2,725,514)	44,986,853
Including: Provision for bad debts on the individual basis	–	–	–	–	–
Provision for bad debts on the grouping basis	41,210,426	9,883,587	(3,381,646)	(2,725,514)	44,986,853
Provision for impairment of long-term receivables	74,807,729	–	(224,569)	–	74,583,160
Assets held for sale-provision for bad debts of receivables	–	87,251,938	–	–	87,251,938
Subtotal	346,695,471	129,909,526	(4,663,577)	(87,251,938)	384,689,482
Goodwill impairment provision	4,686,830	–	–	–	4,686,830
Provision for impairment of contract assets	1,552,117	11,087,572	–	(159,481)	12,480,208
Assets held for sale-provision for impairment of contract assets	–	159,481	–	–	159,481
Subtotal	6,238,947	11,247,053	–	(159,481)	17,326,519
	<u>352,934,418</u>	<u>141,156,579</u>	<u>(4,663,577)</u>	<u>(87,411,419)</u>	<u>402,016,001</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (24) Short-term borrowings

	Currency	30 June 2021 (Unaudited)	31 December 2020
Unsecured borrowings	USD	824,658,897	94,611,050
Unsecured borrowings	EUR	217,903,770	–
Unsecured borrowings	RMB	–	40,176,451
Accrued interest	RMB, USD and EUR	2,643,289	345,805
		<u>1,045,205,956</u>	<u>135,133,306</u>

As at 30 June 2021, short-term borrowings are financed by import letter of credit. The interest rate of short-term borrowings ranges from 1.70% to 1.95% (31 December 2020: 1.99% to 4.60%).

As at 30 June 2021, the Group has no secured borrowings (31 December 2020: nil).

### (25) Notes payable

	30 June 2021 (Unaudited)	31 December 2020
Trade acceptance notes	489,178,243	599,220,742
Bank acceptance notes	283,396,908	290,959,891
	<u>772,575,151</u>	<u>890,180,633</u>

### (26) Accounts payable

	30 June 2021 (Unaudited)	31 December 2020
Material expenditure payable	757,377,958	559,858,519
Agency fee payable	235,346,759	148,311,874
Transportation expenses payable	162,137,205	161,752,196
Subcontract handling expenses payable	141,716,552	48,496,803
Subcontract costs payable	45,082,486	145,708,481
Storage fee payable	47,677,342	–
Rental expenses payable	46,076,304	21,190,163
Repair expenses payable	42,677,470	58,679,269
Others	42,028,606	53,293,383
	<u>1,520,120,682</u>	<u>1,197,290,688</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (26) Accounts payable (Continued)

(a) The ageing of accounts payable based on their recording dates is analyzed as follows:

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	1,452,818,379	1,114,693,166
Over 1 year	67,302,303	82,597,522
	<u>1,520,120,682</u>	<u>1,197,290,688</u>

As at 30 June 2021, accounts payable over one year amounted to RMB67,302,303 (31 December 2020: RMB82,597,522), which were mainly subcontract costs payable for unsettled constructions.

Accounts payable are mainly recorded based on the date of transaction. The ageing of accounts payable represented based on their recording dates is basically the same as the ageing represented based on the dates of invoice.

### (27) Contract Liabilities

	30 June 2021 (Unaudited)	31 December 2020
Logistic fee received in advance	69,623,837	18,961,822
Loading fee received in advance	60,160,793	62,525,759
Construction fee received in advance	31,820,008	38,880,967
Material fee received in advance	21,983,968	6,971,873
Tug fees collected in advance	8,306,307	10,684,724
Information maintenance fee received in advance	–	7,429,204
Others	2,805,444	3,238,815
	<u>194,700,357</u>	<u>148,693,164</u>

For the six months ended 30 June 2021, the carrying amount of the Group's contract liabilities amounted to RMB148,693,164 included in the beginning of the period (For the six months ended 30 June 2020: RMB245,528,654) has been recognized into revenue from main operations in the current period.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (28) Employee benefits payable

	30 June 2021 (Unaudited)	31 December 2020
Short-term employee benefits payable (a)	229,255,610	292,745,994
Defined contribution plans payable (b)	5,992,467	5,640,038
Termination benefits payable (c)	36,570,000	11,230,000
Defined benefit plans payable (d)	122,630,000	130,400,000
	<u>394,448,077</u>	<u>440,016,032</u>

#### (a) Short-term employee benefits

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	Classified as liabilities held for sale (Unaudited)	30 June 2021 (Unaudited)
Wages and salaries, bonus, allowances and subsidies	245,826,688	635,295,961	(697,080,402)	(4,264,924)	179,777,323
Employee welfare	21,342	46,249,367	(37,253,315)	(150,000)	8,867,394
Social security contributions	–	50,285,225	(50,285,225)	–	–
Including: Medical insurance	–	48,868,903	(48,868,903)	–	–
Work injury insurance	–	1,408,033	(1,408,033)	–	–
Maternity insurance	–	8,289	(8,289)	–	–
Housing fund	34,635	55,801,164	(55,827,417)	(8,382)	–
Labor union funds and employee education funds	7,836,437	13,323,039	(10,679,144)	(427,718)	10,052,614
Outsourcing costs	39,021,892	260,946,425	(269,275,474)	(185,426)	30,507,417
Others	5,000	30,077,797	(30,031,935)	–	50,862
	<u>292,745,994</u>	<u>1,091,978,978</u>	<u>(1,150,432,912)</u>	<u>(5,036,450)</u>	<u>229,255,610</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (28) Employee benefits payable (Continued)

#### (b) Defined contribution plans

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	Classified as liabilities held for sale (Unaudited)	30 June 2021 (Unaudited)
Basic pensions	–	85,404,543	(85,404,543)	–	–
Unemployment insurance	–	3,733,809	(3,733,809)	–	–
Enterprise annuity	5,640,038	43,126,150	(42,679,541)	(94,180)	5,992,467
	<u>5,640,038</u>	<u>132,264,502</u>	<u>(131,817,893)</u>	<u>(94,180)</u>	<u>5,992,467</u>

#### (c) Termination benefits payable

	30 June 2021 (Unaudited)	31 December 2020
Early retirement benefits payable (Current portion)	<u>36,570,000</u>	<u>11,230,000</u>

Early retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note 4(36)), the current portion of which is presented as employee benefits payable.

#### (d) Defined benefit plans

	30 June 2021 (Unaudited)	31 December 2020
Supplemental retirement benefits (Current portion)	<u>122,630,000</u>	<u>130,400,000</u>

Supplemental retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note 4(36)), the current portion of which is presented as employee benefits payable.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (29) Taxes payable

	30 June 2021 (Unaudited)	31 December 2020
Enterprise income tax payable	239,263,540	219,081,420
Unpaid VAT	28,103,834	16,477,279
Land use tax payable	15,261,742	14,202,650
Individual income tax payable	2,009,777	1,211,066
Property tax payable	1,034,220	2,180,674
Stamp duty payable	939,505	1,379,807
Others	2,498,940	1,844,145
	<u>289,111,558</u>	<u>256,377,041</u>

#### (30) Other payables

	30 June 2021 (Unaudited)	31 December 2020
Customer deposits by Qingdao Finance (i)	4,856,863,751	6,357,314,626
Dividends payable	1,774,669,602	110,535,373
Construction and equipment expenditures payable (ii)	1,121,797,450	1,963,945,785
Payables and advances from agent business (iii)	560,071,512	624,260,853
Guarantees and deposits payable	126,444,988	124,585,777
Rail freight collected on behalf	35,801,565	52,332,945
Interest of customer deposits by Qingdao Finance (i)	22,927,970	27,099,914
Borrowings from minority shareholders or third parties	–	41,093,824
Others	111,210,549	119,889,000
	<u>8,609,787,387</u>	<u>9,421,058,097</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (30) Other payables (Continued)

- (i) Customer deposits and its interests are primarily taken by Qingdao Finance, a subsidiary of the Company, from the Group's related parties.
- (ii) Construction and equipment expenditures payable are mainly payables for project construction, which remain outstanding as relevant projects have not been completed.
- (iii) Payables and advances from agent business mainly are payables and advances received on behalf of other parties by the Group relating to the entrustment from ship owners to go through the necessary procedures for the ship's access to the port and agent procurement businesses.

As at 30 June 2021, other payables over 1 year of RMB471,710,891 (31 December 2020: RMB479,302,048) were mainly construction and equipment expenditures payable which remain outstanding due to unmaturity.

### (31) Current portion of non-current liabilities

	30 June 2021 (Unaudited)	31 December 2020
Current portion of long-term borrowings (Note 4(32))	108,836,205	30,515,717
Current portion of lease liabilities (Note 4(33))	83,299,736	84,079,394
Current portion of bonds payable	—	2,174,322,091
	<u>192,135,941</u>	<u>2,288,917,202</u>

The principal amount of bonds payable of RMB90,900,000 and RMB1,292,200,000 with corresponding interest was due to be paid on 18 March 2021 and 8 June 2021 respectively.

### (32) Long-term borrowings

	Currency	30 June 2021 (Unaudited)	31 December 2020
Unsecured borrowings	RMB	43,250,687	57,250,687
Unsecured borrowings	EUR	82,348,289	82,887,952
Accrued interest	RMB & EUR	57,916	85,717
Less: current portion		<u>(108,836,205)</u>	<u>(30,515,717)</u>
		<u>16,820,687</u>	<u>109,708,639</u>

As at 30 June 2021, interest rate of the long-term borrowings ranges from 2.60% to 4.90% (31 December 2020: 2.60% to 4.90%).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (33) Lease liabilities

	30 June 2021 (Unaudited)	31 December 2020
Lease liabilities	296,137,020	223,188,629
Less: Current portion	(83,299,736)	(84,079,394)
	<u>212,837,284</u>	<u>139,109,235</u>

As at 30 June 2021, there was no variable lease payment based on certain percentage of sales and no lease payments related to signed but not yet started lease contracts.

#### (34) Long-term payables

	30 June 2021 (Unaudited)	31 December 2020
Collection and payment of welfare expenses on behalf of Qingdao Port Group	46,576,320	42,993,544
Less: Current portion of welfare expenses	(2,020,000)	(2,020,000)
	<u>44,556,320</u>	<u>40,973,544</u>

#### (35) Deferred income

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2021 (Unaudited)	Reason
Government grants(a)	<u>280,047,491</u>	<u>394,798</u>	<u>(6,226,354)</u>	<u>274,215,935</u>	Special funds for outer channel, etc.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (35) Deferred income (Continued)

#### (a) Government grants

	31 December 2020	Increase in current period (Unaudited)	Recorded in other income in the current period (Unaudited)	Classified as liabilities held for sale (Unaudited)	30 June 2021 (Unaudited)	Assets related/ income related
Special funds for outer channel (i)	123,532,588	–	(1,957,221)	–	121,575,367	Assets related
Special support fund (ii)	71,996,903	–	(1,735,633)	–	70,261,270	Assets related
Central government funding						
subsidies for food security (iii)	67,460,000	–	–	–	67,460,000	Assets related
Support funds for smart port pilot project	6,000,000	–	–	–	6,000,000	Assets related
Special subsidy for shore power projects	5,396,500	–	(376,500)	–	5,020,000	Assets related
Others	5,661,500	394,798	(797,765)	(1,359,235)	3,899,298	Assets related
	<u>280,047,491</u>	<u>394,798</u>	<u>(4,867,119)</u>	<u>(1,359,235)</u>	<u>274,215,935</u>	

- (i) The special funds for outer channel are granted by the Ministry of Transport and the Ministry of Finance to the Group to be used for outer channel expansion project, and are recognized into profit or loss on a straight-line basis over the useful lives of the asset.
- (ii) The special support fund is the project support fund received by Qingdao Port Jimo Port International Logistics Co., Ltd. ("Jimo Logistics") from the Jimo District Government of Qingdao pursuant to the *Qingdao Port Jimo Port Investment Project Policy Support Agreement*, to be used for the project, and are recognized into profit or loss on a straight-line basis over the useful lives of the asset.
- (iii) The central financial subsidy for food security guarantees is the project support fund received by Dongjiakou General Terminal from the State Bureau of Grain and Material Reserves for the second phase of the grain silo project, and will be transferred to fixed assets after the completion of the construction of the asset averagely included in the current profit and loss within the useful life.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (36) Long-term employee benefits payable

	30 June 2021 (Unaudited)	31 December 2020
Early retirement benefits payable (a)	112,560,000	57,800,000
Supplemental retirement benefits payable (b)	2,250,290,000	2,410,390,000
Less: Current portion	(159,200,000)	(141,630,000)
	<u>2,203,650,000</u>	<u>2,326,560,000</u>

Early retirement benefits represent the Group's actuarial assumptions of early retirement benefits to be paid for the early retired employees from the off-duty date to the normal retirement date by discounting the expected future cash outflows using the interest rate of government bonds that have terms to maturity approximating to the terms of the early retirement benefits and are recognized as liabilities. Supplemental retirement benefits represent the Group's actuarial assumptions of benefits to be paid by discounting the expected future cash outflows using interest rate of government bonds that have terms to maturity approximating to the terms of the supplemental retirement benefits and are recognized as liabilities.

Early retirement benefits payable and supplemental retirement benefits payable within one year are recorded in employee benefits payable (Note 4(28)).

#### (a) Early retirement benefits of the Group:

	30 June 2021 (Unaudited)	31 December 2020
Early retirement benefits	112,560,000	57,800,000
Less: current portion	(36,570,000)	(11,230,000)
	<u>75,990,000</u>	<u>46,570,000</u>

#### (b) Supplemental retirement benefits of the Group:

	30 June 2021 (Unaudited)	31 December 2020
Supplemental retirement benefits	2,250,290,000	2,410,390,000
Less: current portion	(122,630,000)	(130,400,000)
	<u>2,127,660,000</u>	<u>2,279,990,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (36) Long-term employee benefits payable (Continued)

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

	Early retirement benefits	Supplemental retirement benefits
1 January 2021	57,800,000	2,410,390,000
Amount recognized in profit or loss for the current period (Unaudited)		
Service cost	70,030,000	15,280,000
Net interest expense on the net obligations	740,000	41,490,000
Re-measurement amount (Unaudited)		
Actuarial gains for the current period	–	–
Payment of benefits (Unaudited)	(15,530,000)	(83,210,000)
Classified as liabilities held for sale (Unaudited)	(480,000)	(133,660,000)
30 June 2021 (Unaudited)	112,560,000	2,250,290,000
	Early retirement benefits	Supplemental retirement benefits
1 January 2020	63,420,000	2,482,130,000
Amount recognized in profit or loss for the current period (Unaudited)		
Service cost	–	2,230,000
Net interest expense on the net obligations	970,000	43,050,000
Re-measurement amount (Unaudited)		
Actuarial loss for the current period	2,780,000	–
Payment of benefits (Unaudited)	(6,720,000)	(43,680,000)
30 June 2020 (Unaudited)	60,450,000	2,483,730,000



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (36) Long-term employee benefits payable (Continued)

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

	30 June 2021 (Unaudited)	31 December 2020
Discount rate – early retirement benefits	3.00%	3.00%
Discount rate – supplemental retirement benefits	3.50%	3.50%
Salary and welfare growth rate – early retirement benefits	10%	10%
Medical benefit growth rate	5%	5%

For the six months ended 30 June 2021 and 2020, the assumption for future mortality rate is based on the statistics of the China Life Annuitant Mortality Table (2010-2013) translated forward by three years. The actuarial assumptions are analyzed as follows:

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Supplemental retirement benefits –		
Average age	53.2	53.2
Average residual expected future entire duration	29.7	29.7

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (36) Long-term employee benefits payable (Continued)

- (e) The sensitivity analysis of the principal actuary assumptions adopted in the present value of the defined benefit liability of the Group is as follows:

	Change in assumption	Impact on present value of defined benefit liability	
		Increase in assumption	Decrease in assumption
Discount rate – early retirement benefits	0.25%	0.87% down	0.90% up
Discount rate – supplemental retirement benefits	0.25%	3.38% down	3.59% up
Salary and welfare growth rate – early retirement benefits	1%	3.18% up	2.91% down
Medical benefit growth rate	1%	7.25% up	5.60% down

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

- (f) As at 30 June 2021, expected maturity analysis of undiscounted defined benefit liability is as follows (unaudited):

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Early retirement benefits	36,690,000	31,830,000	49,090,000	36,220,000	153,830,000
Supplemental retirement benefits	129,890,000	128,930,000	383,290,000	6,096,085,000	6,738,195,000
	<u>166,580,000</u>	<u>160,760,000</u>	<u>432,380,000</u>	<u>6,132,305,000</u>	<u>6,892,025,000</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (36) Long-term employee benefits payable (Continued)

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

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
General and administrative expenses	85,310,000	5,010,000
Financial expenses	42,230,000	44,020,000

#### (37) Other non-current liabilities

	30 June 2021 (Unaudited)	31 December 2020
Lease payments collected in advance	<u>2,583,267,186</u>	<u>2,683,842,524</u>

Lease payments collected in advance mainly comprise port facilities lease payments collected in advance from related party QQCT, dock basin lease payments collected in advance from Qingdao Qianwan Container Terminal Co., Ltd. ("QQCTN") and Qingdao Qianwan United Container Terminal Co., Ltd. ("QQCTU") with a period of 30 years and Qianwan Port area storage yard lease payment collected in advance from Kubo International Mining Co., Ltd. with a period of 3 years.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (38) Share capital

	31 December 2020	Movements for the current period (Unaudited)	30 June 2021 (Unaudited)
Foreign shares issued overseas	1,099,025,000	–	1,099,025,000
RMB denominated common stock	5,392,075,000	–	5,392,075,000
	<u>6,491,100,000</u>	<u>–</u>	<u>6,491,100,000</u>
	31 December 2019	New issue of shares (Unaudited)	30 June 2020 (Unaudited)
Foreign shares issued overseas	1,099,025,000	–	1,099,025,000
RMB denominated common stock	5,392,075,000	–	5,392,075,000
	<u>6,491,100,000</u>	<u>–</u>	<u>6,491,100,000</u>

The Company completed the first issue of 705,800,000 overseas issuance of foreign shares to foreign investors on 6 June 2014. For the work of H-shares, the issue price per share was HKD3.76 (approximately RMB2.98), and the share capital increased to 4,705,800,000 shares after the issue. On 2 July 2014, the Company exercised the over-allotment option and completed the issuance of 72,404,000 shares of foreign-invested H-shares issued overseas. The issue price per share was HKD3.76 (approximately RMB2.99), and the excess was exercised. After the placement option, the share capital increased to 4,778,204,000 shares. The above funds were verified by Xinyong Zhonghe Certified Public Accountants Co., Ltd. (Special General Partnership) Co., Ltd. and issued a capital verification report numbered XYZH/2014QDA2002.

The Company completed the placement of 243,000,000 new H-shares on 18 May 2017 at a placing price of HKD4.32 (approximately equivalent to RMB3.81) per share. The share capital increased to 5,021,204,000 shares upon completion of the placement. The above-mentioned capital has been verified by PricewaterhouseCoopers Zhong Tian LLP with capital verification report of PwC ZT Yan Zi (2017) No. 527 issued accordingly.

The Company determined private placement of 1,015,520,000 domestic shares on 22 May 2017 to Shanghai China Shipping Terminal at a subscription price of RMB5.71 per share. Upon completion of the private placement of domestic shares, the share capital increased to RMB6,036,724,000. The above-mentioned capital has been verified by PricewaterhouseCoopers Zhong Tian LLP with capital verification report of PwC ZT Yan Zi (2017) No. 526 issued accordingly.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (38) Share capital (Continued)

Pursuant to the China Securities Regulatory Commission's Securities Regulatory Commission [2018] No. 1839 issued on 14 November 2018, *Review of the Approval of the Initial Public Offering of Qingdao Port International Co., Ltd.*, the Company was approved to submit to the public issued 454,376,000 ordinary shares at an issue price of RMB4.61 per share. The above funds were put in place in January 2019 and were verified by PricewaterhouseCoopers Zhong Tian LLP with capital verification report of PwC ZT Yan Zi (2019) No.0026 issued accordingly. The total amount of funds raised this time was RMB2,094,673,360, the company's share capital increased by RMB454,376,000, after deducting the issue cost of RMB115,743,592, the remaining RMB1,524,553,768 was included in capital reserve (Share premium).

#### (39) Capital surplus

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2021 (Unaudited)
Share premium –				
Capital premium contributed by				
Qingdao Port Group (a)	7,052,279,474	–	–	7,052,279,474
Capital premium contributed by				
Other Promoters (a)	783,586,608	–	–	783,586,608
Issue of new shares (b)	8,652,856,972	–	–	8,652,856,972
Shares issue expenses (b)	(242,175,098)	–	–	(242,175,098)
Reversal of revaluation appreciation effect				
from business combination involving				
enterprises under common control	(4,830,045,213)	–	–	(4,830,045,213)
Income tax effect recognized from				
revaluation appreciation	887,819,497	–	–	887,819,497
Business combination involving enterprises				
under common control	(18,103,678)	–	–	(18,103,678)
Subsidiary minority shareholders paid				
a premium	15,245,576	–	–	15,245,576
Acquisition of minority equity	–	–	(36,737,621)	(36,737,621)
Other capital surplus –				
Share of changes in equity other than				
comprehensive income and profit				
distribution of investees under the				
equity method	17,209,751	6,519,489	–	23,729,240
	<u>12,318,673,889</u>	<u>6,519,489</u>	<u>(36,737,621)</u>	<u>12,288,455,757</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (39) Capital surplus (Continued)

	31 December 2019	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2020 (Unaudited)
Share premium –				
Capital premium contributed by Qingdao Port Group (a)	7,052,279,474	–	–	7,052,279,474
Capital premium contributed by Other Promoters (a)	783,586,608	–	–	783,586,608
Issue of new shares (b)	8,652,856,972	–	–	8,652,856,972
Shares issue expenses (b)	(242,175,098)	–	–	(242,175,098)
Reversal of revaluation appreciation effect from business combination involving enterprises under common control	(4,830,045,213)	–	–	(4,830,045,213)
Income tax effect recognized from revaluation appreciation	887,819,497	–	–	887,819,497
Business combination involving enterprises under common control	(18,103,678)	–	–	(18,103,678)
Subsidiary minority shareholders paid a premium	15,245,576	–	–	15,245,576
Other capital surplus –				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	24,888,823	13,038,294	–	37,927,117
	<u>12,326,352,961</u>	<u>13,038,294</u>	<u>–</u>	<u>12,339,391,255</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (39) Capital surplus (Continued)

- (a) The Company is a stock limited company jointly established by Qingdao Port Group and Other Promoters. The assets and liabilities as well as cash at bank and on hand contributed by Qingdao Port Group amounted to RMB10,252,279,474 and RMB400,000,000 respectively, which were approved by Qingdao SASAC. Cash at bank and on hand contributed by Other Promoters amounted to RMB1,183,586,608. The contribution amounted to RMB11,835,866,082 in total, including share capital of RMB4,000,000,000 (4,000,000,000 shares, par value at RMB1) and capital surplus of RMB7,835,866,082.
- (b) The Company issued 705,800,000 foreign-listed H-shares overseas at its initial public offering on 6 June 2014. The amount of raised capital less capitalized listing expenses is RMB1,995,921,171, including share capital of RMB705,800,000 (705,800,000 shares, par value at RMB1) and capital surplus of RMB1,290,121,171. The Company exercised over-allotment option on 2 July 2014 and increased issuance of 72,404,000 foreign-listed H-shares overseas. The amount raised in over-allotment is RMB216,167,727, including share capital of RMB72,404,000 (72,404,000 shares, par value at RMB1) and capital surplus of RMB143,763,727.

The Company completed placement of 243,000,000 new H-shares on 18 May 2017. The amount of raised capital less capitalized issuance expenses is RMB912,553,972, including share capital of RMB243,000,000 (243,000,000 shares, par value at RMB1) and capital surplus of RMB669,553,972.

The Company completed proposed subscription of 1,015,520,000 domestic shares on 22 May 2017. The amount of the consideration of domestic shares less capitalized listing expenses is RMB5,798,209,236, including share capital of RMB1,015,520,000 (1,015,520,000 shares, par value at RMB1) and capital surplus of RMB4,782,689,236.

