



山东港口
SHANDONG PORT GROUP

青岛港国际股份有限公司
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



2022
INTERIM REPORT

CONTENTS

2	DEFINITIONS
8	CORPORATE INFORMATION
10	COMPANY PROFILE
11	MANAGEMENT DISCUSSION AND ANALYSIS
32	OTHER INFORMATION
37	CONSOLIDATED BALANCE SHEET (UNAUDITED)
39	COMPANY BALANCE SHEET (UNAUDITED)
41	CONSOLIDATED INCOME STATEMENT (UNAUDITED)
43	COMPANY INCOME STATEMENT (UNAUDITED)
44	CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
46	COMPANY CASH FLOW STATEMENT (UNAUDITED)
48	CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
50	COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
52	NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
261	SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS



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 main board of the Shanghai Stock Exchange (stock code: 601298) and traded in RMB
“A Share Offering”	the Company’s public offering 454,376,000 A shares, which are listed on the main board of the Shanghai Stock Exchange
“Board”	the board of Directors
“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 on 21 March 2001 in the PRC with limited liability and a wholly-owned subsidiary of COSCO Shipping Ports Development Co., Ltd.* (中遠海運港口發展有限公司)
“Company”	Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a joint stock company established on 15 November 2013 in the PRC with limited liability
“Consolidated Group Companies”	the Company (including its branches) and its subsidiaries which are consolidated into the consolidated financial statements of the Company
“COSCO SHIPPING Group”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), a company established on 5 February 2016 in the PRC with limited liability and the ultimate controlling shareholder of COSCO SHIPPING Ports and Shanghai China Shipping Terminal, indirectly holding approximately 21% equity interests in the Company as at 30 June 2022
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited* (中遠海運港口有限公司), a joint stock company established in Bermuda with its shares listed on the main board of the Hong Kong Stock Exchange (Stock Code: 1199), indirectly holding approximately 20% equity interests in the Company as at 30 June 2022
“Director(s)”	the director(s) of the Company
“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

DEFINITIONS

“Financial Holdings”	Shandong Port Financial Holdings Limited* (山東港口金融控股有限公司), a company established in the PRC with limited liability on 19 April 2017 and a wholly-owned subsidiary of Shandong Port Group as at 30 June 2022
“Gratuitous Transfer Agreement”	the Gratuitous Transfer Agreement on Gratuitous Transfer of 51% Equity Interests in Shandong Port Qingdao Port Group Co., Ltd. between Shandong Port Group Co., Ltd. and State-owned Assets Supervision & Administration Commission of Qingdao 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關於山東港口青島港集團有限公司 51%股權之無償劃轉協議》 dated 23 January 2022
“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 main board of the Stock Exchange (stock code: 06198) 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 main board of 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 on 26 August 2011 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
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Land-Sea International Logistics”	Shandong Port Land-Sea International Logistics Group Co., Ltd.* (山東港口陸海國際物流集團有限公司), a company established on 27 December 2019 in the PRC with limited liability and a wholly-owned subsidiary of the Shandong Port Group, which is mainly engaged in domestic and international freight forwarding, road transportation, import and export agency, bonded logistics center operation and international shipping agency
“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 on 23 May 2011 in the PRC with limited liability and a subsidiary in which the Company holds 71% equity interests, which is mainly engaged in the business of 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
“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 company established on 9 January 2014 in the PRC with limited liability and a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services
“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 on 13 May 1992 in the PRC with limited liability and an associate in which the Company holds 49% equity interests, which is mainly engaged in the business of construction engineering, architectural decoration and engineering design services, etc.
“Qingdao Port Finance”	Qingdao Port Finance Co., Ltd.* (青島港財務有限責任公司), a company established on 22 July 2014 in the PRC with limited liability and a subsidiary jointly established by the Company (holding 70% equity interests) and Qingdao Port Group (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement and formulation of proposals for the corresponding settlement and clearing services and other financial services to Qingdao Port Group and its member companies
“Qingdao Port Group”	Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司), a company established on 12 August 1988 in the PRC with limited liability, the controlling shareholder of the Company, holding approximately 55.77% equity interests in the Company as at 30 June 2022
“Qingdao Port International Trade”	Qingdao Port International Trade Logistics Co., Ltd.* (青島港國際貿易物流有限公司), a company established on 15 September 2014 in the PRC with limited liability and a non-wholly-owned subsidiary of Qingdao Port Logistics as at 30 June 2022, which is mainly engaged in the business of port bulk spot trading and agency services for import and export

DEFINITIONS

“Qingdao Port Logistics”	Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司), a company established on 2 February 2004 in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is mainly engaged in the business of logistics and port value-added services, such as transportation, agency and warehousing services
“Qingdao Port Technology”	Shandong Port Technology Group Qingdao Co., Ltd.* (山東港口科技集團青島有限公司) (formerly known as Qingdao Port Technology Co., Ltd. * (青島港科技有限公司)), a company established in the PRC with limited liability on 15 December 2014 and an associate in which the Company holds 49% equity interests, 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
“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)
“Qingdao Shihua”	Qingdao Shihua Crude Oil Terminal Co., Ltd.* (青島實華原油碼頭有限公司), a company established on 23 February 2006 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 liquid bulk 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 company established on 17 May 2000 in the PRC with limited liability and 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 container handling and ancillary services
“RCEP”	Regional Comprehensive Economic Partnership
“Rizhao Port Finance”	Rizhao Port Group Finance Co., Ltd.* (日照港集團財務有限公司), a company established in the PRC with limited liability on 20 May 2016, which is owned as to 60% equity interests by Rizhao Port Group and 40% equity interests by RZP, respectively, as at 30 June 2022
“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 on 24 February 2004 in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group
“RMB”	Renminbi, the lawful currency of the PRC

“RZP”	Rizhao Port Co., Ltd.* (日照港股份有限公司), a joint stock company established in the PRC with limited liability on 15 July 2002, A shares of which are listed on the main board of the Shanghai Stock Exchange with stock code 600017
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Free Trade Zone”	China (Shandong) Pilot Free Trade Zone
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company established on 2 August 2019 in the PRC with limited liability with Shandong SASAC as the actual controller, holding 100% equity interests in Qingdao Port Group as at 30 June 2022
“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 on 9 December 2015 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 SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shandong Province (山東省人民政府國有資產監督管理委員會)
“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 on 18 February 2008 in the PRC with limited liability and a wholly-owned subsidiary of China Shipping Terminal Development
“Shanghai Cooperation Demonstration Zone”	China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone
“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
“USD”	the United States of America dollars
“Weihai Port”	Shandong Port Weihai Port Co., Ltd.* (山東港口威海港有限公司), a company established on 7 November 1997 in the PRC with limited liability and a wholly-owned subsidiary of Qingdao Port Group
“Weihai Port Development”	Shandong Port Weihai Port Development Co., Ltd.* (山東威海港發展有限公司), a company established on 19 December 2001 in the PRC with limited liability, which is owned as to 51% equity interests by the Company and 49% equity interests by Weihai Port, respectively, as at 30 June 2022

DEFINITIONS

“Weihai Qingwei” Weihai Qingwei Container Terminal Co., Ltd.* (威海青威集裝箱碼頭有限公司), a company established on 31 December 2005 in the PRC with limited liability, which is owned as to 49% equity interests by the Company and 51% equity interests by Weihai Port Development, respectively, which is mainly engaged in the business of container handling and ancillary services

“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 company established on 9 June 2010 in the PRC with limited liability and 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 dry bulk cargo and break bulk cargo handling and ancillary services

* The Chinese name(s) of the PRC entities have been translated into English in this 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.

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

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WEBSITE

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BOARD OF DIRECTORS

(1) Executive Directors

Mr. SU Jianguang (*Chairman*)
Mr. WANG Xinze (*General Manager*)

(2) Non-executive Directors

Mr. LI Wucheng (*Vice Chairman*)
Mr. ZHANG Dayu
(appointed on 28 June 2022)
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. XIE Chunhu
(appointed on 28 June 2022)
Mr. WANG Yaping
Mr. YANG Qiulin
Mr. LIU Shuiguo
Ms. YAO Junjun
(appointed on 28 June 2022)

JOINT COMPANY SECRETARIES

Ms. SUN Hongmei
Ms. NG Sau Mei
(appointed on 25 January 2022)

AUTHORISED REPRESENTATIVES

Mr. SU Jianguang
Ms. SUN Hongmei

SPECIAL COMMITTEES OF THE BOARD

(1) Strategy and Development Committee

Mr. SU Jianguang (*Chairman*)
Mr. LI Wucheng
Mr. ZHANG Dayu
(appointed on 28 June 2022)
Mr. WANG Xinze
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
Mr. LAI Kwok Ho

(4) Remuneration Committee

Mr. LAI Kwok Ho (*Chairman*)
Mr. LI Wucheng
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

Herbert Smith Freehills
23/F, Gloucester Tower
15 Queen's Road
Central Hong Kong

(2) As to PRC law

Beijing Commerce & Finance Law Office
12-14th Floor, China World Office 2
No.1 Jianguomenwai Avenue
Chaoyang District
Beijing, PRC

PRINCIPAL BANKERS

Bank of Qingdao Co., Ltd.
Bank of Communications Co., Ltd.
Bank of Industrial and Commercial Co., Ltd.

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, listed on the Main Board of the Hong Kong Stock Exchange on 6 June 2014 and 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 five port areas, including Qianwan Port Area, Huangdao Oil Port Area, Dongjiakou Port Area, Dagang Port Area and Weihai Port Area. It is mainly engaged in stevedoring and ancillary services for different types of cargoes such as container, metal ore, coal and crude oil, logistics and port value-added services, port ancillary services and financial services.

As of 30 June 2022, the Group operated 104 berths at the Port, which included 64 special berths dedicated to handling a single type of cargo and 40 general 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 possesses world-leading stevedoring efficiency, with the single-machine average operating rate achieved world record with 60.18 units per hour for fully automatic container terminal.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERNATIONAL AND DOMESTIC SITUATION

1. General Situation

In the first half of 2022, the international environment became increasingly severe, and the domestic epidemic spread in many places, which shocked the economic development. In the face of the extremely complex situation, the Chinese government has taken precise measures, effectively coordinated the epidemic prevention and control and economic and social development, strengthened macro policy adjustment, and effectively implemented a package of policies to stabilize the economy. Such measures contributed to that the epidemic has been effectively controlled, the national economy has been stabilized and rebounded, and the gross domestic product (GDP) increased by 2.5% year-on-year. In the first half of 2022, the total value of imports and exports of cargo increased by 9.4% year-on-year, of which exports increased by 13.2% year-on-year, imports increased by 4.8% year-on-year, and the trade structure continued to optimize (source: National Bureau of Statistics).

2. Operation of the Port Industry

Given the headwinds from the pandemic, in the first half of 2022, cargo throughput of the coastal ports in China slightly increased by 0.1% year-on-year, while container throughput increased by 3.0% year-on-year (source: Ministry of Transport of the PRC). In the first half of 2022, the port of Qingdao ranked third and fourth among the national coastal ports in China 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

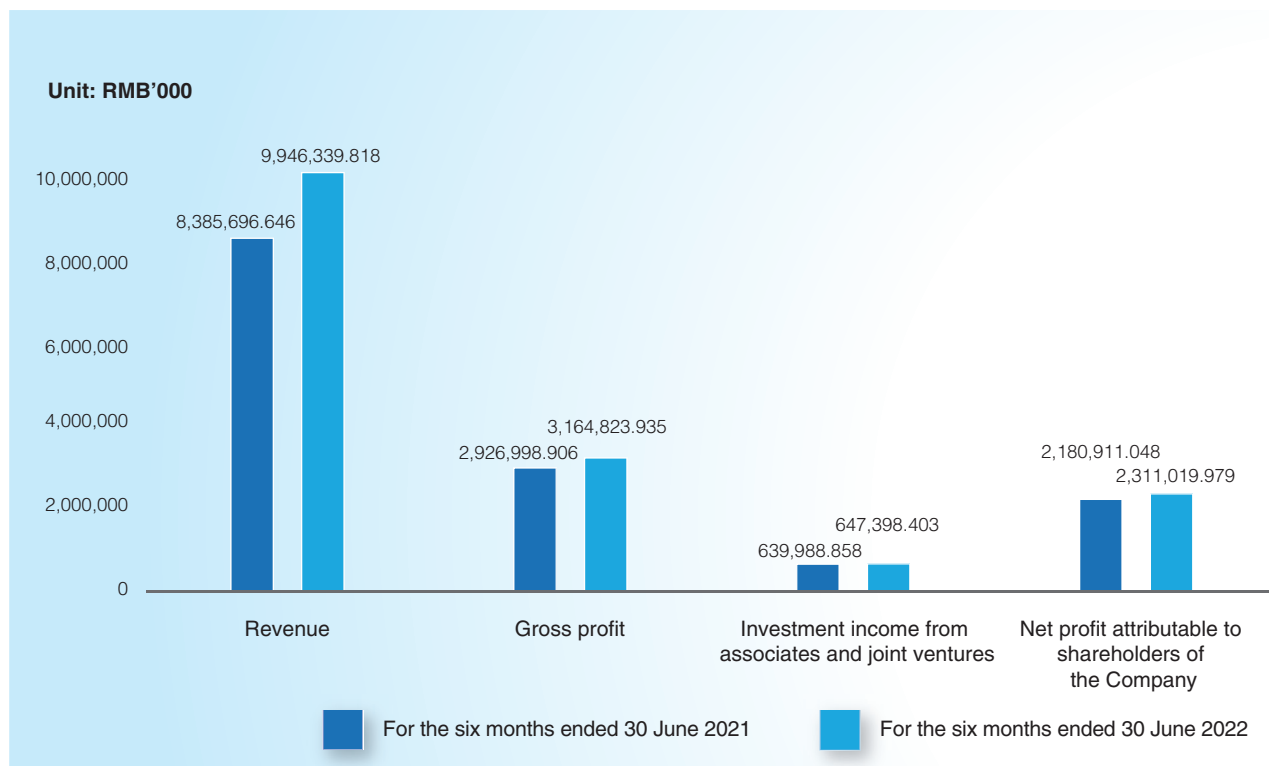
1. Overall Review

Since 2022, in the face of the severe and complex international situation and the impact of the epidemic, the Group has been proactively adhered to the two strong approaches of epidemic prevention and control and production and operation, gave full play to the advantages of the port platform, seized the opportunities of policy empowerment such as the Shandong Free Trade Zone, the Shanghai Cooperation Demonstration Zone and the RCEP pilot demonstration zone, continued to open shipping routes, expand the shipping space and promote transshipment services seawards and to open more freight trains, construct inland ports and expand cargo source landwards, accelerated the new development pattern of “the domestic circulation as the mainstay and the domestic and international circulations reinforcing each other”, which 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 and its hub status has been further enhanced.

For the six months ended 30 June 2022, cargo throughput of the Group (without taking into account the respective shareholding percentages the Company holds in its joint ventures and associates) reached 315.39 million tons, representing an increase of 9.7% year-on-year; container throughput amounted to 13.01 million TEUs, representing an increase of 11.6% year-on-year. Among which, Weihai Port Development finished cargo throughput with 13.28 million tons, representing an increase of 9.7% year-on-year; container throughput with 0.54 million TEUs, representing an increase of 5.2% year-on-year.

The details were as follows:

Comparison of Major Operating Indicators



For the six months ended 30 June 2022, the Group recorded a revenue of RMB9,946 million, representing an increase of RMB1,561 million, or 18.6%, 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, container handling and ancillary services segment, and liquid bulk handling and ancillary services segment.

For the six months ended 30 June 2022, the Group recorded a gross profit of RMB3,165 million, representing an increase of RMB238 million, or 8.1%, as compared to the same period in the prior year, mainly due to the increase in the gross profit from the container handling and ancillary services segment, logistics and port value-added services segment and liquid bulk handling and ancillary services segment.

For the six months ended 30 June 2022, the Group's investment income from joint ventures and associates amounted to RMB647 million, representing an increase of RMB7 million, or 1.2%, as compared to the same period in the prior year, mainly due to the increase in the investment income from the container handling and ancillary services segment.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2022, the administrative expenses of the Group amounted to RMB452 million, representing an increase of RMB40 million, or 9.6%, as compared to the same period in the prior year, mainly due to the increase of rental fees of office space and the employees' compensation.

For the six months ended 30 June 2022, the Group recorded a net profit attributable to shareholders of the Company of RMB2,311 million, representing an increase of RMB130 million, or 6.0%, as compared to the same period in the prior year, mainly due to the increase in the profit from the container handling and ancillary services segment, and logistics and port value-added services segment.

2. Segment Review

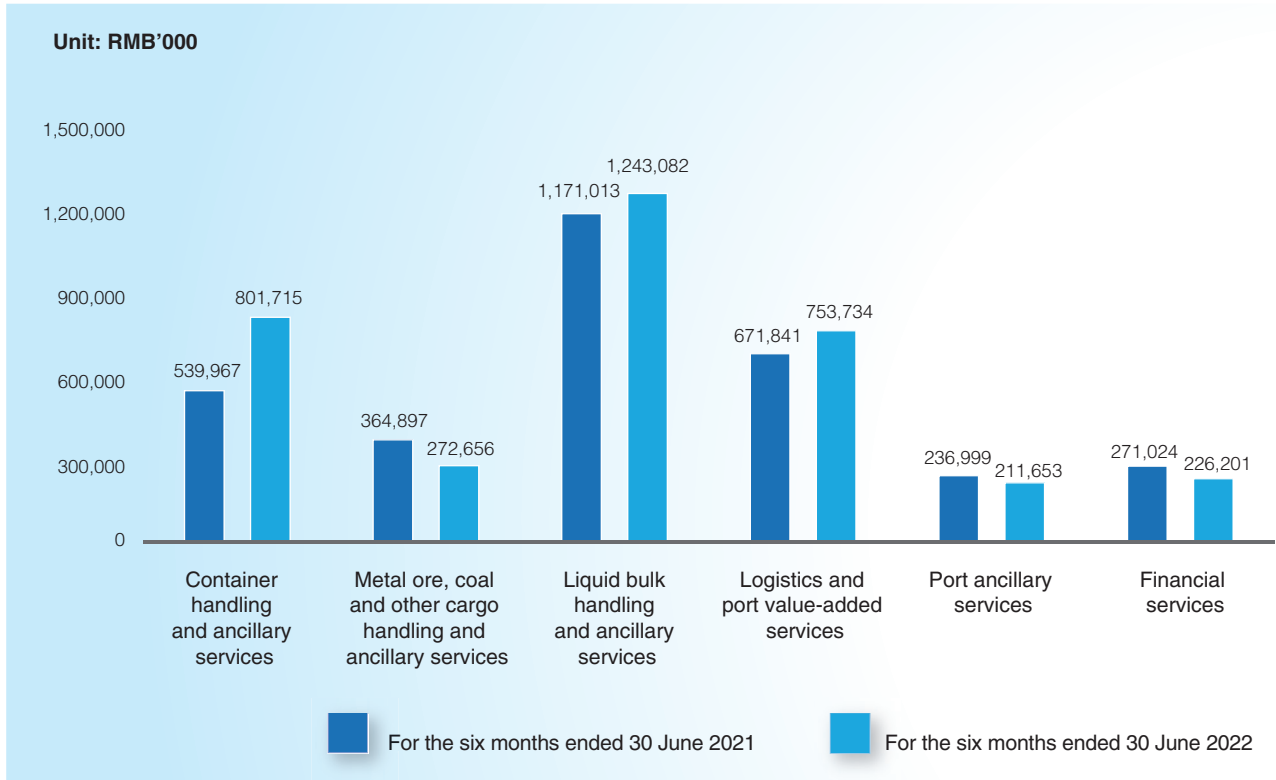
The business segment results (total profit) of the Group were listed as follows:

Proportion of Each Business Segment Results

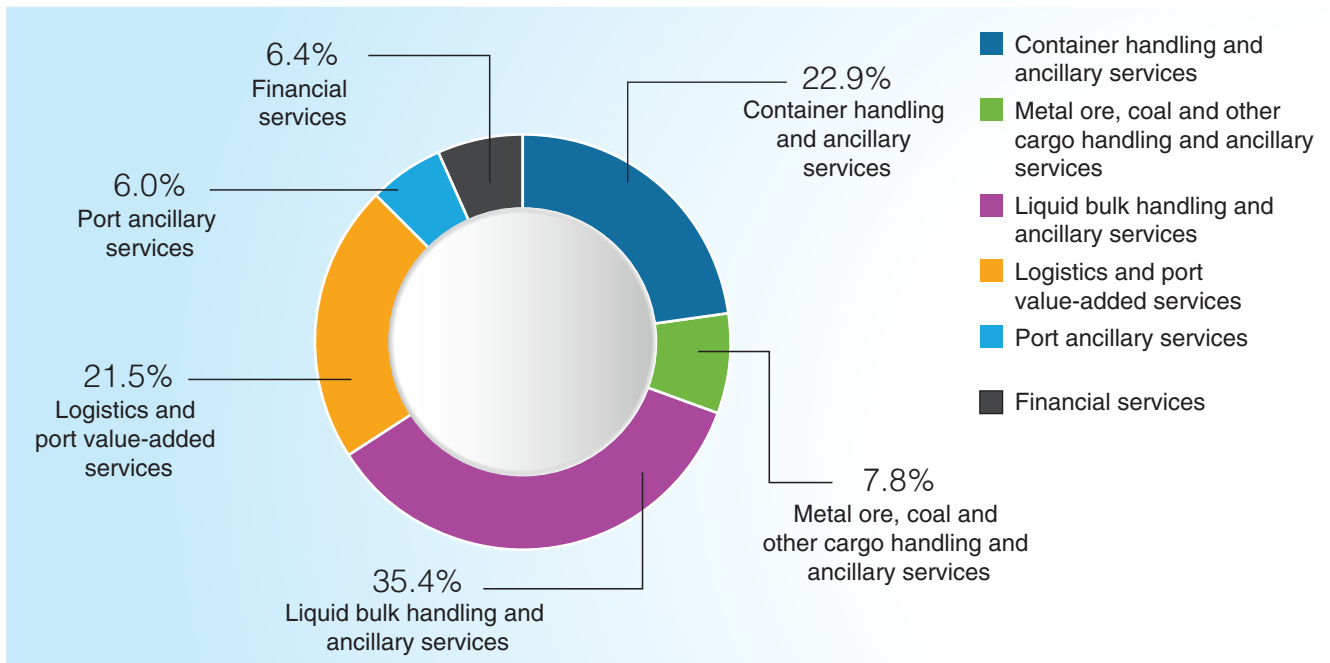
Unit: RMB'000

Business Segments	For the six months ended 30 June 2022		2021 (restated)		Percentage Changed
	Amount	Proportion	Amount	Proportion	
Container handling and ancillary services	801,715	22.9%	539,967	16.6%	48.5%
Metal ore, coal and other cargo handling and ancillary services	272,656	7.8%	364,897	11.2%	-25.3%
Liquid bulk handling and ancillary services	1,243,082	35.4%	1,171,013	36.0%	6.2%
Logistics and port value-added services	753,734	21.5%	671,841	20.6%	12.2%
Port ancillary services	211,653	6.0%	236,999	7.3%	-10.7%
Financial services	226,201	6.4%	271,024	8.3%	-16.5%
Total results before inter-segment elimination	<u>3,509,041</u>	<u>100.0%</u>	<u>3,255,741</u>	<u>100.0%</u>	7.8%

Comparison of Each Business Segment Results



Breakdown of each business segment for the six months ended 30 June 2022



MANAGEMENT DISCUSSION AND ANALYSIS

The business segment results are as follows:

(1) Container handling and ancillary services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2022	2021 (restated)		
Consolidated Group Companies				
Revenue	534,367	261,453	272,914	104.4%
Cost of sales	162,541	103,241	59,300	57.4%
Gross profit	371,826	158,212	213,614	135.0%
Profit of Consolidated Group Companies				
	337,925	116,571	221,354	189.9%
A joint venture and an associate				
Revenue	2,494,164	2,119,239	374,925	17.7%
Cost of sales	1,000,551	852,911	147,640	17.3%
Investment income from a joint venture	463,790	423,396	40,394	9.5%
Segment result	801,715	539,967	261,748	48.5%

Note: Amount of revenue and cost of sales of a joint venture and an associate represent the total amount of revenue and cost of sales in the financial information of QQCT and Weihai Hailian Container Co., Ltd. (威海海聯集裝箱有限公司), without taking into account the shareholding percentages held by the Company and its subsidiary in the joint venture and the associate.