On 21 January 2019, the Company completed the initial public offering of 454,376,000 ordinary shares (A shares). The amount of raised capital less capitalized issuance expenses was RMB1,978,929,768, including share capital of RMB454,376,000 (454,376,000 shares, par value at RMB1), and capital surplus of RMB1,524,553,768.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (40) Other comprehensive income

Other comprehensive income items which will not be reclassified to profit or loss  
Amount changes arising from remeasurement of defined benefit plans

Other comprehensive income that will be subsequently reclassified to profit or loss  
Fair value changes in other debt investments

Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the six months ended 30 June 2021		
31 December 2020	Attributable to the parent company after tax (Unaudited)	30 June 2021 (Unaudited)	Amount incurred before income tax for the current period (Unaudited)	Attributable to the parent company after tax (Unaudited)	Attributable to minority interests, net of tax (Unaudited)
278,700,602	-	278,700,602	-	-	-
8,597,673	(2,435,048)	6,162,625	(3,478,640)	(2,435,048)	(1,043,592)
<u>287,298,275</u>	<u>(2,435,048)</u>	<u>284,863,227</u>	<u>(3,478,640)</u>	<u>(2,435,048)</u>	<u>(1,043,592)</u>

Other comprehensive income items which will not be reclassified to profit or loss  
Amount changes arising from remeasurement of defined benefit plans

Other comprehensive income that will be subsequently reclassified to profit or loss  
Fair value changes in other debt investments

Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the six months ended 30 June 2020		
31 December 2019	Attributable to the parent company after tax (Unaudited)	30 June 2020 (Unaudited)	Amount incurred before income tax for the current period (Unaudited)	Attributable to the parent company after tax (Unaudited)	Attributable to minority interests, net of tax (Unaudited)
172,292,502	-	172,292,502	-	-	-
10,376,170	(8,485,330)	1,890,840	(12,121,900)	(8,485,330)	(3,636,570)
<u>182,668,672</u>	<u>(8,485,330)</u>	<u>174,183,342</u>	<u>(12,121,900)</u>	<u>(8,485,330)</u>	<u>(3,636,570)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (41) Surplus reserve

	31 December 2020	Appropriation in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2021 (Unaudited)
Statutory surplus reserve	<u>1,617,193,102</u>	<u>–</u>	<u>–</u>	<u>1,617,193,102</u>
	31 December 2019	Appropriation in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2020 (Unaudited)
Statutory surplus reserve	<u>1,278,378,901</u>	<u>–</u>	<u>–</u>	<u>1,278,378,901</u>

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

#### (42) General risk reserve

	31 December 2020	Appropriation in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2021 (Unaudited)
General risk reserve	<u>411,248,470</u>	<u>–</u>	<u>–</u>	<u>411,248,470</u>
	31 December 2019	Appropriation in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2020 (Unaudited)
General risk reserve	<u>380,586,794</u>	<u>–</u>	<u>–</u>	<u>380,586,794</u>

Pursuant to the notice in Cai Jin [2012] No.20 *Administrative Measures for the Provision of Reserves of Financial Enterprises* issued by the Ministry of Finance, financial enterprises shall make appropriation to general risk reserve for risk assets at the end of each year. The general risk reserve should not be less than 1.5% of the ending balance of risk assets, and the minimum threshold can be accumulated over a period of no more than five years. As at 31 December 2020, the general risk reserve of the Company's subsidiary, Qingdao Finance, has reached 1.5% of the balance of the year-end risk assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (43) Undistributed profits

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Undistributed profits at beginning of period	11,866,599,218	9,694,379,282
Add: Attributable to equity holders of the Company	2,165,995,532	2,012,822,439
Profit distribution to shareholders (a)	<u>(1,701,966,420)</u>	<u>(1,300,167,330)</u>
Undistributed profits at the end of the period	<u>12,330,628,330</u>	<u>10,407,034,391</u>

- (a) According to the resolution of the Board on 29 March 2021 and the resolution of the annual general meeting on 28 June 2021, the Company intends to distribute cash dividend for 2020 to all shareholders with RMB262.20 (tax included) for every 1,000 shares. Based on the 6,491,100,000 shares issued, the proposed cash dividend is RMB1,701,966,420.

For the six months ended 30 June 2021, the Board has not declared to distribute interim dividends (For the six months ended 30 June 2020: nil).

### (44) Revenue and cost of sales

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Revenue from main operations	7,337,695,282	5,481,507,462
Revenue from other operations	<u>595,386,371</u>	<u>590,595,990</u>
	<u>7,933,081,653</u>	<u>6,072,103,452</u>
	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Cost of sales from main operations	(4,789,413,268)	(3,408,556,502)
Cost of sales from other operations	<u>(329,790,709)</u>	<u>(336,208,690)</u>
	<u>(5,119,203,977)</u>	<u>(3,744,765,192)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (44) Revenue and cost of sales (Continued)

#### (a) Revenue and cost of sales from main operations

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Container handling and ancillary services	152,116,241	(41,177,062)	92,563,938	(34,878,651)
Metal ore, coal and other cargo handling and ancillary services	1,906,934,558	(1,392,906,214)	1,493,552,638	(1,163,028,032)
Liquid bulk cargo handling and ancillary services	1,663,445,312	(541,788,705)	1,037,665,974	(234,046,059)
Logistics and port value-added services	2,990,532,983	(2,264,441,860)	2,184,895,342	(1,439,043,833)
Port ancillary services – construction, labor and construction of port machinery	624,666,188	(549,099,427)	672,829,570	(537,559,927)
	<u>7,337,695,282</u>	<u>(4,789,413,268)</u>	<u>5,481,507,462</u>	<u>(3,408,556,502)</u>

#### (b) Revenue and cost of sales from other operations

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Lease revenue	170,478,010	(83,841,338)	168,170,370	(80,574,432)
Port ancillary service – sales of fuel, electricity and others	424,908,361	(245,949,371)	418,521,875	(255,285,733)
Financial services	–	–	3,903,745	(348,525)
	<u>595,386,371</u>	<u>(329,790,709)</u>	<u>590,595,990</u>	<u>(336,208,690)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (44) Revenue and cost of sales (Continued)

#### (b) Revenue and cost of sales from other operations (Continued)

The Group's rental income is from leasing port facilities, storage facilities, buildings, machinery and equipment and motor vehicles. For the six months ended 30 June 2021, there's no variable rental income recognized based on the certain percentage of the lessee's sales amount.

For the six months ended 30 June 2021, among the above revenue categories, except for contract obligations of partial port ancillary services like sales of fuel, electricity and others are satisfied at a point in time, the remaining contract obligations are satisfied over time.

As at 30 June 2021, the amounts of revenue corresponding to contract obligations that were signed but not fulfilled or not completely fulfilled were RMB121,700,408 (As at 31 December 2020: RMB808,891,831), of which is expected to be recognized as revenue in 2021.

### (45) Taxes and surcharges

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Calculation and payment standard
Land use tax	28,248,994	22,015,685	RMB3.2-11.2 per square meter per year
City maintenance and construction tax	13,293,248	8,911,480	7%
Education surcharge	9,323,905	6,292,653	3%
Stamp duty	5,505,963	4,403,790	Proportional tax rate, Norm quota tax rate
Property tax	4,937,779	3,146,124	Levied on prices and values
Others	6,032,466	6,494,140	
	<u>67,342,355</u>	<u>51,263,872</u>	

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (46) General and administrative expenses

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Employee benefits	279,840,979	143,101,792
Office expenses and entertainment expenses	13,632,835	10,431,994
Depreciation of fixed assets	12,517,503	11,673,130
Amortization of intangible assets	11,474,346	7,258,997
Consumption of other raw materials	6,775,545	5,630,339
Information operation and maintenance fee	6,535,075	6,886,171
Lease fee	6,317,667	3,830,051
Fuel and utility fees	3,409,903	2,378,639
Intermediary service fee	3,731,132	5,278,400
Others	24,759,726	23,656,088
	<u>368,994,711</u>	<u>220,125,601</u>

### (47) Financial expenses

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Interest expenses on deposits	30,003,656	25,056,008
Bonds, borrowings and other interest expenses	45,157,719	59,151,483
Add: Interest expense for lease liabilities	8,184,658	14,962,421
Less: Capitalized interest	(235,583)	(364,277)
	<u>83,110,450</u>	<u>98,805,635</u>
Interest expenses	(195,287,696)	(226,364,485)
Less: Interest income	42,230,000	44,020,000
Effect of actuarial calculation of employee benefits	4,587,374	(23,488,911)
Exchange gains or losses	4,406,844	1,739,656
Others	<u>(60,953,028)</u>	<u>(105,288,105)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (48) Expenses by nature

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

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Subcontract cost	1,679,255,223	838,055,043
Employee benefits	1,306,886,425	933,313,481
Cost for outsourcing Transportation	1,031,370,224	797,117,143
Depreciation of fixed assets	429,795,279	379,755,302
Consumption of raw materials in construction contract	229,387,598	251,777,367
Cost of sales for fuel and electricity	185,255,797	175,159,809
Consumption of other raw materials	175,397,108	167,716,264
Procurement cost of fuel and utility fees	161,654,688	157,457,836
Rental expenses (i)	98,108,947	100,340,764
Repair expenses	55,081,648	50,667,900
Amortization of intangible assets	45,488,144	37,489,947
Depreciation of right-of use assets	38,004,307	36,728,363
Amortization of long-term prepaid expenses	10,640,599	9,910,467
Depreciation of investment properties	2,383,213	2,367,839
Auditor's fee	3,731,132	3,742,444
– Annual audit services	3,070,755	3,638,670
– Non-audit services	660,377	103,774
Others	75,183,543	44,563,067
	<u>5,527,623,875</u>	<u>3,986,163,036</u>

- (i) As stated in Note 2(25), the Group's lease expense incurred by short-term lease and low-value lease is recorded in profit or loss. For the six months ended 30 June 2021, the amount is RMB98,108,947 (For the six months ended 30 June 2020: RMB100,340,764).



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (49) Other income

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Asset related/ Income related
Additional deduction of VAT input	43,263,708	15,552,905	Income related
Government grants			
– Development support funds related to daily operations	33,355,740	5,424,373	Income related
– Special funds for outer route	1,957,221	1,957,221	Asset related
– Employment stabilization subsidies	478,167	8,004,661	Income related
– Other government grants	3,989,037	1,961,958	Asset/Income related
	<u>83,043,873</u>	<u>32,901,118</u>	

For the six months ended 30 June 2021 and 2020, other income was included in the non-recurring profit or loss of the period.

#### (50) Investment income

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Investment income from long-term equity investments under equity method	644,054,244	668,009,957
Investment income from holding of financial assets held for trading	35,651,041	22,828,658
Interest income from holding of other debt investment	24,223,779	32,761,500
Interest income from holding of debt investments	6,773,705	1,906,722
Compensatory transitional profits for Yongli Insurance	5,397,247	–
Investment (losses)/income from disposal of long-term equity investments	(1,070,315)	43,935,905
Interest expenses of discounted notes	(634,587)	(1,273,168)
	<u>714,395,114</u>	<u>768,169,574</u>

There is no significant restriction on the Group's recovery of investment income.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (51) Credit impairment losses

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Reversal for bad debts of notes receivable	(291,818)	(1,450,244)
Provision for bad debts of accounts receivable	32,008,457	38,801,198
Provision for bad debts of other receivables	6,501,941	26,375,998
(Reversal)/provision for bad debts of long-term receivables	(224,569)	20,349,893
	<u>37,994,011</u>	<u>84,076,845</u>

### (52) Income tax expenses

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Current income tax calculated based on tax law and related regulations	672,849,553	570,356,590
Deferred income tax	(36,722,283)	(1,412,104)
	<u>636,127,270</u>	<u>568,944,486</u>

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

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Total profit	<u>3,161,857,175</u>	<u>2,887,654,013</u>
Income tax expenses calculated at applicable tax rates	790,464,294	721,913,503
The effect of preferential tax rates	(1,589,507)	(3,196,428)
Investment income not subject to tax	(161,013,561)	(167,002,489)
Additional deduction of employee benefits of the disabled	(610,211)	(618,994)
Costs, expenses and losses not deductible for tax purposes	8,377,579	9,982,189
Deductible temporary differences for which no deferred tax asset was recognized for the current period	100,000	—
Deductible losses not recognized as deferred tax assets in the current period	<u>398,676</u>	<u>7,866,705</u>
Income tax expenses	<u>636,127,270</u>	<u>568,944,486</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (53) Earnings per share

##### (a) Basic earnings per share

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

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	2,165,995,532	2,012,822,439
Weighted average number of ordinary shares outstanding	6,491,100,000	6,491,100,000
Basic earnings per share	0.33	0.31
Including:		
– Basic earnings per share from continuing operations	0.33	0.31
– Basic earnings per share from discontinued operations	–	–

##### (b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil), diluted earnings per share equal to basic earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (54) Notes to the cash flow statement

#### (a) Cash received relating to other operating activities

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Lease payments received	109,633,059	108,854,890
Government grants	26,546,742	29,139,802
Interest from cash at bank	11,818,206	32,582,461
Logistics business fees collected on behalf	–	19,918,603
Others	8,788,681	4,976,286
	<u>156,786,688</u>	<u>195,472,042</u>

#### (b) Cash paid relating to other operating activities

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Payment for agency purchase	1,066,765,221	29,153,133
Logistics business collection	184,533,479	–
Payment of retirement salaries	83,210,000	–
Office expenses and entertainment expenses	18,609,377	19,548,604
Payment of railway freight	16,531,380	–
Intermediary service fee	5,627,095	5,278,400
Bank service charge	4,406,844	1,739,656
Payment of deposits and guarantees	861,979	27,158,460
Payment of port construction fees	–	36,460,549
Others	33,788,981	6,973,486
	<u>1,414,334,356</u>	<u>126,312,288</u>

#### (c) Cash received relating to other investing activities

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Recovery of loans provided to related parties and third parties	1,505,038,438	161,313,463
Recovery of statutory deposit reserve by Qingdao Finance	82,689,683	–
Recovery of inter-bank borrowing funds from financial institutions	–	1,200,000,000
	<u>1,587,728,121</u>	<u>1,361,313,463</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (54) Notes to the cash flow statement (Continued)

##### (d) Cash paid relating to other investing activities

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Provision of loans to related parties and third parties	848,521,403	3,304,141,333
Funding to other financial institutions	–	250,000,000
Statutory deposit reserve deposited by Qingdao Finance	–	77,384,815
	<u>848,521,403</u>	<u>3,631,526,148</u>

##### (e) Cash received relating to other financing activities

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Deposits received by Qingdao Finance	–	1,549,216,247

##### (f) Cash paid relating to other financing activities

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Decrease in deposits received by Qingdao Finance	1,541,160,065	–
Acquisition of minority interests of Qingdao Port General Terminal	104,984,754	–
Repayment of lease liabilities	62,979,975	139,367,304
Repayment of subsidiary minority shareholders and third-party fund borrowings	41,093,824	–
	<u>1,750,218,618</u>	<u>139,367,304</u>

For the six months ended 30 June 2021, the total lease-related cash outflow paid by the Group was RMB167,298,749. Except for the amount paid for repayment of lease liabilities included in the financing activities mentioned above, the remaining cash outflows are included in operating activities.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (55) Supplementary information to the cash flow statement

#### (a) Supplementary information to the cash flow statement

*Reconciliation from net profit to cash flows from operating activities*

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Net profit	2,525,729,905	2,318,709,527
Add/Less: Asset impairment losses	11,087,572	(10,171,621)
Credit impairment losses	37,994,011	84,076,845
Depreciation of right-of-use assets	38,004,307	36,728,363
Depreciation of fixed assets and investment properties	432,178,492	382,123,141
Amortization of intangible assets	45,488,144	37,489,947
Amortization of long-term prepaid expenses	10,640,599	9,910,467
Gains on disposal of fixed assets, intangible assets and other non-current assets	(7,860,343)	(14,797,037)
Losses from scrapped fixed assets	170,429	–
Income on changes in fair value	(5,708,790)	(2,720,249)
Financial expenses	(51,510,912)	(74,731,918)
Investment income	(715,029,701)	(768,169,574)
Increase in deferred tax assets	(36,722,283)	(1,412,104)
Amortization of deferred income	(4,867,119)	(3,782,961)
Decrease in inventories	17,101,401	86,981,399
Increase in operating receivables	(2,239,856,402)	(42,491,440)
Increase/(Decrease) in operating payables	411,383,784	(988,921,727)
Net cash flows from operating activities	468,223,094	1,048,821,058

*Significant operating activities, investing activities and operating activities that do not involve cash receipts and payments.*

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Goods and services purchased by endorsement of notes receivable	436,860,661	474,395,569
Long-term assets acquired by endorsement of notes receivable	19,213,631	52,485,062
Increase of right-of-use assets in the current period	225,854,982	–

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (55) Supplementary information to the cash flow statement (Continued)

#### (a) Supplementary information to the cash flow statement (Continued)

##### *Net movements in cash*

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Cash at the end of the period	4,483,927,318	6,359,577,827
Less: Cash at the beginning of the period	(6,076,037,331)	(3,998,246,081)
Net (decrease)/increase in cash	(1,592,110,013)	2,361,331,746

##### *Cash*

	30 June 2021 (Unaudited)	31 December 2020
Cash at bank and on hand (Note 4(1))	6,657,674,946	8,548,976,734
Less: Term deposits with initial term of over 3 months	(1,444,652,282)	(1,620,783,371)
Other restricted cash balance	(827,721,247)	(852,156,032)
Cash classified as assets held for sale	98,625,901	—
Cash at the end of the period/year	4,483,927,318	6,076,037,331

#### (b) Disposal of subsidiaries

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Cash received from disposal of subsidiaries in the current period	28,935,375	—
Less: Cash held by subsidiaries at the date when control is lost	(40,709,190)	—
Add: Amounts deposited at Qingdao Finance by the subsidiaries at the date when control is lost	40,709,190	—
Net cash received from disposal of subsidiaries	28,935,375	—

For the six months ended 30 June 2021, the subsidiary disposed of was Commodity Trading, and refer to Note 5(1) for the disposal price and net assets of the subsidiary.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### (56) Monetary items denominated in foreign currencies

	30 June 2021 (Unaudited)		
	Foreign currencies balance	Conversion rate	RMB balance
Cash at bank and on hand –			
USD	127,002,162	6.46	820,446,667
EUR	221,281	7.69	1,700,810
HKD	10,789	0.83	8,976
			<u>822,156,453</u>
Accounts receivable –			
USD	210,556,553	6.46	1,360,216,388
JPY	881,200	0.01	5,149
			<u>1,360,221,537</u>
Accounts payable –			
USD	114,286,533	6.46	738,302,431
JPY	326,700	0.01	1,897
			<u>738,304,328</u>
Short-term borrowings –			
USD	127,902,495	6.46	826,262,908
EUR	28,485,214	7.69	218,943,052
			<u>1,045,205,960</u>
Long-term borrowings –			
EUR	10,713,784	7.69	82,348,287

Monetary items denominated in foreign currencies above means all currencies except RMB.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 5 CHANGES OF THE SCOPE OF CONSOLIDATION

#### (1) Disposal of subsidiaries

(a) Information related to the disposal of subsidiaries in the current period is summarized as follows:

Name of subsidiary	Proceeds from disposal	Disposal proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal and corresponding shares of net assets at the consolidated financial statement level	Amount transferred from other comprehensive income related to initial equity investment to investment income or loss
Commodity Trading	28,935,375	71%	Equity transfer	13 May 2021	Completion of business registration change	44,859	-

On 13 May 2021, the Group transferred 51% equities of Commodity Trading to Shandong Commodity Trading and 20% equities of Commodity Trading to Shandong Port International Trade Qingdao Company, and gains on the disposal were RMB44,859. From the date of change, Commodity Trading is converted from a subsidiary of the Company into an associate of the Company.

(b) Gains on the disposal are as follows:

	Amount
Commodity Trading	
Proceeds from disposal	28,935,375
Less: The share of net assets of Commodity Trading at the consolidated financial statement level	(28,890,516)
Investment income from the disposal	<u>44,859</u>

#### (2) Changes in the scope of consolidation for other reasons

On 16 November 2020, the Company established Equipment Manufacturing, a wholly-owned subsidiary. The registered capital was RMB100,000,000. As at 30 June 2021, the Company had contributed RMB53,265,000.

On 10 February 2021, the Company established Construction Management, a wholly-owned subsidiary. The registered capital was RMB10,000,000. As at 30 June 2021, the company has completed the investment.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 6 EQUITY INTEREST IN OTHER ENTITIES

### (1) Equity interest in subsidiaries

#### (a) Constitution of the enterprise group

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
QDP Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Integrated logistics	12,500	100%	–	Set-up or investment
Qingdao GLS Shipping Co., Ltd. (“GLS Shipping”)	Limited Liability Company	Qingdao, China	Qingdao, China	Shipping agency	2,250	100%	–	Set-up or investment
Ocean Shipping Repair	Limited Liability Company	Qingdao, China	Qingdao, China	Shipping repair services	285	100%	–	Set-up or investment
Ocean Shipping Tally	Limited Liability Company	Qingdao, China	Qingdao, China	Ocean shipping tally services	199	84%	–	Set-up or investment
Qingdao Gangjia Logistics Co., Ltd. (“Gangjia Logistics”)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	500	51%	–	Set-up or investment
Port Service	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	700	100%	–	Set-up or investment
Qingdao Port General Terminal	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	31,020	100%	–	Business combinations involving enterprises not under common control
Mercuria Logistics (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	USD4,930	62%	–	Business combinations involving enterprises not under common control
Mercuria Oil Terminal (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	USD6,500	71%	–	Business combinations involving enterprises not under common control

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

#### (1) Equity interest in subsidiaries (Continued)

##### (a) Constitution of the enterprise group (Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Qingdao Port E-Link Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	1,000	-	65%	Set-up or investment
International Trade Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Trade agency	10,000	-	60%	Set-up or investment
Eimskip Coldchain (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	2,000	70%	-	Set-up or investment
Qingdao Finance	Limited Liability Company	Qingdao, China	Qingdao, China	Financial services	100,000	70%	-	Set-up or investment
Qingdao Port Dongjiakou Cargo Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	10,000	-	51%	Set-up or investment
Lianjie Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	CFS	5,000	-	58%	Set-up or investment
Qingdao Port Jiefeng International Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	CFS	1,500	-	51%	Set-up or investment
Jieyuntong Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	2,000	-	51%	Set-up or investment
Qingdao Port Pulp Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	1,000	-	55%	Set-up or investment
Qingdao Port Properties	Limited Liability Company	Qingdao, China	Qingdao, China	Property management	800	100%	-	Set-up or investment
Culture Media	Limited Liability Company	Qingdao, China	Qingdao, China	Media services	300	100%	-	Set-up or investment

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

### (1) Equity interest in subsidiaries (Continued)

#### (a) Constitution of the enterprise group (Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Qingdao Port International Development (Hong Kong) Co., Ltd. ("International Development")	Limited Liability Company	Hongkong, China	Hongkong, China	Investment management	4,043	100%	-	Business combination involving enterprises under common control
Qingdao Port Tongze Trading Co., Ltd. ("Tongze Trading")	Limited Liability Company	Qingdao, China	Qingdao, China	Sales of goods	1,000	100%	-	Set-up or investment
DMT (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	60,000	80%	-	Set-up or investment
Qingdao Port Svitser Towage Co., Ltd. ("Svitser Towage")	Limited Liability Company	Qingdao, China	Qingdao, China	Lightering services	21,000	55%	-	Set-up or investment
Shandong Port Lianhua Pipeline Oil Transport Co., Ltd. ("Shandong Port Lianhua")	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel storage	86,600	51%	-	Set-up or investment
Qingdao Port Lianxin International Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	CFS	2,000	-	58%	Set-up or investment
Weifang Port Lianhua	Limited Liability Company	Weifang, China	Weifang, China	Fuel storage	25,000	-	100%	Set-up or investment
Qingdao Port Qianwan Port Area Bonded Logistics Center Co., Ltd. ("Bonded Logistics Centre")	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	2,500	63%	37%	Business combinations involving enterprises not under common control
Dongying Port Lianhua	Limited Liability Company	Dongying, China	Dongying, China	Fuel storage	38,000	-	70%	Set-up or investment
Qingdao Port Dongjiakou Liquid Chemical Co., Ltd. ("Liquid Chemical Terminal") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	71,000	51%	-	Business combinations involving enterprises not under common control

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

### (1) Equity interest in subsidiaries (Continued)

#### (a) Constitution of the enterprise group (Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Qingdao Port Lianhua International Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	2,000	-	60%	Set-up or investment
Gangyuntai Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	8,000	-	100%	Business combinations involving enterprises not under common control
Lugang Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	5,000	-	100%	Set-up or investment
Jimo Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	15,000	-	60%	Set-up or investment
Qingdao Qianwan International Automobile Supply Chain Service Co., Ltd. ("Automobile Supply Chain")(i)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	10,000	-	45%	Set-up or investment
Shengshi Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	1,000	-	58%	Set-up or investment
Shandong Qingdong Pipeline Co., Ltd. ("Qingdong Pipe")	Limited Liability Company	Qingdao, China	Qingdao, China	Oil pipeline transportation	50,000	51%	-	Set-up or investment
Waili Inspection	Limited Liability Company	Qingdao, China	Qingdao, China	Check and inspection	400	-	100%	Set-up or investment
Tongan Security	Limited Liability Company	Qingdao, China	Qingdao, China	Security services	100	100%	-	Set-up or investment
Tongda Oil & Gas	Limited Liability Company	Qingdao, China	Qingdao, China	LNG operation	6,595	100%	-	Set-up or investment
Qingdao Tongan Environmental Protection Technology Co., Ltd. ("Tongan Environmental Protection")	Limited Liability Company	Qingdao, China	Qingdao, China	Environmental technology service	600	100%	-	Set-up or investment

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

### (1) Equity interest in subsidiaries (Continued)

#### (a) Constitution of the enterprise group (Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Shandong Qingzi Logistics Co., Ltd. ("Qingzi Logistics")	Limited Liability Company	Qingdao, China	Zibo, China	Logistics services, Pipeline transportation	20,000	100%	-	Set-up or investment
Zhenhua Petroleum Storage	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel storage	66,000	51%	-	Set-up or investment
Zhonglin QDP Supply Chain	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	5,000	-	65%	Set-up or investment
Qingdao Qianwan Nangang Oil and Gas Co., Ltd. ("Nangang Oil & Gas")	Limited Liability Company	Qingdao, China	Qingdao, China	LNG operation	5,000	-	55%	Set-up or investment
Qingdao Qilu Fuhai Warehousing Co., Ltd. ("Qilu Fuhai Warehousing")	Limited Liability Company	Qingdao, China	Qingdao, China	Stevedoring, handling and storage	2,5000	60%	-	Set-up or investment
Qingdao Port Oil Port	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	10,000	100%	-	Set-up or investment
Production Guarantee	Limited Liability Company	Qingdao, China	Qingdao, China	Textile and Apparel, Apparel Industry	3,000	51%	-	Set-up or investment
Qinggang Power Supply	Limited Liability Company	Qingdao, China	Qingdao, China	Electricity and heat production and supply industry	15,000	100%	-	Set-up or investment
Red Star Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel handling	21,566	90%	-	Business combination not under common control
Equipment Manufacturing	Limited Liability Company	Qingdao, China	Qingdao, China	Port machinery manufacturing	10,000	100%	-	Set-up or investment
Construction Management	Limited Liability Company	Qingdao, China	Qingdao, China	Engineering Management	1,000	100%	-	Set-up or investment



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

#### (1) Equity interest in subsidiaries (Continued)

##### (a) Constitution of the enterprise group (Continued)

- (i) As at 23 May 2014, the Company acquired 51% equity of Mercuria Logistics through increase in capital and shares, and Mercuria Logistics was treated as a subsidiary and included in the consolidation scope. Since the minority shareholders have not completed their investment, the Company enjoys the rights and interests pursuant to the actual proportion 62% of investment. In 2018, Mercuria Logistics revised the Articles of Association and the Company hold 62% equity of Mercuria Logistics based on new association. The decisions on Mercuria Logistics' relevant operating activities are made by the resolution of the Board which subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Mercuria Logistics, so the voting rights held by the Company is 60%.

As at 30 October 2014, the Company acquired 65% equity of Mercuria Oil Terminal through increase in capital and shares, and Mercuria Oil Terminal was treated as a subsidiary and included in the consolidation scope. As at 30 June 2021, the Company and minority shareholders have not completed capital contributions to Mercuria Oil Terminal, and the Company enjoys the rights and interests pursuant to the actual percentage of shareholding of 71%. The decisions on Mercuria Oil Terminal's relevant operating activities are made by the resolution of the Board which subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Mercuria Oil Terminal, so the voting rights held by the Company is 60%.

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

The percentage of shareholding in DMT held by the Company is 80%. The decisions on DMT's relevant operating activities are made by the resolution of the Board which subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 4 out of 6 board members in DMT, so the voting rights held by the Company is 67%.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

#### (1) Equity interest in subsidiaries (Continued)

##### (a) Constitution of the enterprise group (Continued)

###### (i) (Continued)

The actual percentage of shareholding in Svitzer Towage held by the Company is 55%. The decisions on Svitzer Towage's relevant operating activities are made by the Board of Directors. The resolution of the Board of Directors should be subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Svitzer Towage, so the voting rights held by the Company is 60%.

In December 2019, Liquid Chemical Terminal attracted minority shareholders' investments. The Company's actual percentage of shareholding in Liquid Chemical Terminal changed from 100% to 51%. The decisions on relevant operating activities of Liquid Chemical Terminal are made by the Board of Directors. The resolution of the Board of Directors should be subject to the approval of more than half of the directors who attended the Board's meeting. The Company can designate 3 out of 5 board members in Liquid Chemical Terminal, so the voting rights held by the Company is 60%.

The company's subsidiary QDP Logistics holds a 45% share in Automobile Supply Chain. Decisions on Automobile Supply Chain -related operating activities are made by the shareholders' meeting. Except for increasing or reducing the registered capital of the company, the company merges, splits, dissolves, liquidates or Apart from changing the company form and amending the company's articles of association, other matters that need to be resolved by the shareholders' meeting will be deemed to be passed by the shareholders' meeting after being passed by QDP Logistics.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

#### (1) Equity interest in subsidiaries (Continued)

##### (b) Subsidiary with significant minority interests

Name of subsidiary	Shareholding of minority shareholders	Gains and losses attributable to minority interests for the six months ended 30 June 2021 (Unaudited)	Dividends declared to minority interests for the six months ended 30 June 2021 (Unaudited)	30 June 2021 Minority interests (Unaudited)
Qingdao Finance	30%	50,277,037	–	772,687,935
Shandong Port Lianhua (i)	49%	230,569,974	–	1,290,086,643
Liquid Chemical Terminal	49%	503,595	–	362,742,944

- (i) The main financial information of Shandong Port Lianhua consists of Shandong Port Lianhua and its subsidiaries Weifang Port Lianhua and Dongying Port Lianhua.

The main financial information of the above important non-wholly owned subsidiaries is as follows:

	30 June 2021 (Unaudited)		
	Qingdao Finance	Shandong Port Lianhua	Liquid Chemical Terminal
Current assets	9,117,042,127	1,457,990,816	188,158,894
Non-current assets	6,310,410,821	3,007,638,913	714,616,737
Total assets	15,427,452,948	4,465,629,729	902,775,631
Current liabilities	(12,801,417,780)	(479,326,467)	(161,813,909)
Non-current liabilities	(50,408,717)	(1,475,477,683)	(670,000)
Total liabilities	(12,851,826,497)	(1,954,804,150)	(162,483,909)

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

### (1) Equity interest in subsidiaries (Continued)

#### (b) Subsidiary with significant minority interests (Continued)

	31 December 2020		
	Qingdao Finance	Shandong Port Lianhua	Liquid Chemical Terminal
Current assets	12,982,107,304	1,091,639,836	281,478,682
Non-current assets	5,814,476,785	3,137,180,574	492,796,086
Total assets	18,796,584,089	4,228,820,410	774,274,768
Current liabilities	(16,339,450,411)	(708,387,113)	(34,340,790)
Non-current liabilities	(45,618,710)	(1,477,647,683)	(670,000)
Total liabilities	(16,385,069,121)	(2,186,034,796)	(35,010,790)

	Six months ended 30 June 2021 (Unaudited)		
	Qingdao Finance	Shandong Port Lianhua	Liquid Chemical Terminal
Revenue	262,702,931	868,722,856	–
Net profit	167,590,125	458,799,131	1,027,744
Total comprehensive income	164,111,485	458,799,131	1,027,744
Cash flows from operating activities	(1,034,994,782)	314,279,212	(1,927,597)

	Six months ended 30 June 2021 (Unaudited)		
	Qingdao Finance	Shandong Port Lianhua	Liquid Chemical Terminal
Revenue	213,755,163	800,433,156	–
Net profit	130,938,711	432,052,927	1,912,278
Total comprehensive income	116,115,611	432,052,927	1,912,278
Cash flows from operating activities	(2,942,524,979)	432,052,927	(5,411,889)

The above financial information is acquired from the financial information of each subsidiary before the merger and offset of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

##### (a) General information of material joint ventures

	Major business location	Place of registration	Principle activities	Whether strategic to the Group's activities	Shareholding	
					Direct	Indirect
QQCT	Qingdao, China	Qingdao, China	Container stevedoring and stacking	Yes	51%	–
Qingdao Shihua	Qingdao, China	Qingdao, China	Liquid bulk stevedoring and stacking	Yes	50%	–

The above equity investments are measured using equity method by the Group.

##### (b) Summarized financial information of material joint ventures:

	30 June 2021 (Unaudited)		31 December 2020	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	1,831,435,931	1,623,028,284	1,305,347,068	568,120,902
Including: Cash	1,417,309,302	1,385,292,152	1,232,607,890	394,165,362
Non-current assets	2,363,826,910	12,099,348,207	2,421,662,999	12,197,856,359
Total assets	4,195,262,841	13,722,376,491	3,727,010,067	12,765,977,261
Current liabilities	(309,317,658)	(1,843,618,029)	(204,171,781)	(1,821,701,786)
Non-current liabilities	–	(3,447,975,237)	–	(3,362,439,984)
Total liabilities	(309,317,658)	(5,291,593,266)	(204,171,781)	(5,184,141,770)
Minority interests	–	218,434,473	–	211,468,089
Attributable to shareholders of the Company	3,885,945,183	8,212,348,752	3,522,838,286	7,370,367,402

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

#### (b) Summarized financial information of material joint ventures (Continued):

Considering the impact of the fair value of identifiable assets and liabilities at acquisition (i):

	30 June 2021 (Unaudited)		31 December 2020	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	1,831,435,931	1,623,028,284	1,305,347,068	568,120,902
Including: Cash	1,417,309,302	1,385,292,152	1,232,607,890	394,165,362
Non-current assets	2,363,826,910	12,632,527,088	2,421,662,999	12,731,035,240
Total assets	4,195,262,841	14,255,555,372	3,727,010,067	13,299,156,142
Current liabilities	(309,317,658)	(1,843,618,029)	(204,171,781)	(1,821,701,786)
Non-current liabilities	-	(3,581,269,957)	-	(3,495,734,704)
Total liabilities	(309,317,658)	(5,424,887,986)	(204,171,781)	(5,317,436,490)
Minority interests	-	224,677,667	-	217,711,283
Attributable to shareholders of the Company	3,885,945,183	8,605,989,719	3,522,838,286	7,764,008,369
Shares of net assets in proportion (i)	1,942,972,592	4,267,026,057	1,761,419,143	3,837,615,569
Adjustments				
– Goodwill	-	1,672,785,426	-	1,672,785,426
– Unrealized profits arising from internal transactions	(62,609,185)	(94,931,436)	(64,115,294)	(88,919,957)
Carrying amount of investment in joint ventures	1,880,363,407	5,844,880,047	1,697,303,849	5,421,481,038

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

##### (b) Summarized financial information of material joint ventures (Continued):

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Revenue	781,637,132	2,119,238,712	774,390,566	1,900,030,185
Financial expenses	8,303,894	(74,689,038)	2,111,155	(57,037,443)
Income tax expenses	(131,640,565)	(285,481,682)	(108,228,785)	(280,456,935)
Net profit	361,459,395	836,475,549	331,930,948	889,576,430
Net profit attributable to the Company	361,459,395	829,585,128	331,930,948	884,310,703
Other comprehensive income	–	–	–	–
Total comprehensive income	<u>361,459,395</u>	<u>829,585,128</u>	<u>331,930,948</u>	<u>884,310,703</u>

Considering the impact of the fair value of identifiable assets and liabilities at acquisition (i):

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Net profit	361,459,395	798,910,192	331,930,948	851,510,662
Net profit attributable to the Company	361,459,395	792,019,771	331,930,948	846,244,935
Other comprehensive income	–	–	–	–
Total comprehensive income	<u>361,459,395</u>	<u>792,019,771</u>	<u>331,930,948</u>	<u>846,244,935</u>
Dividends received from joint ventures by the Group for the current period, as of the six months ended 30 June 2021	–	–	–	817,783,089

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



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

(c) The associates are all immaterial to the Group.

(d) Summarized financial information of insignificant joint ventures and associates

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
<b>Joint ventures:</b>		
Aggregated carrying amount of investments	1,999,162,466	1,993,477,849
Aggregate of the following items in proportion		
Net profit (i)	27,791,511	48,937,682
Other comprehensive income (i)	–	–
Total comprehensive income	<u>27,791,511</u>	<u>48,937,682</u>
<b>Associates:</b>		
Aggregated carrying amount of investments	769,053,041	819,679,623
Aggregate of the following items in proportion		
Net profit (i)	12,624,700	14,279,928
Other comprehensive income (i)	–	–
Total comprehensive income	<u>12,624,700</u>	<u>14,279,928</u>

(i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investment in joint ventures and associates and conformed to accounting policies of the Group.

(e) Unrecognized commitments in relation to investments in joint ventures and associate are set out in Note 9(2).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 7 SEGMENT INFORMATION

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

The Group identified 6 reportable segments as follows:

- Container handling and ancillary services: loading and discharging of containers, storage and port management.
- Metal ores, coal and other cargo handling and ancillary services: loading and discharging of metal ore, coal, grains, break bulk cargo and other cargo, storage and port management.
- Liquid bulk handling and ancillary services: loading and discharging of liquid bulk, storage, transport and port management.
- Logistics and port value-added services: CFS, provision of cargo logistics, agency, towing, tallying and other services.
- Port ancillary services: provision of facilities construction services, manufacturing of port related equipment, supplying electricity power, fuel and others.
- Financial services: provision of deposit taking activities, corporate loans, guarantee, Investment and financial management and others.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 7 SEGMENT INFORMATION (Continued)

(1) Segment information for the six months ended 30 June 2021 and as at 30 June 2021 is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value- added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	152,116,241	1,906,934,558	1,663,445,312	2,990,532,983	1,220,052,559	183,654,293	-	-	8,116,735,946
Inter-segment revenue	8,059,774	43,206,992	66,112	91,812,673	681,953,503	79,048,638	-	(904,147,692)	-
Cost of sales	(41,177,062)	(1,392,906,214)	(541,788,705)	(2,264,441,860)	(878,890,136)	(37,274,072)	-	-	(5,156,478,049)
Interest income	9,884	1,354,389	8,170,733	6,972,757	1,745,751	-	23,379,977	(30,000,088)	11,633,403
Interest expenses	(15,271,365)	(26,600,609)	(86,768,730)	(13,766,253)	(17,935,240)	-	(20,479,829)	134,985,648	(45,836,378)
Investment income from associates and joint ventures	423,395,617	(6,648,520)	181,380,508	31,620,343	474,513	6,498,792	-	7,332,991	644,054,244
Other investment income	-	(1,070,315)	-	-	(634,586)	64,448,262	68,213,359	(60,615,850)	70,340,870
Asset impairment losses	-	-	-	-	(11,087,572)	-	-	-	(11,087,572)
Credit impairment losses	-	1,017,594	(34,003,641)	(10,735,111)	(893,449)	6,620,596	-	-	(37,994,011)
Depreciation and amortization	(13,165,533)	(105,764,757)	(192,085,456)	(103,038,090)	(92,154,109)	(821,268)	(19,282,329)	-	(526,311,542)
Total profit	512,165,793	362,582,386	1,171,012,557	665,031,859	236,998,708	271,023,971	(19,094,002)	(37,864,097)	3,161,857,175
Income tax expenses	3,643,862	(1,013,454)	(224,021,005)	(123,294,238)	(9,905,231)	(58,403,553)	(223,133,651)	-	(636,127,270)
Net profit	515,809,655	361,568,932	946,991,552	541,737,621	227,093,477	212,620,418	(242,227,653)	(37,864,097)	2,525,729,905
Total assets	8,507,329,610	8,316,695,085	14,897,211,380	6,612,675,631	7,525,402,158	15,693,989,407	10,696,870,712	(15,097,097,226)	57,153,076,757
Total liabilities	758,223,008	3,320,111,052	4,905,869,352	3,570,564,865	6,841,114,852	12,845,371,038	2,450,965,475	(14,979,582,386)	19,712,637,256
Non-cash expenses other than depreciation and amortization	760,000	20,030,000	820,000	7,720,000	12,880,000	20,000	-	-	42,230,000
Long-term equity investments in associates and joint ventures	6,508,943,399	1,212,806,551	2,183,622,121	451,993,150	15,110,944	120,982,796	-	-	10,493,458,961
Additions of non-current assets (i)	-	465,604,559	616,990,072	14,550,759	222,800,228	-	2,997,444	29,346	1,322,972,408

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 7 SEGMENT INFORMATION (Continued)

- (2) Segment information for the six months ended 30 June 2020 and as at 31 December 2020 is listed as follows (Unaudited):

- (a) Segment information for the six months ended 30 June 2020

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	92,563,938	1,493,552,638	1,037,665,974	2,184,895,342	1,259,521,815	154,347,658	-	-	6,222,547,365
Inter-segment revenue	5,851,094	67,263,536	44,439	56,120,427	347,241,786	63,311,249	-	(539,832,531)	-
Cost of sales	(34,878,651)	(1,163,028,032)	(234,046,059)	(1,439,043,833)	(873,420,092)	(31,694,784)	-	-	(3,776,111,451)
Interest income	9,609	1,325,350	9,687,726	6,463,579	844,613	17,250,722	64,089,752	(23,750,779)	75,920,572
Interest expenses	(13,135,103)	(28,344,096)	(76,404,168)	(13,198,317)	(13,715,379)	-	(39,385,140)	116,722,827	(67,459,376)
Investment income from associates and joint ventures	452,041,401	8,094,039	170,145,881	35,681,304	314,795	6,290,969	-	(4,558,432)	668,009,957
Other investment income	-	19,500	-	-	-	99,506,564	58,816,611	(58,183,058)	100,159,617
Asset impairment losses	-	-	-	-	10,171,621	-	-	-	10,171,621
Credit impairment losses	-	257,143	(8,630,636)	2,521,617	(27,051,591)	(51,173,378)	-	-	(84,076,845)
Depreciation and amortization	(12,372,744)	(110,853,767)	(137,832,864)	(103,210,749)	(84,926,243)	(659,217)	(16,396,334)	-	(466,251,918)
Total profit	489,767,741	249,660,367	880,639,917	735,663,500	285,631,742	231,827,066	33,275,110	(18,811,430)	2,887,654,013
Income tax expenses	-	(2,960,723)	(160,182,751)	(124,435,041)	(17,293,106)	(58,727,180)	(205,345,685)	-	(568,944,486)
Net profit	489,767,741	246,699,644	720,457,166	611,228,459	268,338,636	173,099,886	(172,070,575)	(18,811,430)	2,318,709,527
Non-cash expenses other than depreciation and amortization	1,040,000	22,560,000	930,000	6,730,000	15,520,000	20,000	-	-	46,800,000
Additions of non-current assets (i)	103,676	171,917,773	1,297,597,327	22,578,484	247,242,070	-	6,074,060	117,642,228	1,863,155,618

- (i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

- (b) Segment information as at 31 December 2020 is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value- added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Total assets	8,085,868,966	8,049,545,871	14,068,484,953	5,330,771,054	7,482,831,397	19,007,763,372	12,303,353,199	(17,151,253,832)	57,177,364,980
Total liabilities	769,134,021	3,347,562,020	5,325,702,733	2,267,124,432	6,202,201,993	16,385,069,123	3,431,963,136	(17,292,124,611)	20,436,632,847
Long-term equity investments in associates and joint ventures	6,074,465,711	1,232,650,021	2,000,251,610	435,606,033	14,296,572	114,484,004	-	-	9,871,753,951

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 7 SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Revenue –		
Reportable segment revenue from external customers	8,116,735,946	6,222,547,365
Reclassification of interest income from external customers of Qingdao Finance (i)	(183,654,293)	(150,443,913)
Consolidated revenue (Note 4(44))	<u>7,933,081,653</u>	<u>6,072,103,452</u>
Interest income –		
Reportable segment interest income	11,633,403	75,920,572
Reclassification of interest income from external customers of Qingdao Finance (i)	183,654,293	150,443,913
Consolidated interest income (Note 4(47))	<u>195,287,696</u>	<u>226,364,485</u>
Cost of sales –		
Reportable segment cost of sales	5,156,478,049	3,776,111,451
Reclassification of interest expenses from external customers of Qingdao Finance (ii)	(37,274,072)	(31,346,259)
Consolidated cost of sales (Note 4(44))	<u>5,119,203,977</u>	<u>3,744,765,192</u>
Interest expenses –		
Reportable segment interest expenses	45,836,378	67,459,376
Reclassification of interest expenses from external customers of Qingdao Finance (ii)	37,274,072	31,346,259
Consolidated interest expenses (Note 4(47))	<u>83,110,450</u>	<u>98,805,635</u>

- (i) Reportable segment revenue from external customers includes interest income from external customers of Qingdao Finance, which is presented as financial expenses – interest income in the consolidated financial statements.
- (ii) Reportable segment cost of sales includes interest expenses of Qingdao Finance, which is presented as finance expenses – interest expenses in the consolidated financial statements.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

#### (1) The parent company

##### (a) General information of the parent company

	Category of entity	Place of registration	Legal representative	Principal activities
Qingdao Port Group	Limited Liability Company	Qingdao, China	Jia Funing	Port operation and management

As stated in Note 1, Qingdao SASAC transferred its 49% equities interests of Qingdao Port Group to Shandong Port Group, and matters concerning the transfer of the remaining 51% equities will be discussed 36 months after the A shares listing of the Company. As at 30 June 2021, Qingdao SASAC remains as the ultimate controller of the Company. On 2 August 2021, Qingdao Port Group was changed the name to Shandong Port Qingdao Port Group Co., Ltd., and the legal representative of Qingdao Port Group changed from Jia Funing to Su Jianguang.

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

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2021 (Unaudited)
Qingdao Port Group	<u>1,860,000,000</u>	<u>—</u>	<u>—</u>	<u>1,860,000,000</u>

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

	30 June 2021 (Unaudited)		31 December 2020	
	Shareholding	Voting rights	Shareholding	Voting rights
Qingdao Port Group	<u>55.54%</u>	<u>55.54%</u>	<u>55.10%</u>	<u>55.10%</u>

#### (2) Subsidiaries

The general information and other related information of the subsidiaries is set out in Note 6.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (3) Information of joint ventures and associates

Except for the information of significant joint ventures and associates disclosed in Note 6, joint ventures and associates with which the Group having related party transactions are as follows:

Name of company	Relationship with the Group
West United	Joint venture
Qingwei Container	Joint venture
Evergreen Container	Joint venture
Orient Container	Joint venture
Haiwan Liquid Chemical	Joint venture
Ganghai Logistics	Joint venture
Shenzhouxing Cargo Agency	Joint venture
China Shipping Agency	Joint venture
United Shipping Agency	Joint venture
Huaneng Qingdao	Joint venture
Dongjiakou IMC Logistics	Joint venture
QDOT	Joint venture
Linyi Express	Joint venture
Dongjiakou Sinotrans Logistics	Joint venture
Binzhou Port QDP International Terminal	Joint venture
Lianrong Logistics	Joint venture
Ocean Bridge International	Joint venture
PetroChina Storage	Joint venture
Lianhai Logistics	Joint venture
Qingyin Financial Leasing	Associates
Overseas Development Qingdao	Associates
Shandong Port Energy	Associates
Commodity Trading	Associates

As stated in Note 4(13), Commodity Trading was converted from a subsidiary of the Company into an associate company on 13 May 2021. From the date of the change to 30 June 2021, the transactions between the Group and Commodity Trading were related party transactions.