For the six months ended 30 June 2022, the Group adhered to the land-sea linkage, seawards, to open shipping routes and promote transshipment services; landwards, to open more freight trains and expand cargo categories, accelerating the construction of the “International Hub Port in Northeast Asia”. The main breakthroughs achieved were as follows:

- a. the Group continued to promote the expansion of seaward market, cooperated with shipping companies to expand the route network, actively promoted the “highway to water transportation” of hinterland cargo sources, vigorously promoted the supporting development pattern of main and feeder networks, and opened up 15 new container routes, recorded a year-on-year increase of 18.9% in transit shipment volume, accelerating to build an international hub port. In view of the shortage of shipping space and other conditions caused by port congestion, delayed vessels and other factors, the Group proactively strived for more than 400 additional voyages with shipping companies to meet the demand of foreign trade companies in sea transportation; and
- b. the Group leveraged on the advantages of the land-sea linkage, actively promoted the “highway to rail transportation” of hinterland cargo sources, continued to expand land channels, added up 4 inland ports, opened 2 sea-rail intermodal trains in Anhui and Henan Province.

For the six months ended 30 June 2022, the revenue of container handling and ancillary services was RMB534 million, representing an increase of RMB273 million, or 104.4%, as compared with the same period in the prior year. The segment recorded results of RMB802 million, representing an increase of RMB262 million, or 48.5%, as compared with the same period in the prior year, mainly due to the adjustment of business policies to increase revenue and profit in the current period. The investment income from the joint venture and the associate amounted to RMB464 million, representing an increase of RMB40 million, or 9.5%, as compared with the same period in the prior year, mainly due to the increase of business volume and rising proportion of the high-rate containers.

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

RMB'000				
Item	QQCT		Amount Changed	Percentage Changed
	For the six months			
	ended 30 June 2022	2021		
Revenue	2,456,004	2,119,239	336,765	15.9%
Cost of sales	968,353	852,911	115,442	13.5%
Investment income	51,407	25,803	25,604	99.2%
Total profit	1,197,546	1,121,957	75,589	6.7%
Income tax expenses	256,859	285,482	-28,623	-10.0%
Net profit attributable to shareholders of the joint venture	926,593	829,585	97,008	11.7%
Shareholding percentage held by the Company	51%	51%	-	-
Investment income of the Group	<u>465,455</u>	<u>417,077</u>	<u>48,378</u>	<u>11.6%</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB' 000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2022	2021 (restated)		
Consolidated Group Companies				
Revenue	2,048,236	2,024,631	23,605	1.2%
Cost of sales	1,600,207	1,466,049	134,158	9.2%
Gross profit	448,029	558,582	-110,553	-19.8%
Profit of Consolidated Group				
Companies	277,721	375,611	-97,890	-26.1%
Joint Ventures				
Revenue	1,087,988	919,195	168,793	18.4%
Cost of sales	976,865	811,528	165,337	20.4%
Investment income from joint ventures	-5,065	-10,714	5,649	52.7%
Segment result	<u>272,656</u>	<u>364,897</u>	<u>-92,241</u>	<u>-25.3%</u>

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 held by the Company in those joint ventures.

For the six months ended 30 June 2022, the Group actively responded to changes in the macro situation, innovated marketing, deepened strategic cooperation with key customers, proactively expanded new hinterland markets and conducted value-added services. The main breakthroughs achieved were as follows:

- a. the Group leveraged joint marketing to expand the customer group of dry bulk cargo, and developed a total of 19 new customers in the first half of 2022, achieving an increase of cargo supply of more than 1 million tons;
- b. Guided by the customer demand, the Group innovated the mixed ore formats for key mine customers and increased new ore varieties, achieving an increase of more than 500,000 tons; and
- c. the Group vigorously expanded the markets in Henan and Shanxi Province. In the first half of 2022, the import volume of bauxite from customers in these regions increased by 34.3% year on year; at the same time, the net increase of bauxite business exceeded 1 million tons by meeting the personalized needs of customers in the hinterland.

For the six months ended 30 June 2022, metal ore, coal and other cargo handling and ancillary services recorded revenue of RMB2,048 million, representing an increase of RMB24 million, or 1.2%, as compared with the same period in the prior year, mainly due to the increase of revenue arising from the increase in business volume of bauxite, coal and other cargoes, and the adjustment of business policies. The segment recorded results of RMB273 million, representing a decrease of RMB92 million, or 25.3%, as compared with the same period in the prior year, mainly due to the increase in operating cost affected by the factors such as rising fuel prices and escalation of epidemic prevention and control.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2022	2021 (restated)		
Consolidated Group Companies				
Revenue	1,832,636	1,663,445	169,191	10.2%
Cost of sales	643,260	541,789	101,471	18.7%
Gross profit	1,189,376	1,121,656	67,720	6.0%
Profit of Consolidated Group Companies				
	1,091,969	989,632	102,337	10.3%
Joint Ventures				
Revenue	838,057	814,509	23,548	2.9%
Cost of sales	386,445	273,593	112,852	41.2%
Investment income from joint ventures	151,113	181,381	-30,268	-16.7%
Segment result	1,243,082	1,171,013	72,069	6.2%

Note: Amount of revenue and cost of sales of joint ventures represents 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 respective shareholding percentages held by the Company in those joint ventures.

For the six months ended 30 June 2022, the Group continued to improve the efficiency of terminals, storage tanks and oil pipelines and other resources, enrich business formats and make effort in futures, mixing, bunkering and other businesses. The main breakthroughs achieved were as follows:

- a. from the second half of the year 2021, the newly-built crude oil terminal released capacity, and the liquid chemical terminal and supporting commercial crude oil commercial reserve tanks in Dongjiakou port area were put into operation, which increased capacity of approximately 30 million tons;
- b. the only designated futures delivery warehouse for low-sulfur bunker oil in northern China was put into operation, accounting for 50% of the delivery volume among the nationwide, and the business of bonded bunker oil blending was successfully started to operate; and
- c. with the advantages of empowerment of the free trade zone and other national policies, the service capacity of Qingdao's bunkering market has been further improved. The Group achieved the volume of bunkering for vessels with 2.135 million tons in the first half of 2022, representing a year-on-year increase of 10.5%.

For the six months ended 30 June 2022, liquid bulk handling and ancillary services business recorded revenue of RMB1,833 million, representing an increase of RMB169 million, or 10.2%, as compared with the same period in the prior year. The segment recorded results of RMB1,243 million, representing an increase of RMB72 million, or 6.2%, as compared with the same period in the prior year, mainly because as the new crude oil terminal, liquid chemical terminal and the supporting crude oil commercial reserve tanks in Dongjiakou port area released capacity, the income and profit in stevedoring and storage business increased.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB'000

Item	Qingdao Shihua			Mercuria Oil Terminal			Shandong Port Lianhua		
	For the six months ended 30 June			For the six months ended 30 June			For the six months ended 30 June		
	2022	2021	Percentage Changed	2022	2021	Percentage Changed	2022	2021	Percentage Changed
Revenue	752,891	781,637	-3.7%	379,350	280,884	35.1%	878,060	868,723	1.1%
Cost of sales	340,800	251,806	35.3%	133,357	121,220	10.0%	281,056	223,215	25.9%
Net profit	282,299	361,459	-21.9%	158,032	89,614	76.3%	431,584	458,799	-5.9%
Shareholding percentage held by the Company	50%	50%	-	71%	71%	-	51%	51%	-
Investment income of the Group	143,554	183,060	-21.6%	-	-	-	-	-	-

(4) Logistics and port value-added services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2022	2021 (restated)		
Consolidated Group Companies				
Revenue	4,275,870	3,216,115	1,059,755	33.0%
Cost of sales	3,416,775	2,468,729	948,046	38.4%
Gross profit	859,094	747,386	111,708	14.9%
Profit of Consolidated Group Companies	716,792	640,221	76,571	12.0%
Joint ventures and associates				
Revenue	359,738	314,459	45,279	14.4%
Cost of sales	275,686	236,239	39,447	16.7%
Investment income from joint ventures and associates	36,942	31,620	5,322	16.8%
Segment result	<u>753,734</u>	<u>671,841</u>	<u>81,893</u>	<u>12.2%</u>

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 held by the Company in those joint ventures and associates.

For the six months ended 30 June 2022, the Group vigorously developed its modern logistics business, 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 business, agency, bonded services, warehousing and storage, and inspection, and expanded its modern logistics industry clusters. The main breakthroughs achieved were as follows:

- a. the Group continued to strengthen the deployment of inland ports and sea-rail intermodal transport. In the first half of 2022, the Group opened 2 new lines, and the container volume of sea-rail intermodal transportation increased by 9.0% year-on-year;
- b. the Group strengthened the market development, and attracted shipping companies to add new routes and vessels, and the business volume of liner agency in the first half of 2022 increased by 11.0% year-on-year;
- c. the Group adhered to market innovation, actively developed customer resources, and extended the logistics service chain, and the business volume of bulk cargo agency in the first half of 2022 increased by 6.2% year-on-year; and
- d. the Group proactively explored the supply of shipping companies, promoted the coordinated development of CFS business in an orderly manner, and the operation volume in the first half of 2022 increased by 2.2% year-on-year.

For the six months ended 30 June 2022, the revenue of logistics and port value-added services business amounted to RMB4,276 million, representing an increase of RMB1,060 million, or 33.0%, as compared with the same period in the prior year, mainly due to the increased revenue of freight forwarding business arising from the increase of business volume and freight rate, and the increased revenue of CFS business arising from the increase of the operation volume of containers and the prolonged storage time during the reporting period. The segment recorded results of RMB754 million, representing an increase of RMB82 million, or 12.2%, as compared with the same period in the prior year, mainly due to the increase of profits in CFS and freight forwarding businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

(5) Port ancillary services

Unit: RMB' 000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2022	2021 (restated)		
Consolidated Group Companies				
Revenue	1,255,230	1,220,053	35,177	2.9%
Cost of sales	958,733	878,890	79,843	9.1%
Gross profit	296,497	341,163	-44,666	-13.1%
Profit of Consolidated Group Companies				
	197,554	236,524	-38,970	-16.5%
Joint ventures and associates				
Revenue	953,016	34,481	918,535	2,663.9%
Cost of sales	833,961	29,901	804,060	2,689.1%
Investment income from joint ventures and associates				
	14,099	475	13,624	2,868.2%
Segment result	211,653	236,999	-25,346	-10.7%

Note: Amounts of revenue and cost of sales of the joint ventures and associates represent the amount of those in the financial statement of Qingdao Port Engineering, Qingdao Port Technology, Ocean Bridge International Ports Management Co., Ltd. (海路國際港口運營管理有限公司), Shandong Port Energy Co., Ltd. (山東港口能源有限公司) and other joint ventures and associates of the Company, without taking into account of the respective shareholding percentages held by the Company in the joint ventures and associates.

For the six months ended 30 June 2022, the revenue of port ancillary services amounted to RMB1,256 million, representing an increase of RMB35 million, or 2.9%, as compared with the same period in the prior year, mainly due to the increased fuel price resulting in an increase of sales revenue. The revenue, cost of sales and investment income of joint ventures and associates increased significantly, as compared with the same period in the prior year, mainly due to Qingdao Port Engineering and Qingdao Port Technology changed to associates from subsidiaries in the second half of 2021. The segment recorded results of RMB212 million, representing a decrease of RMB25 million, or 10.7%, as compared with the same period in the prior year, mainly due to Qingdao Port Engineering and Qingdao Port Technology changed to associates from subsidiaries.

(6) Financial services

Unit: RMB' 000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2022	2021 (restated)		
Consolidated Group Companies				
Revenue	173,831	183,654	-9,823	-5.3%
Cost of sales	35,873	37,274	-1,401	-3.8%
Gross profit	137,958	146,380	-8,422	-5.8%
Profit of Consolidated Group				
Companies	218,498	264,525	-46,027	-17.4%
An Associate				
Revenue	487,770	361,417	126,353	35.0%
Cost of sales	252,200	186,046	66,154	35.6%
Investment income from an associate	7,703	6,499	1,204	18.5%
Segment result	226,201	271,024	-44,823	-16.5%

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 strengthened finance and capital services, optimized and upgraded the functions of the bill system to meet the diversified service needs of its member units. The Group deepened service innovation, expanded new modes of foreign exchange operation, and provided convenient settlement services. The Group detailed business classification and customized individualized financing schemes to provide financing support for member units, improving the ability of financial services for real economy.

For the six months ended 30 June 2022, financial services recorded segment results of RMB226 million, representing a decrease of RMB45 million, or 16.5%, as compared with the same period in the prior year, among which, the profit of Consolidated Group Companies was RMB218 million, representing a decrease of RMB46 million, or 17.4%, as compared with the same period in the prior year, mainly due to the reduced scale of financial investment, and the decreased interest rate of external loans and interbank deposits affected by the national macro policies and regulatory policies, resulting in a decrease in interest income and investment income for Qingdao Port Finance.

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 Port Finance.

Unit: RMB'000

Balance sheet	Nature	30 June	31 December
		2022	2021 (restated)
Other receivables	Granting short-term loans	2,225,980	2,633,157
Current portion of non-current assets	Current portion of long-term loans	535,182	663,671
Long-term receivables	Granting long-term loans	1,831,251	2,302,084
Other payables	Absorbing deposit	<u>5,792,812</u>	<u>7,193,108</u>

Unit: RMB'000

Income statement	Nature	For the six months ended 30 June	
		2022	2021 (restated)
Finance expenses	Interest income interbank deposits		
– interest income	– granting loans	173,831	183,654
Finance expenses	Interest expenses interbank borrowings		
– interest expenses	– absorbing deposit	<u>35,873</u>	<u>37,274</u>

3. Financial Position Analysis

Unit: RMB' 000

Item	As at		Amount Changed	Percentage Changed
	30 June 2022	31 December 2021 (restated)		
Financial assets held for trading	1,434,779	837,190	597,589	71.4%
Accounts receivable	2,695,385	2,001,660	693,725	34.7%
Financing receivables	262,163	384,876	-122,713	-31.9%
Other current assets	2,071,023	1,248,827	822,196	65.8%
Short-term borrowings	888,930	1,498,398	-609,468	-40.7%
Contract liabilities	372,535	216,344	156,191	72.2%
Taxes payable	<u>385,760</u>	<u>271,675</u>	<u>114,085</u>	<u>42.0%</u>

As at 30 June 2022, the Group's financial assets held for trading increased by RMB598 million, or 71.4%, as compared to the beginning of this year, mainly due to the increase of structured deposits.

As at 30 June 2022, the Group's accounts receivable increased by RMB694 million, or 34.7%, as compared to the beginning of this year, mainly due to the increase of accounts receivable arising from the prolonged recovery period of the fund in liquid bulk cargo and ancillary services segment affected by the price fluctuation of crude oil, and the increased business scale of agency business in logistics and port value-added services segment.

As at 30 June 2022, the Group's financing receivables decreased by RMB123 million, or 31.9%, as compared to the beginning of this year, mainly due to the increasing bank acceptance notes due and paid in the current period.

As at 30 June 2022, the Group's other current assets increased by RMB822 million, or 65.8%, as compared to the beginning of this year, mainly due to the increase in financial assets held under resale agreement by Qingdao Port Finance.

As at 30 June 2022, the Group's short-term borrowings decreased by RMB609 million, or 40.7%, as compared to the beginning of this year, mainly due to the decrease in demand of the fund for procurement agency business and the repayment of short-term borrowings.

As at 30 June 2022, the Group's contract liabilities increased by RMB156 million, or 72.2%, as compared to the beginning of this year, mainly due to the increase in advanced receivable from agency business.

As at 30 June 2022, the Group's taxes payable increased by RMB114 million, or 42.0%, as compared to the beginning of this year, mainly due to the increase in enterprise income tax payable and value-added tax.

4. Cash Flow Analysis

For the six months ended 30 June 2022, the Group's net cash outflow amounted to RMB448 million, among which:

- (1) the net cash inflow from operating activities amounted to RMB3,187 million, which was mainly derived from the operating profit of the Consolidated Group Companies and net cash inflow from agency procurement business;
- (2) the net cash outflow from investing activities amounted to RMB1,267 million, which mainly comprised of the net inflow of RMB1,028 million arising from the provision of loans and financial leasing to member units, the interest income of RMB221 million arising from the external loans and wealth management and investment, the net outflow of RMB1,544 million arising from the purchase of wealth management products, and the net outflow of RMB1,183 million arising from the purchase and construction of fixed assets and construction in progress; and
- (3) the net cash outflow from financing activities amounted to RMB2,417 million, which mainly comprised of receiving borrowings of RMB1,261 million, the repayment of borrowings of RMB1,940 million, the repayment of borrowing interests of RMB78 million, the net cash outflow of RMB1,397 million arising from deposits-absorbing business of Qingdao Port Finance, the payment of RMB226 million arising from the distribution of dividends for subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to facilitate the understanding of shareholders of the Company and investors, after eliminating the impact of Qingdao Port Finance and the Group's net outflow on purchasing of financial investment products on the cash flow, the net cash inflow of the Group amounted to RMB1,465 million.

5. Liquidity and Financial Resources

As at 30 June 2022, the Group's cash at bank and on hand amounted to RMB8,603 million, financial products including structural deposits and interbank deposits amounted to RMB3,927 million. After eliminating the impact of the deposit and loan business of Qingdao Port Finance, the self-owned cash at bank and on hand and financial products of the Group amounted to RMB11,389 million. After eliminating the impact of Qingdao Port Finance, the Group's total interest bearing liabilities amounted to RMB1,494 million, which were all fixed interest rate liabilities. 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.

6. Capital Structure

As at 30 June 2022, the total shareholders' equity of the Group amounted to RMB39,915 million, representing a decrease of RMB102 million as compared to the beginning of this year, among which, the equity interest attributable to the shareholders of the Company decreased by RMB310 million and the equity interest of minority shareholders increased by RMB208 million. The decrease in the equity interest attributable to the shareholders of the Company was mainly due to the increase of RMB2,311 million in operating profit for the current period, the decrease of RMB1,664 million in declared dividends for the year 2021, and the decrease of RMB984 million paid consideration for the business merge of Weihai Port Development under the same control.

As at 30 June 2022, 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 RMB29,495 million and HKD4,044 million, respectively (which were calculated based on the closing price of RMB5.47 per share on the Shanghai Stock Exchange and the closing price of HKD3.68 per share on the Hong Kong Stock Exchange as at 30 June 2022).

7. Gearing Ratio

As at 30 June 2022, the Group's cash at bank and on hand exceeded interest bearing liabilities. After eliminating the impact of Qingdao Port Finance, the Group's cash at bank and on hand exceeded interest bearing liabilities.

8. Interest Rate and Exchange Rate Risks

As at 30 June 2022, cash at bank and on hand, receivables and payables of the Group which were calculated at floating rates amounted to RMB8,594 million, RMB766 million and RMB4,593 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 2022, the Group's USD deposits were approximately USD131 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 2022.

9. Financial Indicators

Indicators	For the six months ended 30 June		Change (+/-)
	2022	2021 (restated)	
Return on total assets	4.31%	4.24%	+0.07 percentage point
Weighted average return on net assets	6.34%	6.30%	+0.04 percentage point
Interest coverage ratio	44.43	35.52	+8.91 times
Current ratio	1.16	1.27	-0.11

For the six months ended 30 June 2022, the return on total assets of the Group was 4.31%, representing an increase of 0.07 percentage point, as compared to the same period in the prior year; the weighted average return on net assets was 6.34%, representing an increase of 0.04 percentage point, as compared to the same period in the prior year, mainly due to the new terminals, warehouses and other assets put into production, and business policies adjusted to improve asset utilization. The interest coverage ratio of the Group was 44.43 times, representing an increase of 8.91 times, as compared to the same period in the prior year, mainly due to 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 1.16, representing a decrease of 0.11, as compared to the same period in the previous year, mainly due to the increase range in equity acquisition payable, dividend payable and other current liabilities.

III. CAPITAL INVESTMENT

For the six months ended 30 June 2022, the significant capital investment of the Group was RMB1,279 million, mainly used for the Dongjiakou bulk cargo berth and stacking yard projects, Dongjiakou crude oil commercial reserve tanks project and other projects.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. SIGNIFICANT ENTRUSTED WEALTH MANAGEMENT

As at 30 June 2022, 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 Rate of Return	Source of Funds
Bank of Communications Co., Ltd.	Structured deposit	500,000	2022/1/13	2022/7/20	3.12%	Raised funds

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

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

On 25 January 2022, the Company entered into the absorption and merger agreement with Shandong Port Group, Qingdao Port Finance, Rizhao Port Finance and RZP, pursuant to which, Rizhao Port Finance will merge with Qingdao Port Finance by way of absorption and merger. After completion of the above-mentioned absorption and merger, Qingdao Port Finance (as the surviving merging party) shall remain subsist and undertake and inherit all the assets, liabilities, personnel and businesses of Rizhao Port Finance, and Rizhao Port Finance (as the merged party) will be dissolved and deregistered. At the same day, the Company entered into the capital increase agreement with Shandong Port Group, RZP and Financial Holdings, and Shandong Port Group, and Financial Holdings agreed to subscribe for RMB490.6325 million and RMB77.0299 million of the registered capital of Qingdao Port Finance at the considerations of RMB797.0865 million and RMB125.1435 million, respectively, to increase the registered capital of Qingdao Port Finance from RMB2,000 million to RMB2,567.6624 million. The above transaction has been considered and approved on the first extraordinary general meeting of 2022 of the Company on 25 February 2022. As of 30 June 2022, the transaction has not been completed. For further details, please refer to the announcements of the Company dated 25 January 2022 and 25 February 2022, and the circular of the Company dated 7 February 2022.

On 16 May 2022, the Company entered into the equity transfer agreement with Weihai Port, pursuant to which, the Company acquired 51% equity interests in Weihai Port Development from Weihai Port at a consideration of RMB984.4466 million. For further details, please refer to the announcement of the Company dated 16 May 2022. On 30 May 2022, Weihai Port Development completed industrial and commercial change registration, and the Company and Weihai Port holds 51% and 49% equity interests in Weihai Port Development, respectively, and the financial statements of Weihai Port Development have been consolidated into the consolidated financial statements of the Company.

Since the Company, Weihai Port Development and Weihai Qingwei are all controlled by Qingdao Port Group before and after the merger, and the control is not temporary, therefore, the transaction is a business combination under the same control. The assets and liabilities of Weihai Port Development and Weihai Qingwei are merged into the consolidated financial statements of the Group according to their book values on the merger date, and it is deemed that the reporting entity after the merger has existed in the previous years. Therefore, the comparative data of the Group in the previous year was also restated to include the financial situation and operating results of the merged party.

VI. MORTGAGE AND PLEDGE OF ASSETS

As at 30 June 2022, none of the Group's assets was mortgaged or pledged.

VII. CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities.

VIII. EMPLOYEES

As at 30 June 2022, the Company engaged 3,974 employees, and the Company's principal subsidiaries engaged 6,354 employees in total. The employees' remunerations of the Group include basic salaries and performance incentives. The growth of employees' remunerations is determined by their working performance, economic environment, and supply and demand conditions of human resource market, under the "two matches" principle to match the employees' income growth with the growth of the Company's results and the increase of production rate. Meanwhile, the Group's remuneration policy is reviewed on a regular basis as well. Adhering to its "people-focused" approach and safeguarding the legitimate rights and interests of employees, the Group contributes social insurances, enterprise annuity and supplementary medical insurance as required by the relevant regulations of the PRC to provide extra welfare scheme to its employees.

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 2022, 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 2022, 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

On 10 August 2022, Qingdao Port Logistics, a wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Land-Sea International Logistics, pursuant to which, Qingdao Port Logistics transferred 11% equity interests in Qingdao Port International Trade to Land-Sea International Logistics. The transaction has been completed on 18 August 2022. After the completion of the transaction, Qingdao Port International Trade ceased to be a subsidiary of the Company, and the financial statements of Qingdao Port International Trade were not be consolidated into the consolidated financial statements of the Company. For further details, please refer to the announcement of the Company dated 10 August 2022.

Save as disclosed above, there is no material subsequent event undertaken by the Group after 30 June 2022.

XI. OUTLOOK FOR THE SECOND HALF OF 2022

In the second half of 2022, the global epidemic trend is complex, and the external environment is still unstable and uncertain, however, the fundamentals sustaining the strong resilience, sufficient potential and long-term growth of the Chinese economy remain unchanged. With series of policies and measures to stabilize foreign trade and foreign investment became effective gradually, and the policies such as Shandong Free Trade Zone, RCEP pilot demonstration zone and Shanghai Cooperation Demonstration Zone to empower economy, Chinese foreign trade is expected to maintain a stable growth trend and provide favorable support for port development. At present, with the coexisted business development opportunities and challenges, the Group will take the opportunity of Shandong port integration reform, aim at accelerating “International Hub Port in Northeast Asia”, seize policy benefits, continue to deepen reforms and stay focused on performance to create greater value for shareholders of the Company and society.

Firstly, the Group will continuously improve its operating performance. With the construction of “Northeast Asia international shipping hub” as the goal, we will maximize the advantage of Shandong port integration reform, continue to expand and strengthen the container business, and focus on building five advantageous shipping groups including Japan, South Korea, Southeast Asia, European and the United States; we will continue to increase the sea-rail intermodal trains, expand inland ports, and continue to consolidate the status of the largest port in terms of sea-rail intermodal transportation in China. We will adhere to the equal importance to domestic and foreign trade, seize the strategic opportunity of double circulation, continue to expand its advantages in the hinterland of inland goods sources based on the unified domestic market, and accelerate the construction of a domestic trade hub port in northern China. We will vigorously develop port industries, promote the construction of chain industrial parks including mixed ore, chosen ore and grain processing, strive to create advantageous industrial clusters, and comprehensively promote the construction of domestic bulk commodity storage and transportation and national strategic material reserve bases.

Secondly, the Group will continuously increase its development potential. It will accelerate the construction of an intelligent and green port, speed up the construction of the third phase of the fully automated terminal, accelerate the transformation of the traditional terminal, and accelerate the transformation to a digital, automated and intelligent port. We will implement the “carbon peak and carbon neutrality” strategy, increase the application of new energy such as hydrogen energy and LNG, vigorously implement the integrated demonstration project of wind and light, and strive to build a hydrogen energy port and a green demonstration port of “carbon peak and carbon neutrality”. We will accelerate the construction of key projects including liquid chemical terminals, multi-purpose berths and grain silos to further boost port handling capacity.

Thirdly, the Group will continuously promote management efficiency. We will optimize the internal control operation system, improve risk prevention and control mechanism, improve essential safety management standards, fortify epidemic prevention networks and reduce operation risks. The Group will improve its modern corporate governance system to improve the standardization and refinement of management. We will innovate human-oriented management, expand career development channels and strengthen the training for employees to build a young and versatile talent management team, a professional and high-end technical team, and a skilled and efficient industry worker team.

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 2022.

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 2022.

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 2022.

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

On 30 May 2022, the Company held the joint meeting of employee representative meeting of the Company, Ms. WANG Fuling was re-elected as the employee representative Director, Mr. LIU Shuiguo was re-elected as an employee representative Supervisor and Ms. YAO Junjun was elected as an employee representative Supervisor. The terms of office of each of them will be three years commencing from the date of the election of the non-employee representative Directors of the Board of the fourth session and the non-employee representative Supervisors of the Supervisory Committee of the fourth session at the 2021 annual general meeting of the Company. For further details, please refer to the announcement of the Company dated 30 May 2022.

OTHER INFORMATION

On 28 June 2022, the Company held the 2021 annual general meeting to elect the non-employee representative Directors of the Board of the fourth session and the non-employee representative Supervisors of the Supervisory Committee of the fourth session. Mr. SU Jianguang and Mr. WANG Xinze were appointed as the executive Directors; Mr. LI Wucheng, Mr. ZHANG Dayu and Mr. WANG Jun were appointed as the non-executive Directors; Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho were appointed as the non-executive Directors; Mr. ZHANG Qingcai and Mr. XIE Chunhu were appointed as the Supervisors; Mr. WANG Yaping and Mr. YANG Qiulin were appointed as the independent Supervisors, all with effect from 28 June 2022. At the same day, Mr. SU Jianguang was appointed as the chairman of the Board of the fourth session, Mr. LI Wucheng was appointed as the vice chairman of the Board of the fourth session, Mr. ZHANG Qingcai was appointed as the chairman of the Supervisory Committee of the fourth session, with a term of office of each of them ending on the date of the expiration of the fourth session of the Board and the Supervisory Committee, respectively. Mr. WANG Xinze was appointed as the general manager of the Company, with a term of office for three years commencing from 28 June 2022. Since the expiration of terms, Mr. FENG Boming was retired as the Director, Mr. XIA Xiliang was retired as the Supervisor and Ms. WANG Xiaoyan was retired as the employee representative Supervisor. For further details, please refer to the announcement of the Company dated 28 June 2022.

Save as disclosed herein, there were no changes to the Directors', Supervisors' and chief executive's information as required to be disclosed in this report pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules for the six months ended 30 June 2022.

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 2022.

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 2022.

VII. 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 2021, approximately HKD574 million of net proceeds were carried over to this year. 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 2020 annual general meeting of the Company 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 Qingdao Haiye Oil Terminal Co., Ltd. (青島海業油碼頭有限公司). For the six months ended 30 June 2022, the Company did not use proceeds of H Shares Placing in the above-mentioned acquisition. 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 to the investment projects within 6 months.

The net proceeds from the Company's issuance of the Domestic Shares to Shanghai China Shipping Terminal were approximately RMB2,600 million, and had been used towards the investment projects in the way as disclosed in the announcement dated 20 January 2017, which was mainly used for domestic terminals investment and acquisition. As at the date of this report, the 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 2021, approximately RMB857 million of net proceeds were 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. For the six months ended 30 June 2022, approximately RMB214 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 24 May 2021 and circulars dated 26 May 2020 and 26 May 2021, which was mainly used for the Dongjiakou Port Area Datang Terminal Phase II Project, Qingdao Port Area Equipment Procurement Project and other projects. 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 to the investment projects by 2024.

VIII. DIVIDENDS

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2022.

IX. 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 2022, 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

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

As at 30 June 2022, 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 short positions in the shares or 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 pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company.

Name	Class of Shares	Capacity/Nature of interest	Number of shares held ⁽¹⁾	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
Qingdao Port Group	A share	Beneficial owner ⁽²⁾	3,522,179,000 (L)	54.26%	65.32%	-
	H share	Beneficial owner ⁽²⁾	84,185,000 (L)	1.30%	-	7.66%
	H share	Interest in a controlled corporation ⁽²⁾	13,739,000 (L)	0.21%	-	1.25%
Shandong Port Group	A share	Interest in a controlled corporation ⁽²⁾	3,522,179,000 (L)	54.26%	65.32%	-
	H share	Interest in a controlled corporation ⁽²⁾	97,924,000 (L)	1.51%	-	8.91%
COSCO SHIPPING Ports Development Co., Ltd.	H share	Beneficial owner ⁽⁵⁾	173,313,000 (L)	2.67%	-	15.77%
Shanghai China Shipping Terminal	A share	Beneficial owner ⁽³⁾	1,015,520,000 (L)	15.64%	18.83%	-
COSCO SHIPPING Ports	A share	Interest in a controlled corporation ⁽³⁾	1,111,520,000 (L)	17.12%	20.61%	-
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	-	15.77%
China COSCO (Hong Kong) Limited	A share	Interest in a controlled corporation ⁽³⁾	1,111,520,000 (L)	17.12%	20.61%	-
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	-	15.77%
COSCO SHIPPING Holdings Co., Ltd.	A share	Interest in a controlled corporation ⁽³⁾	1,111,520,000 (L)	17.12%	20.61%	-
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	-	15.77%
China Ocean Shipping Co., Ltd.	A share	Interest in a controlled corporation ⁽⁴⁾	1,207,520,000 (L)	18.60%	22.39%	-
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	-	15.77%
COSCO SHIPPING Group	A share	Interest in a controlled corporation ⁽⁴⁾	1,207,520,000 (L)	18.60%	22.39%	-
	H share	Interest in a controlled corporation ⁽⁵⁾	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	99,274,623 (L)	1.53%	-	9.03%
FIL Limited	H share	Interest in a controlled corporation ⁽⁶⁾	77,040,000 (L)	1.19%	-	7.01%
Pandanus Associates Inc.	H share	Interest in a controlled corporation ⁽⁶⁾	77,040,000 (L)	1.19%	-	7.01%
Pandanus Partners L.P.	H share	Interest in a controlled corporation ⁽⁶⁾	77,040,000 (L)	1.19%	-	7.01%

Notes:

- (1) The letter “L” denotes long position in such securities.
- (2) As at 30 June 2022, Qingdao Port Group was wholly-owned by Shandong Port Group. The Company was informed that as at 30 June 2022, Qingdao Port Group directly and indirectly held 97,924,000 H shares of the Company, representing approximately 8.91% of the total number of issued H shares of the Company. As at the date of holding the H shares of the Company by Qingdao Port Group 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.

As at 23 January 2022, Shandong Port Group, Qingdao SASAC and Qingdao Port Group entered into the Gratuitous Transfer Agreement, and Qingdao SASAC transferred 51% equity interests in Qingdao Port Group to Shandong Port Group. After the completion of the gratuitous transfer, Shandong Port Group holds 100% equity interests in Qingdao Port Group. As at 30 June 2022, the controlling shareholder of the Company is still Qingdao Port Group, and the actual controller of the Company is Shandong SASAC.

- (3) 96,000,000 A shares and 1,015,520,000 A shares of the Company are directly held by China Shipping Terminal Development and Shanghai China Shipping Terminal, respectively. Shanghai China Shipping Terminal is wholly owned by China Shipping Terminal Development. China Shipping Terminal is wholly owned by COSCO SHIPPING Ports, which is wholly owned by COSCO SHIPPING Ports. China COSCO (Hong Kong) Limited, which is wholly owned by COSCO SHIPPING Holdings Co., Ltd., owned 50.85% interests (in which 6.81% interests was held by its wholly-owned subsidiary) in COSCO SHIPPING Ports. COSCO SHIPPING Holdings Co., Ltd. is 8.77% owned by COSCO SHIPPING Group and 37.41% 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 and Shanghai China Shipping Terminal, 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., which is wholly-owned by COSCO SHIPPING Ports. Based on the shareholding relationships set out under note (3) 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 77,040,000 H shares of the Company indirectly held by its controlled entities/corporations. Pandanus Partners L.P. indirectly held 37.01% of the equity interests in FIL Limited. Pandanus Partners L.P. is indirectly wholly owned by Pandanus Associates Inc. Accordingly, Pandanus Partners L.P. and Pandanus Associates Inc. are also deemed to be interested in the aforesaid 77,040,000 H shares of the Company.

Save as disclosed above, as at 30 June 2022, 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 2022

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 4	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Current assets			
Cash at bank and on hand	(1)	8,603,240,122	9,130,883,770
Financial assets held for trading	(2)	1,434,779,228	837,190,078
Notes receivable	(3)	49,522,420	56,473,397
Accounts receivable	(4)	2,695,385,022	2,001,659,748
Financing receivables	(5)	262,162,502	384,875,823
Advances to suppliers	(6)	181,456,271	113,794,979
Other receivables	(7)	4,440,664,919	5,623,790,856
Inventories	(8)	154,230,716	130,810,650
Contract assets	(9)	545,064,582	420,642,735
Current portion of non-current assets	(11)	535,182,499	663,670,692
Other current assets	(10)	2,071,023,320	1,248,826,732
Total current assets		20,972,711,601	20,612,619,460
Non-current assets			
Long-term receivables	(11)	1,831,251,418	2,302,084,354
Long-term equity investments	(12)	10,515,210,632	9,847,613,999
Other non-current financial assets	(13)	895,681,361	897,168,337
Investment properties	(14)	181,960,676	184,884,218
Fixed assets	(15)	19,964,643,364	19,384,964,534
Construction in progress	(16)	3,859,744,289	3,513,501,488
Right-of-use assets	(17)	377,211,194	370,858,887
Intangible assets	(18)	3,173,507,378	3,217,897,470
Development costs	(18)	35,093,847	24,006,548
Goodwill	(19)	48,683,209	48,683,209
Long-term prepaid expenses		53,197,393	58,847,014
Deferred tax assets	(20)	942,438,469	951,155,060
Other non-current assets	(21)	806,371,970	805,300,026
Total non-current assets		42,684,995,200	41,606,965,144
TOTAL ASSETS		63,657,706,801	62,219,584,604

CONSOLIDATED BALANCE SHEET

As at 30 June 2022

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 4	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Current liabilities			
Short-term borrowings	(23)	888,929,898	1,498,398,064
Notes payable	(24)	1,023,149,583	1,237,001,063
Accounts payable	(25)	1,740,653,699	1,504,308,175
Advances from customers		66,955,163	9,224,580
Contract liabilities	(26)	372,534,518	216,343,911
Employee benefits payable	(27)	628,093,243	556,625,450
Taxes payable	(28)	385,760,239	271,674,999
Other payables	(29)	12,675,875,260	10,919,971,844
Current portion of non-current liabilities	(30)	216,848,687	189,026,667
Other current liabilities		21,374,664	14,364,855
Total current liabilities		18,020,174,954	16,416,939,608
Non-current liabilities			
Lease liabilities	(31)	193,501,658	184,438,326
Long-term payables	(32)	227,269,405	211,757,561
Provisions		33,739,242	34,844,000
Deferred income	(33)	307,745,771	311,098,110
Long-term employee benefits payable	(34)	2,527,230,000	2,507,396,712
Deferred tax liabilities	(20)	51,122,203	53,283,934
Other non-current liabilities	(35)	2,382,116,510	2,482,691,848
Total non-current liabilities		5,722,724,789	5,785,510,491
Total liabilities		23,742,899,743	22,202,450,099
Shareholders' equity			
Share capital	(36)	6,491,100,000	6,491,100,000
Capital surplus	(37)	11,882,938,647	12,862,527,869
Other comprehensive income	(38)	3,377,921	(7,107,484)
Specific reserve		16,009,063	3,918,032
Surplus reserve	(39)	2,002,688,003	2,002,688,003
General risk reserve	(40)	411,248,470	411,248,470
Undistributed profits	(41)	14,433,212,248	13,786,510,309
Total equity attributable to shareholders of the Company		35,240,574,352	35,550,885,199
Minority interests		4,674,232,706	4,466,249,306
Total Shareholders' equity		39,914,807,058	40,017,134,505
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		63,657,706,801	62,219,584,604

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY BALANCE SHEET

As at 30 June 2022

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 14	30 June 2022 (Unaudited)	31 December 2021
Current assets			
Cash at bank and on hand	(1)	6,185,845,120	6,049,663,895
Financial assets held for trading		343,883,577	201,471,986
Accounts receivable	(2)	604,208,664	430,401,666
Financing receivables	(3)	78,469,259	143,359,008
Advances to suppliers		42,832,342	21,723,637
Other receivables	(4)	1,120,800,233	657,490,515
Inventories		13,934,093	29,385,257
Current portion of non-current assets	(5)	780,927,088	33,214,786
Other current assets		<u>36,404,109</u>	<u>63,581,763</u>
Total current assets		<u>9,207,304,485</u>	<u>7,630,292,513</u>
Non-current assets			
Long term receivables	(5)	1,824,222,288	2,348,000,000
Long-term equity investments	(6)	18,220,551,330	16,819,323,357
Other non-current financial assets		291,565,287	291,565,287
Investment properties	(7)	1,304,150,760	1,326,471,111
Fixed assets	(8)	8,711,767,475	8,796,153,303
Construction in progress	(9)	2,697,609,119	2,066,259,985
Right-of-use assets		193,561,694	239,192,915
Intangible assets	(10)	2,069,523,100	2,101,539,012
Development costs	(10)	32,836,394	22,421,207
Long-term prepaid expenses		26,017,525	28,671,054
Deferred tax assets		58,049,429	60,822,323
Other non-current assets		<u>583,225,922</u>	<u>410,817,367</u>
Total non-current assets		<u>36,013,080,323</u>	<u>34,511,236,921</u>
TOTAL ASSETS		<u>45,220,384,808</u>	<u>42,141,529,434</u>

COMPANY BALANCE SHEET

As at 30 June 2022
(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 14	30 June 2022 (Unaudited)	31 December 2021
Current liabilities			
Short-term borrowings		15,011,764	25,021,313
Notes payable		372,884,467	221,244,211
Accounts payable		498,827,161	407,091,672
Advances from customers		84,212,179	7,319,838
Contract liabilities		137,281,349	124,586,007
Employee benefits payable		415,029,073	383,118,967
Taxes payable		59,211,980	52,841,978
Other payables		4,067,148,665	1,289,016,690
Current portion of non-current liabilities		52,607,276	43,456,254
Other current liabilities		9,706,732	6,723,229
Total current liabilities		<u>5,711,920,646</u>	<u>2,560,420,159</u>
Non-current liabilities			
Lease liabilities		132,173,861	155,617,539
Long-term payables		43,098,572	36,586,728
Deferred income		140,830,332	138,666,444
Long-term employee benefits payable		1,845,960,000	1,846,150,000
Other non-current liabilities		2,382,116,510	2,482,691,848
Total non-current liabilities		<u>4,544,179,275</u>	<u>4,659,712,559</u>
Total liabilities		<u>10,256,099,921</u>	<u>7,220,132,718</u>
Shareholders' equity			
Share capital		6,491,100,000	6,491,100,000
Capital surplus	(12)	15,884,969,182	16,242,455,107
Other comprehensive income	(13)	33,611,000	31,210,000
Surplus reserve		2,002,688,003	2,002,688,003
Undistributed profits	(14)	10,551,916,702	10,153,943,606
Total shareholders' equity		<u>34,964,284,887</u>	<u>34,921,396,716</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>45,220,384,808</u>	<u>42,141,529,434</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited) (Restated)
1. Revenue	(42)	9,946,339,818	8,385,696,646
Less: Cost of sales	(42), (46)	(6,781,515,883)	(5,458,697,740)
Taxes and surcharges	(43)	(74,309,297)	(76,313,221)
Selling and distribution expenses	(46)	(25,388,262)	(27,492,908)
General and administrative expenses	(44), (46)	(452,139,186)	(412,560,723)
Research and development expenses	(18), (46)	(55,906,928)	(12,050,352)
Financial expenses	(45)	124,140,789	42,149,494
Including: Interest expenses		78,607,649	92,413,985
Interest income		185,702,570	185,819,102
Add: Other income	(47)	102,559,170	85,202,625
Investment income	(48)	684,614,746	710,329,728
Including: Investment income from associates and joint ventures		647,398,403	639,988,858
(Loss)/Gains on changes in fair value		(326,550)	5,689,975
Credit impairment losses	(49)	(32,993,389)	(35,866,766)
Asset impairment losses		(6,104,068)	(11,087,572)
Gains on disposal of assets		1,364,270	3,472,415
2. Operating profit		3,430,335,230	3,198,471,601
Add: Non-operating income		6,872,134	3,458,791
Less: Non-operating expenses		(8,389,398)	(3,147,349)
3. Total profit		3,428,817,966	3,198,783,043
Less: Income tax expenses	(50)	(716,834,289)	(647,185,189)
4. Net profit		2,711,983,677	2,551,597,854
Including: Net profit of the acquiree in a business combination under common control before the combination date		(5,675,058)	25,867,950
Classified by continuity of operations			
Net profit from continuing operations		2,711,983,677	2,551,597,854
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Minority interests		400,963,698	370,686,806
Attributable to shareholders of the Company		2,311,019,979	2,180,911,048

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited) (Restated)
5. Other comprehensive income, net of tax	(38)	<u>13,950,150</u>	<u>(3,478,640)</u>
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		-	-
Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss		2,401,000	-
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		8,084,405	(2,435,048)
Attributable to minority shareholders, net of tax		3,464,745	(1,043,592)
6. Total comprehensive income		<u>2,725,933,827</u>	<u>2,548,119,214</u>
Attributable to shareholders of the Company		2,321,505,384	2,178,476,000
Attributable to minority interests		404,428,443	369,643,214
7. Earnings per share			
Basic earnings per share (RMB)	(51)(a)	0.36	0.34
Diluted earnings per share (RMB)	(51)(b)	0.36	0.34

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY INCOME STATEMENT

For the six months ended 30 June 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 14	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
1. Revenue	(15)	3,063,444,258	3,236,966,810
Less: Cost of sales	(15), (17)	(2,230,853,685)	(2,227,010,322)
Taxes and surcharges		(39,049,685)	(40,096,998)
Selling expenses	(17)	(14,069,130)	(5,538,620)
General and administrative expenses	(17)	(237,516,793)	(230,760,182)
Research and development expenses	(17)	(10,326,810)	(6,070,311)
Financial expenses	(16)	30,733,966	(43,502,016)
Including: Interest expenses		5,371,618	33,799,182
Interest income		31,862,940	25,104,927
Add: Other income		14,960,338	14,616,021
Investment income	(18)	1,680,214,538	1,265,742,334
Including: Investment income from associates and joint ventures		659,995,565	632,253,367
Credit impairment losses	(11)	(19,881,589)	34,965,858
Asset impairment losses	(11)	-	1,392,635
Gains on disposal of assets		1,367,574	7,068,954
2. Operating profit		2,239,022,982	2,007,774,163
Add: Non-operating income		371,148	601,176
Less: Non-operating expenses		(2,293,690)	(193,106)
3. Total profit		2,237,100,440	2,008,182,233
Less: Income tax expenses	(19)	(174,809,304)	(212,043,176)
4. Net profit		2,062,291,136	1,796,139,057
Classified by continuity of operations			
Net profit from continuing operations		2,062,291,136	1,796,139,057
Net profit from discontinued operations		-	-
5. Other comprehensive income, net of tax		-	-
6. Total comprehensive income		2,062,291,136	1,796,139,057