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties

Name of company	Relationship with the Group
Qingdao Fuwai Cardiovascular Hospital Co., Ltd. ("Fuwai Hospital")	Controlled by the same parent company
Qingdao Port International Finance Leasing Co., Ltd. ("Qingdao Leasing")	Controlled by the same parent company
QDP Investment Group	Controlled by the same parent company
Qingdao Port Investment of Real Estate Co., Ltd. ("QDP Investment Real Estate")	Controlled by the same parent company
Qingdao Harbor Vocational and Technical College("QHVTC")	Controlled by the same parent company
Qingdao Port Pilot Station Co., Ltd. ("QDP Pilot Station ")	Controlled by the same parent company
Qingdao Port Asset Management Co., Ltd. ("Assets Management Company")	Controlled by the same parent company
Qingdao International Cruise Port Development & Construction Co., Ltd. ("International Cruise Port Development & Construction")	Controlled by the same parent company
Qingdao International Cruises Co., Ltd. ("International Cruises")	Controlled by the same parent company
Qingdao Hongyu Catering Co., Ltd. ("Hongyu Hotel")	Controlled by the same parent company
Qingdao Qinggang International Travel Service Co., Ltd. ("Qingdao Port Travel Agency")	Controlled by the same parent company
Qingdao Yongli Insurance Agency Co., Ltd. ("Yongli Insurance")	Controlled by the same parent company
Qingdao Port (Shenzhen) Commercial Insurance Co., Ltd., ("QDP Commercial Insurance")	Controlled by the same parent company
Rizhao Bulk Commodity Supply Chain Management Co., Ltd. ("Rizhao Bulk Commodity Supply Chain")	Controlled by the same parent company
Rizhao Port Group Shanghai Finance Leasing Co., Ltd. ("Rizhao Port Finance Leasing")	Controlled by the same parent company
Rizhao Port Group Shanghai Commercial Factoring Co., Ltd. ("Rizhao Port Commercial Factoring")	Controlled by the same parent company
Shandong Commodity Trading	Controlled by the same parent company
Shandong Commodities Shandong Port Insurance Broker Co., Ltd. ("Insurance Broker")	Controlled by the same parent company
Shandong Port International Supply Chain Management Co., Ltd. ("Shandong Port Supply Chain")	Controlled by the same parent company
Shandong Port Financial Holding Co., Ltd. ("Shangang Financial Holding")	Controlled by the same parent company

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port Qinggang Shihua Energy Development Co., Ltd. ("Qinggang Shihua")	Controlled by the same parent company
Shandong Port Commercial Factoring Co., Ltd. ("Commercial Factoring")	Controlled by the same parent company
Shandong Port Microfinance Co., Ltd. ("Microfinance")	Controlled by the same parent company
Shandong Gangxin Futures Co., Ltd. ("Shandong Gangxin Futures")	Controlled by the same parent company
Weihai Port Group Co., Ltd. ("Weihai Port Group")	Controlled by the same parent company
Shandong Weihai Port Development Co., Ltd. ("Weihai Port Development") (Used name: Shandong Weihai Port Co., Ltd.)	Controlled by the same parent company
Shandong Weihai Port International Trade Co., Ltd. ("Weihai Port International Trade")	Controlled by the same parent company
Shandong Weihai Port International Logistics Co., Ltd. ("Weihai Port International Logistics")	Controlled by the same parent company
Weihai Gangfeng Shipping Agency Co., Ltd. ("Weihai Gangfeng Shipping Agency")	Controlled by the same parent company
Wei Hai Shing Barge Co., Ltd. ("Weihai Shing Barge")	Controlled by the same parent company
Weihai Gangtong Information Technology Co., Ltd. ("Weihai Gangtong Technology")	Controlled by the same parent company
Weihai International Logistics Park Development Co., Ltd. (Weihai International Logistics Park)	Controlled by the same parent company
Weihai Jinfeng Freight Forwarding Co., Ltd. ("Weihai Jinfeng Freight Forwarding")	Controlled by the same parent company
Weihai Shichang Liquor Industry Co., Ltd. ("Weihai Shichang Liquor Industry")	Controlled by the same parent company
Weihai Shichang Logistics Co., Ltd. ("Weihai Shichang Logistics")	Controlled by the same parent company
Wei Hai Wei Gang Property Management Limited ("Wei Gang Property")	Controlled by the same parent company
Weihai Yufeng Energy Co., Ltd. ("Weihai Yufeng Energy")	Controlled by the same parent company
Weihai Zhongda Shipping Co., Ltd. ("Weihai Zhongda Shipping")	Controlled by the same parent company
Weihai Zhongli Ocean Shipping Tally Co., Ltd. ("Weihai Zhongli Ocean Shipping Tally")	Controlled by the same parent company
China Weihai Ocean Shipping Agency Co., Ltd. ("Weihai Ocean Shipping Agency")	Controlled by the same parent company
Beijing Zhonghong Jinyuan Financial Leasing Co., Ltd. ("Zhonghong Jinyuan")	Controlled by the same parent company

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Qingdao Port Financing Guarantee Co., Ltd.	Controlled by the same parent company
Shandong Port Fund Management Co., Ltd.	Controlled by the same parent company
(Used name: Qingdao Port Fund Management Co., Ltd.	
Shandong Weihai International Passenger Transport Co. Ltd.	Controlled by the same parent company
Weihai Dingxin Construction Engineering Co., Ltd.	Controlled by the same parent company
Weihai Port Union Logistics Co., Ltd.	Controlled by the same parent company
Weihai Jiaodong International Container Shipping Co., Ltd.	Controlled by the same parent company
Qingdao Dongjiakou Railway Co., Ltd. ("Dongjiakou Railway")	Associate of the parent company
Qingdao Cruise Home Port China Duty Free Goods Co., Ltd.	Associate of the parent company
QQCTN	Subsidiary of QQCT
Qingdao Qianwan Intelligent Container Terminal Co., Ltd. ("QQCTI")	Subsidiary of QQCTN, and sharing the same key management personnel with the Company
QQCTU	Joint venture of QQCTN, and sharing the same key management personnel with the Company
QQCTUA	Joint venture of QQCTU, and sharing the same key management personnel with the Company
Shenzhen Zhonglian international shipping Agency Co. Ltd.	Subsidiary of the Group's joint venture
Shandong Port Group Co., Ltd.	Shareholder of Qingdao Port Group
Binzhou Port Group Co., Ltd. ("Binzhou Port")	Subsidiary of Shandong Port Group
Rizhao Port Co., Ltd. ("Rizhao Port")	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Co., Ltd. ("Shangang International Trade")	Subsidiary of Shandong Port Group
Shandong Port Shipping Group Yantai Container Shipping Co., Ltd. ("Shangang Shipping Yantai Container")	Subsidiary of Shandong Port Group
(Used name: Yantai Port Container Shipping Co., Ltd.)	
Shandong Port Luhai International Logistics Bohai Bay Co., Ltd. ("Luhai International Logistics Bohai Bay Co., Ltd.")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Group Co., Ltd. ("Luhai International Logistics")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Liaocheng Co., Ltd. ("Luhai International Logistics Liaocheng Company")	Subsidiary of Shandong Port Group
Shandong Harbor Construction	Subsidiary of Shandong Port Group
Shandong Luhai Heavy Industry Co., Ltd. ("Luhai Heavy Industry")	Subsidiary of Shandong Port Group

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Zhongjiao Shipping Engineering Co., Ltd. ("Shandong Zhongjiao Shipping")	Subsidiary of Shandong Port Group
Yantai Port Co., Ltd. ("Yantai Port Co., Ltd.")	Subsidiary of Shandong Port Group
Yantai Port Group Penglai Port Co., Ltd. ("Penglai Port")	Subsidiary of Shandong Port Group
Yantai Port Group Co., Ltd. ("Yantai Port Group")	Subsidiary of Shandong Port Group
Beijing Lugang Holding Development Group Co., Ltd.	Subsidiary of Shandong Port Group
Binzhou Port Service Co., Ltd.	Subsidiary of Shandong Port Group
Binzhou Port Logistics Co., Ltd.	Subsidiary of Shandong Port Group
Dongying Guangli Port Wharf Construction Co. Ltd.	Subsidiary of Shandong Port Group
Yellow River Delta Construction Engineering Co. Ltd.	Subsidiary of Shandong Port Group
Longkou Port Group Co. Ltd.	Subsidiary of Shandong Port Group
Longkou Xingang Industrial Co., Ltd.	Subsidiary of Shandong Port Group
Qingdao Shangang Cultural Industry Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Bonded Logistics Center Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Fuhua International Terminal Management Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Group Finance Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Group Co. Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Group Co., Ltd. Bibo Hotel	Subsidiary of Shandong Port Group
Rizhao Port Container Development Co. Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Construction Supervision Co. Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Oil Terminal Co. Ltd.	Subsidiary of Shandong Port Group
Rizhao Seaport handling Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Zhonglian Port Cement Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Bingang Oil Terminal Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Binzhou Port Shipping Agency Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Bohai Bay Port Group Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Port Industry City Integration Development Group Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Industry-City Integrated Development Bohai Bay Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Industry and City Integrated Development Yantai Co., Ltd.	Subsidiary of Shandong Port Group

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port International Trade Qingdao Company	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Rizhao Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Yantai Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Yantai Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Shipping	Subsidiary of Shandong Port Group
Rizhao Co., Ltd., Shandong Port Technology Group	Subsidiary of Shandong Port Group
(Used name: Rizhao Port Communication Engineering Co., Ltd.)	
Shandong Port Science and Technology Group Yantai Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Port Technology	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics Rizhao Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Cruise Cultural Tourism Group Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Vocational Education Group Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Equipment Group Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Luhai Linkage Fund Management Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Seamen Training Center Co. Ltd.	Subsidiary of Shandong Port Group
Shandong Port Group Weifang Port Co., Ltd.	Subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Hainan) Co., Ltd.	Subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Xinjiang) Co., Ltd.	Subsidiary of Shandong Port Group
Shouguang Port Co. Ltd.	Subsidiary of Shandong Port Group
Yantai Port Supply Chain Logistics Co. Ltd.	Subsidiary of Shandong Port Group
Yantai port ro-ro logistics Co., Ltd.	Subsidiary of Shandong Port Group
Yantai Port Group Laizhou Port Co. Ltd.	Subsidiary of Shandong Port Group
Yantai Port Group Zhoushan Shipping Co. Ltd.	Subsidiary of Shandong Port Group
Yantai Port Skills Training Center	Subsidiary of Shandong Port Group
Yantai Seaport International Shipping Agency Co., Ltd.	Subsidiary of Shandong Port Group
Yantai Zhongli Ocean Shipping Tally Co. Ltd.	Subsidiary of Shandong Port Group
COSCO SHIPPING Special Transportation Co., Ltd.	Controlled by COSCO shipping group
(“COSCO SHIPPING Special Transportation”)	
COSCO Shipping Container Transport Co., Ltd.	Controlled by COSCO shipping group
(“COSCO Shipping Container Transport”)	

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (4) Other related parties (Continued)

Name of company	Relationship with the Group
China Rizhao Shipping Agency Co., Ltd. ("Rizhao Shipping Agency")	Controlled by COSCO shipping group
China Qingdao Ocean Shipping Agency Co., Ltd. ("Qingdao Ocean Shipping Agency")	Controlled by COSCO shipping group
China Ship Fuel Qingdao Co., Ltd. ("China Shipbuilding Qingdao")	Controlled by COSCO shipping group
Xinsanli Container Services Co., Ltd. ("Xinsanli Container")	Controlled by COSCO shipping group
Xinxinhai Shipping Co., Ltd. (Formerly : COSCON Southeast Asia Limited)("Xinxinhai Shipping")	Controlled by COSCO shipping group
COSCO Weizhi Container Logistics (Shanghai) Co. Ltd. ("COSCO Weizhi Container Logistics")	Controlled by COSCO shipping group
Shanghai Pan-Asia Shipping Co., Ltd. ("Shanghai Pan-Asia Shipping")	Controlled by COSCO shipping group
Qingdao COSCO Shipping Container Transport Co., Ltd. ("Qingdao COSCO Shipping Container Transport")	Controlled by COSCO shipping group
Qingdao Zhongran Industrial Co., Ltd. ("Zhongran Industrial")	Controlled by COSCO shipping group
Qingdao Ocean & Great Asia Logistics Co., Ltd. ("Ocean & Great Asia")	Controlled by COSCO shipping group
Lianyungang Ocean Fluid Handling Equipment Co., Ltd. ("Lianyungang Ocean Fluid")	Controlled by COSCO shipping group
The Orient Overseas Container Line (China) Co., Ltd. ("OOCL")	Controlled by COSCO shipping group
COSCO Shipping Heavy Industries Dalian Co., Ltd. ("COSCO Shipping Heavy Industries Dalian")	Controlled by COSCO shipping group
Orient Overseas Container Line	Controlled by COSCO shipping group
Orient Overseas Logistics (China) Co., Ltd.	Controlled by COSCO shipping group
Henan COSCO Shipping Container Lines Co., Ltd.	Controlled by COSCO shipping group
Henan COSCO Shipping Logistics Co., Ltd.	Controlled by COSCO shipping group
South China COSCO Shipping Container Lines Co., Ltd.	Controlled by COSCO shipping group
Qingdao Harbor International Logistics Co., Ltd.	Controlled by COSCO shipping group
Qingdao New Oriental Container Storage and Transportation Co., Ltd.	Controlled by COSCO shipping group
Qingdao Ocean Shipping Daya Bonded Logistics Co., Ltd.	Controlled by COSCO shipping group
Qingdao Ocean Ocean Hongchi Logistics Co., Ltd.	Controlled by COSCO shipping group



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties (Continued)

Name of company	Relationship with the Group
China Marine Bunker YINDA Qingdao Co., Ltd.	Controlled by COSCO shipping group
COSCO Shipping Customs Clearance (Qingdao) Co., Ltd.	Controlled by COSCO shipping group
Qingdao Cosco Shipping Engineering Logistics Co., Ltd.	Controlled by COSCO shipping group
Qingdao COSCO Shipping Air Freight Forwarding Co., Ltd.	Controlled by COSCO shipping group
Qingdao COSCO Shipping Communication Technology Co., Ltd.	Controlled by COSCO shipping group
Qingdao COSCO Shipping Logistics Supply Chain Co., Ltd.	Controlled by COSCO shipping group
Qingdao Ocean Shipping Co., Ltd.	Controlled by COSCO shipping group
Qingdao COSCO Container Shipping Agency Co., Ltd.	Controlled by COSCO shipping group
Rizhao port United International Shipping Agency Co. Ltd.	Controlled by COSCO shipping group
COSCO Shipping Logistics Rizhao Port Co. Ltd.	Controlled by COSCO shipping group
Rizhao COSCO Shipping Agency Co. Ltd.	Controlled by COSCO shipping group
Shanghai Puhai Shipping Co., Ltd.	Controlled by COSCO shipping group
Xi'an COSCO Shipping Logistics Co., Ltd.	Controlled by COSCO shipping group
China Lianyungang Ocean Shipping Agency Co., Ltd.	Controlled by COSCO shipping group
China Shipping Container Line Qingdao Co., Ltd.	Controlled by COSCO shipping group
COSCO Shipping Port ABU Dhabi Terminal Co. Ltd.	Controlled by COSCO shipping group
COSCO Shipping (Hong Kong) Investment Development Co., Ltd.	Controlled by COSCO shipping group

China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING Group") indirectly holds 21.27% of the Company's shares via Shanghai China Shipping Terminal, Qingdao COSCO, China Shipping Terminal Development and COSCO Shipping Port Development Co., Ltd., and COSCO Shipping Group has a significant influence on the Company.

#### (5) Related party transactions

##### Pricing policy

The Group's purchases, sales, provision or acceptance of services with related parties are conducted in accordance with the pricing and settlement terms agreed with the other party in the ordinary course of business. The rents collected and paid to related parties shall be determined after negotiation between the two parties. The interest rate of loans provided by Qingdao Finance, the Company's subsidiary to related parties and deposits from related parties is negotiated by the two parties on the basis of reference to the benchmark interest rate of the People's Bank of China for the same period or the loan market quoted rate announced by the National Interbank Funding Center.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (a) Purchase and sale of goods, and rendering and receiving of services

Purchase of goods or services:

Related party	Contents of transactions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Qingdao Shihua	Receiving of Loading & unloading and logistics services	218,496,251	1,198,321
China Shipbuilding Qingdao	Purchasing fuel	63,758,767	103,092,694
West United	Receiving of Loading & unloading and logistics services	48,376,726	57,228,169
Luhai International Logistics	Receiving of Loading & unloading and logistics services	39,806,137	–
Qingdao COSCO Shipping Container Transport	Receiving of Loading & unloading and logistics services	34,482,583	21,472,193
Huaneng Qingdao	Receiving of Loading & unloading and logistics services	27,283,714	14,200,356
QDP Investment Group	Purchasing engineering materials and receiving engineering services	14,988,999	1,925,606
Qingdao Ocean Shipping Agency	Receiving of Loading & unloading and logistics services	14,289,055	5,063,765
OOCL	Receiving of Loading & unloading and logistics services	12,611,473	641,107
Dongjiakou Railway	Receiving of Loading & unloading and logistics services	10,229,469	810,660
Qingdao Port Group	Receiving maintenance, property and communication services	9,267,319	1,955
QQCTU	Receiving of Loading & unloading and logistics services	8,417,740	7,217,838
QDOT	Receiving of Loading & unloading and logistics services	6,555,002	9,575,441
Luhai International Logistics Liaocheng Company	Receiving of Loading & unloading and logistics services	6,242,606	–
China Shipping Agency	Receiving of Loading & unloading and logistics services	6,191,561	–
Linyi Express	Receiving of Loading & unloading and logistics services	5,384,278	–

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (a) Purchase and sale of goods, and rendering and receiving of services (Continued)

Purchase of goods or services (Continued):

Related party	Contents of transactions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Fuwai Hospital	Receiving medical services	4,210,354	306,612
Weihai Shing Barge	Receiving of Loading & unloading and logistics services	4,180,626	–
Shandong Port Energy	Purchasing fuel	4,040,996	–
QQCT	Receiving of Loading & unloading and logistics services	3,781,567	1,682,358
Qingdao Shihua	Purchasing fuel	2,426,797	–
Hongyu Hotel	Receiving of catering services	1,972,974	1,588,128
Other related parties	Receiving of Loading & unloading, logistics, training, traveling and factoring services	16,082,113	9,168,276
		<u>563,077,107</u>	<u>235,173,479</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (a) Purchase and sale of goods, and rendering and receiving of services (Continued)

Selling goods and rendering services:

Related party	Contents of transactions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Luhai International Logistics	Rendering of transporting, loading & unloading, repairing and other services	132,908,532	–
Qingdao Ocean Shipping Agency	Rendering of transporting, loading & unloading, repairing and other services	93,745,478	57,028,152
QQCT	Rendering of transporting, loading & unloading, repairing and other services	75,706,396	77,968,351
QDOT	Rendering of transporting, loading & unloading, repairing and other services	53,928,386	46,130,696
QQCTN	Rendering of transporting, loading & unloading, repairing and other services	29,785,819	13,750,087
Shenzhouxing Cargo Agency	Rendering of transporting, loading & unloading, repairing and other services	28,907,420	18,970,161
Qingdao Shihua	Rendering of transporting, loading & unloading, repairing and other services	28,105,520	62,365,564
Ocean & Great Asia	Rendering of transporting, loading & unloading, repairing and other services	27,146,275	19,436,270
QQCTU	Rendering of transporting, loading & unloading, repairing and other services	24,908,874	49,023,384

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (5) Related party transactions (Continued)

##### (a) Purchase and sale of goods, and rendering and receiving of services (Continued)

Selling goods and rendering services (Continued):

Related party	Contents of transactions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Evergreen Container	Rendering of transporting, loading & unloading, repairing and other services	16,099,177	13,860,382
Qingdao Port Group	Rendering maintenance, property and communication services	15,335,499	12,550,554
Qingdao COSCO Shipping Container Transport	Rendering of transporting, loading & unloading, repairing and other services	15,023,860	7,838,471
Qingdao COSCO Shipping Container Transport	Rendering of transporting, loading & unloading, repairing and other services	11,865,983	9,444,926
QDP Pilot Station	Rendering of transporting, loading & unloading, repairing and other services	10,692,091	28,435
QQCTUA	Rendering of transporting, loading & unloading, repairing and other services	9,826,217	8,384,490
Lianhai Logistics	Rendering of transporting, loading & unloading, repairing and other services	7,738,697	10,090,779
Ganghai Logistics	Rendering of transporting, loading & unloading, repairing and other services	7,463,293	5,940,536
QDP Investment Group	Rendering maintenance, property and communication services	7,057,838	12,072,414

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (a) Purchase and sale of goods, and rendering and receiving of services (Continued)

Selling goods and rendering services (Continued):

Related party	Contents of transactions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Shanghai Pan-Asia Shipping	Rendering of transporting, loading & unloading, repairing and other services	6,232,760	7,606,353
Orient Container	Rendering of transporting, loading & unloading, repairing and other services	6,049,248	4,616,907
COSCO SHIPPING Special Transportation	Rendering of transporting, loading & unloading, repairing and other services	5,280,633	–
China Shipping Agency	Rendering of transporting, loading & unloading, repairing and other services	5,139,598	1,722
Lianrong Logistics	Rendering of transporting, loading & unloading, repairing and other services	4,880,432	3,868,862
China Shipping Agency	Rendering of transporting, loading & unloading, repairing and other services	4,833,913	95,947
Shandong Port Group	Rendering of transporting, loading & unloading, repairing and other services	3,943,519	88,208
West United	Rendering of transporting, loading & unloading, repairing and other services	3,226,744	6,934,041
Binzhou Port QDP International Terminal	Rendering of transporting, loading & unloading, repairing and other services	2,847,454	3,314,385

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (5) Related party transactions (Continued)

##### (a) Purchase and sale of goods, and rendering and receiving of services (Continued)

Selling goods and rendering services (Continued):

Related party	Contents of transactions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
COSCO Weizhi Container Logistics	Rendering of transporting, loading & unloading, repairing and other services	2,838,977	2,880,482
Xinxinhai Shipping	Rendering of transporting, loading & unloading, repairing and other services	2,834,101	3,468,252
Haiwan Liquid Chemical	Rendering of transporting, loading & unloading, repairing and other services	1,475,275	1,279,127
Weihai Jinfeng Freight Forwarding	Rendering of transporting, loading & unloading, repairing and other services	1,357,140	1,218,553
QHVTC	Rendering maintenance, property and communication services	84,849	1,156,392
Ocean Bridge International	Rendering of transporting, loading & unloading, repairing and other services	29	1,917,287
Other related parties	Rendering of transporting, loading & unloading, maintenance and other services	18,742,416	20,341,401
		<u>666,012,443</u>	<u>483,671,571</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (a) Purchase and sale of goods, and rendering and receiving of services (Continued)

Selling goods and rendering services (Continued):

Related party	Contents of transactions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Qingdao Port Group	Rendering of construction services	34,807,591	27,369,610
QQCTN	Rendering of construction services	30,399,213	15,727,398
QDP Investment Group	Rendering of construction services	5,317,044	11,451,994
QDOT	Rendering of construction services	3,008,400	61,363,480
West United	Rendering of construction services	6,353,919	31,016,653
QQCT	Rendering of construction services	5,053,966	1,094,336
Qingdao Shihua	Rendering of construction services	5,008,332	2,601,803
Rizhao Port	Rendering of construction services	4,470,968	—
Other related parties	Rendering of construction services	7,652,644	8,970,030
		<b>102,072,077</b>	<b>159,595,304</b>
QDOT	Sales of water, electricity, steam and oil	79,600,502	73,524,377
QQCT	Sales of water, electricity, steam and oil	59,015,068	46,777,474
QQCTN	Sales of water, electricity, steam and oil	25,737,114	16,164,952
QQCTUA	Sales of water, electricity, steam and oil	6,888,573	5,564,719
West United	Sales of water, electricity, steam and oil	5,518,432	7,093,012
Qingdao Shihua	Sales of water, electricity, steam and oil	5,530,396	3,731,189
QQCTU	Sales of water, electricity, steam and oil	5,075,179	3,247,731
Qingdao Port Group	Sales of water, electricity, steam and oil	3,047,809	1,388,684
Yantai Port Co., Ltd.	Sales of water, electricity, steam and oil	2,827,306	—