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited) (Restated)
1. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		9,748,937,740	8,017,665,699
Refund of taxes and surcharges		360,005,269	17,452,027
Cash received relating to other operating activities	(52)(a)	<u>990,580,719</u>	<u>159,387,080</u>
Sub-total of cash inflows		<u>11,099,523,728</u>	<u>8,194,504,806</u>
Cash paid for goods and services		(5,348,504,038)	(3,872,048,412)
Cash paid to and on behalf of employees		(1,533,936,201)	(1,410,412,614)
Payments of taxes and surcharges		(869,700,292)	(928,853,942)
Cash paid relating to other operating activities	(52)(b)	<u>(160,423,143)</u>	<u>(1,463,643,481)</u>
Sub-total of cash outflows		<u>(7,912,563,674)</u>	<u>(7,674,958,449)</u>
Net cash flows from operating activities	(53)(a)	<u>3,186,960,054</u>	<u>519,546,357</u>
2. Cash flows from investing activities			
Cash received from disposal of investments		1,479,548,723	10,661,398,258
Cash received from returns on investments		241,948,581	278,436,412
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,583,648	9,480,043
Net cash received from disposal of subsidiaries and other business units		-	28,935,375
Cash received relating to other investing activities	(52)(c)	<u>4,776,420,128</u>	<u>1,587,728,121</u>
Sub-total of cash inflows		<u>6,506,501,080</u>	<u>12,565,978,209</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,183,000,834)	(847,353,320)
Cash paid to acquire investments		(3,069,774,591)	(9,627,453,879)
Cash paid relating to other investing activities	(52)(d)	<u>(3,521,080,434)</u>	<u>(778,521,403)</u>
Sub-total of cash outflows		<u>(7,773,855,859)</u>	<u>(11,253,328,602)</u>
Net cash flows (used in)/from investing activities		<u>(1,267,354,779)</u>	<u>1,312,649,607</u>

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited) (Restated)
3. Cash flows from financing activities			
Cash received from capital contributions		5,250,000	–
Including: Cash received from capital contributions by minority shareholders of subsidiaries		5,250,000	–
Cash received from borrowings		1,260,991,129	2,202,231,229
Cash received relating to other financing activities	(52)(e)	<u>79,000,000</u>	–
Sub-total of cash inflows		<u>1,345,241,129</u>	<u>2,202,231,229</u>
Cash repayments of borrowings		(1,940,226,926)	(3,619,943,251)
Cash payments for distribution of dividends, profits or interest expenses		(303,595,077)	(248,882,778)
Including: Cash payments for distribution of profit to minority shareholders of subsidiaries		(225,716,752)	(73,489,256)
Cash paid relating to other financing activities	(52)(f)	<u>(1,518,129,565)</u>	<u>(1,750,218,618)</u>
Sub-total of cash outflows		<u>(3,761,951,568)</u>	<u>(5,619,044,647)</u>
Net cash flows used in financing activities		<u>(2,416,710,439)</u>	<u>(3,416,813,418)</u>
4. Effect of foreign exchange rate changes on cash		<u>49,233,236</u>	<u>(8,764,949)</u>
5. Net decrease in cash	(53)(a)	(447,871,928)	(1,593,382,403)
Add: Cash at the beginning of the period		<u>8,247,817,077</u>	<u>6,268,559,856</u>
6. Cash at the end of the period	(53)(a)	<u>7,799,945,149</u>	<u>4,675,177,453</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2022
(All amounts in RMB Yuan unless otherwise stated)

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,521,867,491	2,949,955,981
Refund of taxes and surcharges	67,091,091	-
Cash received relating to other operating activities	<u>172,359,954</u>	<u>172,971,712</u>
Sub-total of cash inflows	<u>2,761,318,536</u>	<u>3,122,927,693</u>
Cash paid for goods and services	(1,011,146,830)	(1,374,245,873)
Cash paid to and on behalf of employees	(777,916,651)	(728,287,366)
Payments of taxes and surcharges	(240,336,191)	(307,009,038)
Cash paid relating to other operating activities	<u>(112,567,311)</u>	<u>(124,839,212)</u>
Sub-total of cash outflows	<u>(2,141,966,983)</u>	<u>(2,534,381,489)</u>
Net cash flows from operating activities	<u>619,351,553</u>	<u>588,546,204</u>
2. Cash flows from investing activities		
Cash received from disposal of investments	200,000,000	437,518,799
Cash received from returns on investments	396,076,082	687,572,693
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,498,805	688,069
Cash received relating to other investing activities	<u>261,903,564</u>	<u>320,000,000</u>
Sub-total of cash inflows	<u>860,478,451</u>	<u>1,445,779,561</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(646,602,599)	(198,877,738)
Cash paid to acquire investments	(480,194,600)	(1,798,378,718)
Cash paid relating to other investing activities	<u>(223,405,852)</u>	<u>(324,000,000)</u>
Sub-total of cash outflows	<u>(1,350,203,051)</u>	<u>(2,321,256,456)</u>
Net cash flows used in investing activities	<u>(489,724,600)</u>	<u>(875,476,895)</u>

COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
3. Cash flows from financing activities		
Cash received from borrowings	<u>15,000,000</u>	<u>251,497,607</u>
Sub-total of cash inflows	<u>15,000,000</u>	<u>251,497,607</u>
Cash repayments of borrowings	<u>(25,000,000)</u>	<u>(2,424,610,273)</u>
Cash payments for distribution of dividends, profits or interest expenses	<u>(5,360,583)</u>	<u>(30,103,192)</u>
Cash paid relating to other financing activities	<u>(14,313,240)</u>	<u>(19,352,075)</u>
Sub-total of cash outflows	<u>(44,673,823)</u>	<u>(2,474,065,540)</u>
Net cash flows used in financing activities	<u>(29,673,823)</u>	<u>(2,222,567,933)</u>
4. Effect of foreign exchange rate changes on cash	<u>33,639,804</u>	<u>(5,668,455)</u>
5. Net increase/(decrease) in cash	<u>133,592,934</u>	<u>(2,515,167,079)</u>
Add: Cash at the beginning of the period	<u>6,049,079,897</u>	<u>8,311,409,540</u>
6. Cash at the end of the period	<u><u>6,182,672,831</u></u>	<u><u>5,796,242,461</u></u>

The accompanying notes form an integral part of these financial statements.

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 2022
(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 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	3,744,339,992	36,740,732,133
Business combination under common control		-	755,622,023	(1,565,700)	354,241	-	-	60,859,928	784,420,257	1,599,690,749
Balance at 1 January 2021 (Restated)		<u>6,491,100,000</u>	<u>13,074,295,912</u>	<u>285,732,575</u>	<u>4,633,428</u>	<u>1,617,193,102</u>	<u>411,248,470</u>	<u>11,927,459,146</u>	<u>4,528,760,249</u>	<u>38,340,422,882</u>
Movements for the six months ended 30 June 2021 (Unaudited)										
Total comprehensive income										
Net profit		-	-	-	-	-	-	2,180,911,048	370,686,806	2,551,597,854
Other comprehensive income	(38)	-	-	(2,435,048)	-	-	-	-	(1,043,592)	(3,478,640)
Total comprehensive income for the period		-	-	(2,435,048)	-	-	-	2,180,911,048	369,643,214	2,548,119,214
Capital contribution and withdrawal by shareholders										
Capital contribution by the original shareholders of Weihai Port Development	(37)	-	58,616,680	-	-	-	-	-	56,317,986	114,934,666
Capital withdrawal by the original shareholders of Weihai Port Development	(37)	-	(228,630,644)	-	-	-	-	-	(219,664,737)	(448,295,381)
Purchase of minority shareholders	(37)	-	(36,737,621)	-	-	-	-	-	(68,247,133)	(104,984,754)
Profit distribution										
Profit distribution to shareholders	(41)	-	-	-	-	-	-	(1,737,666,420)	(69,957,065)	(1,807,623,485)
Specific reserve										
Appropriation to safety fund		-	-	-	34,085,357	-	-	-	9,043,495	43,128,852
Utilization of safety fund		-	-	-	(26,696,648)	-	-	-	(4,515,032)	(31,211,680)
Recognition of other changes in equity of associates and joint ventures	(37)	-	6,519,489	-	-	-	-	-	-	6,519,489
Balance at 30 June 2021 (Unaudited)		<u>6,491,100,000</u>	<u>12,874,063,816</u>	<u>283,297,527</u>	<u>12,022,137</u>	<u>1,617,193,102</u>	<u>411,248,470</u>	<u>12,370,703,774</u>	<u>4,601,380,977</u>	<u>38,661,009,803</u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2022

(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 2021 (Restated)		<u>6,491,100,000</u>	<u>12,862,527,869</u>	<u>(7,107,484)</u>	<u>3,918,032</u>	<u>2,002,688,003</u>	<u>411,248,470</u>	<u>13,786,510,309</u>	<u>4,466,249,306</u>	<u>40,017,134,505</u>
Movements for the six months ended										
30 June 2022 (Unaudited)										
Total comprehensive income										
Net profit		-	-	-	-	-	-	2,311,019,979	400,963,698	2,711,983,677
Other comprehensive income	(38)	-	-	10,485,405	-	-	-	-	3,464,745	13,950,150
Total comprehensive income for the period		-	-	10,485,405	-	-	-	2,311,019,979	404,428,443	2,725,933,827
Capital contribution and withdrawal by shareholders										
Capital contribution by minority shareholders in subsidiaries		-	-	-	-	-	-	-	5,250,000	5,250,000
Business combination under common control	(37)	-	(984,446,625)	-	-	-	-	-	-	(984,446,625)
Profit distribution										
Profit distribution to shareholders	(41)	-	-	-	-	-	-	(1,664,318,040)	(207,250,478)	(1,871,568,518)
Specific reserve										
Appropriation to safety fund		-	-	-	50,880,287	-	-	-	13,022,077	63,902,364
Utilization of safety fund		-	-	-	(38,789,256)	-	-	-	(7,466,642)	(46,255,898)
Recognition of other changes in other reserves of associates and joint ventures	(37)	-	4,857,403	-	-	-	-	-	-	4,857,403
Balance at 30 June 2022 (Unaudited)		<u>6,491,100,000</u>	<u>11,882,938,647</u>	<u>3,377,921</u>	<u>16,009,063</u>	<u>2,002,688,003</u>	<u>411,248,470</u>	<u>14,433,212,248</u>	<u>4,674,232,706</u>	<u>39,914,807,058</u>

The accompanying notes form an integral part of these financial statements.

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 2022
(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>

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2022

(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 2021		<u>6,491,100,000</u>	<u>16,242,455,107</u>	<u>31,210,000</u>	-	<u>2,002,688,003</u>	<u>10,153,943,606</u>	<u>34,921,396,716</u>
Movements for the six months ended								
30 June 2022 (Unaudited)								
Total comprehensive income								
Net profit		-	-	-	-	-	2,062,291,136	2,062,291,136
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	2,062,291,136	2,062,291,136
Business combination under common control		-	(362,343,328)	-	-	-	-	(362,343,328)
Profit distribution								
Profit distribution to shareholders		-	-	-	-	-	(1,664,318,040)	(1,664,318,040)
Specific reserve								
Appropriation to safety fund		-	-	-	20,741,207	-	-	20,741,207
Utilization of safety fund		-	-	-	(20,741,207)	-	-	(20,741,207)
Recognition of other changes in other reserves of associates and joint ventures	(12)	-	4,857,403	-	-	-	-	4,857,403
Other movement		-	-	2,401,000	-	-	-	2,401,000
Balance at 30 June 2022 (Unaudited)		<u>6,491,100,000</u>	<u>15,884,969,182</u>	<u>33,611,000</u>	-	<u>2,002,688,003</u>	<u>10,551,916,702</u>	<u>34,964,284,887</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 Shandong Port Qingdao Port Group Co., Ltd. (formerly known as Qingdao Port (Group) Co., Ltd., hereinafter “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 2022 (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 2022, 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 55.77% 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION (Continued)

Pursuant to the Gratuitous Transfer Agreement of the 51% Equity Interests in Shandong Port Qingdao Port Group Co., Ltd. between Shandong Port Group Co., Ltd. and the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government signed by Qingdao Port Group, Shandong Port Group, and Qingdao SASAC on 23 January 2022, Qingdao SASAC gratuitously transferred 51% equity interests in Qingdao Port Group to Shandong Port Group. The agreement was approved and entered into force by the State-owned Assets Supervision & Administration Commission of Shandong Provincial Government (“Shandong SASAC”), and Qingdao Port Group completed the change of industrial and commercial registration procedures. As at 30 June 2022, Shandong Port Group is the ultimate parent company 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 period, please refer to Note 6. The newly subsidiaries included in the scope of consolidation for the period are newly established subsidiaries and subsidiaries acquired through business combination under common control. For details, please refer to Note 5.

These financial statements have been approved for issuance by the Company’s Board of Directors on Aug 30, 2022.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(1) Preparation basis of financial statements (Continued)

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.

In May 2022, the Company acquired Shandong Weihai Port Development Co., Ltd. ("Weihai Port Development"), a subsidiary of Shandong Port Weihai Port Co., Ltd. ("Weihai Port Group"), through which, the Company indirectly controlled Weihai Qingwei Container Terminal Co., Ltd. ("Weihai Qingwei"). This transaction was classified as a business combination involving enterprises under common control as Weihai Port Development, Weihai Qingwei and the Company were controlled by Qingdao Port Group prior and subsequent to the combination and the control was not temporary. The assets and liabilities of Weihai Port Development and Weihai Qingwei were consolidated into the Company's consolidated financial statements at the carrying amount at the combination date as if the reporting entities after the combination had been existed throughout the previous years. Accordingly, the Group's comparative figures in the comparative period were restated to include the financial position and the financial performance of the acquiree (Note 5(1)).

(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.

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

The financial statements of the Company for the six months ended 30 June 2022 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 2022 and their financial performance, cash flows and other information for the year then ended.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Preparation of consolidated financial statements (Continued)

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 attributed to minority interests and total comprehensive incomes attributed 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.

If the control over the subsidiary is lost due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment in the consolidated financial statements is remeasured at its fair value at the date when the control is lost. The sum of consideration received from the disposal of equity investment and the fair value of the remaining equity investment, net of the sum of the share of net assets of the former subsidiary based on continuous calculation since the acquisition date at previous proportion of shareholding and goodwill, is recognised as investment income for the current period when the control is lost. In addition, other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement by investees on net liabilities or net assets of defined benefit plans and from accumulative changes in fair value of investments in equity instrument not held for trading held by investees that are classified as fair value through other comprehensive income), which are related with the equity investment in the former subsidiary, are transferred to profit or loss for the current period when the control is lost.

Acquisition of minority interests in subsidiaries

After the control over the subsidiary is gained, whole or partial minority interests of the subsidiary owned by minority shareholders are acquired from the subsidiary's minority shareholders. In the consolidated financial statements, the subsidiary's assets and liabilities are reflected at the amount based on continuous calculation since the acquisition date or the combination date. The difference between additional long-term equity investments for purchase of minority interests and the share of net assets of the subsidiary calculated at the increased proportion of shareholding based on continuous calculation since the acquisition date or the combination date is treated as an adjustment to capital surplus. If the capital surplus (capital premium or share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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.

(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 2022 (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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

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, financial guarantee contracts and loan commitments 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, the Group determines them as the financial instruments in Stage 1, and measures loss provision based on 12-month ECL.

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated by applying the effective interest rate to the book balance (before net of expected credit loss provision). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

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 of notes receivable	Trade acceptance notes receivable from companies in the scope of consolidation (For company financial statements)
Grouping B of notes receivable	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:

Internal company combinations	Other receivables and long-term receivables from companies in the scope of consolidation (For company financial statements)
Loan and advance combinations	Loans and advances from companies outside the scope of consolidation
Agency business and receivables combinations	Agency business and receivables combinations from companies outside the scope of consolidation other than loans and advances
Deposit combinations	Deposit combinations from companies outside the scope of consolidation other than loans and advances
Dividend receivable combinations	Dividend receivable combinations from companies outside the scope of consolidation other than loans and advances
Other combinations	Other combinations from companies outside the scope of consolidation other than loans and advances

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (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 and borrowings. 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 2022 (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 2022 (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 acquiree'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 2022 (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 2022 (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 2022 (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 2022 (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.

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(16) Intangible assets

Intangible assets include land use rights, sea area use rights, computer software, and 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 2022 (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)).

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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 2022 (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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Employee benefits (Continued)

(b) Post-employment benefits (Continued)

Supplemental retirement benefits

Pursuant to the *Minutes of the 29th Executive Meeting of the 14th 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Employee benefits (Continued)

(c) Termination benefits (Continued)

Early retirement benefits (Continued)

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.

(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.

Loss provision for financial guarantee contracts and provision for loan commitments which are recognised on the basis of ECL are presented as provisions.

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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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.

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 amortisation 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

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.

(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 2022 (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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(25) Leases (Continued)

The Group as a lessee (Continued):

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 liability 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(28) Specific reserve (Continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(30) Critical accounting estimates and judgements (Continued)

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

(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, which affects the probability of default, 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.

(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 supplemental retirement benefits*

The liabilities recognized from supplemental retirement benefits by the Group are calculated on an actuarial basis using a number of assumptions. The assumptions include discount rates, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 (Continued)

(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. When considering forward-looking information, the Group has considered different macroeconomic scenarios.

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 (a)	Taxable income	15%,20% and 25%
Value-added tax ("VAT") (b)	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%
Land use tax	Taxable revenue amount Actual size of the land occupied	3% and 5% 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) Enterprise income tax

Pursuant to the Circular on Enterprise Income Tax Policy Concerning Deductions for Equipment and Appliances (Cai Shui [2018] No. 54) and the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies (Cai Shui [2021] No. 6) issued by the State Taxation Administration and relevant regulations, during the period from 1 January 2018 to 31 December 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

3 TAXATION (Continued)

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

(b) VAT

For the six months ended 30 June 2022, 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, and tangible movable property leasing. 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 April 30, 2016 is taxed pursuant to the simplified taxation method, and the applicable tax rate is 5%; Construction services provided for the self-supplying projects and sales of concrete apply the simple taxation method with an applicable rate of 3%.

(2) Tax incentives

(a) Enterprise income tax

In accordance with Cai Shui [2008] No. 116 and Cai Shui [2008] No. 46, 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 2022, DMT was qualified for 50% tax reduction for the third year.

For the six months ended 30 June 2022, pursuant to Cai Shui [2021] No.8, 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 Waili Inspection and Testing Co., Ltd. (“Waili Inspection”), 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 12.5%, 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 2022 (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 2022. 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”), Ocean Tally Inspection, Qingdao Ocean Shipping Tally Co., Ltd. (“Ocean Shipping Tally”), Waili Inspection, Qingdao Port Eimskip Coldchain Logistics Co., Ltd. (“Eimskip Coldchain”), 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 2022.

Pursuant to the relevant provisions of the *Notice on Comprehensively Promoting the Pilot Project of Replacing Business Tax with VAT issued by the Ministry of Finance and the State Administration of Taxation* (No. 36 [2016] of the State Administration of Taxation of the Ministry of Finance), Shandong Ganglianhua Pipeline Oil Transportation Co., LTD. (“Lianhua Pipeline”), a subsidiary of the company, as a general taxpayer providing pipeline transportation services, For those whose actual VAT burden exceeds 3 percent, the policy of levy-and-refund will be implemented.

(c) Land use tax for terminal land

For the six months ended 30 June 2022, according to the *Announcement on Continuing the Implementation of the Preferential Urban Land Use Tax Policies for the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities* (Cai Shui [2020] No. 16) issued by the Ministry of Finance and the State Taxation Administration, the Group’s warehousing area for bulk commodities was subject to 50% tax reduction of land use tax. According to the *Regulation on Issue of Land Use Tax Exemption of Port Land of Transport Department* (Guo Shui Di Zi [1989] No. 123), the Group’s land exclusively for ports (Berths, including quayside, deep-water floating quay, embankment, dam, etc.) was exempted from land use tax.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	31 December 2021 (Restated)
Cash on hand	–	8,288
Cash at bank	7,805,874,550	8,253,738,190
Other cash balances	793,955,237	872,673,505
Interest receivable	3,410,335	4,463,787
	<u>8,603,240,122</u>	<u>9,130,883,770</u>
Including: amounts deposited abroad	<u>2,341,735</u>	<u>3,223,531</u>

As at 30 June 2022, other cash balances include statutory deposit reserves in the People's Bank of China by Qingdao Finance amounted to RMB729,169,113 (31 December 2021: RMB694,994,295) pursuant to relevant regulations, deposits for the issuance of bank acceptance notes amounted to RMB41,626,358 (31 December 2021: RMB89,278,872), deposits for the issuance of letter of credit amounted to RMB20,146,085 (31 December 2021: RMB86,510,717) and deposits for the issuance of letter of guarantee amounted to RMB3,013,681 (31 December 2021: RMB1,889,621) (Note 4(53)(a)).

(2) Financial assets held for trading

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Structured deposit	843,883,577	201,471,986
Wealth management products (i)	587,392,853	634,284,400
Stock investments	3,502,798	1,433,692
	<u>1,434,779,228</u>	<u>837,190,078</u>

(i) 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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Notes receivable

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Trade acceptance notes	51,318,674	58,021,496
Less: Bad debt provision	<u>(1,796,254)</u>	<u>(1,548,099)</u>
	<u>49,522,420</u>	<u>56,473,397</u>

- (a) As at 30 June 2022 and 31 December 2021, the Group had no pledged acceptance notes.
- (b) As at 30 June 2022 and 31 December 2021, 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 2022, the Group had no notes receivable with provision for impairment on individual basis.

The amount of bad debt provision accrued during the period was RMB248,155. The Group did not make any significant debt provision reversal or write-off for notes receivable during the year.

(4) Accounts receivable

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Accounts receivable	2,904,965,859	2,162,586,883
Less: Bad debt provision	<u>(209,580,837)</u>	<u>(160,927,135)</u>
	<u>2,695,385,022</u>	<u>2,001,659,748</u>

Certain businesses of the Group are dealt in in form of cash, advances from customers, bank acceptance notes or trade acceptance notes. Remaining sales income is settled primarily with credit terms of 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable (Continued)

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

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Within 1 year	2,590,019,930	1,826,651,330
1 to 2 years	41,226,121	121,907,601
2 to 3 years	237,327,832	172,856,693
3 to 4 years	34,937,807	41,121,259
4 to 5 years	1,404,169	-
Over 5 years	50,000	50,000
	<u>2,904,965,859</u>	<u>2,162,586,883</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 2022, 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>753,162,719</u>	<u>(106,683,581)</u>	<u>25.93%</u>

(c) As at 30 June 2022 and 31 December 2021, 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 2022 (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.

- (i) As at 30 June 2022, accounts receivables for which the related provision for bad debts was provided on the individual basis are as follows:
 - i) RMB34,856,373 was receivable from Hunan Kupu Business Management Co., Ltd. (formerly known as Hunan Jiarundo Supermarket Co., Ltd.) (“Hunan Kupu”) which had entered the stage of bankruptcy, liquidation and restructuring. Given consideration to the secured claims, the Group made a provision for bad debts of RMB1,741,166 for the portion that was expected to be uncollectable.
 - ii) 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 declared bankruptcy or had obvious signs of operation difficulties, therefore, the Group believed that such receivables were difficult to recover, the Group evaluated the cash flows that might be collected under different scenarios, and recognised the difference of RMB21,245,044 between the present value of the cash flows that might be collected and the cash flows receivable according to the contract as provision for bad debts.
 - iii) RMB256,346 was receivable from Hangzhou Qianyue Network Technology Co., Ltd. which was involved in several lawsuits and its bank accounts were frozen. Therefore, the Group made a provision for bad debts at full amount.
 - iv) RMB50,000 was receivable from Ningxia Lingwu Baota Dagu Storage and Transportation Co., Ltd., which was overdue for 5 years. Besides, the company was included in a list of defaulters due to its involvement in several lawsuits. Therefore, the Group made a provision for bad debts at full amount.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	177,220,218	4.60%	(8,153,704)
1 to 2 years	35,042,782	13.20%	(4,626,982)
2 to 3 years	206,667,221	45.66%	(94,368,010)
Over 3 years	1,404,169	100.00%	(1,404,169)
	<u>420,334,390</u>		<u>(108,552,865)</u>
	31 December 2021 (Restated)		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	246,866,959	4.21%	(10,398,167)
1 to 2 years	111,157,794	12.07%	(13,416,960)
2 to 3 years	139,142,478	40.21%	(55,954,461)
Over 3 years	1,030,724	100.00%	(1,030,724)
	<u>498,197,955</u>		<u>(80,800,312)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)		
	Ending Balance	Provision for bad debt	
	Amount	Lifetime ECL rate	Amount
Within 1 year	2,412,799,712	2.78%	(66,964,578)
1 to 2 years	5,926,993	35.79%	(2,121,022)
Over 2 years	8,649,816	100.00%	(8,649,816)
	<u>2,427,376,521</u>		<u>(77,735,416)</u>
	31 December 2021 (Restated)		
	Ending Balance	Provision for bad debt	
	Amount	Lifetime ECL rate	Amount
Within 1 year	1,579,784,371	2.54%	(40,058,001)
1 to 2 years	10,376,492	33.97%	(3,525,407)
Over 2 years	8,749,816	100.00%	(8,749,816)
	<u>1,598,910,679</u>		<u>(52,333,224)</u>

- (iii) In the current period, the provision for bad debts of account receivables was RMB53,424,745, and the the amount reversed was RMB4,771,043, which represented the Group's recovery from Weihai Zhenzheng Trading Co., Ltd., as well as the shares acquired from Supply & Sale Daji Group Co., Ltd. in the settlement of its debts to Hunan Kupu and the cash received along with the interests under the *Draft Reorganisation Plan*.

- (e) As at 30 June 2022 and 31 December 2021, the Group had no pledged accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Financing receivables

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Bank acceptance notes	<u>262,162,502</u>	<u>384,875,823</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 2022, the Group measured the provision for bad debts based on the entire lifetime expected credit loss. As the credit risk characteristics of these bank acceptance notes were similar, no provision for impairment was made individually. The Group expected that there was no significant credit risk associated with its bank acceptance notes and did not expect that there would be any significant losses from non-performance by these banks.
- (b) As at 30 June 2022 and 31 December 2021, the Group had no pledged bank acceptance notes.
- (c) As at 30 June 2022, the bank acceptance notes that the Group has endorsed or discounted but have not yet expired amounted to RMB567,068,588 (31 December 2021: RMB422,067,641) and has been derecognized.

(6) Advances to suppliers

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

	<u>30 June 2022 (Unaudited)</u>		<u>31 December 2021 (Restated)</u>	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	<u>181,456,271</u>	<u>100.00%</u>	<u>113,794,979</u>	<u>100.00%</u>

- (b) As at 30 June 2022, 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>41,179,147</u>	<u>22.69%</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Other receivables

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Loans provided to related parties and third parties (i)	2,225,980,474	2,633,156,571
Advance payment for targeted procurement business (ii)	1,479,551,810	2,209,813,305
Receivables and advances of agent business (iii)	631,920,342	465,492,097
Deposits and guarantees	50,842,752	41,923,007
Supplementary medical welfare pooling funds	30,259,008	32,105,790
Lease payments receivable of operating lease	25,967,909	2,547,289
Dividends receivable	15,252,568	15,252,568
Advances for land use receivable	14,622,074	14,622,074
Equity interests transfer payments	-	261,903,564
Others	78,027,628	53,986,961
	4,552,424,565	5,730,803,226
Less: Provision for bad debts	(111,759,646)	(107,012,370)
	4,440,664,919	5,623,790,856

(i) 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.

(ii) The advance payment for targeted procurement refers to the advances made by the Group for customers' targeted procurement of goods.

(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 2022 (Unaudited)	31 December 2021 (Restated)
Within 1 year	4,368,061,494	5,510,989,974
1 to 2 years	5,582,084	9,802,759
2 to 3 years	3,698,661	93,273,747
More than 3 years	175,082,326	116,736,746
	4,552,424,565	5,730,803,226

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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					Stage 3			
	ECL over the next 12 months (on the grouping basis)		ECL over the next 12 months (on the individual basis)			Lifetime ECL (credit impaired) (on the individual basis)			Total
	Gross		Gross			Gross			
	carrying amount	Provision for bad debts	carrying amount	Provision for bad debts	Provision for bad debts	carrying amount	Provision for bad debts	Provision for bad debts	
31 December 2021(Restated)	5,352,823,750	(48,586,493)	261,903,564	-	(48,586,493)	116,075,912	(58,425,877)	(107,012,370)	
Increase in the current period (Unaudited)	-	(7,042,265)	-	-	(7,042,265)	-	-	(7,042,265)	
Disposal of subsidiaries (Unaudited)	(914,180,108)	-	(261,903,564)	-	-	(2,294,989)	2,294,989	2,294,989	
30 June 2022 (Unaudited)	<u>4,438,643,642</u>	<u>(55,628,758)</u>	<u>-</u>	<u>-</u>	<u>(55,628,758)</u>	<u>113,780,923</u>	<u>(56,130,888)</u>	<u>(111,759,646)</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 (Continued)

As at 30 June 2022, the Group did not have other receivables at Stage 2(as at 31 December 2021, nil). Other receivables at Stage 1 and Stage 3 are analysed as follows:

- (i) As at 30 June 2022, other receivables for which the related provision for bad debts were provided on the individual basis are analysed as follows:

	Gross carrying amount	Lifetime ECL rates	Provision for bad debts	Reason
Stage 3				
Receivables from Rongcheng Yinglu Parallel Import Automobile Co., Ltd.	112,428,156	48.72%	(54,778,121)	i)
Receivables from Qingdao Huamin Shichuang International Trade Co., Ltd.	<u>1,352,767</u>	100.00%	<u>(1,352,767)</u>	ii)
	<u>113,780,923</u>		<u>(56,130,888)</u>	

- i) RMB112,428,156 was receivable from Rongcheng Yinglu Parallel Import Automobile Co., Ltd. which was out of business and involved in several lawsuits and its bank accounts were frozen. Among the outstanding amounts, RMB49,049,000 was in the process of property transfer to the Group and RMB8,601,035 was the estimated compensation for individual joint liabilities, and the Group made a provision for bad debts of RMB54,778,121 for the remaining portion that was expected to be uncollectable.
- ii) RMB1,352,767 was receivable from Qingdao Huamin Shichuang International Trade Co., Ltd. which was out of business and involved in several lawsuits and its bank accounts were frozen. Therefore, the Group made a provision for bad debts at full amount.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 (Continued)

(ii) As at 30 June 2022, provision for bad debts of other receivables made on a collective basis which were all within stage 1 analysed as follows:

	30 June 2022 (Unaudited)			31 December 2021(Restated)		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Loans and advances combinations	3,591,791,362	(16,218,077)	0.45%	4,726,893,964	(18,271,457)	0.39%
Agency business and receivables combinations	631,920,342	(32,154,544)	5.09%	465,492,097	(23,658,299)	5.08%
Deposit combinations	50,802,752	(816,209)	1.61%	41,923,007	(632,429)	1.51%
Dividend receivable combinations	15,252,568	-	-	15,252,568	-	-
Other combinations	148,876,618	(6,439,928)	4.33%	103,262,114	(6,024,308)	5.83%
	<u>4,438,643,642</u>	<u>(55,628,758)</u>		<u>5,352,823,750</u>	<u>(48,586,493)</u>	

(c) The provision for bad debts for the current period amounted to RMB7,042,265 and the amount reversed was RMB2,294,989, which represented the Group's recovery of RMB2,294,989 from Qingdao Shanghai Ruihua Automobile Sales Co., Ltd..

(d) As at 30 June 2022, top five other receivables are analyzed as follows:

	Nature	Amount	Ageing	% of total	Provision for bad debts
Qingdao Bei'angsi Energy Co., Ltd.	Targeted procurement business and advance payment	632,373,639	Within one year	13.89%	(5,390,080)
Shandong Port Weihai Port Co., Ltd.	Loans and others	596,661,405	Within one year	13.11%	(2,801,187)
Qingdao Port Investment and Construction (Group) Co., Ltd.	Loans and others	336,600,457	Within one year	7.39%	(682,159)
Qingdao Port (Group) Port Engineering Co., Ltd.	Loans and others	335,067,636	Within one year	7.36%	(2,964,979)
Shandong Port International Trade Group Qingdao Co., Ltd.	Loans	272,236,031	Within one year	5.98%	(4,246)
		<u>2,172,939,168</u>		<u>47.73%</u>	<u>(11,842,651)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Other receivables (Continued)

- (e) As at 30 June 2022 and 31 December 2021, the Group did not recognise government grants at amounts receivable.
- (f) As at 30 June 2022, no other receivables were pledged for the Group's short-term borrowing. (As at 31 December 2021, the Group had other receivables pledged with a book value of RMB175,950,000 as collateral for its factoring borrowings of RMB50,000,000).

(8) Inventories

- (a) Inventories are summarized by categories as follows:

	30 June 2022 (Unaudited)			31 December 2021 (Restated)		
	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	102,923,596	-	102,923,596	93,755,241	-	93,755,241
Fuel	9,184,908	-	9,184,908	21,459,796	-	21,459,796
Spare parts	2,845,302	-	2,845,302	5,940,071	-	5,940,071
Others	39,276,910	-	39,276,910	9,655,542	-	9,655,542
	<u>154,230,716</u>	<u>-</u>	<u>154,230,716</u>	<u>130,810,650</u>	<u>-</u>	<u>130,810,650</u>

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

	31 December 2021 (Restated)	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (Unaudited)
Materials and finished goods	93,755,241	518,921,077	(509,752,722)	102,923,596
Fuel	21,459,796	214,859,400	(227,134,288)	9,184,908
Spare parts	5,940,071	16,752,391	(19,847,160)	2,845,302
Others	9,655,542	79,196,702	(49,575,334)	39,276,910
	<u>130,810,650</u>	<u>829,729,570</u>	<u>(806,309,504)</u>	<u>154,230,716</u>

- (c) As at 30 June 2022 and 31 December 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Contract assets

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Contract assets	561,187,680	430,661,765
Less: provision for contract assets	<u>(16,123,098)</u>	<u>(10,019,030)</u>
	<u>545,064,582</u>	<u>420,642,735</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 2022 and 31 December 2021, the Group's contract assets were not overdue, and had no contract assets with provision for impairment on individual basis.

(10) Other current assets

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Debt investments		
– Financial assets held under resale agreement (i)	1,048,663,594	–
Other debt investments		
– Certificates of interbank deposits (ii)	843,673,850	929,212,100
VAT input to be deducted	178,685,876	317,503,153
Stock account funds	<u>–</u>	<u>2,111,479</u>
	<u>2,071,023,320</u>	<u>1,248,826,732</u>

(i) The amounts represented the financial assets of Qingdao Port Finance Co., Ltd., a subsidiary of the Company, which purchased bonds from banks and other financial institutions during the year and resold to these institutions at an agreed price at an agreed time. 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 at amortised cost.

(ii) 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 2022, the original value of the interbank deposits was RMB827,658,750 and changes in fair value recorded in other comprehensive income was RMB16,015,100.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term receivables

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Loans provided to related parties(i)	697,546,295	1,246,464,633
Sale and leaseback to related parties(ii)	1,727,626,855	1,798,685,390
Less: current portion	(540,483,177)	(675,343,994)
	1,884,689,973	2,369,806,029
Impairment provision	(58,739,233)	(79,394,977)
Less: current portion	5,300,678	11,673,302
	(53,438,555)	(67,721,675)
	1,831,251,418	2,302,084,354

(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.

(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 2021 (Restated)	3,045,150,023	(79,394,977)
Increase in the current period (Unaudited)	2,094,970	(54,621)
Write-off in the current period (Unaudited)	(622,071,843)	17,546,838
Reversal of provision for bad debt in the current period (i) (Unaudited)	-	3,163,527
30 June 2022 (Unaudited)	2,425,173,150	(58,739,233)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term receivables (Continued)

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

- (i) Excluding additions and decreases in the current period, the change in allowance for bad debt provisions due to changes in parameters and data used to determine expected credit losses is RMB3,163,527.

As at 30 June 2022 and 31 December 2021, the Group did not have any long-term receivables for the provision of bad debts. The other receivables for the provision of bad debts are in the first stage analyzed as follows:

	30 June 2022 (Unaudited)			31 December 2021 (Restated)		
	Ending balance	Provision for bad debts	% of total balance	Ending balance	Provision for bad debts	% of total balance
	Amount	Amount	Amount	Amount	Amount	Amount
Loans and advances combinations	<u>2,425,173,150</u>	<u>(58,739,233)</u>	<u>2.42%</u>	<u>3,045,150,023</u>	<u>(79,394,977)</u>	<u>2.61%</u>

(12) Long-term equity investments

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Joint ventures (a)	<u>9,493,845,769</u>	<u>8,875,145,775</u>
Associates (b)	<u>1,021,364,863</u>	<u>972,468,224</u>
	<u>10,515,210,632</u>	<u>9,847,613,999</u>

As at 30 June 2022 and 31 December 2021, 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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures

Investments in joint ventures are set out below:

	31 December 2021 (Restated)	Movements for the current period(Unaudited)				30 June 2022 (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"(ii))	5,774,317,073	465,630,061	3,114,289	-	(175,474)	6,242,885,949
Qingdao Shihua Crude Oil Terminal Co., Ltd. ("Qingdao Shihua")	1,295,017,701	141,149,288	810,608	-	2,404,594	1,439,382,191
Qingdao Qianwan West Port United Terminal Co., Ltd. ("West United") (ii)	412,017,516	7,102,024	146,037	-	1,052,201	420,317,778
Qingdao Evergreen Container Storage and Transportation Co., Ltd. ("Evergreen Container")	49,173,140	10,611,459	117,015	(18,580,595)	-	41,321,019
Qingdao Orient International Container Storage and Transportation Co., Ltd. ("Orient Container")	43,724,759	3,212,824	61,243	(5,342,297)	-	41,656,529
Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. ("Haiwan Liquid Chemical")	156,952,201	731,924	-	-	-	157,684,125
Qingdao Ganghai International Logistics Co., Ltd. ("Ganghai Logistics")	5,305,987	(744,117)	-	-	-	4,561,870
Qingdao Shenzhouxing International Transportation Co., Ltd. ("Shenzhouxing Cargo Agency")	17,966,909	6,812,018	-	-	-	24,778,927
China Shipping Agency (Qingdao) Co., Ltd. ("China Shipping Agency")	10,168,067	375,356	548,900	-	-	11,092,323
Qingdao United International Shipping Agency Co., Ltd. ("United Shipping Agency")	29,570,397	1,210,085	-	-	-	30,780,482
Huaneng Qingdao Port Operation Co., Ltd. ("Huaneng Qingdao")	121,304,296	836,756	7,445	-	-	122,148,497
Qingdao Port Dongjiakou IMC Logistics Co., Ltd. ("Dongjiakou IMC Logistics") (iii)	67,853,697	(90,596)	-	-	-	67,763,101
QDOT	659,560,237	(13,004,128)	-	-	956,550	647,512,659
Qingdao Port Express Logistics (Linyi) Co., Ltd. ("Linyi Express")	4,313,584	(389,797)	-	-	-	3,923,787
Sinotrans Qingdao Port Dongjiakou Logistics Co., Ltd. ("Dongjiakou Sinotrans Logistics")	51,635,470	46,712	-	-	-	51,682,182
Qingdao Port Lianrong Logistics Co., Ltd. ("Lianrong Logistics")	9,096,193	1,580,436	-	(2,308,853)	-	8,367,776
Qingdao PetroChina Storage Company Limited ("PetroChina Storage")	147,703,852	9,231,571	51,866	-	-	156,987,289
Ocean Bridge International Port Operation and Management Co., Ltd. ("Ocean Bridge International")	1,914,032	361,786	-	-	-	2,275,818
Qingdao Port Lianhai International Logistics Co., Ltd. ("Lianhai Logistics")	17,550,664	1,172,803	-	-	-	18,723,467
	<u>8,875,145,775</u>	<u>635,836,465</u>	<u>4,857,403</u>	<u>(26,231,745)</u>	<u>4,237,871</u>	<u>9,493,845,769</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures (Continued)

- (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.
- (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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(b) Associates

Investments in associates are set out below:

	31 December 2021 (Restated)	Movements for the current period (Unaudited)				30 June 2022 (Unaudited)
		Additional investment	Share of net profit/(loss) under equity method	Cash dividends/ profit declared	Intra-group unrealized profit	
Qingdao Qingyin Financial Leasing Co., Ltd. ("Qingyin Financial Leasing")	127,442,082	-	7,703,223	-	-	135,145,305
Vado Investment	83,908,354	-	-	-	-	83,908,354
Unitrans Group Co., Ltd. ("Unitrans")	131,329,261	-	13,455,742	(4,887,028)	-	139,897,975
COSCO SHIPPING Ports (Abu Dhabi) Co., Ltd. ("COSCO Abu Dhabi") (i)	330,377,094	-	(25,420,591)	-	-	304,956,503
Shandong Port Energy Co., Ltd. ("Shandong Port Energy")	13,642,137	-	627,483	-	-	14,269,620
Shandong Port Overseas Development Group Qingdao Co., Ltd. ("Overseas Development Qingdao")	4,924,793	-	428,482	-	-	5,353,275
QDP CTC	11,844,963	-	(85,607)	-	-	11,759,356
Global Shipping Business Network Limited ("GSBN") (i)	6,490,400	6,459,600	-	-	-	12,950,000
Qingdao Port Engineering Technology Company	202,837,173	-	11,077,443	-	(610,407)	213,304,209
50,770,000	-	2,214,584	-	-	-	52,984,584
Weihai Hailian Container Company Co., Ltd. ("Hailian Container") (ii)	7,956,456	-	(1,840,500)	-	-	6,115,956
Weihangbao Supply Chain Management Co., Ltd. ("Gangbao Supply Chain") (ii)	945,511	-	(249,773)	-	-	695,738
Shangang Luhai International Logistics (Jinan) Co., Ltd. ("Shangang Luhai International Logistics") (iii)	-	40,000,000	23,988	-	-	40,023,988
	<u>972,468,224</u>	<u>46,459,600</u>	<u>7,934,474</u>	<u>(4,887,028)</u>	<u>(610,407)</u>	<u>1,021,364,863</u>

(i) In 2021, GSBN was jointly established by QDP International, COSCO Container Lines (Hong Kong) Co., Ltd., Cosco Shipping Ports Limited, Hapag-Lloyd Co., Ltd., Hutchison Port Holdings Limited, the Orient Overseas Container Line, PSA International and Shanghai International Port Group (HK) Co., Limited with a registered capital of USD16,000,000. Each party contributed USD1,000,000 with a shareholding of 12.5%. On 24 April 2022, the Company made an additional capital contribution of USD1,000,000 to GSBN, which was in accordance with the subscribed capital contribution. And the shareholding remained unchanged after the capital increase. The Company only had significant influence over GSBN and accordingly GSBN was accounted for as an associate.

(ii) As stated in Note 2, in May 2022, the Company acquired a subsidiary Weihai Port Development from Weihai Port Group. This transaction was classified as a business combination involving enterprises under common control as if the reporting entities after the combination had been existed throughout the previous years. Therefore, the associates under Weihai Port Development were treated as associates of the Group from the beginning of the period.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(b) Associates (Continued)

- (iii) As at 31 December 2021, the Company, Shandong Port Luhai International Logistics Group Co., Ltd., Qingdao Goodaymart Logistics Co., Ltd. and Jinan Lingang Industrial Park Development Co., Ltd. jointly established Shangang Luhai International Logistics, with a registered capital of RMB200,000,000. In February 2022, the Company contributed RMB40,000,000, representing a shareholding of 20%. The Company only had significant influence over Shangang Luhai International Logistics and accordingly Shangang Luhai International Logistics was accounted for as an associate.

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

(13) Other non-current financial assets

	30 June 2022 (Unaudited)	31 December 2021
Investments in financial assets at fair value through profit or loss		
Financial bonds(i)	603,329,684	604,816,660
Equity investments (ii)	<u>292,351,677</u>	<u>292,351,677</u>
	<u>895,681,361</u>	<u>897,168,337</u>

- (i) Other non-current financial assets with a carrying amount of RMB603,329,684 were mainly bank financial bonds purchased by Qingdao Finance, a subsidiary of the Company.
- (ii) Equity investment with a carrying amount of RMB292,351,677 represents unlisted equity investments held by the Company in Shandong Harbour Construction, Shandong Binhai Hongrun Pipeline stock limited (“Binhai Hongrun”), Shandong Port Shipping Group Co., Ltd. (“Shandong Port Shipping”), Sinopec Qingdao Liquefied Natural Gas Co., Ltd. (“LNG”) and Sanya Yalong Bay Development Co., Ltd. (“Sanya Yalong Bay”) with shareholding of 9.62%, 10%, 11.02%, 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 2022, the Company received cash dividends of RMB10,000,000 from LNG (For the six months ended 30 June 2021: nil) °

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Investment properties

	Buildings and port facilities	Land use rights	Total
Cost			
31 December 2021(Restated)	<u>68,187,971</u>	<u>158,364,497</u>	<u>226,552,468</u>
30 June 2022 (Unaudited)	<u>68,187,971</u>	<u>158,364,497</u>	<u>226,552,468</u>
Accumulated depreciation			
31 December 2021(Restated)	<u>(15,847,393)</u>	<u>(25,820,857)</u>	<u>(41,668,250)</u>
Increase in the current period (Unaudited)	<u>(1,324,006)</u>	<u>(1,599,536)</u>	<u>(2,923,542)</u>
30 June 2022 (Unaudited)	<u>(17,171,399)</u>	<u>(27,420,393)</u>	<u>(44,591,792)</u>
Net book value			
30 June 2022 (Unaudited)	<u>51,016,572</u>	<u>130,944,104</u>	<u>181,960,676</u>
31 December 2021(Restated)	<u>52,340,578</u>	<u>132,543,640</u>	<u>184,884,218</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Investment properties (Continued)

	Buildings and port facilities	Land use rights	Total
Cost			
31 December 2020 (Restated)	<u>56,423,621</u>	<u>158,364,497</u>	<u>214,788,118</u>
30 June 2021 (Unaudited)	<u>56,423,621</u>	<u>158,364,497</u>	<u>214,788,118</u>
Accumulated depreciation			
31 December 2020 (Restated)	(9,992,751)	(22,660,105)	(32,652,856)
Increase in the current period (Unaudited)	<u>(967,433)</u>	<u>(1,599,536)</u>	<u>(2,566,969)</u>
30 June 2021 (Unaudited)	<u>(10,960,184)</u>	<u>(24,259,641)</u>	<u>(35,219,825)</u>
Net book value			
30 June 2021 (Unaudited)	<u><u>45,463,437</u></u>	<u><u>134,104,856</u></u>	<u><u>179,568,293</u></u>
31 December 2020 (Restated)	<u><u>46,430,870</u></u>	<u><u>135,704,392</u></u>	<u><u>182,135,262</u></u>

As at 30 June 2022 and 31 December 2021, 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 2022 and 2021, no interest expenses were capitalized in investment properties by the Group.