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (a) Purchase and sale of goods, and rendering and receiving of services (Continued)

Selling goods and rendering services (Continued):

Related party	Contents of transactions	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Evergreen Container	Sales of water, electricity, steam and oil	2,795,196	2,336,554
Rizhao Port	Sales of water, electricity, steam and oil	2,179,381	–
Shenzhouxing Cargo Agency	Sales of water, electricity, steam and oil	1,872,081	1,969,714
QDP Investment Group	Sales of water, electricity, steam and oil	1,597,921	1,578,250
Lianhai Logistics	Sales of water, electricity, steam and oil	1,115,355	1,091,294
Orient Container	Sales of water, electricity, steam and oil	1,064,585	965,527
Penglai Port	Sales of water, electricity, steam and oil	780,014	–
Zhongran Industrial	Sales of water, electricity, steam and oil	721,911	9,240,170
Other related parties	Sales of water, electricity, steam and oil	6,828,694	3,647,700
		<u>212,195,517</u>	<u>178,321,347</u>
Rizhao Port	Sales of port machinery and other equipment	249,650,000	–
QQCT	Sales of port machinery and other equipment	55,714,779	136,387,063
QQCTU	Sales of port machinery and other equipment	10,150,000	368,455
West United	Sales of port machinery and other equipment	7,960,000	–
Qingwei Container	Sales of port machinery and other equipment	6,420,000	14,236,639
QQCTN	Sales of port machinery and other equipment	–	38,615,370
QDOT	Sales of port machinery and other equipment	–	33,806,685
Other related parties	Sales of port machinery and other equipment	1,604,637	1,057,323
		<u>331,499,416</u>	<u>224,471,535</u>
		<u>1,311,779,453</u>	<u>1,046,059,757</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (b) Leases

Lease income confirmed by the Group as a lessor:

Related Parties	Type of leased assets	Lease income confirmed for the six months ended 30 June 2021 (Unaudited)	Lease income confirmed for the six months ended 30 June 2020 (Unaudited)
QQCT	Buildings, storage facilities, port facilities and vehicles	113,736,330	112,821,356
Qingdao Shihua	Buildings, storage facilities and machinery & equipment	81,738,338	75,810,272
Shangang International Trade	Storage facilities	12,648,949	—
Evergreen Container	Buildings, storage facilities	5,246,598	5,005,170
Orient Container	Storage facilities	3,995,810	3,805,524
QQCTU	Buildings, port facilities and vehicles	3,899,115	4,891,609
QDOT	Storage facilities, vehicles	3,730,000	4,156,216
QQCTN	Port facilities, vehicles	3,696,547	3,297,935
Lianhai Logistics	Storage facilities and machinery & equipment	3,149,987	3,268,270
Lianrong Logistics	Storage facilities	2,422,762	2,661,700
Shenzhouxing Cargo Agency	Storage facilities and machinery & equipment	2,156,533	1,765,469
Other related parties	Buildings, storage facilities and machinery & equipment	3,017,028	2,802,016
		<u>239,437,997</u>	<u>220,285,537</u>

Right-of-use assets leased by the Group as a lessee:

Lessor	Lease asset type	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Qingdao Leasing	Storage facilities	<u>201,139,492</u>	<u>—</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (b) Leases (Continued)

Interest expense from lease liabilities incurred by the Group as a lessee:

Related Parties	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Qingdao Leasing	5,973,457	12,168,352

Other assets leased by the Group as a lessee:

Related Parties	Type of leased assets	Lease fee confirmed for the six months ended 30 June 2021 (Unaudited)	Lease fee confirmed for the six months ended 30 June 2020 (Unaudited)
Qingdao Port Group	Storage facilities	32,333,777	36,757,010
QDP Investment Group	Buildings, storage facilities and land use rights	15,356,608	14,047,548
QQCTU	Machinery & equipment	6,280,624	5,645,345
West United	Buildings, storage facilities	5,076,208	4,745,932
QDOT	Storage facilities	4,255,062	–
QQCTN	Machinery & equipment	4,036,697	4,092,476
Dongjiakou Sinotrans Logistics	Storage facilities	1,619,048	1,619,048
Qingdao Shihua	Storage facilities	600,000	5,687,300
Other related parties	Buildings, storage facilities and machinery & equipment	2,343,354	2,034,856
		71,901,378	74,629,515

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (c) Finance lease and capital loans

*Lend out –*

	Amount (Unaudited)	Starting date (Unaudited)	Due Date (Unaudited)
Rizhao Bulk Commodity Supply Chain	31,000,000	2021-01-08	2022-01-07
Rizhao Bulk Commodity Supply Chain	4,000,000	2021-06-10	2022-06-09
Rizhao Bulk Commodity Supply Chain	5,000,000	2021-06-30	2022-06-29
QDOT	30,000,000	2021-01-14	2022-01-13
QDOT	30,000,000	2021-01-28	2022-01-27
QDOT	100,000,000	2021-02-22	2026-02-21
QDOT	20,000,000	2021-03-16	2022-03-15
PetroChina Storage	10,184,997	2021-04-28	2026-04-27
QDP Investment Group	350,000,000	2021-03-12	2022-03-11
Weihai Port Group	100,000,000	2021-06-29	2022-06-28
Weihai Port Development	70,000,000	2021-06-29	2022-06-28
	<u>750,184,997</u>		

Maturity dates of the above loans refer to final maturity dates agreed in the contracts.

*Obtaining factoring loan –*

	Amount (Unaudited)	Starting date (Unaudited)	Due Date (Unaudited)
QDP Commercial Insurance	22,101,545	2021-04-19	2021-05-13
QDP Commercial Insurance	40,000,000	2021-04-25	2021-10-22
QDP Commercial Insurance	2,861,043	2021-03-19	2022-11-24
Microfinance	4,709,576	2021-03-19	2022-03-24
Microfinance	4,624,983	2021-03-19	2022-04-25
Microfinance	4,664,904	2021-03-19	2022-05-24
Microfinance	5,951,718	2021-03-19	2022-06-24
Microfinance	4,599,111	2021-03-19	2022-08-24
Microfinance	4,575,961	2021-03-19	2022-09-26
Microfinance	4,556,501	2021-03-19	2022-10-24
	<u>98,645,342</u>		

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (c) Finance lease and capital loans (Continued)

*Interest income from borrowings and finance leases –*

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
QDOT	24,529,481	13,777,107
QQCTN	21,212,309	20,797,340
QDP Investment Group	15,533,272	3,385,388
QQCTU	10,903,858	12,162,353
QQCT	9,336,651	5,601,861
Weihai Port Development	8,955,035	5,551,376
Weihai Port Group	3,125,891	1,025,943
QQCTUA	2,878,075	1,265,764
Fuwai Hospital	2,383,779	1,741,667
PetroChina Storage	1,267,667	4,110
Qingwei Container	1,095,077	–
Rizhao Bulk Commodity Supply Chain	934,080	–
Qingyin Financial Leasing	–	4,337,867
Other related parties	412,658	693,423
	<b>102,567,833</b>	<b>70,344,199</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (c) Finance lease and capital loans (Continued)

*Interest expenses for deposits from customers and funds borrowed –*

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Qingdao Shihua	8,252,456	1,969,152
QQCT	4,643,553	4,285,246
Qingdao Port Group	3,899,006	4,844,468
Shandong Port Financial Controlling	3,213,648	3,702,347
Shandong Gangxin Futures	2,462,341	–
QQCTN	1,492,463	764,685
QQCTU	1,485,809	737,440
QDP Investment Group	1,366,016	1,683,771
Dongjiakou IMC Logistics	1,223,642	1,185,304
International Cruise Port Development and Construction	923,788	197,583
QQCTUA	780,085	440,803
Commercial Insurance	680,507	–
West United	321,127	441,516
QDOT	197,064	368,947
QQCTI	–	2,436,119
Other related parties	2,674,906	2,017,486
	<u>33,616,411</u>	<u>25,074,867</u>

#### (d) Purchase of assets

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
QDP Investment Real Estate	–	4,200,000

#### (e) Remuneration of key management

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Remuneration of key management	<u>4,984,983</u>	<u>5,183,585</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (5) Related party transactions (Continued)

##### (f) Other related party transactions

- (i) *Harbour dues and port facility security expenses received and paid on behalf of related parties to their clients.*

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Funds received under the entrustment of related parties –		
QQCT	159,906,853	161,477,994
QQCTU	58,413,784	75,768,369
QQCTUA	9,957,262	16,611,665
QQCTN	46,977,611	22,694,980
	<u>275,255,510</u>	<u>276,553,008</u>
Funds paid to related parties –		
QQCT	157,277,533	169,943,087
QQCTU	58,839,628	82,916,653
QQCTUA	10,328,950	17,394,642
QQCTN	46,017,182	21,560,668
	<u>272,463,293</u>	<u>291,815,050</u>

Harbour dues and port facility security expenses received and paid on behalf of related parties are collected by the Company's subsidiary QDP Logistics on behalf of related parties including QQCT, QQCTU, QQCTUA and QQCTN from their clients and paid to above related parties.



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (f) Other related party transactions (Continued)

(ii) Port dues, berthing fees and security fees received by related parties on behalf of the Company

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Qingdao Shihua	49,799,549	53,997,011
QQCT	34,906,583	27,466,936
QDOT	17,429,310	8,801,499
QQCTU	12,111,789	10,946,441
QQCTN	11,067,902	5,234,623
West United	3,518,451	2,788,922
QQCTUA	3,199,690	2,831,766
	<u>132,033,274</u>	<u>112,067,198</u>

Related parties such as Qingdao Shihua and QQCT charge customers for port dues, berthing fees, and security fees for the cargo and submit part of them to the Company in accordance with the agreed proportion.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (f) Other related party transactions (Continued)

(iii) Accept the commission agent purchasing of related parties

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
QDOT	35,445,200	38,091,000
QQCT	33,247,557	20,875,125
QQCTU	16,828,207	17,702,541
Qingdao Shihua	11,788,982	6,684,295
QQCTN	7,324,308	5,389,920
West United	6,505,109	8,996,419
Qingdao Port Group	5,545,509	1,950,314
Yantai Port Group	3,432,717	–
Evergreen Container	3,008,724	2,791,550
Fuwai Hospital	2,020,648	2,236,078
QHVTC	1,570,178	1,437,119
Shenzhouxing Cargo Agency	1,565,016	973,519
Orient Container	1,134,626	1,912,736
Haiwan Liquid Chemical	724,683	532,909
Lianhai Logistics	652,437	621,590
Luhai International Logistics	617,368	–
Shandong Gangxin Futures	509,117	–
Huaneng Qingdao	451,375	379,690
QDP Investment Group	424,860	896,959
Weihai International Logistics Park	397,923	–
Other related parties	4,284,410	2,427,250
	<b>137,478,954</b>	<b>113,899,014</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (5) Related party transactions (Continued)

#### (f) Other related party transactions (Continued)

##### (iv) Early retirement and supplemental retirement benefits paid on behalf of related parties

In previous years, the recognized early retirement and supplemental retirement benefit liabilities were transferred to the Group by Qingdao Port Group to further deduct the debts owned by the Group to Qingdao Port Group, and will be paid by the Group on behalf of Qingdao Port Group in future.

For the six months ended 30 June 2021, the Group paid RMB143,338 to those early retired employees and retired employees on behalf of Qingdao Port Group (For the six months ended 30 June 2020: RMB330,163). As at 30 June 2021, a total amount of RMB18,308,067 had been paid.

##### (v) Other amount collected and paid on behalf

The Company's subsidiary, Qingdao Finance, issued the notes on behalf of the related parties, please refer to Note 9(3).

##### (vi) Disposal of subsidiaries

For the six months ended 30 June 2021, the Group transferred 51% equities of Commodity Trading to Shandong Commodity Trading and 20% equities of Commodity Trading to Shandong Port International Trade Qingdao Company. For relevant disclosure, please refer to Note 5(1).

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

#### (a) Notes receivable

	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QDOT	15,000,000	(839,524)	25,000,000	(1,250,000)
Qingdao Port Group	–	–	10,057,975	(502,899)
QQCTN	4,000,000	(223,873)	4,000,000	(200,000)
West United	3,030,414	(169,607)	3,297,715	(164,886)
International Cruises	1,464,868	(81,986)	2,984,507	(149,225)
	<u>23,495,282</u>	<u>(1,314,990)</u>	<u>45,340,197</u>	<u>(2,267,010)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (b) Accounts receivable

	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QQCTN	195,367,517	(24,083,472)	501,509,272	(44,403,771)
QDOT	180,061,792	(17,829,166)	374,584,910	(22,575,813)
QQCT	114,587,642	(4,386,010)	171,516,017	(7,210,492)
Qingdao Shihua	113,592,366	(4,663,843)	55,680,675	(2,103,053)
QQCTU	109,708,637	(10,934,941)	164,492,553	(6,552,555)
Luhai International Logistics	51,519,670	(1,565,676)	39,464,407	(1,176,039)
Qingwei Container	45,616,725	(2,955,886)	55,744,929	(2,286,709)
Rizhao Port	39,579,855	(1,680,727)	14,094,800	(620,171)
QDP Investment Group	31,744,432	(1,341,885)	131,638,446	(17,681,556)
Binzhou Port QDP International Terminal	30,255,225	(1,305,972)	–	–
QQCTUA	20,368,085	(1,563,088)	13,852,763	(453,806)
Qingdao Port Group	19,196,028	(1,068,831)	88,602,405	(5,133,623)
Yantai Port Co., Ltd.	19,152,981	(800,514)	20,100,000	(884,400)
Qingdao Leasing	14,400,000	(1,736,132)	14,400,000	(1,749,600)
Shenzhouxing Cargo Agency	10,007,659	(308,614)	8,937,113	(285,966)
Ocean & Great Asia	9,185,933	(279,159)	11,500,193	(342,706)
Evergreen Container	8,264,234	(251,149)	6,281,232	(192,861)
Penglai Port	6,865,000	(289,622)	12,340,000	(542,960)
Dongjiakou Railway	6,451,748	(777,425)	6,447,002	(783,311)
COSCO Shipping Container Transport	4,697,066	(142,743)	3,273,428	(97,548)
Luhai Heavy Industry	4,645,650	(200,203)	4,620,000	(203,280)
West United	3,529,356	(132,902)	46,954,543	(1,961,229)

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (b) Accounts receivable (Continued)

	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Dongjiakou IMC Logistics	3,091,695	(980,449)	2,639,841	(989,019)
Lianhai Logistics	3,083,070	(94,277)	2,892,190	(86,187)
Orient Container	2,717,416	(82,896)	2,918,463	(101,127)
Shangang International Trade	2,114,818	(64,269)	20,220,683	(602,576)
COSCO Shipping Heavy Industries				
Dalian	2,102,761	(855,538)	2,496,251	(883,942)
OOCL	1,965,738	(84,851)	2,475,498	(73,770)
Lianrong Logistics	1,871,301	(57,781)	2,222,524	(77,364)
Huaneng Qingdao	1,753,632	(151,637)	4,282,825	(1,491,553)
Shanghai Pan-Asia Shipping	1,601,926	(48,682)	2,112,531	(62,953)
Shandong Port Group	1,351,928	(41,228)	1,237,038	(37,044)
Ganghai Logistics	1,250,649	(38,120)	624,026	(22,020)
Haiwan Liquid Chemical	672,916	(20,992)	19,201,670	(7,631,715)
QDP Investment Real Estate	401,349	(13,749)	24,699,197	(5,316,608)
Binzhou Port	–	–	30,254,225	(1,331,186)
Other related parties	11,325,454	(370,268)	28,598,788	(1,509,997)
	<u>1,074,102,254</u>	<u>(81,202,697)</u>	<u>1,892,910,438</u>	<u>(137,458,510)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

##### (c) Contract assets

	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Rizhao Port	133,055,430	(6,438,407)	835,253	(11,894)
QQCT	67,856,317	(3,283,493)	2,236,054	(31,841)
QDOT	35,691,523	(1,727,074)	12,347,806	(175,828)
QQCTU	10,152,329	(491,260)	1,142,583	(16,270)
West United	7,960,000	(385,176)	–	–
Qingdao Shihua	3,232,046	(156,395)	4,273,276	(60,850)
Shandong Zhongjiao Shipping	3,009,026	(145,603)	–	–
QDP Investment Group	1,911,248	(92,483)	3,406,446	(48,506)
QHVTG	–	–	1,105,806	(15,746)
Other related parties	2,332,782	(112,881)	2,320,456	(33,042)
	<u>265,200,701</u>	<u>(12,832,772)</u>	<u>27,667,680</u>	<u>(393,977)</u>

##### (d) Advances to suppliers

	30 June 2021 (Unaudited)	31 December 2020
QDOT	4,255,062	–
QQCTN	2,933,333	–
Qingdao COSCO Shipping Container Transport	1,736,736	2,657,911
QDP Investment Real Estate	1,436,094	93,702
West United	837,634	863,140
Shanghai Pan-Asia Shipping	572,071	297,344
Qingdao Ocean Shipping Agency	315,391	213,224
Dongjiakou Railway	240,701	2,756,112
Evergreen Container	170,426	54,644
Yongli Insurance	158,219	978,196
Other related parties	279,924	304,974
	<u>12,935,591</u>	<u>8,219,247</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (e) Other receivables

*Dividend receivable –*

	30 June 2021 (Unaudited)	31 December 2020
Binzhou Port QDP International Terminal	–	7,689,395

*Ending balance of loans provided and interests –*

	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QDP Investment Group	339,881,938	(3,854,140)	901,136,170	(10,021,494)
QDOT	189,002,027	(2,152,202)	148,612,686	(2,173,730)
Weihai Port Group	100,021,944	(1,913,348)	300,398,750	(3,340,720)
Weihai Port Development	70,015,361	(1,339,343)	–	–
Rizhao Bulk Supply Chain	55,060,799	(817,391)	15,019,938	(319,444)
Fuwai Hospital	35,044,920	(284,185)	35,060,917	(595,006)
West United	20,024,167	(222,688)	20,026,583	(425,925)
	<u>809,051,156</u>	<u>(10,583,297)</u>	<u>1,420,255,044</u>	<u>(16,876,319)</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (e) Other receivables (Continued)

Other –

	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QDOT	14,741,742	(979,072)	19,166,552	(1,266,604)
Ganghai Logistics	9,488,595	(528,592)	8,252,397	(459,725)
QQCT	9,394,374	(523,343)	1,110,071	(44,887)
West United	8,518,959	(325,530)	20,741,469	(1,015,191)
QQCTU	7,747,193	(468,934)	4,012,509	(214,402)
Qingdao Port Group	6,758,068	(495,410)	3,388,367	(297,163)
QQCTN	4,681,465	(286,664)	537,787	(29,959)
Qingdao Shihua	4,383,107	(244,175)	518,217	(6,414)
Lianhai Logistics	3,276,994	(226,820)	186,535	(10,391)
Qingdao Ocean Shipping Agency	2,825,867	(67,445)	1,478,000	(7,498)
Rizhao Ocean Shipping Agency	1,677,744	(93,464)	–	–
QQCTUA	1,233,600	(81,911)	10,000	(51)
Shenzhouxing Cargo Agency	1,072,651	(71,354)	489,199	(28,861)
Luhai International Logistics	1,010,825	(56,311)	441,937	(24,619)
Orient Container	711,004	(9,228)	2,143,332	(75,702)
Ocean&Great Asia	707,707	(76,731)	6,727	(375)
Fuwai Hospital	632,642	(35,648)	357,847	(19,935)
International Cruises	606,187	(33,780)	554,340	(30,881)
Qingdao COSCO Shipping Container Transport	600,000	(3,044)	520,000	(2,638)
Evergreen Container	733,128	(5,397)	1,424,926	(12,315)
Shangang International Trade	565,428	(31,499)	553,474	(30,833)
Binzhou Port QDP International Terminal	403,891	(44,025)	–	–
Ocean Bridge International	395,849	(22,052)	392,355	(21,857)
Harbor Construction Group	345,816	(19,265)	–	–
Shandong Gangxin Futures	256,273	(14,276)	–	–
Lianrong Logistics	251,836	(19,284)	98,590	(5,492)
QDP Investment Group	231,060	(10,340)	4,543,968	(37,938)
Other related parties	2,770,071	(141,493)	2,941,905	(160,647)
	<b>86,022,076</b>	<b>(4,915,087)</b>	<b>73,870,504</b>	<b>(3,804,378)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (f) Long-term receivables

	30 June 2021 (Unaudited)		31 December 2020	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QQCTN	939,137,098	(21,164,772)	943,331,235	(21,063,526)
QDOT	912,709,174	(17,444,160)	831,226,653	(10,160,877)
QQCTU	425,033,938	(4,819,734)	541,634,984	(15,236,999)
QQCT	422,467,119	(10,381,378)	422,572,428	(10,382,681)
Weihai Port	396,021,840	(13,909,680)	397,576,201	(9,695,902)
QQCTUA	126,716,976	(3,098,289)	128,085,633	(2,988,834)
Fuwai Hospital	73,093,691	(1,311,117)	75,094,459	(1,845,667)
PetroChina Storage	62,872,848	(1,544,988)	52,746,078	(1,293,689)
Qingwei Container	47,562,674	(909,042)	50,072,569	(957,012)
	<u>3,405,615,358</u>	<u>(74,583,160)</u>	<u>3,442,340,240</u>	<u>(73,625,187)</u>

#### (g) Accounts payable

	30 June 2021 (Unaudited)	31 December 2020
Qingdao Shihua	137,994,960	4,963,016
QDP Investment Group	25,378,132	9,106,378
Luhai International Logistics	18,489,209	4,967,239
West United	15,535,462	19,376,934
China Shipbuilding Qingdao	12,556,281	–
Qingdao Port Group	9,897,849	124,043
QQCTU	8,602,232	5,415,410
QQCT	6,825,770	1,320,509
QDOT	6,329,725	744,810
Huaneng Qingdao	6,102,058	1,994,166
Luhai International Logistics Liaocheng Company	3,840,937	–
QQCTN	3,070,674	110,821
Qingdao Shihua	2,742,697	–
Qingdao COSCO Shipping Container Transport	2,560,905	56,873
Fuwai Hospital	2,146,850	1,266,194
Qingdao Ocean Shipping Agency	2,120,624	533,309
Evergreen Container	1,986,630	1,732,204
Dongjiakou Sinotrans Logistics	1,416,667	1,416,667
Shangang Shipping Yantai Container	1,235,000	–
Lianrong Logistics	845,202	213,871
Xinsanli Container	728,697	471,433
Other related parties	3,445,340	1,836,949
	<u>273,851,901</u>	<u>55,650,826</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

##### (h) Advances from customers

	30 June 2021 (Unaudited)	31 December 2020
Qingdao Shihua	20,000,000	–
QQCT	15,766,381	–
Evergreen Container	11,483,243	6,352,235
Orient Container	4,195,600	–
Lianrong Logistics	2,543,900	–
QQCTN	2,419,550	–
Other related parties	291,049	39,358
	<u>56,699,723</u>	<u>6,391,593</u>

##### (i) Contract Liabilities

	30 June 2021 (Unaudited)	31 December 2020
QQCTU	12,730,089	1,886,792
QQCTUA	7,566,372	–
Yantai Port Co., Ltd.	4,410,865	–
QQCT	3,327,434	4,864,636
Qingdao Port Group	2,376,579	2,103,167
Ocean & Great Asia	1,960,232	1,450,217
Rizhao Ocean Shipping Agency	1,870,000	–
Qingdao Ocean Shipping Agency	1,450,101	896,420
QHVTC	1,282,850	5,595,047
United Shipping Agency	500,000	442,478
China Shipping Agency	500,000	442,478
Qingwei Container	–	15,743,119
Penglai Port	–	5,838,053
Other related parties	1,760,845	734,224
	<u>39,735,367</u>	<u>39,996,631</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (j) Other payables