As at 30 June 2022 and 31 December 2021, there were no investment properties without certificates.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Fixed assets

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
Cost										
31 December 2021(Restated)	1,202,806,952	13,606,879,483	7,447,588,848	3,660,133,900	1,306,366,641	1,626,384,184	160,467,005	242,723,669	92,690,793	29,346,041,475
Increase in the current period (Unaudited)										
Purchase in the current period	1,965,919	35,793,190	634,319	37,936,520	29,285,154	-	8,699,375	8,113,995	2,860,847	125,289,319
Transfer from construction in progress	14,659,160	22,281,398	874,331,116	46,045,495	10,485,378	-	367,459	3,405,882	12,021	971,587,909
Decrease in the current period (Unaudited)										
Disposal and scrapping	-	(449,972)	-	(15,038,787)	(2,708,865)	-	(1,362,113)	(764,153)	(372,656)	(20,696,546)
30 June 2022 (Unaudited)	1,219,432,031	13,664,504,099	8,322,554,283	3,729,077,128	1,343,428,308	1,626,384,184	168,171,726	253,479,393	95,191,005	30,422,222,157
Accumulated depreciation										
31 December 2021(Restated)	(327,754,106)	(3,184,770,878)	(1,532,928,090)	(2,864,445,930)	(835,175,186)	(866,343,552)	(99,597,037)	(173,127,041)	(52,047,274)	(9,936,189,094)
Increase in the current period (Unaudited)										
Provision	(21,653,791)	(189,930,310)	(138,409,138)	(54,666,812)	(52,156,696)	(35,877,684)	(4,625,527)	(16,110,183)	(2,180,098)	(515,610,239)
Decrease in the current period (Unaudited)										
Disposal and scrapping	-	260,906	-	14,436,755	2,183,231	-	1,156,194	716,972	354,329	19,108,387
30 June 2022 (Unaudited)	(349,407,897)	(3,374,440,282)	(1,671,337,228)	(2,904,675,987)	(885,148,651)	(902,221,236)	(103,066,370)	(188,520,252)	(53,873,043)	(10,432,690,946)
Provision for impairment loss										
31 December 2021 (Restated)	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Increase in the current period	-	-	-	-	-	-	-	-	-	-
30 June 2022 (Unaudited)	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Net book value										
30 June 2022 (Unaudited)	845,136,287	10,290,063,817	6,651,217,055	824,401,141	458,279,657	724,162,948	65,105,356	64,959,141	41,317,962	19,964,643,364
31 December 2021 (Restated)	850,164,999	10,422,108,605	5,914,660,758	795,687,970	471,191,455	760,040,632	60,869,968	69,596,628	40,643,519	19,384,964,534

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
Cost										
31 December 2020 (Restated)	1,244,124,588	12,925,505,687	6,102,275,860	3,356,531,992	1,322,324,627	1,713,572,059	154,288,375	179,550,978	100,574,474	27,098,748,640
Increase in the current period (Unaudited) (Restated)										
Purchase in the current period	3,603,239	388,741	317,618	9,960,021	12,257,646	-	2,219,852	8,422,566	2,424,320	39,594,003
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
Assets contribution from minority shareholders of subsidiaries	13,986,314	30,402,473	12,530,807	672,566	9,383,672	-	339,030	-	880,208	68,195,070
Decrease in the current period (Unaudited) (Restated)										
Disposal and discarding	-	(45,505)	(985,271)	(1,403,889)	(6,661,820)	-	(1,279,252)	-	(47,693)	(10,423,430)
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)
Disposal of Subsidiary and division of Shandong Weihai International Passenger Transport Co., Ltd. ("Weihai Passenger Transport")	(158,088,004)	(139,258,004)	(38,148,597)	(6,907,544)	(60,913,530)	(66,669,753)	(2,005,606)	(462,082)	(13,719,717)	(486,172,837)
30 June 2021 (Unaudited) (Restated)	1,090,538,158	12,820,125,410	6,075,753,833	3,464,643,740	1,340,747,133	1,629,772,306	147,032,820	188,738,448	87,360,589	26,844,712,437

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
Accumulated depreciation										
31 December 2020 (Restated)	(305,194,019)	(2,850,325,515)	(1,320,317,343)	(2,720,678,093)	(814,922,956)	(827,586,919)	(100,709,858)	(138,943,880)	(55,359,996)	(9,134,038,579)
Increase in the current period										
(Unaudited) (Restated)										
Provision	(19,708,395)	(193,656,540)	(107,087,356)	(46,595,863)	(50,671,647)	(35,880,727)	(4,596,562)	(8,858,232)	(3,468,335)	(470,523,657)
Transfer from right-of-use assets	-	-	-	(54,985,263)	-	-	-	-	-	(54,985,263)
Assets contribution from minority shareholders of subsidiaries	(502,329)	(4,514,523)	(734,989)	(46,726)	(3,274,944)	-	(37,079)	-	(528,371)	(9,638,961)
Decrease in the current period										
(Unaudited) (Restated)										
Disposal and discarding	-	26,503	161,686	1,287,314	6,334,245	-	1,057,637	-	45,748	8,913,133
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
Disposal of Subsidiary and division of Weihai										
Passenger Transport	25,329,205	34,197,727	3,827,822	1,405,777	42,555,887	22,597,248	1,641,524	311,182	9,530,749	141,397,121
30 June 2021 (Unaudited)	(297,658,663)	(2,987,284,728)	(1,423,689,636)	(2,811,455,903)	(805,703,589)	(835,898,046)	(98,906,020)	(146,898,545)	(48,167,819)	(9,455,662,949)
Provision for impairment loss										
31 December 2020 (Restated)	(24,887,847)	-	-	-	-	(3,842,867)	-	-	-	(28,730,714)
Decrease in the current period										
(Unaudited) (Restated)										
	-	-	-	-	-	3,842,867	-	-	-	3,842,867
30 June 2021 (Unaudited)	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Net book value										
30 June 2021 (Unaudited)	767,991,648	9,832,840,682	4,652,064,197	653,187,837	535,043,544	793,874,260	48,126,800	41,839,903	39,192,770	17,364,161,641
31 December 2020 (Restated)	914,042,722	10,075,180,172	4,781,958,517	635,853,899	507,401,671	882,142,273	53,578,517	40,607,098	45,214,478	17,935,979,347

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) 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	Loading equipment	Machinery and equipment	Other equipment	total
cost							
31 December 2021 (Restated)	26,984,361	2,187,267,267	924,917,845	26,640,018	1,039,636	93,923	3,166,943,050
Increase in the current period (Unaudited)	628,131	-	-	2,477,876	187,658	726,000	4,019,665
Decrease in the current period (Unaudited)	-	-	-	(5,368,187)	(1,039,636)	-	(6,407,823)
30 June 2022 (Unaudited)	27,612,492	2,187,267,267	924,917,845	23,749,707	187,658	819,923	3,164,554,892
Accumulated depreciation							
31 December 2021 (Restated)	(10,606,016)	(488,290,321)	(185,808,567)	(11,896,702)	(950,119)	(86,194)	(697,637,919)
Provision (Unaudited)	(775,865)	(31,498,033)	(11,928,617)	(1,013,805)	(180,151)	(689,700)	(46,086,171)
Decrease in the current period (Unaudited)	-	-	-	1,627,465	950,118	-	2,577,583
30 June 2022 (Unaudited)	(11,381,881)	(519,788,354)	(197,737,184)	(11,283,042)	(180,152)	(775,894)	(741,146,507)
Net book value							
30 June 2022 (Unaudited)	16,230,611	1,667,478,913	727,180,661	12,466,665	7,506	44,029	2,423,408,385
31 December 2021 (Restated)	16,378,345	1,698,976,946	739,109,278	14,743,316	89,517	7,729	2,469,305,131

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 2022 is RMB515,610,239 (For the six months ended 30 June 2021: RMB470,523,657). The amounts of depreciation expenses charged to cost of sales, general expenses and research and development expenditure were RMB498,571,884, RMB15,972,755 and RMB1,065,600 respectively (For the six months ended 30 June 2021, the amounts of depreciation expenses charged to cost of sales and general expenses were RMB455,821,100 and RMB14,702,557 respectively).

For the six months ended 30 June 2022, the costs of fixed assets transferred from construction in progress amount to RMB971,587,909 (For the six months ended 30 June 2021: RMB321,848,574).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Fixed assets (Continued)

- (a) As at 30 June 2022 and 31 December 2021, there is no mortgaged fixed assets in the Group.
- (b) As at 30 June 2022, the Group made a provision of RMB24,887,847 for impairment losses for its subsidiary, Weihai International Logistics Park Development Co., Ltd. (“Logistics Park Development”) (As at 31 December 2021: RMB24,887,847).
- (c) As at 30 June 2022 and 31 December 2021, there were no temporarily idle fixed assets.
- (d) Fixed assets that have not received a certificate of property right:

As at 30 June 2022, properties with a carrying amount of RMB43,843,941 (Cost: RMB48,641,668) (As at 31 December 2021: carrying amount of RMB11,825,268 (Cost: RMB13,584,342)) are located on non-owned land with a book value of RMB152,126,524 (Cost: RMB161,879,677) (As at 31 December 2021: book value of RMB155,718,950 (Cost: RMB162,929,677)). The financial statements for the completion of the project have not yet been processed, so the property right certificate has not yet been processed.

(16) Construction in progress

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Construction in progress (a)	3,815,917,992	3,513,501,488
Construction materials (b)	43,826,297	-
	<u>3,859,744,289</u>	<u>3,513,501,488</u>

(a) Construction in progress

	<u>30 June 2022 (Unaudited)</u>			<u>31 December 2021 (Restated)</u>		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Dongjiakou stevedoring, storage and transportation projects for liquid bulk cargo	784,433,274	-	784,433,274	496,308,651	-	496,308,651
Dongjiakou crude oil commercial reserve project	1,182,026,701	-	1,182,026,701	796,153,861	-	796,153,861
Dongjiakou bulk cargo berths and storage yard project	1,376,715,314	-	1,376,715,314	1,006,808,739	-	1,006,808,739
Dongjiakou general wharf grain silo phase II project	-	-	-	757,791,564	-	757,791,564
Other projects	472,742,703	-	472,742,703	456,438,673	-	456,438,673
	<u>3,815,917,992</u>	<u>-</u>	<u>3,815,917,992</u>	<u>3,513,501,488</u>	<u>-</u>	<u>3,513,501,488</u>

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Construction in progress (Continued)

(a) Construction in progress (Continued)

(i) Changes of major projects

Project name	Budget	31 December 2021 (Restated)	Increase in the current period (Unaudited)	Transfer to fixed assets (Unaudited)	Disposal of subsidiaries (Unaudited)	30 June 2022 (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	4,617,979,000	496,308,651	335,278,066	(37,153,443)	-	784,433,274	98%	98%	-	-	-	Internal capital
Dongjiakou crude oil commercial reserve project	4,480,000,000	796,153,861	385,872,840	-	-	1,182,026,701	56%	56%	-	-	-	Internal capital Internal capital, bank loan and raised funds
Dongjiakou bulk cargo berths and storage yard project	2,677,366,000	1,006,808,759	369,924,500	(17,925)	-	1,376,715,314	78%	78%	31,638,021	-	-	Internal capital
Dongjiakou general wharf grain silo phase II project	798,259,500	757,791,564	-	(757,791,564)	-	-	100%	100%	-	-	-	Internal capital
Other projects		456,488,673	197,734,200	(4,805,283)	(4,805,283)	472,742,703			-	-	-	Internal capital
		<u>3,513,501,488</u>	<u>1,278,806,696</u>	<u>(971,987,909)</u>	<u>(4,805,283)</u>	<u>3,815,917,992</u>			<u>31,638,021</u>	<u>-</u>	<u>-</u>	

As at 30 June 2022, 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 (As at 31 December 2021: nil).

Project name	Budget	31 December 2020 (Restated)	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 stevedoring, storage and transportation projects for liquid bulk cargo	4,617,979,000	1,088,880,896	169,268,122	(295,650,037)	-	963,098,981	82%	82%	-	-	-	Internal capital
Dongjiakou crude oil commercial reserve project	4,480,000,000	1,060,900,260	238,783,337	-	-	1,299,683,607	29%	29%	-	-	-	Internal capital Internal capital and bank loan
Dongjiakou bulk cargo berths and storage yard project	1,597,366,000	550,421,248	8,937,075	(22,266)	-	559,336,059	79%	79%	31,532,088	255,583	4.90%	Internal capital
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		312,392,211	70,512,049	(26,742,273)	(86,580)	557,742,147			-	-	-	Internal capital
		<u>3,141,620,139</u>	<u>(69,694,952)</u>	<u>(321,848,574)</u>	<u>(86,580)</u>	<u>3,518,480,667</u>			<u>31,532,088</u>	<u>255,583</u>	<u>-</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Construction in progress (Continued)

(b) Construction materials

	30 June 2022 (Unaudited)	31 December 2021
Construction materials	<u>43,826,297</u>	<u>–</u>

(17) Right-of-use assets

	Buildings	Port facilities	Storage facilities	Loading equipment	Vessel	Total
Cost						
31 December 2021 (Restated)	181,950,083	30,740,178	226,971,617	29,796,450	91,439,655	560,897,983
Increase in the current period (Unaudited)						
New lease contracts	3,096,121	–	100,651,431	–	–	103,747,552
Decrease in the current period (Unaudited)						
Transfer to fixed assets	–	(30,740,178)	–	(29,796,450)	–	(60,536,628)
Expiration of operating lease	–	–	(12,308,565)	–	–	(12,308,565)
30 June 2022 (Unaudited)	185,046,204	–	315,314,483	–	91,439,655	591,800,342
Accumulated depreciation						
31 December 2021 (Restated)	(27,964,029)	(5,732,974)	(129,461,387)	(12,402,761)	(14,477,945)	(190,039,096)
Increase in the current period (Unaudited)						
Provision	(18,225,845)	–	(34,355,516)	–	(2,412,991)	(54,994,352)
Decrease in the current period (Unaudited)						
Transfer to fixed assets	–	5,732,974	–	12,402,761	–	18,135,735
Expiration of operating lease	–	–	12,308,565	–	–	12,308,565
30 June 2022 (Unaudited)	(46,189,874)	–	(151,508,338)	–	(16,890,936)	(214,589,148)
Net book value						
30 June 2022 (Unaudited)	138,856,330	–	163,806,145	–	74,548,719	377,211,194
31 December 2021 (Restated)	153,986,054	25,007,204	97,510,230	17,393,689	76,961,710	370,858,887

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Right-of-use assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Vessel	Total
Cost						
31 December 2020 (Restated)	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 (Restated)	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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Intangible assets

	Land use right	Software	Sea area use right	Others	Total
Cost					
31 December 2021 (Restated)	3,363,150,203	167,746,150	124,577,210	50,200,343	3,705,673,906
Increase in the current period (Unaudited)					
Purchase	98,747	359,875	-	-	458,622
Internal research and development	-	4,832,931	-	-	4,832,931
Decrease in the current period (Unaudited)					
Disposal and discarding	(132,075)	-	-	-	(132,075)
30 June 2022 (Unaudited)	3,363,116,875	172,938,956	124,577,210	50,200,343	3,710,833,384
Accumulated amortization					
31 December 2021 (Restated)	(338,680,337)	(96,303,136)	(8,500,069)	(44,292,894)	(487,776,436)
Increase in the current period (Unaudited)					
Provision	(34,642,306)	(12,708,851)	(717,400)	(1,509,629)	(49,578,186)
Decrease in the current period (Unaudited)					
Disposal and discarding	28,616	-	-	-	28,616
30 June 2022 (Unaudited)	(373,294,027)	(109,011,987)	(9,217,469)	(45,802,523)	(537,326,006)
Book value					
30 June 2022 (Unaudited)	2,989,822,848	63,926,969	115,359,741	4,397,820	3,173,507,378
31 December 2021 (Restated)	3,024,469,866	71,443,014	116,077,141	5,907,449	3,217,897,470

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Intangible assets (Continued)

	Land use right	Software	Sea area use right	Others	Total
Cost					
31 December 2020 (Restated)	3,415,105,890	176,186,987	76,548,790	50,178,663	3,718,020,330
Increase in the current period (Unaudited)					
(Restated)					
Purchase	46,911,820	1,132,380	49,391,000	-	97,435,200
Decrease in the current period (Unaudited)					
(Restated)					
Disposal and discarding	-	(9,989,783)	-	-	(9,989,783)
Classified as held for sale	(216,667)	(5,640,772)	-	-	(5,857,439)
Disposal of Subsidiary and division of					
Weihai Passenger Transport	(56,939,970)	(851,572)	-	-	(57,791,542)
30 June 2021 (Unaudited) (Restated)	3,404,861,073	160,837,240	125,939,790	50,178,663	3,741,816,766
Accumulated amortization					
31 December 2020 (Restated)	(284,234,275)	(82,267,289)	(7,667,622)	(41,282,308)	(415,451,494)
Increase in the current period (Unaudited)					
(Restated)					
Provision	(36,464,741)	(14,122,000)	(1,477,627)	(1,503,125)	(53,567,493)
Decrease in the current period (Unaudited)					
(Restated)					
Disposal and discarding	-	9,989,783	-	-	9,989,783
Classified as held for sale	28,889	2,226,046	-	-	2,254,935
Disposal of Subsidiary and division of					
Weihai Passenger Transport	7,505,287	506,616	-	-	8,011,903
30 June 2021 (Unaudited)	(313,164,840)	(83,666,844)	(9,145,249)	(42,785,433)	(448,762,366)
Book value					
30 June 2021 (Unaudited)	3,091,696,233	77,170,396	116,794,541	7,393,230	3,293,054,400
31 December 2020 (Restated)	3,130,871,615	93,919,698	68,881,168	8,896,355	3,302,568,836

For the six months ended 30 June 2022, the amount of amortization for intangible assets is RMB49,578,186 (For the six months ended 30 June 2021: RMB53,567,493).

As at 30 June 2022, the group has no land that is still in the process of certificate application (As at 31 December 2021, nil).

As at 30 June 2022, there are no pledged intangible assets (As at 31 December 2021: nil).

As at 30 June 2022, the management of the Group considered that there was no indication of impairment of intangible assets, and therefore no provision for impairment was required (As at 31 December 2021: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Intangible assets (Continued)

The Group's Development expenditure are as follows:

	31 December 2021	Increase in current period (Unaudited)	Decrease in the current period		30 June 2022 (Unaudited)
			Recorded in profit and loss (Unaudited)	Recognized as intangible assets (Unaudited)	
Terminal facilities development and software	<u>24,006,548</u>	<u>71,827,158</u>	<u>(55,906,928)</u>	<u>(4,832,931)</u>	<u>35,093,847</u>

For the six months ended 30 June 2022, the Group's development expenditure research and development expenditure amounted to RMB71,827,158 (For the six months ended 30 June 2021: RMB24,562,707), of which RMB55,906,928 (For the six months ended 30 June 2021: RMB12,050,352) was recognized as intangible assets, of which RMB4,832,931 (For the six months ended 30 June 2021: nil) was recognized in profit or loss. RMB35,093,847 is included in the ending balance of development expenditures (For the six months ended 30 June 2021: 12,630,428). As at 30 June 2022, the intangible assets developed by the Group accounted for 1.59% (31 December 2021: 1.92%) of the carrying amount of the total intangible assets.

(19) Goodwill

	31 December 2021	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (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
	<u>53,370,039</u>	<u>–</u>	<u>–</u>	<u>53,370,039</u>
Less: Provision for impairment – Gangyuntai Logistics	<u>(4,686,830)</u>	<u>–</u>	<u>–</u>	<u>(4,686,830)</u>
	<u>(4,686,830)</u>	<u>–</u>	<u>–</u>	<u>(4,686,830)</u>
	<u>48,683,209</u>	<u>–</u>	<u>–</u>	<u>48,683,209</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) 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 2022. The allocation was summarised by the operating segment as follows:

	30 June 2022 (Unaudited)	31 December 2021
Liquid bulk cargo handling and ancillary services		
– Red Star Logistics	27,996,716	27,996,716
Metal ore, coal and other cargo handling and ancillary services		
– 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 year.

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 11% (As at 31 December 2021: approximately 12%). The growth rate in the forecast period is determined based on the five-year budget average growth rate of approved sales income 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% (As at 31 December 2021: approximately 3%).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	30 June 2022 (Unaudited)		31 December 2021 (Restated)	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Assets revaluation surplus	2,682,527,940	670,631,985	2,724,692,808	681,173,202
Early retirement benefits	139,990,000	34,997,500	130,930,000	32,732,500
Elimination of intra-group unrealized profit	545,335,012	136,333,753	558,810,056	139,702,514
Provision for asset impairment	258,742,856	64,598,240	218,563,831	54,553,484
Accrued expenses	146,847,380	36,711,845	149,760,604	37,440,151
Deductible losses	103,666,757	25,916,689	103,666,757	25,916,689
Government grant	77,018,168	19,254,542	81,810,780	20,452,695
	<u>3,954,128,113</u>	<u>988,444,554</u>	<u>3,968,234,836</u>	<u>991,971,235</u>
Including:				
Expected to be recovered within one period/year (inclusive)		60,130,587		59,257,621
Expected to be recovered after one period/year		<u>928,313,967</u>		<u>932,713,614</u>
		<u>988,444,554</u>		<u>991,971,235</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) Deferred tax assets and deferred tax liabilities (Continued)

(b) Deferred tax liabilities before offsetting

	30 June 2022 (Unaudited)		31 December 2021 (Restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	208,456,400	52,114,100	211,013,280	52,753,320
Depreciation of fixed assets	142,255,236	35,563,809	127,903,281	31,975,820
Changes in fair value of wealth management products	37,801,516	9,450,379	37,483,876	9,370,969
	<u>388,513,152</u>	<u>97,128,288</u>	<u>376,400,437</u>	<u>94,100,109</u>
Including:				
Expected to be recovered within one period (inclusive)		13,845,608		15,430,979
Expected to be recovered after one period		83,282,680		78,669,130
		<u>97,128,288</u>		<u>94,100,109</u>

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

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Deductible temporary differences	105,913,343	113,426,334
Deductible losses	<u>173,938,023</u>	<u>183,329,974</u>
	<u>279,851,366</u>	<u>296,756,308</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) 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 2022 (Unaudited)	31 December 2021 (Restated)
2022	27,239,038	27,239,038
2023	26,190,660	28,628,452
2024	21,132,550	30,136,063
2025	51,236,686	52,108,240
2026	45,218,181	45,218,181
2027	2,920,908	–
	<u>173,938,023</u>	<u>183,329,974</u>

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

	<u>30 June 2022 (Unaudited)</u>		31 December 2021 (Restated)	
	Offsetting amount	Amount after offsetting	Offsetting amount	Amount after offsetting
Deferred tax assets	(46,006,085)	942,438,469	(40,816,175)	951,155,060
Deferred tax liabilities	(46,006,085)	51,122,203	(40,816,175)	53,283,934

(21) Other non-current assets

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Foundation oil (i)	290,316,583	290,316,583
Construction and equipment expenditures prepaid	342,118,029	165,723,796
VAT input to be deducted	38,452,222	207,359,549
Taxes advance receipt from port facilities rental income (ii)	135,485,136	141,900,098
	<u>806,371,970</u>	<u>805,300,026</u>

- (i) The Company's subsidiary, Weifang Port Lianhua Storage Co., Ltd. ("Weifang Port Lianhua"), Qingdao Haiye Mercuria Storage Co., Ltd. ("Mercuria Storage") 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.
- (ii) 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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Provision for asset impairment

	31 December 2021 (Restated)	Increase in the current period (Unaudited)	Decrease in the current period		30 June 2022 (Unaudited)
			Reversal (Unaudited)	Write-off (Unaudited)	
Provision for bad debts of notes receivables	1,548,099	248,155	-	-	1,796,254
Including: Provision for bad debts on the individual basis	-	-	-	-	-
Provision for bad debts on the grouping basis	1,548,099	248,155	-	-	1,796,254
Provision for bad debts of accounts receivable	160,927,135	53,424,745	(4,771,043)	-	209,580,837
Including: Provision for bad debts on the individual basis	27,793,599	270,000	(4,771,043)	-	23,292,556
Provision for bad debts on the grouping basis	133,133,536	53,154,745	-	-	186,288,281
Provision for bad debts of other receivables	107,012,370	7,042,265	(2,294,989)	-	111,759,646
Including: Provision for bad debts on the individual basis	58,425,877	-	(2,294,989)	-	56,130,888
Provision for bad debts on the grouping basis	48,586,493	7,042,265	-	-	55,628,758
Provision for impairment of long-term receivables	79,394,977	54,621	(20,710,365)	-	58,739,233
Subtotal	<u>348,882,581</u>	<u>60,769,786</u>	<u>(27,776,397)</u>	<u>-</u>	<u>381,875,970</u>
Goodwill impairment provision	4,686,830	-	-	-	4,686,830
Provision for impairment of contract assets	<u>10,019,030</u>	<u>6,104,068</u>	<u>-</u>	<u>-</u>	<u>16,123,098</u>
Subtotal	<u>14,705,860</u>	<u>6,104,068</u>	<u>-</u>	<u>-</u>	<u>20,809,928</u>
	<u><u>363,588,441</u></u>	<u><u>66,873,854</u></u>	<u><u>(27,776,397)</u></u>	<u><u>-</u></u>	<u><u>402,685,898</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Short-term borrowings

	Currency	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Unsecured borrowings	USD	517,019,411	1,419,839,451
Unsecured borrowings	RMB	368,720,000	70,000,000
Interest payable	RMB&USD	3,190,487	8,558,613
		<u>888,929,898</u>	<u>1,498,398,064</u>

As at 30 June 2022, the interest rate of short-term borrowings ranges from 0.95% to 5.50% (31 December 2021: 0.95% to 2.05%).

(24) Notes payable

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Trade acceptance notes	758,874,106	691,178,534
Bank acceptance notes	264,275,477	545,822,529
	<u>1,023,149,583</u>	<u>1,237,001,063</u>

(25) Accounts payable

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Material expenditure payable	605,794,151	682,756,164
Agency fee payable	336,431,333	230,270,359
Subcontract handling expenses payable	266,740,539	56,402,043
Transportation expenses payable	237,452,516	218,578,235
Subcontract costs payable	128,238,187	145,071,011
Repair expenses payable	78,454,259	79,298,788
Rental expenses payable	31,384,784	24,393,703
Others	56,157,930	67,537,872
	<u>1,740,653,699</u>	<u>1,504,308,175</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Accounts payable (Continued)

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

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Within 1 year	1,627,870,080	1,451,410,535
Over 1 year	112,783,619	52,897,640
	<u>1,740,653,699</u>	<u>1,504,308,175</u>

Accounts payable is mainly recorded on the basis of the date of business occurrence, and the aging shown on the date of entry is basically the same as that shown on the date of invoice.

As at 30 June 2022, accounts payable over one year amounted to RMB112,783,619 (31 December 2021: RMB52,897,640), which were mainly subcontract costs and material expenditure payables without final clearing for the unsettled constructions.

(26) Contract Liabilities

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Logistic fee received in advance	124,527,716	58,035,843
Loading fee received in advance	119,996,263	125,350,871
Disposal payment of foundation oil received in advance	70,350,000	-
Construction fee received in advance	30,150,977	7,782,403
Material fee received in advance	14,774,648	9,659,412
Tug fees collected in advance	8,329,069	11,724,049
Others	4,405,845	3,791,333
	<u>372,534,518</u>	<u>216,343,911</u>

For the six months ended 30 June 2022, the carrying amount of the Group's contract liabilities amounted to RMB216,343,911 included in the beginning of the period (For the six months ended 30 June 2021: RMB148,693,164) has been recognized into revenue from main operations in the current period.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Employee benefits payable

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Short-term employee benefits payable (a)	410,545,244	367,353,181
Defined contribution plans payable (b)	26,937,999	12,773,379
Termination benefits payable (c)	48,260,000	39,270,000
Defined benefit plans payable (d)	142,350,000	137,228,890
	628,093,243	556,625,450

(a) Short-term employee benefits

	31 December 2021 (Restated)	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (Unaudited)
Wages and salaries, bonus, allowances and subsidies	304,473,610	864,037,909	(837,822,487)	330,689,032
Employee welfare	287,037	59,413,467	(46,936,731)	12,763,773
Social security contributions	-	57,870,866	(57,870,866)	-
Including: Medical insurance	-	53,465,111	(53,465,111)	-
Work injury insurance	-	4,405,755	(4,405,755)	-
Housing fund	-	69,133,535	(69,132,133)	1,402
Labor union funds and employee education funds	10,537,401	19,453,885	(18,753,781)	11,237,505
Outsourcing costs	51,779,782	318,563,082	(319,678,055)	50,664,809
Others	275,351	12,834,926	(7,921,554)	5,188,723
	367,353,181	1,401,307,670	(1,358,115,607)	410,545,244

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Employee benefits payable(Continued)

(b) Defined contribution plans

	31 December 2021 (Restated)	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (Unaudited)
Basic pensions	-	107,121,700	(107,121,700)	-
Unemployment insurance	-	4,687,414	(4,687,414)	-
Enterprise annuity	12,773,379	55,892,882	(41,728,262)	26,937,999
	<u>12,773,379</u>	<u>167,701,996</u>	<u>(153,537,376)</u>	<u>26,937,999</u>

Monthly payments of premiums on the basic pensions and unemployment insurance are calculated according to the bases and percentage prescribed by local authorities of Ministry of Human Resource and Social Security, and the payment shall not be used to offset the amount that the Group shall pay to its employees in the future.

(c) Termination benefits payable

	30 June 2022 (Unaudited)	31 December 2021
Early retirement benefits payable (Current portion)	<u>48,260,000</u>	<u>39,270,000</u>

Early retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note 4(34)), the current portion of which is presented as employee benefits payable.

(d) Defined benefit plans

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Supplemental retirement benefits (Current portion)	<u>142,350,000</u>	<u>137,228,890</u>

Supplemental retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note 4(34)), the current portion of which is presented as employee benefits payable.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Taxes payable

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Enterprise income tax payable	279,664,352	214,326,291
Unpaid VAT	73,600,877	28,658,702
Land use tax payable	18,220,084	17,896,367
Property tax payable	1,448,025	3,305,726
Individual income tax payable	2,885,839	2,339,033
Stamp duty payable	1,616,639	2,234,327
Others	8,324,423	2,914,553
	<u>385,760,239</u>	<u>271,674,999</u>

(29) Other payables

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Customer deposits by Qingdao Finance (i)	5,768,197,011	7,165,348,378
Construction and equipment expenditures payable (ii)	2,670,060,432	2,346,165,495
Dividends payable	1,838,961,594	193,109,828
Payables for equity interest acquisition (iii)	984,446,625	–
Payables and advances from agent business (iv)	812,946,284	701,104,946
Guarantees and deposits payable	195,852,953	143,536,848
Payables to Qingdao Port Group	150,000,000	150,000,000
Rail freight collected on behalf	54,096,020	8,640,883
Interest of customer deposits by Qingdao Finance (i)	24,615,044	27,759,627
Factoring borrowings payable	–	50,009,722
Others	176,699,297	134,296,117
	<u>12,675,875,260</u>	<u>10,919,971,844</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(29) 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 for equity interest acquisition represent the payables for equity interest transfer of the Group's purchase of 51% equity interests in Weihai Port Development held by Weihai Port Group, which has not yet been paid.
- (iv) 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.
- (a) As at 30 June 2022, other payables over 1 year of RMB868,836,582 (31 December 2021: RMB702,346,337) were mainly construction and equipment expenditures payable which remain outstanding as are not due.

(30) Current portion of non-current liabilities

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Current portion of lease liabilities (Note 4(31))	140,317,566	108,145,633
Current portion of long-term borrowings	-	75,126,034
Current portion of long-term payables (Note 4(32))	76,531,121	5,755,000
	<u>216,848,687</u>	<u>189,026,667</u>

(31) Lease liability

	30 June 2022 (Unaudited)	31 December 2021
Lease liabilities	333,819,224	292,583,959
Less: Current portion	<u>(140,317,566)</u>	<u>(108,145,633)</u>
	<u>193,501,658</u>	<u>184,438,326</u>

As at 30 June 2022, 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.

As at 30 June 2022, the future minimum lease payments of short-term leases and low-value asset leases contract adopting the practical expedient according to the new lease standard was RMB1,205,680.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Long-term payables

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Sale-leaseback arrangement deemed as mortgage loan	121,069,864	120,870,833
Less: Current portion	(5,899,031)	(5,700,000)
Entrusted loan	139,632,090	60,055,000
Less: Current portion	(70,632,090)	(55,000)
Collection and payment of welfare expenses on behalf of Qingdao Port Group	43,388,428	38,548,556
Less: Current portion of welfare expenses	(289,856)	(1,961,828)
	<u>227,269,405</u>	<u>211,757,561</u>

(33) Deferred revenue

	31 December 2021 (Restated)	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (Unaudited)	Reason
Government grants(a)	<u>311,098,110</u>	<u>7,075,610</u>	<u>(10,427,949)</u>	<u>307,745,771</u>	Special funds for outer channel, etc.
(a) Government grants					
	31 December 2021 (Restated)	Increase in current period (Unaudited)	Recorded in other income in the current period (Unaudited)	30 June 2022 (Unaudited)	Assets related/ income related
Special funds for outer channel (i)	119,618,144	-	(1,957,222)	117,660,922	Assets related
Special support fund (ii)	62,264,400	-	(5,389,610)	56,874,790	Assets related
Central government funding subsidies for food security (iii)	67,460,000	-	(249,851)	67,210,149	Assets related
Supporting subsidies for infrastructure of Weigang Logistics Center project	42,287,267	-	(554,766)	41,732,501	Assets related
Support funds for smart port pilot project	6,000,000	-	(1,900,000)	4,100,000	Assets related
Special subsidy for shore power projects	4,643,500	-	(376,500)	4,267,000	Assets related
Others	8,824,799	7,075,610	-	15,900,409	Assets related
	<u>311,098,110</u>	<u>7,075,610</u>	<u>(10,427,949)</u>	<u>307,745,771</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Deferred revenue (Continued)

(a) Government grants (Continued)

- (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) Central government funding subsidies for food security is the project support fund received by DMT 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 and depreciated on the straight-line basis over its useful life in the profit or loss for the current period.

(34) Long-term employee benefits payable

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Early retirement benefits payable (a)	139,990,000	130,930,000
Supplemental retirement benefits payable (b)	2,577,850,000	2,552,965,602
Less: Current portion	<u>(190,610,000)</u>	<u>(176,498,890)</u>
	<u>2,527,230,000</u>	<u>2,507,396,712</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(27)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Long-term employee benefits payable (Continued)

(a) Early retirement benefits of the Group:

	30 June 2022 (Unaudited)	31 December 2021
Early retirement benefits	139,990,000	130,930,000
Less: current portion	(48,260,000)	(39,270,000)
	<u>91,730,000</u>	<u>91,660,000</u>

(b) Supplemental retirement benefits of the Group:

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Supplemental retirement benefits	2,577,850,000	2,552,965,602
Less: current portion	(142,350,000)	(137,228,890)
	<u>2,435,500,000</u>	<u>2,415,736,712</u>

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

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Opening balances	130,930,000	57,800,000
Amount recognized in profit or loss for the current period		
Service cost	31,460,000	70,030,000
Net interest expense on the net obligations	1,730,000	740,000
Payment of benefits	(24,130,000)	(15,530,000)
Classified as liabilities held for sale	-	(480,000)
Ending balances	<u>139,990,000</u>	<u>112,560,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Long-term employee benefits payable (Continued)

(c) **Movements for the Group's early retirement benefits are analyzed as follows** (Continued):

The main assumptions of the group's early retirement benefits payable at the balance sheet date are as follows:

	30 June 2022 (Unaudited)	31 December 2021
Discount rate – early retirement benefits	2.50%	2.50%
Salary and welfare growth rate – early retirement benefits	10%	10%

(d) **The changes of supplemental retirement benefits of the group are as follows:**

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Opening balances	2,552,965,602	2,458,509,223
Amount recognized in profit or loss for the current period		
– Service cost	31,924,398	15,280,000
– Net interest expense on the net obligations	37,610,000	41,490,000
Re-measurement amount (Unaudited)	–	–
– Actuarial gains for the current year	–	–
Personnel transfer out	–	(203,573)
Payment of benefits	(44,650,000)	(84,638,305)
Classified as liabilities held for sale	–	(133,660,000)
Ending balances	<u>2,577,850,000</u>	<u>2,296,777,345</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Long-term employee benefits payable (Continued)

- (e) 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 2022 (Unaudited)	31 December 2021
Discount rate – supplemental retirement benefits	3.00%	3.00%
Medical benefit growth rate	0-5%	0-5%

The supplemental retirement benefits exposes the Group to various risks, the main risk is the risk of interest rate fluctuations of national debt. A fall in interest rates on Treasury bonds will lead to an increase in debt.

For the six months ended 30 June 2022 and 2021, 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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Supplemental retirement benefits –		
Average age	52.9	53.2
Average residual expected future entire duration	30.1	29.7

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(34) Long-term employee benefits payable (Continued)

- (f) 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 the present value of defined benefit plan obligation	
		Increase in assumption	Decrease in assumption
Discount rate – Supplemental retirement benefits	0.25%	3.31% down	3.49% up
Medical benefit growth rate	1%	2.35% up	1.79% 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.

- (g) As at 30 June 2022, expected maturity analysis of undiscounted defined benefit liability is as follows:

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Supplemental retirement benefits	<u>142,350,000</u>	<u>131,210,000</u>	<u>391,760,000</u>	<u>4,823,890,000</u>	<u>5,489,210,000</u>

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

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
General and administrative expenses	63,384,398	85,310,000
Financial expenses	39,340,000	42,230,000

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Other non-current liabilities

	30 June 2022 (Unaudited)	31 December 2021
Lease payments collected in advance	<u>2,382,116,510</u>	<u>2,482,691,848</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.

(36) Share capital

	31 December 2021	Movements for the current period (Unaudited)	30 June 2022 (Unaudited)
Foreign shares issued overseas	<u>1,099,025,000</u>	-	<u>1,099,025,000</u>
RMB denominated common stock	<u>5,392,075,000</u>	-	<u>5,392,075,000</u>
	<u>6,491,100,000</u>	-	<u>6,491,100,000</u>
	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	<u>5,392,075,000</u>	-	<u>5,392,075,000</u>
	<u>6,491,100,000</u>	-	<u>6,491,100,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Share capital (Continued)

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 HK\$3.76 (approximately RMB2.99), and the excess was exercised. After the placement option, the share capital increased to 4,778,204,000 shares. 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. 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.

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).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Capital surplus

	31 December 2021 (Restated)	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (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(c)	567,504,380	–	(984,446,625)	(416,942,245)
Subsidiary minority shareholders paid a premium	15,245,576	–	–	15,245,576
Acquisition of minority interests	(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	12,193,294	4,857,403	–	17,050,697
	<u>12,862,527,869</u>	<u>4,857,403</u>	<u>(984,446,625)</u>	<u>11,882,938,647</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Capital surplus (Continued)

	31 December 2020 (Restated)	Increase in the current period (Unaudited) (Restated)	Decrease in the current period (Unaudited) (Restated)	30 June 2021 (Unaudited) (Restated)
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 (c)	737,518,345	58,616,680	(228,630,644)	567,504,381
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>13,074,295,912</u>	<u>65,136,169</u>	<u>(265,368,265)</u>	<u>12,874,063,816</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) 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.

- (c) As stated in Note 2, in May 2022, the Company acquired a subsidiary Weihai Port Development from Weihai Port Group, through which, the Company indirectly controlled Weihai Qingwei. This transaction was classified as a business combination involving enterprises under common control and accordingly the assets and liabilities of Weihai Port Development and Weihai Qingwei were stated at the carrying amount at the combination date, and the difference between the carrying amount and the consideration paid for the combination was treated as an adjustment to capital surplus as if the reporting entities after the combination had been existed throughout the previous years, therefore, the comparative figures as at 31 December 2021 were restated (Note 5(1)).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Other comprehensive income

	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement or the six months ended 30 June 2022				
	31 December 2021 (Restated)	Attributable to the parent company after tax (Unaudited)	Other comprehensive income transferred to retained earnings (Unaudited)	30 June 2022 (Unaudited)	Amount incurred before income tax for the current period (Unaudited)	Less: Other comprehensive income transferred out in the current period (Unaudited)	Less: Income tax expenses (Unaudited)	Attributable to the parent company after tax (Unaudited)	Attributable to minority interests, net of tax (Unaudited)
Other comprehensive income items which will not be reclassified to profit or loss									
Amount changes arising from remeasurement of defined benefit plans	(10,233,649)	-	-	(10,233,649)	-	-	-	-	-
Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss	-	2,401,000	-	2,401,000	2,401,000	-	-	2,401,000	-
Other comprehensive income that will be subsequently reclassified to profit or loss									
Fair value changes in other debt investments	3,126,165	8,084,405	-	11,210,570	16,015,100	(4,465,950)	-	8,084,405	3,464,745
	<u>(7,107,484)</u>	<u>10,485,405</u>	<u>-</u>	<u>3,377,921</u>	<u>18,416,100</u>	<u>(4,465,950)</u>	<u>-</u>	<u>10,485,405</u>	<u>3,464,745</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Other comprehensive income(Continued)

	Other comprehensive income in the balance sheet (Restated)				Other comprehensive income in the income statement for the six months ended 30 June 2021 (Restated)				
	31 December 2020 (Restated)	Attributable to the parent company after tax (Unaudited)	Other comprehensive income transferred to retained earnings (Unaudited)	30 June 2021 (Unaudited)	Amount incurred before income tax for the current period (Unaudited)	Less: Other comprehensive income transferred out in the current year (Unaudited)	Less: Income tax expenses (Unaudited)	Attributable to the parent company after tax (Unaudited)	Attributable to minority interests, net of tax (Unaudited)
Other comprehensive income items which will not be reclassified to profit or loss									
Amount changes arising from remeasurement of defined benefit plans	277,134,902	-	-	277,134,902	-	-	-	-	-
Other comprehensive income that will be subsequently reclassified to profit or loss									
Fair value changes in other debt investments	8,597,673	(2,435,048)	-	6,162,625	8,803,750	(12,282,390)	-	(2,435,048)	(1,043,592)
	<u>285,732,575</u>	<u>(2,435,048)</u>	<u>-</u>	<u>283,297,527</u>	<u>8,803,750</u>	<u>(12,282,390)</u>	<u>-</u>	<u>(2,435,048)</u>	<u>(1,043,592)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Surplus reserve

	31 December 2021	Appropriation in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (Unaudited)
Statutory surplus reserve	<u>2,002,688,003</u>	<u>-</u>	<u>-</u>	<u>2,002,688,003</u>
	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>

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.

(40) General risk reserve

	31 December 2021	Appropriation in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (Unaudited)
General risk reserve	<u>411,248,470</u>	<u>-</u>	<u>-</u>	<u>411,248,470</u>
	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>

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. 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 30 June 2022, 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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(41) Undistributed profits

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Undistributed profits at beginning of period	13,743,191,909	11,866,599,218
Business combination involving enterprises under common control	43,318,400	60,859,928
Undistributed profits at beginning of period (Restated)	13,786,510,309	11,927,459,146
Add: Attributable to equity holders of the Company	2,311,019,979	2,180,911,048
Profit distribution to shareholders (a)	<u>(1,664,318,040)</u>	<u>(1,701,966,420)</u>
Undistributed profits at the end of the period	<u>14,433,212,248</u>	<u>12,406,403,774</u>

- (a) According to the resolution of the Board on 30 March 2022 and the resolution of the annual general meeting on 28 June 2022, the Company distributed cash dividends of the year 2021 to all shareholders at RMB2.564 (tax inclusive) per 10 shares. Based on the 6,491,100,000 issued shares to calculate, the dividends distributed were RMB1,664,318,040.

For the six months ended 30 June 2022, the Board has not declared to distribute interim dividends (For the six months ended 30 June 2021: nil).