*Ending balance of money deposits –*

	30 June 2021 (Unaudited)	31 December 2020
Qingdao Shihua	1,430,280,937	1,237,796,208
QQCT	1,057,059,736	333,668,773
Qingdao Port Group	423,063,624	1,098,912,812
QQCTN	331,399,837	60,501,230
QQCTU	236,873,594	179,742,416
Dongjiakou IMC Logistics	141,064,125	144,654,297
QQCTUA	137,932,887	127,633,279
International Cruise Port Development & Construction	118,229,909	218,669,593
Shangang Financial Holdings	90,799,336	1,512,086,512
Weihai Port Group	75,636,496	140,626,180
Weihai Port Development	70,455,937	54,007,123
Qingdao Port Insurance Brokerage Co. Ltd.	49,413,522	5,539,269
Yufeng Energy	48,408,204	45,437,635
West United	47,165,700	76,528,944
Fuwai Hospital	46,293,416	51,568,834
Shandong Gangxin Futures	42,145,995	–
Qinggang Shihua	41,489,774	19,611,996
Commodity Trading	39,931,800	–
QDOT	35,452,472	31,352,598
QDP Investment Group	34,969,070	500,514,734
Lianhai Logistics	31,110,887	25,237,034
Haiwan Liquid Chemical	26,532,616	24,708,055
Qingdao Port Travel Agency	26,137,295	22,061,317
Weihai Shichang Logistics	22,542,429	17,250,807
Rizhao Port Financial Leasing	20,747,682	91,676,816
Weihai International Logistics Park	20,577,453	18,665,780
Assets Management Company	19,637,756	15,142,524
Evergreen Container	16,762,613	16,657,602
Yongli Insurance	16,345,065	19,796,151
International Cruises	16,313,270	22,145,871
Qingdao Leasing	16,064,244	67,275,931
Lianrong Logistics	12,490,846	13,430,208
Weihai Shichang Liquor Industry	10,160,070	3,108,531
Rizhao Port Commercial Factoring	8,894,324	19,363,571

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (j) Other payables (Continued)

*Ending balance of money deposits – (Continued)*

	30 June 2021 (Unaudited)	31 December 2020
Weihai Gangfeng Shipping Agency	8,177,342	3,501,208
Shandong Commodity Trading	7,781,796	–
Weigang Property	7,648,155	11,805,076
Weihai Zhongli Ocean Shipping Tally	7,222,509	6,004,106
Weihai Ocean Shipping Agency	7,044,426	547,267
Shandong Port Supply Chain	6,893,154	10,180,372
Weihai Gangtong Technology	5,960,583	5,673,619
Qingwei Container	4,744,967	23,709,307
Dongjiakou Sinotrans Logistics	4,451,481	3,417,737
China Hong Kong Jinyuan	4,442,994	20,935,391
QDP Investment Real Estate	4,420,476	3,539,707
Weihai Port International Trade	4,051,967	2,543,784
Weihai Zhongda Shipping	3,033,949	10,147,144
Ganghai Logistics	2,941,521	10,685,494
Weihai Port International Logistics	1,111,061	3,268,074
Hongyu Hotel	851,034	2,691,083
QDP Commercial Insurance	34,965	10,927,402
Other related parties	22,367,322	23,688,928
	<u>4,865,562,623</u>	<u>6,368,638,330</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (j) Other payables (Continued)

Other –

	30 June 2021 (Unaudited)	31 December 2020
QDP Investment Group	41,276,892	27,707,301
QQCT	10,321,208	14,689,304
Qingdao Port Group	9,633,344	12,328,358
Luhai International Logistics Bohai Bay Co., Ltd.	5,509,557	–
QQCTN	3,132,553	2,455,125
QQCTU	2,308,678	2,617,290
Lianyungang Ocean Fluid Handling Equipment Co., Ltd.	2,300,885	2,300,885
West United	2,236,629	–
QDP Pilot Station	2,147,836	865,904
Ganghai Logistics	1,810,650	3,474,944
Harbor Construction Group	1,241,073	2,011,073
QDOT	783,144	432
Ocean & Great Asia	711,563	558,643
QQCTUA	534,916	1,139,779
Qingdao Shihua	511,425	27,956,828
Lianhai Logistics	332,432	266,362
Evergreen Container	254,944	616,555
Orient Container	169,909	457,269
Other related parties	1,254,529	967,516
	<u>86,472,167</u>	<u>100,413,568</u>

#### (k) Other non-current liabilities

	30 June 2021 (Unaudited)	31 December 2020
QQCT	2,519,640,122	2,618,350,809
QQCTN	46,600,390	47,859,860
QQCTU	13,112,233	13,717,414
	<u>2,579,352,745</u>	<u>2,679,928,083</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (l) Lease liabilities

	30 June 2021 (Unaudited)	31 December 2020
Qingdao Leasing	<u>232,041,720</u>	<u>137,886,473</u>

#### (m) Assets held for sale

Notes receivables –

	30 June 2021 (Unaudited)	
	Amount	Provision for bad debts
West United	<u>2,131,290</u>	<u>(106,564)</u>

Accounts receivables –

	30 June 2021 (Unaudited)	
	Amount	Provision for bad debts
QQCTN	286,396,922	(30,427,818)
QDOT	192,993,531	(16,377,601)
QDP Investment Group	89,286,383	(9,109,503)
Qingdao Port Group	81,977,079	(4,215,798)
West United	24,453,116	(1,051,806)
QDP Investment Real Estate	24,283,150	(5,169,491)
Haiwan Liquid Chemical	18,280,357	(7,457,363)
Harbor Construction Group	12,180,000	(523,452)
QQCTU	11,487,275	(489,469)
QQCT	7,610,146	(327,043)
QHVTCT	6,287,144	(271,386)
Qingdao Shihua	4,735,204	(204,396)
Huaneng Qingdao	3,300,000	(1,354,589)
Luhai International Logistics	2,438,341	(105,251)
Shanghai Pan-Asia Shipping	1,417,850	(43,088)
Evergreen Container	1,100,000	(47,482)
Orient Container	1,058,042	(45,671)
Other related parties	2,430,031	(92,463)
	<u>771,714,571</u>	<u>(77,313,670)</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (m) Assets held for sale (Continued)

##### *Other receivables –*

	30 June 2021 (Unaudited)	
	Amount	Provision for bad debts
Qingdao Shihua	844,500	(4,284)
West United	290,000	(1,471)
QQCT	241,343	(1,224)
QQCTU	223,687	(1,135)
Qingdao Port Group	186,225	(945)
Other related parties	55,546	(282)
	<u>1,841,301</u>	<u>(9,341)</u>

##### *Contract Assets –*

	30 June 2021 (Unaudited)	
	Amount	Provision for bad debts
QDOT	1,099,501	(48,046)
QDP Investment Group	985,797	(43,077)
Qingdao Port Group	970,169	(42,394)
QQCT	853,038	(37,276)
West United	610,776	(26,690)
QDP Investment Real Estate	601,194	(26,271)
Orient Container	494,047	(21,589)
QHVTC	198,763	(8,685)
Fuwai Hospital	143,364	(6,265)
Other related parties	142,132	(6,210)
	<u>6,098,781</u>	<u>(266,503)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

#### (n) Liabilities held for sale

##### *Accounts payables –*

	30 June 2021 (Unaudited)
QDP Investment Group	4,055,683
QQCTN	6,953
Fuwai Hospital	2,790
QDOT	2,210
Other related parties	4,812
	<u>4,072,448</u>

##### *Contract Liabilities –*

	30 June 2021 (Unaudited)
QQCTU	2,000,000
QQCT	1,500,000
Qingdao Port Group	390,000
QQCTUA	74,168
	<u>3,964,168</u>

##### *Other payables –*

	30 June 2021 (Unaudited)
Microfinance	583,834
Commercial Insurance	521,111
QDP Investment Real Estate	202,516
	<u>1,307,461</u>

##### *Short-term borrowings –*

	30 June 2021 (Unaudited)
Commercial Insurance	42,924,427
Microfinance	33,682,753
	<u>76,607,180</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (7) Operating lease receipts after the balance sheet date

Pursuant to the signed irrevocable operating lease contract, in addition to the operating lease out commitments mentioned in Note 4 (37), the Group's future collection of related party rents is summarized as follows:

	30 June 2021 (Unaudited)	31 December 2020
QQCT	291,889,631	302,058,000
Evergreen Container	113,119,004	107,987,996
QQCTU	96,810,000	101,420,000
QQCTN	33,102,278	34,931,828
Qingdao Shihua	20,050,000	—
QQCTUA	19,215,000	20,130,000
Shenzhouxing Cargo Agency	5,743,588	—
Lianhai Logistics	5,633,801	3,511,358
Orient Container	4,195,600	—
QDOT	3,916,500	—
Lianrong Logistics	2,543,900	—
Linyi Express	1,943,500	—
Qingdao Port Group	559,389	—
Ganghai Logistics	344,220	—
West United	266,000	52,500
Shandong Port Energy	161,447	—
China Shipbuilding Qingdao	156,657	—
Fuwai Hospital	37,503	62,500
Microfinance	—	101,250
QDP Pilot Station	—	42,858
	<b>599,688,018</b>	<b>570,298,290</b>

### (8) Off-balance sheet activities

As entrusted by related parties, the Company's subsidiary, Qingdao Finance, offers entrusted loans to other designated related parties. For the six months ended 30 June 2021, principal of new entrusted loan business offered by Qingdao Finance amounts to RMB1,774,000,000 (For the six months ended 30 June 2020: RMB2,750,000,000). As at 30 June 2021, entrusted loans amounted to RMB6,279,000,000 (31 December 2020: RMB5,926,000,000). Maturity of entrusted loans aforesaid ranged from 1 year to 10 years. If the principal and interest of entrusted loans cannot be recovered, the risk is borne by the entrusted loan fund provider rather than Qingdao Finance. Entrusted loans aforesaid are classified into off-balance sheet items. Therefore, related balances of receivable and payable are not recognized in the consolidated financial statements. Management considered that the entrusted loans arrangement aforesaid will not expose the Group to any significant credit risk. Off-balance sheet activities related to investment commitments are set out in Note 9(3).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 9 COMMITMENTS

#### (1) Capital commitments

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

	30 June 2021 (Unaudited)	31 December 2020
Port facilities and others	<u>1,398,395,043</u>	<u>1,033,350,098</u>

#### (2) Investment commitments

Pursuant to the agreement with Maersk Wharf Limited ("Maersk Wharf") and Vado Investment in October 2016, International development, a subsidiary of the Group, undertakes to purchase 16.5% stake of Vado Investment at the price of EUR 1,745,370 which held by Maersk Wharf, and increase capital of EUR 14,077,800 to Vado Investment proportionally, with a total commitment of EUR 15,823,170. As at 30 June 2021, the amount of the unpaid investment is EUR 5,692,870.

Pursuant to the agreements with Haiye Petroleum Company, Qingdao Leiruite Investment Co., Ltd., Yiruiyuan Trading Company and Haiye Oil Terminal on 10 May 2021, the Group undertakes to purchase 40.80% and 10.20% stake of Haiye Oil Terminal, held by Haiye Petroleum Company and Yiruiyuan Trading Company at the price of RMB1,047,614,256 and RMB261,903,564 respectively. As at 30 June 2021, the Group has prepaid RMB261,903,564, 20% of the total transfer price as the deposit pursuant to the agreement, and the amount of unpaid investment is RMB1,047,614,256.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 9 COMMITMENTS (Continued)

### (3) Other commitments

As at 30 June 2021, Qingdao Port Group, its subsidiaries and other related parties purchased raw materials and equipment from third parties, thus have issued acceptance notes through Qingdao Finance with RMB30,718,229 in total (31 December 2020: RMB79,691,061). Qingdao Finance collected some guarantee from the applicant at certain proportion of the amount issued, and will pay to the third party directly when the notes fall due.

The Group entered into contracts with clients, some requested the Group to issue letter of guarantee to insure that the project will be completed in time with required quality as set out in the contract. As at 30 June 2021, Qingdao Finance issued letter of guarantee with the amount of approximately RMB4,330,000 (31 December 2020: RMB9,103,250) for the purpose aforesaid.

In view of the application of the Company's subsidiary, QDP Logistics, to the Shanghai Futures Exchange for domestic natural rubber, pulp and No. 20 standard rubber futures designated delivery warehouse qualification, in order to develop domestic natural rubber futures and stock, pulp stock and futures and No. 20 standard rubber stock and futures warehousing and related extension for the logistics business, the Board of Directors agreed to successively issue a guarantee letter for the application and business of the delivery warehouse qualification for the domestic natural rubber, pulp futures and No. 20 standard rubber futures of QDP Logistics respectively from 2018 pursuant to the relevant regulations of the Shanghai Futures Exchange. The guarantee period is two years from the issue date of the guarantee letter to the expiry date of the designated delivery warehouse agreement (the expiry dates of the agreement are 30 June 2021, 11 November 2022 and 7 January 2022, respectively). The amount of the highest financial liability the Company should bear for QDP Logistics' futures delivery warehousing business is about RMB3.3 billion. As at 30 June 2021, the value of stocks for rubber, pulp and No. 20 standard rubber futures was RMB754 million.

## 10 OPERATING LEASE RECEIPTS AFTER THE BALANCE SHEET DATE

The Group's future rent collection (undiscounted amount) as a lessor after the balance sheet date is summarized as follows :

	30 June 2021 (Unaudited)	31 December 2020
Within a year	104,258,738	57,342,171
One to two years	55,759,529	54,795,066
Two to three years	50,634,324	52,259,222
Three to four years	46,755,219	47,195,559
Four to five years	46,467,219	46,778,559
More than five years	305,984,459	327,919,021
	<u>609,859,488</u>	<u>586,289,598</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 11 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other), credit risk and liquidity risk. The financial risks and the risk management policies adopted by the Group to reduce the risks are as follows:

The Board of Directors is responsible for planning and establishing the risk management structure of the Group, formulating the Group's risk management policies and relevant guidelines and monitoring the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks the Group exposes to. Specific risks are explicitly stipulated by these risk management policies, covering management of market risk, credit risk and liquidity risk, etc. The Group assesses market environment and changes of operating activities of the Group periodically to determine whether updates are needed for risk management policies and systems. Risk management of the Group is carried out by the risk management committee pursuant to the approval of the Board of Directors. Risk management committee identifies, evaluates and mitigates relevant risks through close cooperation with other business departments of the Group. The Group's audit department periodically reviews the risk management controls and procedures, and reports the results to the Group's Audit Committee.

### (1) Market risk

#### (a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Foreign exchange risk arises from transactions denominated in foreign exchange (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in USD and EUR). The Group monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. For the six months ended 30 June 2021, the Group did not sign forward foreign exchange contracts or currency swap contracts.

As at 30 June 2021 and 31 December 2020, the carrying amounts in RMB equivalent of the Group's financial assets, financial liabilities and lease liabilities denominated in foreign currencies are summarized below:

	30 June 2021 (Unaudited)			
	USD	EUR	Others	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	820,446,667	1,700,766	8,976	822,156,409
Receivables	1,360,216,390	-	5,149	1,360,221,539
	<u>2,180,663,057</u>	<u>1,700,766</u>	<u>14,125</u>	<u>2,182,377,948</u>
Financial liabilities denominated in foreign currency -				
Payables	(738,302,431)	-	(1,909)	(738,304,340)
Short-term borrowings	(826,262,904)	(218,943,052)	-	(1,045,205,956)
Long-term borrowings	-	(82,348,289)	-	(82,348,289)
	<u>(1,564,565,335)</u>	<u>(301,291,341)</u>	<u>(1,909)</u>	<u>(1,865,858,585)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 11 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

### (1) Market risk (Continued)

#### (a) Foreign exchange risk (Continued)

	31 December 2020			
	USD	EUR	Others	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	768,337,205	200,970	9,635	768,547,810
Receivables	601,312,985	1,138,226	117,353	602,568,564
	<u>1,369,650,190</u>	<u>1,339,196</u>	<u>126,988</u>	<u>1,371,116,374</u>
Financial liabilities denominated in foreign currency -				
Payables	(463,373,515)	–	(13,185)	(463,386,700)
Short-term borrowings	(94,611,050)	–	–	(94,611,050)
Long-term borrowings	–	(82,887,952)	–	(82,887,952)
	<u>(557,984,565)</u>	<u>(82,887,952)</u>	<u>(13,185)</u>	<u>(640,885,702)</u>

As at 30 June 2021, if RMB had strengthened/weakened by 4% against the USD while all other variables had been held constant, the Group's net profit for the period would have been approximately RMB18,483,000 (31 December 2020: approximately RMB24,350,000) lower/higher for various financial assets and liabilities dominated in USD held by the Group whose recording currency is RMB, which would have no effect on other comprehensive income. As at 30 June 2021, if RMB had strengthened/weakened by 4% against the EUR while all other variables had been held constant, the Group's net profit for the period would have been approximately RMB8,988,000 (31 December 2020: RMB2,446,000) higher/lower for various financial assets and liabilities dominated in EUR held by the Group whose recording currency is RMB, which would have no effect on other comprehensive income.



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 11 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

#### (1) Market risk (Continued)

##### (b) Interest rate risk

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

As at 30 June 2021, the Group's interest bearing liabilities included customer deposits at Qingdao Finance of RMB4,856,863,751 (Note 4(30)), among which RMB4,775,780,701 was subject to floating interest rate and the remaining are subject to fixed interest rate; and bank borrowings of RMB1,168,161,643 (Note 4(24), (32)), among which RMB125,598,976 was subject to floating rates and the remaining are subject to fixed interest rate.

As at 30 June 2021, the Group's interest bearing assets included cash at bank and on hand of RMB6,657,666,548 (Note 4(1)), among which RMB5,213,014,266 was subject to floating interest rate and the remaining are subject to fixed interest rate; and loans provided to related parties and third parties of RMB4,245,169,699 (Note 4(7), (12)), among which RMB2,701,146,779 was subject to floating rates and the remaining are subject to fixed interest rate.

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new liability and the interest expenses with respect to the Group's outstanding floating rate liability, and therefore could have a certain effect on the Group's financial position. The management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. For the six months ended 30 June 2021 and 2020, the Group did not enter into any interest rate swap agreements.

As at 30 June 2021, if bank interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB471,000 (31 December 2020: approximately RMB215,000).

As at 30 June 2021, if interest rates on cash at bank and on hand, loans provided to related parties and customer deposits at Qingdao Finance subject to the floating rate borrowings for the period ended 30 June 2021 had risen/fallen by 8% while all other variables had been held constant, the Group's net profit would have increased/decreased by approximately RMB5,357,000 (31 December 2020: approximately RMB2,619,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 11 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

### (1) Market risk (Continued)

#### (c) Other price risk

The Group's other price risk mainly arises from all kinds of equity instrument investments, with risk of changes in the price of equity instruments.

As at 30 June 2021, if the expected price of the Group's various equity instrument investments increased or decreased by 10% while all other variables had been held constant, the Group's net profit would have increased or decreased by approximately RMB5,416,000 (31 December 2020: approximately RMB5,416,000).

### (2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivable, accounts receivable, contract assets, financing receivables, other receivables, debt investments, other debt investments and financial guarantee contracts as well as debt instruments measured at fair value through profit or loss that are not included in the impairment assessment scope. On the balance sheet date, the carrying amount of the Group's financial assets represented its maximum credit risk exposure. Except for the company's guarantee for Qinggang Logistics futures delivery warehouse business mentioned in Note 9(3), the maximum credit risk exposure outside the balance sheet is the maximum amount of RMB32,048,229 required to perform financial guarantee.

The Group's cash at bank and on hand is mainly cash at bank deposited at state-owned banks and other medium or large size listed banks with good reputation and a higher credit rating. The Group does not expect that there will be any significant credit risk and losses from non-performance by these banks.

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

As at 30 June 2021 and 31 December 2020, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 11 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

#### (3) Liquidity risk

Each subsidiary within the Group is responsible for its own cash flow projections. On the basis of summarizing the cash flow forecasts of each subsidiary, the Group continuously monitors short-term and long-term capital needs at the group level to ensure that sufficient cash reserves are readily available and continuous monitoring of compliance with the loan agreement provisions, from major financial institutions to obtain sufficient backup funds to meet short-term and long-term funding needs.

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

	30 June 2021 (Unaudited)				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	1,050,552,186	-	-	-	1,050,552,186
Notes payable	772,575,151	-	-	-	772,575,151
Accounts payable	1,520,120,682	-	-	-	1,520,120,682
Other payables	8,664,023,482	-	-	-	8,664,023,482
Lease liabilities	-	73,305,521	159,572,473	-	232,877,994
Current portion of non-current liabilities	203,506,351	-	-	-	203,506,351
Long-term borrowings	2,917,861	17,285,489	-	-	20,203,350
Long-term payables	-	2,020,000	6,060,000	36,476,320	44,556,320
	<u>12,213,695,713</u>	<u>92,611,010</u>	<u>165,632,473</u>	<u>36,476,320</u>	<u>12,508,415,516</u>

	31 December 2020				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	135,636,612	-	-	-	135,636,612
Notes payable	890,180,633	-	-	-	890,180,633
Accounts payable	1,197,290,688	-	-	-	1,197,290,688
Other payables	9,476,565,342	-	-	-	9,476,565,342
Lease liabilities	-	98,098,318	40,369,892	10,863,511	149,331,721
Current portion of non-current liabilities	2,324,354,531	-	-	-	2,324,354,531
Long-term borrowings	2,995,710	101,687,899	10,106,055	-	114,789,664
Long-term payables	-	2,020,000	6,060,000	32,893,544	40,973,544
	<u>14,027,023,516</u>	<u>201,806,217</u>	<u>56,535,947</u>	<u>43,757,055</u>	<u>14,329,122,735</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 11 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

### (3) Liquidity risk (Continued)

At the balance sheet date, the maximum guarantee amount for financial guarantees provided by the Group to outside parties can be paid within one year.

Bank borrowings and bonds payable are analyzed by repayment terms as follows:

	30 June 2021 (Unaudited)		31 December 2020	
	Bank borrowings	Bonds payable	Bank borrowings	Bonds payable
Within 1 year	1,154,042,161	–	165,649,023	2,174,322,091
1 to 2 years	16,820,687	–	99,708,639	–
2 to 5 years	–	–	10,000,000	–
	<u>1,170,862,848</u>	<u>–</u>	<u>275,357,662</u>	<u>2,174,322,091</u>

## 12 FAIR VALUE ESTIMATES

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

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

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

Level 3: Unobservable inputs for the asset or liability.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 12 FAIR VALUE ESTIMATES (Continued)

#### (1) Assets and liabilities measured at fair value on a recurring basis

As at 30 June 2021, the assets measured at fair value on a continuing basis are listed below at the 3 levels above (Unaudited):

	Level 1	Level 2	Level 3	Total
Monetary assets				
Financial assets held for trading-				
Wealth management products	-	209,481,483	2,005,376,891	2,214,858,374
Equity investment	1,931,282	-	-	1,931,282
Financing receivables-				
Notes receivable	-	-	328,044,432	328,044,432
Other current assets -				
Interbank deposit certificate	643,524,400	-	-	643,524,400
Other non-current financial assets -				
Financial bond	599,806,460	-	-	599,806,460
Equity investment	-	-	72,207,877	72,207,877
Total	<u>1,245,262,142</u>	<u>209,481,483</u>	<u>2,405,629,200</u>	<u>3,860,372,825</u>

As at 31 December 2020, the assets measured at fair value on a continuing basis are listed below at the 3 levels above:

	Level 1	Level 2	Level 3	Total
Monetary assets				
Financial assets held for trading-				
Wealth management products	-	444,340,300	677,472,778	1,121,813,078
Financing receivables-				
Notes receivable	-	-	528,732,800	528,732,800
Other current assets -				
Interbank deposit certificate	2,224,427,170	-	-	2,224,427,170
Other non-current financial assets -				
Financial bond	514,100,589	-	-	514,100,589
Equity investment	-	-	72,207,877	72,207,877
Total	<u>2,738,527,759</u>	<u>444,340,300</u>	<u>1,278,413,455</u>	<u>4,461,281,514</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 12 FAIR VALUE ESTIMATES (Continued)

#### (1) Assets and liabilities measured at fair value on a recurring basis (Continued)

The Group has no continuing liabilities measured at fair value.

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There are no transfers between levels for the current period.

For financial instruments traded in active markets, the Group determines their fair value with their active market quotations; for financial instruments not traded in active markets, the Group uses valuation techniques to determine their fair value. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of valuation technique mainly include risk-free interest rate, benchmark interest rate, expected yield, PE multiplier, PB multiplier, and liquidity discount.

Changes of the above Level 3 financial assets are analyzed below:

	31 December 2020	Purchase (Unaudited)	Sale (Unaudited)	Settle (Unaudited)	Classified as held for sale (Unaudited)	30 June 2021 (Unaudited)	The total profit of the current period is included in the profit and loss (a) (Unaudited)
Monetary assets							
Financial assets held for trading-							
Wealth management products	677,472,778	1,978,625,078	(651,051,000)	955,113	(625,078)	2,005,376,891	24,409,748
Financing receivables-							
Notes receivable	528,732,800	784,461,778	(535,531,861)	(436,780,107)	(12,838,178)	328,044,432	(634,587)
Other non-current financial assets -							
Equity investment	72,207,877	-	-	-	-	72,207,877	-
Total	<u>1,278,413,455</u>	<u>2,763,086,856</u>	<u>(1,186,582,861)</u>	<u>(435,824,994)</u>	<u>(13,463,256)</u>	<u>2,405,629,200</u>	<u>23,775,161</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 12 FAIR VALUE ESTIMATES (Continued)

### (1) Assets and liabilities measured at fair value on a recurring basis (Continued)

Changes of the above Level 3 financial assets are analyzed below (Continued):

	31 December 2019	Purchase (Unaudited)	Sale (Unaudited)	Settle (Unaudited)	30 June 2020 (Unaudited)	The total profit of the current period is included in the profit and loss (a) (Unaudited)
Monetary assets						
Financial assets held for sale-						
Wealth management products	700,000,000	972,000,000	(865,000,000)	-	807,000,000	9,600,372
Financing receivables-						
Notes receivable	705,149,454	981,268,910	(741,512,763)	(473,959,078)	470,946,523	(1,273,168)
Other non-current financial assets -						
Equity investment	72,207,877	-	-	-	72,207,877	19,500
Total	<u>1,477,357,331</u>	<u>1,953,268,910</u>	<u>(1,606,512,763)</u>	<u>(473,959,078)</u>	<u>1,350,154,400</u>	<u>8,346,704</u>

- (a) Gains or losses included in the current profit and loss are included in the income statement, such as changes in fair value changes, investment income, etc.

The relevant information for Level 3 measured at fair value is as follows:

	Fair value on 30 June 2021 (Unaudited)	Valuation techniques	Inputs		The relationship of fair value	Observable/ Unobservable
			Parameter	Range/Weighted average		
Financial assets held for trading-						
Wealth management products	2,005,376,891	Discounted cash flow	Expected yield	3.0%-4.2%	Positive correlation	Unobservable
Receivables financing-						
Notes receivable	328,044,432	Discounted cash flow	Expected discount rate	3.2%-4.5%	Negative correlation	Unobservable
Other non-current financial assets-						
Equity investment	72,207,877	Marketing method	Comparable listed company PE multiplier, PB multiplier, etc.	PE multiplier : 2.1-22.7 PB multiplier : 0.1-4.1 Lack of liquidity discount : 20%-30%	Positive correlation	Unobservable
	<u>2,405,629,200</u>					



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 12 FAIR VALUE ESTIMATES (Continued)

### (1) Assets and liabilities measured at fair value on a recurring basis (Continued)

The relevant information for Level 3 measured at fair value is as follows (Continued):

	Fair value on 31 December 2020	Valuation techniques	Inputs			
			Parameter	Range/Weighted average	The relationship of fair value	Observable/ Unobservable
Financial assets held for trading- Wealth management products	677,472,778	Discounted cash flow	Expected yield	3.4%-4.1%	Positive correlation	Unobservable
Receivables financing- Notes receivable	528,732,800	Discounted cash flow	Expected discount rate	3.2%-4.5%	Negative correlation	Unobservable
Other non-current financial assets- Equity investment	72,207,877	Marketing method	Comparable listed company PE multiplier, PB multiplier, etc.	PE multiplier : 2.1-22.7 PB multiplier : 0.1-4.1 Lack of liquidity discount : 20%-30%	Positive correlation	Unobservable
	<u>1,278,413,455</u>					

The relevant information for Level 2 measured at fair value is as follows:

	Fair value on 30 June 2021 (Unaudited)	Valuation techniques	Observable input value	
			Parameter	Range/ Weighted average
Financial assets held for trading- Wealth management products	<u>209,481,483</u>	Discounted cash flow	Observable Net Value	<u>1.0168</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 12 FAIR VALUE ESTIMATES (Continued)

#### (2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities measured at amortized cost mainly include notes receivables, accounts receivable, other receivables, debt investments, long-term receivables, short-term borrowings, notes payable, accounts payables, other payables, bonds payable, long-term borrowings, long-term payables, lease liability, etc.

The carrying amount of the financial assets and liabilities mentioned above not measured at fair value has little difference with their fair value.

### 13 CAPITAL MANAGEMENT

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

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

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

As at 30 June 2021 and 31 December 2020, the Group's gearing ratio is as follows:

	30 June 2021 (Unaudited)	31 December 2020
Principal on bank borrowings (Note 4(24), (32))	1,168,161,643	274,926,140
Customer deposits at Qingdao Finance (Note 4(30))	4,856,863,751	6,357,314,626
Principal on bonds payable	–	2,116,900,000
Less: Cash (Note 4(55)(a))	(4,483,927,318)	(6,076,037,331)
Net debt	1,541,098,076	2,673,103,435
Shareholders' equity	37,440,439,501	36,740,732,133
Total capital	38,981,537,577	39,413,835,568
Gearing ratio	4%	7%

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

### (1) Cash at bank and on hand

	30 June 2021 (Unaudited)	31 December 2020
Cash at bank	5,796,242,461	8,318,514,901
Other cash balances	9,846,861	15,481,350
	<u>5,806,089,322</u>	<u>8,333,996,251</u>
Including: amounts deposited abroad	37,100	38,033

As at 30 June 2021, other cash balances included the deposit of RMB7,974,019 (31 December 2020: RMB13,613,550) deposited by the Company to the bank for the issuance of acceptance bills RMB1,499,042 (31 December 2020: RMB1,494,000). And a deposit of RMB373,800 (31 December 2020: RMB373,800) to the bank for the issuance of letters of guarantee.

As at 30 June 2021, the Company had RMB5,059,926,507 (31 December 2020: RMB6,682,759,560) bank deposits were deposited with Qingdao Finance, a subsidiary of the Company.

### (2) Accounts receivable

	30 June 2021 (Unaudited)	31 December 2020
Accounts receivable	683,218,460	1,294,613,906
Less: Provision for bad debts	<u>(39,012,645)</u>	<u>(74,637,618)</u>
	<u>644,205,815</u>	<u>1,219,976,288</u>

The Company's income is partially made by cash, advances from customers, bank acceptance notes and trade acceptance notes. The remains are settled mainly by providing credit terms of 30-90 days.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (2) Accounts receivable (Continued)

(a) The age of receivables and provision for bad debts are as follows :

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	477,518,349	1,007,998,476
1 to 2 years	203,735,082	269,348,043
2 to 3 years	1,965,029	15,882,904
3 to 4 years	—	—
4 to 5 years	—	—
Over 5 years	—	1,384,483
	<u>683,218,460</u>	<u>1,294,613,906</u>

Accounts receivable are mainly recorded based on the date of transaction. The ageing of accounts receivable represented based on their recording dates is basically the same as the ageing represented based on the dates of invoice.

(b) As at 30 June 2021, the total amount of top five accounts receivable is analyzed as follows:

	Amount	Provision for bad debts	% of total accounts receivable balance
Total amount of top five accounts receivable	<u>290,550,809</u>	<u>(27,576,429)</u>	<u>42.53%</u>

(c) As at 30 June 2021, the Group had no accounts receivable derecognized due to factoring without recourse (As at 31 December 2020: nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (2) Accounts receivable (Continued)

#### (d) Bad debt provision

The Company measures the provision of accounts receivable based on the lifetime ECL regardless of whether there exists a significant financing component.

Accounts receivables are analyzed by category as follows:

30 June 2021 (Unaudited)			
Ending balance		Provision for bad debts	
Amount	% of total balance	Amount	Lifetime ECL rate
Bad debt provision on the grouping basis (i)			
Group A	56,887,596	8.33%	—
Group B	179,774,508	26.31%	(23,460,573)
Group C	446,556,356	65.36%	(15,552,072)
	683,218,460	100.00%	(39,012,645)

31 December 2020			
Ending balance		Provision for bad debts	
Amount	% of total balance	Amount	Lifetime ECL rate
Bad debt provision on the grouping basis (i)			
Group A	125,532,566	9.70%	—
Group B	719,188,437	55.55%	(56,337,632)
Group C	449,892,903	34.75%	(18,299,986)
	1,294,613,906	100.00%	(74,637,618)

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (2) Accounts receivable (Continued)

#### (d) Bad debt provision (Continued)

- (i) Accounts receivable for which the related provision for bad debts is provided on the grouping basis are analyzed as follows:

Accounts Receivable Group B – Accounts receivable from engineering and construction businesses of companies outside the scope of consolidation:

	30 June 2021 (Unaudited)		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	–	–	–
1 to 2 years	179,774,508	13.05%	(23,460,573)
Over 2 years	–	–	–
	<u>179,774,508</u>		<u>(23,460,573)</u>

	31 December 2020		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	484,732,764	4.39%	(21,283,762)
1 to 2 years	220,527,688	13.27%	(29,263,253)
Over 2 years	13,927,985	41.58%	(5,790,617)
	<u>719,188,437</u>		<u>(56,337,632)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (2) Accounts receivable (Continued)

#### (d) Bad debt provision (Continued)

- (i) Accounts receivable for which the related provision for bad debts is provided on the grouping basis are analyzed as follows (Continued):

Accounts Receivable Group C-Accounts receivable of companies outside the scope of consolidation, excluding engineering and construction businesses:

	30 June 2021 (Unaudited)		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	441,830,027	3.03%	(13,372,844)
1 to 2 years	3,413,410	25.38%	(866,309)
Over 2 years	1,312,919	100.00%	(1,312,919)
	<u>446,556,356</u>		<u>(15,552,072)</u>

	31 December 2020		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	444,053,444	3.48%	(15,460,527)
1 to 2 years	4,454,976	32.66%	(1,454,976)
Over 2 years	1,384,483	100.00%	(1,384,483)
	<u>449,892,903</u>		<u>(18,299,986)</u>

- (ii) For the six months ended 30 June 2021, the amount of bad debt provision reversed during the period was to RMB35,624,973, which was reversed for the amount of bad debt provision made on the grouping basis. No significant write-off accounts receivable bad debt provision.

- (e) As at 30 June 2021, the Company has no pledge of accounts receivable (31 December 2020:nil).



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (3) Financing receivables

	30 June 2021 (Unaudited)	31 December 2020
Bank acceptance notes	<u>110,984,000</u>	<u>286,445,752</u>

- (a) The Company endorses or discounts part of the bank acceptance notes for its daily fund management purpose and meet the conditions for derecognition. Therefore, the bank acceptance notes are classified as financial assets at fair value through other comprehensive income. As at 30 June 2021, the company measures the provision for bad debts based on the expected credit loss for lifetime. The Company believes that its bank acceptance notes do not expose to significant credit risk and will not cause significant losses by bank default.
- (b) As at 30 June 2021 and 31 December 2020, the Company had no pledged acceptance notes.
- (c) As at 30 June 2021, the bank acceptance notes that the Company has endorsed but have not yet expired amounted to RMB209,188,337 and has been derecognized(31 December 2020: RMB376,019,445).

#### (4) Other receivables

	30 June 2021 (Unaudited)	31 December 2020
Receivable from Equipment manufacturing	700,626,422	–
Provide entrusted loans to subsidiaries	374,475,297	340,354,337
Dividend receivable	205,379,758	130,638,717
Receivables from Red Star Logistics	137,192,700	137,192,700
Collection and payment of railway freight	30,790,623	38,522,191
Construction expenditures paid on behalf of subsidiaries	29,999,957	29,999,957
Receivable rental fees	24,389,114	271,894
Deposits and guarantees	21,144,631	10,849,395
Others	<u>15,132,536</u>	<u>16,592,404</u>
	<b>1,539,131,038</b>	<b>704,421,595</b>
Less: Provision for bad debts	<u>(4,195,480)</u>	<u>(3,526,614)</u>
	<u><b>1,534,935,558</b></u>	<u><b>700,894,981</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (4) Other receivables (Continued)

(a) The age of other receivables is as follows :

	30 June 2021 (Unaudited)	31 December 2020
Within 1 year	1,507,010,473	671,460,767
1 to 2 years	2,118,058	2,173,644
2 to 3 years	2,550	29,999,957
Over 3 years	29,999,957	787,227
	<u>1,539,131,038</u>	<u>704,421,595</u>

(b) Loss provisions and the movement in the carrying balance

	Stage 1	
	ECL over the next 12 months (Group)	
	Amount	Provision for bad debts
31 December 2020	704,421,595	(3,526,614)
Increase in the current period/reverse (Unaudited)	<u>834,709,443</u>	<u>(668,866)</u>
30 June 2021 (Unaudited)	<u>1,539,131,038</u>	<u>(4,195,480)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (4) Other receivables (Continued)

#### (b) Loss provisions and the movement in the carrying balance (Continued)

As at 30 June 2021 and 31 December 2020, the Group did not have any other receivables for the provision of bad debts on individual basis. The provision for bad debts on the grouping basis for other receivables are all in the first stage and are as follows :

	30 June 2021 (Unaudited)			31 December 2020		
	Amount	Provision for bad debts		Amount	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Group A	1,469,992,747	-	-	628,036,963	-	-
Group C	69,138,291	(4,195,480)	6.07%	76,384,632	(3,526,614)	4.62%
	<u>1,539,131,038</u>	<u>(4,195,480)</u>		<u>704,421,595</u>	<u>(3,526,614)</u>	

- (c) For the six months ended 30 June 2021, the provision for bad debt during the period was RMB668,866. For the six months ended 30 June 2021, the Company has no other receivables actually reversed or written off.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (4) Other receivables (Continued)

(d) As at 30 June 2021, top five other receivables are analyzed as follows (Unaudited):

	Nature	Amount	Ageing	% of total	Provision for bad debts
Equipment	Entrusted construction	700,626,422	Within 1 year	45.52%	–
Manufacturing	expenditures paid on behalf of others				
Mercuria Logistics	Entrusted loans, interest receivables and construction expenditures paid on behalf of others	210,605,110	Within 2 years	13.68%	–
QDP Logistics	Dividends payable	200,177,458	Within 1 year	13.01%	–
Red Star Logistics	Entrusted loans and interest receivables	137,192,700	Within 1 year	8.91%	–
Qingdao Port General Terminal	Entrusted loans and interest receivables	104,132,115	Within 1 year	6.77%	–
		<u>1,352,733,805</u>		<u>87.89%</u>	<u>–</u>

(e) As at 30 June 2021 and 31 December 2020, the Company did not have government grants recognized in accordance with the amount receivable.

(f) As at 30 June 2021 and 31 December 2020, other receivables were not pledged by the Company.

### (5) Long-term receivables

	30 June 2021 (Unaudited)	31 December 2020
Loans provided to subsidiaries	2,416,212,064	2,536,352,280
Less : Overdue within one year	(128,212,064)	(433,352,280)
	<u>2,288,000,000</u>	<u>2,103,000,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (5) Long-term receivables (Continued)

#### (a) Loss provisions and the movement in the carrying balance

	Stage 1	
	ECL over the next 12 months	
	Amount	Provision for bad debt
31 December 2020	2,536,352,280	–
Increase in the current period/reverse (Unaudited)	(120,140,216)	–
30 June 2021 (Unaudited)	<u>2,416,212,064</u>	<u>–</u>

As at 30 June 2021 and 31 December 2020, the analysis of bad debt provision for long-term receivables in the first stage is as follows:

	30 June 2021 (Unaudited)			31 December 2020		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Group A	<u>2,416,212,064</u>	<u>–</u>	<u>–</u>	<u>2,536,352,280</u>	<u>–</u>	<u>–</u>

### (6) Long-term equity investments

	30 June 2021 (Unaudited)	31 December 2020
Subsidiaries (a)	5,246,127,792	5,232,333,590
Joint ventures (b)	10,421,780,096	9,827,750,536
Associates (c)	<u>127,623,338</u>	<u>114,974,004</u>
	<u>15,795,531,226</u>	<u>15,175,058,130</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (6) Long-term equity investments (Continued)

#### (a) Subsidiaries

	31 December 2020	Movements in the current period		30 June 2021 (Unaudited)	Profit declared in the current period (Unaudited)
		Increase in investment (Unaudited)	Classified as held for sale (Unaudited)		
Yongli Insurance	–	–	–	–	4,857,522
QDP Logistics	257,374,925	–	–	257,374,925	426,177,458
GLS Shipping	23,580,830	–	–	23,580,830	–
Ocean Shipping Repair	3,666,959	–	–	3,666,959	56,247
Qingdao Port Engineering	114,455,552	–	(114,455,552)	–	–
Ocean Shipping Tally	389,296,880	–	–	389,296,880	98,354,478
Gangjia Logistics	7,299,874	–	–	7,299,874	–
Port Service	7,952,229	–	–	7,952,229	–
Qingdao Port General Terminal	179,109,502	104,984,754	–	284,094,256	–
Qingdao Finance	700,000,000	–	–	700,000,000	–
Mercuria Logistics	273,278,376	–	–	273,278,376	–
Mercuria Oil Terminal	182,079,200	–	–	182,079,200	–
Eimskip Coldchain	14,000,000	–	–	14,000,000	–
Qingdao Port Properties	8,000,000	–	–	8,000,000	5,629,873
Culture Media	3,000,000	–	–	3,000,000	84,416
International Development	460,574,092	–	–	460,574,092	–
Tongbao Shipping	20,000,000	–	(20,000,000)	–	–
DMT	480,000,000	–	–	480,000,000	–
Shandong Port Lianhua	441,660,000	–	–	441,660,000	–
Qingdao Port Technology	20,000,000	–	(20,000,000)	–	759,257
Svitzer Towage	115,500,000	–	–	115,500,000	–
Tongze Trading	10,000,000	–	–	10,000,000	10,959,092
Bonded Logistics Centre	25,458,868	–	–	25,458,868	–
Liquid Chemical Terminal	384,149,458	–	–	384,149,458	–
Tongan Security	1,000,000	–	–	1,000,000	1,775,323
Qingdong pipe	255,000,000	–	–	255,000,000	–
Tongda Oil & Gas	65,950,000	–	–	65,950,000	–
Tongan Environmental Protection	2,000,000	–	–	2,000,000	–
Qingzi Logistics	200,000,000	–	–	200,000,000	–
Zhenhua Petroleum Storage	148,920,000	–	–	148,920,000	–
Qilu Fuhai Warehouse	150,000,000	–	–	150,000,000	–
Qingdao Port oil port	20,000,000	–	–	20,000,000	–
Production guarantee	15,300,000	–	–	15,300,000	–
Power supply company	74,195,060	–	–	74,195,060	7,789,107
Red Star Logistics	179,531,785	–	–	179,531,785	–
Equipment Manufacturing	–	53,265,000	–	53,265,000	–
Construction Management	–	10,000,000	–	10,000,000	–
	5,232,333,590	168,249,754	(154,455,552)	5,246,127,792	556,442,773

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (6) Long-term equity investments (Continued)

#### (b) Joint ventures

	31 December 2020	Decrease in investment (Unaudited)	Movements in the current period				30 June 2021 (Unaudited)
			Share of net profit/(loss) under equity method (Unaudited)	Cash dividends/ profit declared (Unaudited)	Other equity changes (Unaudited)	. Unrealized profits and losses (Unaudited)	
QQCT	5,653,813,156	-	415,086,183	-	6,322,073	4,177,545	6,079,398,957
Qingdao Shihua	1,923,954,687	-	179,321,870	-	-	200,472	2,103,477,029
West United	525,517,254	-	7,632,164	(5,100,000)	110,093	(103,918)	528,055,593
Qingwei Container	182,970,669	-	10,613,661	-	92,525	3,165,881	196,842,736
Evergreen Container	68,071,282	-	9,418,885	(17,331,992)	(98,477)	-	60,059,698
Orient Container	51,740,610	-	2,803,026	(5,657,884)	-	-	48,885,752
Haiwan Liquid Chemical	155,799,401	-	1,122,828	-	-	-	156,922,229
Ganghai Logistics	64,310,879	-	531,467	-	-	-	64,842,346
Shenzhouxing Cargo Agency	43,104,752	-	6,110,711	-	-	-	49,215,463
China Shipping Agency	12,539,964	-	(284,028)	-	-	-	12,255,936
United Shipping Agency	56,400,821	-	1,079,370	(1,860,513)	-	-	55,619,678
Huaneng Qingdao	116,977,222	-	(2,162,306)	-	93,275	-	114,908,191
Dongjiakou IMC Logistics	67,874,927	-	(29,576)	-	-	-	67,845,351
QDOT	699,311,584	-	(14,880,488)	-	-	810,593	685,241,689
Dongjiakou Sinotrans Logistics	51,914,944	-	108,161	-	-	-	52,023,105
Binzhou Port QDP International Terminal	6,790,024	(8,633,973)	1,843,949	-	-	-	-
PetroChina Storage	146,658,360	-	(472,017)	-	-	-	146,186,343
	<u>9,827,750,536</u>	<u>(8,633,973)</u>	<u>617,843,860</u>	<u>(29,950,389)</u>	<u>6,519,489</u>	<u>8,250,573</u>	<u>10,421,780,096</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (6) Long-term equity investments (Continued)

#### (c) Associates

		Movements for the current period			30 June 2021 (Unaudited)
	31 December 2020	Increase in investment (Unaudited)	Share of net profit/(loss) under equity method (Unaudited)	Cash dividends/ Profit declared (Unaudited)	
Qingyin Financial Leasing	114,484,004	–	6,498,792	–	120,982,796
Overseas Development Qingdao	490,000	–	(339,858)	–	150,142
GSBN	–	6,490,400	–	–	6,490,400
	<u>114,974,004</u>	<u>6,490,400</u>	<u>6,158,934</u>	<u>–</u>	<u>127,623,338</u>

As stated in Note 2(1), at preparation of the Company's financial statements, long-term equity investments of Qingdao Port Group that were contributed into the Company are recognized into the Company's balance sheet based on the appraisal values approved by the competent state-owned management authorities.

- (d) As at 30 June 2021 and 31 December 2020, the management of the Group considered that there is no indication that the long-term equity investments may be impaired, therefore no provision for decline in the value of inventories is recorded.



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (7) Investment properties

	Buildings	Land use rights	Total
<b>Cost</b>			
31 December 2020	267,633,057	1,422,259,931	1,689,892,988
30 June 2021 (Unaudited)	<u>267,633,057</u>	<u>1,422,259,931</u>	<u>1,689,892,988</u>
<b>Accumulated depreciation</b>			
31 December 2020	(73,516,863)	(239,456,987)	(312,973,850)
Increase in the current period	<u>(5,312,012)</u>	<u>(17,071,335)</u>	<u>(22,383,347)</u>
30 June 2021 (Unaudited)	<u>(78,828,875)</u>	<u>(256,528,322)</u>	<u>(335,357,197)</u>
<b>Net book value</b>			
30 June 2021 (Unaudited)	<u>188,804,182</u>	<u>1,165,731,609</u>	<u>1,354,535,791</u>
31 December 2020	<u>194,116,194</u>	<u>1,182,802,944</u>	<u>1,376,919,138</u>
	Buildings	Land use rights	Total
<b>Cost</b>			
31 December 2019	270,937,410	1,491,363,206	1,762,300,616
Transfer to fixed assets	<u>(3,304,353)</u>	<u>—</u>	<u>(3,304,353)</u>
30 June 2020 (Unaudited)	<u>267,633,057</u>	<u>1,491,363,206</u>	<u>1,758,996,263</u>
<b>Accumulated depreciation</b>			
31 December 2019	(63,822,835)	(209,384,212)	(273,207,047)
Increase in the current period	<u>(5,207,046)</u>	<u>(18,441,300)</u>	<u>(23,648,346)</u>
Transfer to fixed assets	<u>929,996</u>	<u>—</u>	<u>929,996</u>
30 June 2020 (Unaudited)	<u>(68,099,885)</u>	<u>(227,825,512)</u>	<u>(295,925,397)</u>
<b>Net book value</b>			
30 June 2020 (Unaudited)	<u>199,533,172</u>	<u>1,263,537,694</u>	<u>1,463,070,866</u>
31 December 2019	<u>207,114,575</u>	<u>1,281,978,994</u>	<u>1,489,093,569</u>

As at 30 June 2021 and 31 December 2020, the management of the Company considered that there is no indication that the investment properties may be impaired, therefore no provision for impairment is recorded.

For the six months ended 30 June 2021 and 2020, no capitalized borrowing cost was recognized in investment properties.

As at 30 June 2021 and 31 December 2020, no investment properties are without certificates.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (8) Fixed assets

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office equipment and others	Total
<b>Cost</b>										
31 December 2020	382,949,798	5,801,053,795	2,253,837,284	1,011,017,370	245,698,576	829,407,402	61,303,863	108,605,276	22,885,453	10,716,758,817
Increase in the current period (Unaudited)										
Purchase in the current period	-	-	-	8,009,033	4,257,279	-	514,715	5,171,567	361,368	18,313,962
Transfers from construction in progress	-	4,099,614	-	12,554,239	-	-	-	-	-	16,653,853
Transfer from right-of-use assets	-	-	-	4,470,085	-	-	-	-	-	4,470,085
Decrease in the current period (Unaudited)										
Disposal and scrapping	-	-	-	(14,038,857)	(40,339,391)	-	(9,963,825)	-	(646,660)	(64,988,733)
30 June 2021 (Unaudited)	382,949,798	5,805,153,409	2,253,837,284	1,022,011,870	209,616,464	829,407,402	51,854,753	113,776,843	22,600,161	10,691,207,984
<b>Accumulated depreciation</b>										
31 December 2020	(84,642,646)	(1,086,760,707)	(424,839,581)	(796,920,662)	(144,747,210)	(372,313,843)	(37,840,620)	(66,077,734)	(16,155,664)	(3,030,298,667)
Increase in the current period (Unaudited)										
Provision	(8,425,942)	(77,026,291)	(33,018,570)	(22,215,124)	(12,384,027)	(24,567,884)	(2,312,728)	(6,506,326)	(673,331)	(187,130,223)
Transfer from right-of-use assets	-	-	-	(808,567)	-	-	-	-	-	(808,567)
Decrease in the current period (Unaudited)										
Disposal and scrapping	-	-	-	10,100,754	24,043,495	-	5,815,134	-	406,985	40,366,368
30 June 2021 (Unaudited)	(93,068,588)	(1,163,786,998)	(457,858,151)	(809,843,599)	(133,087,742)	(396,881,727)	(34,338,214)	(72,584,060)	(16,422,010)	(3,177,871,089)
<b>Net book value</b>										
30 June 2021 (Unaudited)	289,881,210	4,641,366,411	1,795,979,133	212,168,271	76,528,722	432,525,675	17,516,539	41,192,783	6,178,151	7,513,336,895
31 December 2020	298,307,152	4,714,293,088	1,828,997,703	214,096,708	100,951,366	457,093,559	23,463,243	42,527,542	6,729,789	7,686,460,150

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (8) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office equipment and others	Total
Cost										
31 December 2019	376,827,186	5,685,667,072	2,179,068,612	990,477,365	279,014,941	833,865,549	57,637,088	99,837,171	23,474,212	10,525,869,196
Increase in the current period (Unaudited)										
Transfers from construction in progress	-	122,169,426	4,114,756	-	11,796,423	-	-	-	-	138,080,605
Transfer from investment properties	3,304,353	-	-	-	-	-	-	-	-	3,304,353
Purchase in the current period	-	-	-	12,431,590	12,680,657	-	2,637,322	-	408,865	28,158,434
Decrease in the current period (Unaudited)										
Disposal and scrapping	-	(79,092)	-	(18,179,411)	(8,124,064)	(4,458,147)	(753,484)	(327,541)	(265,040)	(32,186,779)
30 June 2020 (Unaudited)	380,131,539	5,807,757,406	2,183,183,368	984,729,544	295,367,957	829,407,402	59,520,926	99,509,630	23,618,037	10,663,225,809
Accumulated depreciation										
31 December 2019	(68,020,929)	(935,412,509)	(357,970,811)	(757,575,088)	(144,310,495)	(325,266,792)	(36,480,043)	(58,131,889)	(15,919,468)	(2,699,088,024)
Increase in the current period (Unaudited)										
Provision	(7,414,712)	(77,581,405)	(33,849,497)	(31,064,333)	(16,086,641)	(26,764,893)	(2,340,257)	(5,075,810)	(757,318)	(200,934,866)
Transfer from investment properties	(929,996)	-	-	-	-	-	-	-	-	(929,996)
Decrease in the current period (Unaudited)										
Disposal and scrapping	-	75,928	-	17,131,555	2,962,199	4,235,240	673,048	240,097	139,039	25,457,106
30 June 2020 (Unaudited)	(76,365,637)	(1,012,917,986)	(391,820,308)	(771,507,866)	(157,434,937)	(347,796,445)	(38,147,252)	(62,967,602)	(16,537,747)	(2,875,495,780)
Net book value										
30 June 2020 (Unaudited)	303,765,902	4,794,839,420	1,791,363,060	213,221,678	137,933,020	481,610,957	21,373,674	36,542,028	7,080,290	7,787,730,029
31 December 2019	308,806,257	4,750,254,563	1,821,097,801	232,902,277	134,704,446	508,598,757	21,157,045	41,705,282	7,554,744	7,826,781,172

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (8) Fixed assets (Continued)

As at 30 June 2021 and 31 December 2020, the Company had no fixed assets which were mortgaged.

For the sixth months ended 30 June 2021, the amounts of depreciation expenses were RMB187,130,223, including charged to cost of sales, general, administrative expenses and selling expenses were RMB178,692,413, RMB8,431,721 and RMB6,089 respectively (For the sixth months ended 30 June 2020, the amounts of depreciation expenses were RMB200,934,866, including charged to cost of sales and general, administrative expenses were RMB192,380,399 and RMB8,554,467 respectively).

For the sixth months ended 30 June 2021, the costs of fixed assets transferred from construction in progress amount to RMB16,653,853 (For the sixth months ended 30 June 2020: RMB138,080,605).

As at 30 June 2021 and 31 December 2020, the Company considered that there was no indication that the fixed assets may be impaired, therefore no provision for impairment was required.

As at 30 June 2021, properties with book values of RMB107,538,074 (Cost: RMB112,941,246) (as at 31 December 2020: RMB109,345,028 (Cost: RMB112,941,246)) had not yet completed the final accounts for the completion of the project. The property right certificate had not been obtained.

### (9) Construction in progress

	30 June 2021 (Unaudited)			31 December 2020		
	carrying amount	impairment provision	Net book value	carrying amount	impairment provision	Net book value
Dongjiakou Crude Oil Commercial Reserve Project	1,299,683,607	-	1,299,683,607	1,060,900,260	-	1,060,900,260
Dongjiakou stevedoring, storage and transportation projects for liquid bulk cargo	506,446,562	-	506,446,562	506,446,562	-	506,446,562
Dongjiakou bulk cargo berths and storage yard project	338,633,037	-	338,633,037	331,683,102	-	331,683,102
Other projects	172,355,071	-	172,355,071	146,748,504	-	146,748,504
	<u>2,317,118,277</u>	<u>-</u>	<u>2,317,118,277</u>	<u>2,045,778,428</u>	<u>-</u>	<u>2,045,778,428</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (9) Construction in progress (Continued)

#### (a) Changes of major projects

Project name	Budget	31 December 2020	Increase in the current period (Unaudited)	Transfer to fixed assets (Unaudited)	30 June 2021 (Unaudited)	% of project investment among budget	Progress of the project	Sources of capital
Dongjiakou crude oil commercial reserve project	4,480,000,000	1,060,900,260	238,783,347	-	1,299,683,607	29%	29%	Internal capital
Dongjiakou stevedoring, storage and transportation projects for liquid bulk cargo	1,596,610,000	506,446,562	-	-	506,446,562	32%	32%	Internal capital
Dongjiakou bulk cargo berths and storage yard project	1,290,066,000	331,683,102	6,949,935	-	338,633,037	68%	68%	Internal capital
Other projects		<u>146,748,504</u>	<u>42,260,420</u>	<u>(16,653,853)</u>	<u>172,355,071</u>			Internal capital
		<u>2,045,778,428</u>	<u>287,993,702</u>	<u>(16,653,853)</u>	<u>2,317,118,277</u>			

Project name	Budget	31 December 2019	Increase in the current period (Unaudited)	Transfer to fixed assets (Unaudited)	30 June 2020 (Unaudited)	% of project investment among budget	Progress of the project	Sources of capital
Dongjiakou stevedoring, storage and transportation projects for liquid bulk cargo	6,076,610,000	762,097,395	410,088,427	(3,610,619)	1,168,575,203	19%	19%	Internal capital
Dongjiakou bulk cargo berths and storage yard project	1,482,490,000	483,119,729	47,702,657	(122,274,674)	408,547,712	61%	61%	Internal capital
Other projects		<u>88,636,368</u>	<u>22,306,712</u>	<u>(12,195,312)</u>	<u>98,747,768</u>			Internal capital
		<u>1,333,853,492</u>	<u>480,097,796</u>	<u>(138,080,605)</u>	<u>1,675,870,683</u>			

As at 30 June 2021 and 31 December 2020, the management of the Company considered that there is no indication that the Construction in progress may be impaired, therefore no provision for impairment is recorded.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (10) Intangible assets

	Land use rights	Software	Sea area use rights	Others	Total
<b>Cost</b>					
31 December 2020	2,293,914,132	116,341,461	1,362,580	32,269,286	2,443,887,459
Increase in the current period (Unaudited)					
Purchase	-	-	49,391,000	-	49,391,000
Decrease in the current period (Unaudited)					
Disposal and scrapping	-	(10,341,977)	-	-	(10,341,977)
30 June 2021 (Unaudited)	2,293,914,132	105,999,484	50,753,580	32,269,286	2,482,936,482
<b>Accumulated amortization</b>					
31 December 2020	(256,904,408)	(44,961,517)	(190,766)	(23,372,932)	(325,429,623)
Increase in the current period (Unaudited)					
Provision	(23,686,855)	(10,089,225)	(1,254,137)	(1,503,125)	(36,533,342)
Decrease in the current period (Unaudited)					
Disposal and scrapping	-	10,078,212	-	-	10,078,212
30 June 2021 (Unaudited)	(280,591,263)	(44,972,530)	(1,444,903)	(24,876,057)	(351,884,753)
<b>Net book value</b>					
30 June 2021 (Unaudited)	2,013,322,869	61,026,954	49,308,677	7,393,229	2,131,051,729
31 December 2020	2,037,009,724	71,379,944	1,171,814	8,896,354	2,118,457,836
	Land use rights	Software	Sea area use rights	Others	Total
<b>Cost</b>					
31 December 2019	2,224,810,857	72,234,217	1,362,580	32,269,286	2,330,676,940
Increase in the current period (Unaudited)					
Purchase	-	17,822	-	-	17,822
Internal research and development	-	7,996,554	-	-	7,996,554
30 June 2020 (Unaudited)	2,224,810,857	80,248,593	1,362,580	32,269,286	2,338,691,316
<b>Accumulated amortization</b>					
31 December 2019	(205,459,540)	(31,535,963)	(163,514)	(20,366,682)	(257,525,699)
Increase in the current period (Unaudited)					
Provision	(22,317,522)	(6,337,834)	(13,626)	(1,503,124)	(30,172,106)
30 June 2020 (Unaudited)	(227,777,062)	(37,873,797)	(177,140)	(21,869,806)	(287,697,805)
<b>Net book value</b>					
30 June 2020 (Unaudited)	1,997,033,795	42,374,796	1,185,440	10,399,480	2,050,993,511
31 December 2019	2,019,351,317	40,698,254	1,199,066	11,902,604	2,073,151,241

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (10) Intangible assets (Continued)

For the six months ended 30 June 2021, the amortization of intangible assets amounted to RMB36,533,342 (For the six months ended 30 June 2020: RMB30,172,106).

As at 30 June 2021 and 31 December 2020, the Company had no intangible assets which were mortgaged.

As at 30 June 2021 and 31 December 2020, the management of the Company considered that there was no indication of impairment of intangible assets, and therefore no provision for impairment was required.

The Company's development expenses are as follows:

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period		30 June 2021 (Unaudited)
			Recorded in profit and loss (Unaudited)	Recognized as intangible assets (Unaudited)	
Information system maintenance and software	–	16,212,998	(6,070,311)	–	10,142,687

For the six months ended 30 June 2021, the Company's expenditures on research and development incurred to RMB16,212,998 (For the six months ended 30 June 2020: RMB9,130,041), of which RMB6,070,311 (For the six months ended 30 June 2020: RMB1,133,487) is recognised as research and development expenses for the current period, and none of which (For the six months ended 30 June 2020: RMB7,996,554) recognized as intangible assets, and RMB10,142,687 recognised as development costs (For the six months ended 30 June 2021: nil). As at 30 June 2021, the intangible assets developed by the Company accounted for 1.72 % (31 December 2020: the intangible assets developed by the Company accounted for 2.97 %) of the carrying amount of the total intangible assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (11) Provision for asset impairment

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period		30 June 2021 (Unaudited)
			Reversal (Unaudited)	Write-off (Unaudited)	
Provision for bad debts of notes receivable	10,218	–	(9,751)	–	467
Including : Provision for bad debts on the individual basis	–	–	–	–	–
Provision for bad debts on the grouping basis	10,218	–	(9,751)	–	467
Provision for bad debts of accounts receivable	74,637,618	–	(35,624,973)	–	39,012,645
Including : Provision for bad debts on the individual basis	–	–	–	–	–
Provision for bad debts on the grouping basis	74,637,618	–	(35,624,973)	–	39,012,645
Provision for bad debts of other receivables	3,526,614	668,866	–	–	4,195,480
Including : Provision for bad debts on the individual basis	–	–	–	–	–
Provision for bad debts on the grouping basis	3,526,614	668,866	–	–	4,195,480
Subtotal	78,174,450	668,866	(35,634,724)	–	43,208,592
Provision for impairment of contract assets	1,392,635	–	(1,392,635)	–	–
	79,567,085	668,866	(37,027,359)	–	43,208,592



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (12) Capital surplus

	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2021 (Unaudited)
Share premium (Note 4(39)) -				
Capital premium contributed by Qingdao Port Group	7,052,279,474	-	-	7,052,279,474
Capital premium contributed by Other Promoters	783,586,608	-	-	783,586,608
Issue of new shares	8,652,856,972	-	-	8,652,856,972
Shares issue expenses	(242,175,098)	-	-	(242,175,098)
Business combination involving enterprises under common control	(31,531,719)	-	-	(31,531,719)
Subsidiary minority shareholders paid a premium	15,245,576	-	-	15,245,576
Other capital surplus -				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	17,209,751	6,519,489	-	23,729,240
	<u>16,247,471,564</u>	<u>6,519,489</u>	<u>-</u>	<u>16,253,991,053</u>
	31 December 2019	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2020 (Unaudited)
Share premium (Note 4(39)) -				
Capital premium contributed by Qingdao Port Group	7,052,279,474	-	-	7,052,279,474
Capital premium contributed by Other Promoters	783,586,608	-	-	783,586,608
Issue of new shares	8,652,856,972	-	-	8,652,856,972
Shares issue expenses	(242,175,098)	-	-	(242,175,098)
Business combination involving enterprises under common control	(31,531,719)	-	-	(31,531,719)
Subsidiary minority shareholders paid a premium	15,245,576	-	-	15,245,576
Other capital surplus -				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	24,888,823	13,038,294	-	37,927,117
	<u>16,255,150,636</u>	<u>13,038,294</u>	<u>-</u>	<u>16,268,188,930</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (13) Other comprehensive income

Other comprehensive income in balance sheet		
Year ended 31 December 2020	Amount in the current period (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Other comprehensive income items which will not be subsequently reclassified to profit or loss		
Changes in remeasurement of defined benefit plan obligations	291,230,000	–
	<u>291,230,000</u>	<u>291,230,000</u>

Other comprehensive income in balance sheet		
Year ended 31 December 2019	Amount in the current period (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Other comprehensive income items which will not be subsequently reclassified to profit or loss		
Changes in remeasurement of defined benefit plan obligations	191,510,000	–
	<u>191,510,000</u>	<u>191,510,000</u>

### (14) Undistributed profits

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Undistributed profits at the beginning of period	8,386,455,914	6,637,295,439
Add: Net profit for the current period	1,796,139,057	1,975,463,877
Less: Profit distribution to shareholders (Note 4(43))	<u>(1,701,966,420)</u>	<u>(1,300,167,330)</u>
Undistributed profits at the end of the period	<u>8,480,628,551</u>	<u>7,312,591,986</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (15) Revenue and cost of sales

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Revenue from main operations	2,866,616,123	2,419,236,619
Revenue from other operations	370,350,687	586,113,402
	<u>3,236,966,810</u>	<u>3,005,350,021</u>
	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Cost of sales from main operations	(1,999,356,605)	(1,791,736,874)
Cost of sales from other operations	(227,653,717)	(363,418,210)
	<u>(2,227,010,322)</u>	<u>(2,155,155,084)</u>

#### (a) Revenue and cost of sales from main operations

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Container handling and ancillary services	152,116,241	(24,360,388)	91,420,919	(34,878,651)
Metal ore, coal and other cargo handling and ancillary services	1,894,090,627	(1,441,108,322)	1,451,195,666	(1,153,884,522)
Liquid bulk cargo handling and ancillary services	88,508,292	(9,889,019)	64,049,106	(8,400,686)
Logistics and port value-added services	369,615,889	(197,456,005)	343,460,477	(176,844,741)
Port ancillary services – construction, labor and sales of port machinery	362,285,074	(326,542,871)	469,110,451	(417,728,274)
	<u>2,866,616,123</u>	<u>(1,999,356,605)</u>	<u>2,419,236,619</u>	<u>(1,791,736,874)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (15) Revenue and cost of sales (Continued)

#### (b) Revenue and cost of sales from other operations

	Six months ended 30 June 2021 (Unaudited)		Six months ended 30 June 2020 (Unaudited)	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rental income	215,903,901	(104,897,888)	213,261,976	(104,931,617)
Port ancillary service – sales of fuel, electricity and others	154,446,786	(122,755,829)	372,851,426	(258,486,593)
	<u>370,350,687</u>	<u>(227,653,717)</u>	<u>586,113,402</u>	<u>(363,418,210)</u>

For the six months ended 30 June 2021, among the above revenue categories, except for contract obligations of services like sales of fuel, electricity and others are satisfied at a point in time, and the remaining are satisfied over-time.

As at 30 June 2021, the Company had no contracted but unfulfilled or unfulfilled performance obligations correspond to revenues (31 June 2020: RMB457,203,109).

### (16) Financial expenses

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Bonds, borrowings and other interest expenses	29,396,962	46,591,689
Add: Interest expense on lease liabilities	<u>4,402,220</u>	<u>2,864,355</u>
Interest expenses	33,799,182	49,456,044
Less: Interest income	(25,104,927)	(83,027,122)
Effect of actuarial calculation of employee benefits	28,750,000	37,900,000
Exchange gains or losses	5,668,455	(19,165,225)
Others	<u>389,306</u>	<u>112,293</u>
	<u>43,502,016</u>	<u>(14,724,010)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (17) Expenses by nature

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

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Employee benefits	750,943,133	575,148,822
Cost for outsourcing transportation	620,960,154	452,191,613
Subcontract cost	264,099,826	234,132,245
Depreciation of fixed assets	187,130,223	200,934,866
Consumption of raw materials in construction contract	144,337,110	196,684,770
Consumption of other raw materials	103,464,167	141,270,097
Cost of sales for fuel and electricity	106,361,262	95,109,006
Procurement cost of fuel and utility fees	98,904,606	211,238,510
Rental expenses (i)	55,526,138	48,386,735
Repair expenses	38,380,266	49,992,735
Amortization of intangible assets	36,533,342	30,172,106
Depreciation of investment property	22,383,347	23,648,346
Depreciation of right-of-use assets	3,477,302	1,124,079
Amortization of long-term prepaid expenses	2,747,358	4,419,196
Auditor's fee	3,731,132	3,742,444
– Annual audit services	3,070,755	3,638,670
– Non-audit services	660,377	103,774
Others	30,400,069	26,447,909
	<u>2,469,379,435</u>	<u>2,294,643,479</u>

- (i) As stated in Note 2(25), lease expense incurred by short-term lease and low-value lease is recorded in current profit or loss. For the six months ended 30 June 2021, the amount is RMB55,526,138.

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

## 14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

### (18) Investment income

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Investment income from long-term equity investment under equity method	632,253,367	665,478,800
Investment income from long-term equity investment under cost method	556,442,773	715,681,621
Interest income from holding of debt investments	62,868,865	60,089,780
Investment income from financial assets held for trading	15,927,090	19,500
Investment income/loss from disposal of subsidiaries	(1,115,174)	46,609,272
Interest expenses of discounted notes	(634,587)	(1,273,168)
	<u>1,265,742,334</u>	<u>1,486,605,805</u>

### (19) Income expenses

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Current income tax calculated based on tax law and related regulations	221,271,113	218,717,689
Deferred income tax	(9,227,937)	3,723,674
	<u>212,043,176</u>	<u>222,441,363</u>

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

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Total profit	<u>2,008,182,233</u>	<u>2,197,905,240</u>
Income tax expenses calculated at applicable tax rates	502,045,558	549,476,310
Investment income not subject to tax	(297,174,035)	(345,290,105)
Additional deduction of employee benefits of the disabled	(610,211)	(618,994)
Costs, expenses and losses not deductible for tax purposes	<u>7,781,864</u>	<u>18,874,152</u>
Income tax expenses	<u>212,043,176</u>	<u>222,441,363</u>

## SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 1 STATEMENT OF NON-RECURRING PROFIT OR LOSS

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Interest income from external entrusted loans of other entities other than Qingdao Finance	–	1,906,722
Government grants recognized in profit or loss for the current period	83,142,235	32,922,763
Gains and losses from changes in fair value of financial assets held for trading	21,635,880	2,720,249
Net income from disposal of non-current assets	7,860,343	17,371,326
Gains or losses on disposal of subsidiaries	(1,070,315)	43,935,905
Net amount of other non-operating income and expenses	763,825	410,676
Other non-operating income and expenditure net items such as profit or loss that meet the definition of non-recurring profit and loss	4,709,915	10,053,988
Subtotal	117,041,883	109,321,629
Less: Income tax effect	(28,082,992)	(24,816,910)
Less : Non-recurring gains and losses attributable to minority shareholders	(12,889,184)	(304,182)
Non-recurring gains and losses attributable to shareholders of the parent company	76,069,707	84,200,537

#### Basis for preparation of statement of non-recurring profit or loss

Pursuant to the *Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1 – Non-recurring Profit or Loss (2008)* issued by China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from transactions and events that are not directly related to the company's normal course of business or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

## SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (Unaudited)

(All amounts in RMB Yuan unless otherwise stated)

### 2 RETURN ON EQUITY AND EPS

	Weighted average return on equity (%)		EPS			
			Basic EPS		Diluted EPS	
	For the Six months ended 30 June 2021 (Unaudited)	For the Six months ended 30 June 2020 (Unaudited)	For the Six months ended 30 June 2021 (Unaudited)	For the Six months ended 30 June 2020 (Unaudited)	For the Six months ended 30 June 2021 (Unaudited)	For the Six months ended 30 June 2020 (Unaudited)
Net profit attributable to ordinary shareholders of the company	6.41%	6.46%	0.33	0.31	0.33	0.31
Net profit attributable to ordinary shareholders of the company after deducting non-recurring profit or loss	6.18%	6.19%	0.32	0.30	0.32	0.30