(42) Revenue and cost of sales

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Revenue from main operations	9,115,064,900	7,790,310,275
Revenue from other operations	<u>831,274,918</u>	<u>595,386,371</u>
	<u>9,946,339,818</u>	<u>8,385,696,646</u>
	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Cost of sales from main operations	(6,186,884,208)	(5,128,907,031)
Cost of sales from other operations	<u>(594,631,675)</u>	<u>(329,790,709)</u>
	<u>(6,781,515,883)</u>	<u>(5,458,697,740)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Revenue and cost of sales (Continued)

(a) Revenue and cost of sales from main operations

	Six months ended 30 June 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited) (Restated)	
	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	534,367,483	(162,541,239)	261,453,142	(103,240,714)
Metal ore, coal and other cargo handling and ancillary services	2,048,236,158	(1,600,206,879)	2,024,630,552	(1,466,049,060)
Liquid bulk cargo handling and ancillary services	1,832,636,043	(643,259,693)	1,663,445,312	(541,788,705)
Logistics and port value-added services	4,275,870,067	(3,416,775,376)	3,216,115,081	(2,468,729,125)
Port ancillary services – construction, labor and construction of port machinery	423,955,149	(364,101,021)	624,666,188	(549,099,427)
	<u>9,115,064,900</u>	<u>(6,186,884,208)</u>	<u>7,790,310,275</u>	<u>(5,128,907,031)</u>

(b) Revenue and cost of sales from other operations

	Six months ended 30 June 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited) (Restated)	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Lease revenue (i)	173,282,489	(84,986,429)	170,478,010	(83,841,338)
Port ancillary service – sales of fuel, electricity and others	657,992,429	(509,645,246)	424,908,361	(245,949,371)
	<u>831,274,918</u>	<u>(594,631,675)</u>	<u>595,386,371</u>	<u>(329,790,709)</u>

- (i) 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 2022, 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, 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, nil)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Revenue and cost of sales (Continued)

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

For the six months ended 30 June 2022, 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 2022, the amounts of revenue corresponding to contract obligations that were signed but not fulfilled or not completely fulfilled were RMB342,383,541, which is expected to be recognized as revenue in 2022 (As at 30 June 2021: RMB121,700,408 was expected to be recognized as revenue in 2021).

(43) Taxes and surcharges

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)	Calculation and payment standard
Land use tax	33,919,897	34,143,144	3.2 -11.2 yuan/ Square meter/year
City maintenance and construction tax	13,421,290	13,577,394	7%
Educational surcharge	9,605,791	9,526,872	3%
Property tax	6,320,065	7,070,350	Levied on prices and values
Stamp duty	4,962,733	5,704,207	Proportional tax rate, Norm quota tax rate
Others	6,079,521	6,291,254	
	<u>74,309,297</u>	<u>76,313,221</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(44) General and administrative expenses

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Employee benefits	315,722,839	307,126,791
Depreciation of fixed assets	15,972,755	14,702,557
Depreciation of right-of-use assets	18,225,845	893,650
Amortization of intangible assets	13,872,037	16,149,032
Office expenses and entertainment expenses	12,926,909	13,632,835
Intermediary service fee	7,481,888	3,731,132
Lease fee	6,657,764	6,358,643
Fuel and utility fees	5,056,600	4,213,723
Repair expenses	3,265,189	3,429,624
Consumption of other raw materials	2,264,838	6,977,714
Others	50,692,522	35,345,022
	<u>452,139,186</u>	<u>412,560,723</u>

(45) Financial expenses

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Interest expenses on deposits	29,582,074	30,003,656
Bonds, borrowings and other interest expenses	42,372,738	54,461,254
Add: Interest expense for lease liabilities	6,994,353	8,184,658
Less: Capitalized interest	(341,516)	(235,583)
	<u>78,607,649</u>	<u>92,413,985</u>
Interest expenses	78,607,649	92,413,985
Less: Interest income	(185,702,570)	(185,819,102)
Effect of actuarial calculation of employee benefits	39,340,000	42,230,000
Exchange gains or losses	(61,250,034)	4,530,854
Others	4,864,166	4,494,769
	<u>(124,140,789)</u>	<u>(42,149,494)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(46) 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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Subcontract cost	2,578,578,252	1,741,736,632
Employee benefits	1,631,922,711	1,464,292,574
Cost for outsourcing transportation	1,264,360,858	1,112,321,755
Depreciation of fixed assets	515,610,239	470,523,657
Cost of sales for fuel and electricity	273,743,808	185,255,797
Procurement cost of fuel and utility fees	257,930,359	172,278,839
Consumption of other raw materials	232,742,528	183,013,051
Consumption of raw materials in construction contract	165,225,345	229,387,598
Rental expenses (i)	104,721,606	101,438,854
Repair expense	80,076,582	46,924,981
Depreciation of right-of use assets	54,994,352	38,004,307
Amortization of intangible assets	49,578,186	53,567,493
Amortization of long-term prepaid expenses	10,569,398	12,145,606
Consulting fee	3,930,944	2,240,454
Auditor's fee	3,550,944	3,731,132
– Audit services	3,070,755	3,070,755
– Non-audit services	480,189	660,377
Depreciation of investment properties	2,923,542	2,566,969
Others	84,490,605	91,372,024
	<u>7,314,950,259</u>	<u>5,910,801,723</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 2022, the amount is RMB104,721,606 (For the six months ended 30 June 2021: RMB101,438,854).

(ii) For the daily maintenance and repair expenses of fixed assets that do not meet the criteria of capitalisation, the Group included the costs related to the production and processing of inventories in the costs of inventories and recognised as cost of sale accordingly, and included the costs related to the research and development department, the administrative department and the sale department in research and development expenses, general and administrative expenses and selling and distribution expenses, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(47) Other income

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)	Asset related/ Income related
Additional deduction of VAT input	39,878,993	43,831,159	–
VAT refunded as soon as collected	28,709,669	–	–
Government grants			
– Development support funds related to daily operations	18,200,797	30,875,990	Income related
– Development support funds related to assets	8,470,727	2,909,098	Asset related
– Special funds for outer route	1,957,222	1,957,222	Asset related
– Employment stabilization subsidies	96,024	927,385	Income related
– Other government grants	5,245,738	4,701,771	Asset/Income related
	<u>102,559,170</u>	<u>85,202,625</u>	

For the six months ended 30 June 2022 and 2021, other income was included in the non-recurring profit or loss of the year.

(48) Investment income

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Investment income from long-term equity investments under equity method	647,398,403	639,988,858
Investment income from disposal of long-term equity investments	–	(1,070,315)
Investment income from holding of financial assets held for trading	35,373,955	35,651,041
Interest income from holding of other debt investment	2,912,600	24,223,779
Interest income from holding of debt investments	–	6,773,705
Yongli Insurance compensation for transitional profits	–	5,397,247
Interest expenses of discounted notes	(1,070,212)	(634,587)
	<u>684,614,746</u>	<u>710,329,728</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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(49) Credit impairment losses

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Provision(reversal) for losses on bad debts of notes receivables	248,155	(1,057,362)
Provision for losses on bad debts of accounts receivables	48,653,702	30,708,132
Provision for losses on bad debts of accounts receivables losses on bad debts of other receivables	4,747,276	6,440,565
Reversal for losses on bad debts of long-term receivables	<u>(20,655,744)</u>	<u>(224,569)</u>
	<u>32,993,389</u>	<u>35,866,766</u>

(50) Income tax expenses

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Current income tax calculated based on tax law and related regulations	710,279,429	681,852,863
Deferred income tax	<u>6,554,860</u>	<u>(34,667,674)</u>
	<u>716,834,289</u>	<u>647,185,189</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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Total profit	<u>3,428,817,966</u>	<u>3,198,783,043</u>
Income tax expenses calculated at applicable tax rates	857,204,492	799,695,761
The effect of preferential tax rates	(947,309)	(1,589,507)
Investment income not subject to tax	(161,849,601)	(159,997,215)
Additional deduction of employee benefits of the disabled	(506,748)	(610,211)
Costs, expenses and losses not deductible for tax purposes	23,294,011	9,187,685
Utilisation of previously unrecognised tax losses	(2,969,031)	-
Deductible temporary differences for which no deferred tax asset was recognized for the current period	1,878,248	100,000
Deductible losses not recognized as deferred tax assets in the current period	<u>730,227</u>	<u>398,676</u>
Income tax expenses	<u>716,834,289</u>	<u>647,185,189</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(51) 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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Consolidated net profit attributable to ordinary shareholders of the Company	2,311,019,979	2,180,911,048
Weighted average number of ordinary shares outstanding	6,491,100,000	6,491,100,000
Basic earnings per share	<u>0.36</u>	<u>0.34</u>
Including:		
– Basic earnings per share from continuing operations	0.36	0.34
– 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 2022 (for the six months ended 30 June 2021: nil), diluted earnings per share equal to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(52) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Receipt of advance payment for agency purchase	736,273,783	–
Lease payments received	89,126,823	109,633,059
Railage collected on behalf	45,455,137	–
Receipt of deposits and guarantees	43,396,360	–
Government grants	34,122,018	28,138,043
Interest from cash at bank	11,627,620	12,129,833
Others	30,578,978	9,486,145
	<u>990,580,719</u>	<u>159,387,080</u>

(b) Cash paid relating to other operating activities

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Payment on behalf of logistics business	60,599,195	202,884,075
Payment of retirement salaries	44,650,000	84,638,305
Office expenses and entertainment expenses	12,926,909	20,072,590
Intermediary service fee	7,481,888	6,122,820
Bank service charge	4,864,166	4,458,416
Advance payment for agency purchase	–	1,066,765,221
Pay railway freight	–	16,531,380
Payment of deposits and guarantees	–	861,979
Others	29,900,985	61,308,695
	<u>160,423,143</u>	<u>1,463,643,481</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(52) Notes to the cash flow statement (Continued)

(c) Cash received relating to other investing activities

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Recovery of loans provided to related parties and third parties	4,514,516,564	1,505,038,438
Recovery of prepayment for equity of haiye oil terminal	261,903,564	-
Recovery of statutory deposit reserve by Qingdao Finance	-	82,689,683
	<u>4,776,420,128</u>	<u>1,587,728,121</u>

(d) Cash paid relating to other investing activities

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Provision of loans to related parties and third parties	3,486,905,616	778,521,403
Statutory deposit reserve deposited by Qingdao Finance	34,174,818	-
	<u>3,521,080,434</u>	<u>778,521,403</u>

(e) Cash received relating to other financing activities

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Receipt of entrusted loan	<u>79,000,000</u>	-

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(52) Notes to the cash flow statement (Continued)

(f) Cash paid relating to other financing activities

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Decrease in deposits received by Qingdao Finance	1,397,151,367	1,541,160,065
Repayment of lease liabilities	70,968,476	62,979,975
Repayment of factoring borrowings of Shangang commercial factoring	50,009,722	–
Acquisition of minority interests of Qingdao Port Multi-purpose Terminal Co., Ltd. (“QMT”)	–	104,984,754
Repayment of subsidiary minority shareholders and third-party fund borrowings	–	41,093,824
	<u>1,518,129,565</u>	<u>1,750,218,618</u>

For the six months ended 30 June 2022, the total lease-related cash outflow paid by the Group was RMB187,470,488. 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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(53) 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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Net profit	2,711,983,677	2,551,597,854
Add/Less: Asset impairment losses	6,104,068	11,087,572
Credit impairment losses	32,993,389	35,866,766
Depreciation of right-of-use assets	54,994,352	38,004,307
Depreciation of fixed assets and investment properties	518,533,781	473,090,626
Amortization of intangible assets	49,578,186	53,567,493
Amortization of long-term prepaid expenses	10,569,398	12,145,606
Gains on disposal of fixed assets, intangible assets and other non-current assets	(1,364,270)	(3,472,415)
(Gains)/Losses from scrapped fixed assets	(83,541)	170,429
Loss/(income) on changes in fair value	326,550	(5,689,975)
Financial expenses	(112,185,344)	(60,878,640)
Investment income	(685,684,958)	(710,964,315)
Decrease/(Increase) in deferred tax assets	6,554,860	(34,667,674)
Amortization of deferred income	(10,427,949)	(5,152,908)
Decrease/(Increase) in inventories	(23,420,066)	18,082,694
Decrease/(Increase) in operating receivables	(202,379,944)	(2,264,624,847)
Increase/(Decrease) in operating payables	830,867,865	411,383,784
Net cash flows from operating activities	<u>3,186,960,054</u>	<u>519,546,357</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(53) Supplementary information to the cash flow statement (Continued)

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

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

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Goods and services purchased by endorsement of notes receivable	510,147,795	438,507,303
Long-term assets acquired by endorsement of notes receivable	29,059,496	20,213,631
Increase of right-of-use assets in the current period	<u>103,747,552</u>	<u>225,854,982</u>
<i>Net movements in cash</i>		
	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Cash at the end of the period	7,799,945,149	4,675,177,453
Less: Cash at the beginning of the period	<u>(8,247,817,077)</u>	<u>(6,268,559,856)</u>
Net decrease in cash	<u>(447,871,928)</u>	<u>(1,593,382,403)</u>
<i>Cash</i>		
	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Cash at bank and on hand (Note 4(1))	8,603,240,122	9,130,883,770
Less: Term deposits with initial term of over 3 months	(5,929,401)	(5,929,401)
Other restricted cash balance	(793,955,237)	(872,673,505)
Interest receivable	<u>(3,410,335)</u>	<u>(4,463,787)</u>
Cash at the end of the period	<u>7,799,945,149</u>	<u>8,247,817,077</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(54) Monetary items denominated in foreign currencies

	<u>30 June 2022 (Unaudited)</u>		
	<u>Foreign currencies</u>		
	<u>balance</u>	<u>Conversion rate</u>	<u>RMB balance</u>
Cash at bank and on hand –			
USD	131,244,419	6.71	880,650,051
EUR	1,527	7.01	10,704
HKD	9,779	0.86	8,410
			<u>880,669,165</u>
Accounts receivable –			
USD	161,660,532	6.71	<u>1,084,742,170</u>
Accounts payable –			
USD	67,831,043	6.71	455,146,299
EUR	2,041	7.01	14,307
JPY	1,142,402	0.05	57,120
			<u>455,217,726</u>
Short-term borrowings –			
USD	77,475,543	6.71	<u>519,860,894</u>

Monetary items denominated in foreign currencies above means all currencies except RMB.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

5 CHANGES OF THE SCOPE OF CONSOLIDATION

(1) Business combination under common control

As stated in Note 2(1), in May 2022, the Company acquired its subsidiary Weihai Port Development from Weihai Port Group, through which, the Company indirectly controlled Weihai Qingwei, a former joint venture. The change of registration was completed on 30 May 2022. This transaction was classified as a business combination involving enterprises under common control.

The total acquisition cost of Weihai Port Development and Weihai Qingwei and the carrying value of the net assets obtained from the above acquisition are as follows:

Acquisition cost –	
Cash	<u>984,446,625</u>

(a) The carrying values of assets and liabilities of Weihai Port on the date of combination are listed as follows:

	Carrying value	
	Date of combination	31 December 2021
Cash at bank and on hand	221,274,422	171,477,384
Financial assets held for trading	3,600,278	1,433,692
Notes receivable	7,280,326	7,289,224
Accounts receivable	105,125,708	110,872,893
Financing receivables	3,205,000	7,848,354
Advances to suppliers	27,673,346	6,176,534
Other receivables	93,949,967	98,667,292
Inventories	2,592,904	3,069,170
Contract assets	–	1,221,534
Other current assets	3,385,295	7,821,121
Long-term equity investments	190,124,221	186,821,284
Other non-current financial assets	50,000	–
Investment properties	11,091,717	11,244,847
Fixed assets	1,249,375,523	1,271,960,532
Construction in progress	63,906,005	67,152,450
Intangible assets	275,827,660	279,965,877
Long-term prepaid expenses	4,820,870	3,924,286
Deferred tax assets	6,401,272	1,182,743
Other non-current assets	–	5,072,800
Less: Short-term borrowings	(88,622,021)	(138,064,299)
Notes payable	(5,050,000)	(5,000,000)
Accounts payable	(48,281,292)	(38,691,447)
Advances from customers	–	(55,966)
Contract liabilities	(11,950,007)	(20,495,506)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

(1) Business combination under common control (Continued)

(a) The carrying values of assets and liabilities of Weihai Port on the date of combination are listed as follows (Continued):

	Carrying value	
	Date of combination	31 December 2021
Employee benefits payable	(22,287,611)	(28,342,498)
Taxes payable	(3,528,908)	(6,380,277)
Other payables	(188,501,366)	(205,212,830)
Current portion of non-current liabilities	-	(170,071,847)
Other current liabilities	-	(1,393,348)
Long-term borrowings	(397,743,000)	(224,500,000)
Long-term payables	(139,374,264)	(60,000,000)
Provisions	(30,844,000)	(30,844,000)
Deferred income	(42,922,961)	(42,707,266)
Long-term employee benefits payable	(58,748,920)	(40,954,663)
Deferred tax liabilities	(6,629,514)	(1,410,985)
Net assets	1,225,200,650	1,229,077,085
Less: Minority interests	(5,390,263)	(5,205,882)
Net assets acquired	1,219,810,387	1,223,871,203

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

(1) Business combination under common control (Continued)

(a) The carrying values of assets and liabilities of Weihai Qingwei on the date of combination are listed as follows (Continued):

	Carrying value	
	Date of combination	31 December 2021
Cash at bank and on hand	6,218,183	16,925,837
Notes receivable	20,619,018	22,028,203
Accounts receivable	32,570,129	27,432,287
Financing receivables	740,000	235,419
Advances to suppliers	476,409	481,370
Other receivables	2,096,140	76,000
Inventories	716,236	1,370,013
Other current assets	10,425,806	11,117,483
Fixed assets	288,364,168	296,131,595
Construction in progress	57,306,545	23,223,803
Intangible assets	57,332,846	58,174,065
Deferred tax assets	530,406	530,406
Other non-current assets	-	1,238,491
Less: Notes payable	(6,202,800)	(13,977,500)
Accounts payable	(15,571,899)	(12,820,885)
Contract liabilities	(1,998)	(243,419)
Employee benefits payable	(3,078,989)	(4,177,286)
Taxes payable	(1,674,625)	(1,199,021)
Other payables	(49,149,175)	(30,996,186)
Current portion of non-current liabilities	-	(5,065,313)
Other current liabilities	-	(21,908)
Long-term payables	(42,903,750)	(40,000,000)
Long-term employee benefits payable	(3,212,049)	(1,602,049)
Net assets acquired	<u>355,600,601</u>	<u>348,861,405</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

(1) Business combination under common control (Continued)

- (b) The revenue, net profit and cash flow of Weihai Port Development for the year ended 31 December 2021 and the period from 1 January 2022 to the date of combination are shown below:

	The period from 1 January 2022 to the date of combination	Year ended 31 December 2021
Revenue	215,581,580	657,141,578
Net profit/(loss)	(4,207,838)	36,383,255
Net cash flows from operating activities	18,866,748	145,513,782
Net increase in cash	<u>49,983,666</u>	<u>29,813,442</u>

- (c) The revenue, net profit and cash flow of Weihai Qingwei for the year ended 31 December 2021 and the period from 1 January 2022 to the date of combination are shown below:

	The period from 1 January 2022 to the date of combination	Year ended 31 December 2021
Revenue	64,929,146	169,380,664
Net profit/(loss)	6,476,348	27,400,027
Net cash flows from operating activities	(10,710,336)	22,074,802
Net increase in cash	<u>(7,383,611)</u>	<u>(10,153,660)</u>

(2) Changes in the scope of consolidation for other reason

On 21 January 2022, the Company established a wholly-owned subsidiary, Qingdao Port International Container Development Co., Ltd. ("Container Development"), with a registered capital of RMB30,000,000. As at 30 June 2022, the Company had completed the capital contribution.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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
QMT	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	15,200	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
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 Bulk Cargo Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	10,000	-	51%	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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	
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
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 Svitzer Towage Co., Ltd. ("Svitzer Towage") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Lightering services	21,000	55%	-	Set-up or investment
Shandong Port Lianhua Pipeline Oil Transport Co., Ltd. ("Lianhua Pipeline")	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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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	
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
Qingdao Port Lianhua International Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	2,000	-	60%	Set-up or investment
Yantai 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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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.	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 South Port Oil and Gas Co., Ltd.	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	25,000	60%	-	Set-up or investment
International 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	90%	-	Set-up or investment
Construction Management Center	Limited Liability Company	Qingdao, China	Qingdao, China	Engineering Management	1,000	100%	-	Set-up or investment
Emergency Rescue	Limited Liability Company	Qingdao, China	Qingdao, China	Emergency services	5,000	100%	-	Set-up or investment
AVIC Industry Operation Service	Limited Liability Company	Qingdao, China	Qingdao, China	Property management	600	51%	-	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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	
Weihai Port Development	Limited Liability Company	Weihai, China	Weihai, China	Stevedoring, stacking and logistics	10,035	51%	-	Business combination under common control
Weihai Qingwei	Limited Liability Company	Weihai, China	Weihai, China	Stevedoring, stacking and logistics	14,000	49%	51%	Business combination under common control
China Weihai Ocean Shipping Agency Co., Ltd. ("Ocean Shipping Agency")	Limited Liability Company	Weihai, China	Weihai, China	Shipping Tally	500	-	55%	Business combination under common control
Weihai Zhongli Ocean Shipping Tally Co., Ltd. ("Weihai Ocean Shipping Tally")	Limited Liability Company	Weihai, China	Weihai, China	Tallying	130	-	84%	Business combination under common control
Weihai Gangfeng Shipping Agency Co., Ltd. ("Gangfeng Shipping Agency")	Limited Liability Company	Weihai, China	Weihai, China		50	-	100%	Business combination under common control
Weihai Shichang Logistics Co., Ltd. ("Shichang Logistics")	Limited Liability Company	Weihai, China	Weihai, China		2,000	-	100%	Business combination under common control
Logistics Park Development	Limited Liability Company	Weihai, China	Weihai, China		10,000	-	100%	Business combination under common control
Shandong Weihai Port International Trade Co., Ltd. ("Weihai Port International Trade")	Limited Liability Company	Weihai, China	Weihai, China		500	-	100%	Business combination under common control
Container Development	Limited Liability Company	Weihai, China	Weihai, China		3,000	100%	-	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022, 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 2022 (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.

In May 2022, the Company merged Weihai Port Development and its subsidiaries through a business combination involving enterprises under common control, through which, the Company indirectly controlled Weihai Qingwei, a former joint venture. The percentage of shareholding in Weihai Qingwei held by the Company was accordingly changed from 49% to 75%. After the completion of the acquisition, Weihai Qingwei was changed from a subsidiary to an associate.

For the six months ended 30 June 2022, the company's subsidiaries are all unlisted enterprises and have not issued stocks or bonds.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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	Dividends	30 June 2022 Minority interests (Unaudited)
		attributable to minority interests for the six months ended 30 June 2022 (Unaudited)	declared to minority interests for the six months ended 30 June 2022 (ii) (Unaudited)	
Qingdao Finance	30%	55,619,106	-	613,291,742
Lianhua Pipeline (i)	49%	213,218,279	-	1,429,886,169
Weihai Port Development (ii)	49%	13,760,772	-	618,731,608

(i) The main financial information of Lianhua Pipeline consists of Lianhua Pipeline and its subsidiaries Weifang Port Lianhua and Dongying Port Lianhua.

(ii) The main financial information of Weihai Port Development consists of Shipping Agency, Weihai Shipping Tally, Gangfeng Agents, Shichang Logistics, Weihai Logistics Park.

The main financial information of the above important non-wholly owned subsidiaries is as follows:

	30 June 2022 (Unaudited)		
	Qingdao Finance	Lianhua Pipeline	Weihai Port Development
Current assets	12,550,390,116	1,861,153,958	407,267,717
Non-current assets	5,330,771,292	2,810,912,610	1,817,630,925
Total assets	<u>17,881,161,408</u>	<u>4,672,066,568</u>	<u>2,224,898,642</u>
Current liabilities	(15,787,819,025)	(1,062,766,718)	(782,879,338)
Non-current liabilities	(49,036,575)	(823,440,000)	(184,995,968)
Total liabilities	<u>(15,836,855,600)</u>	<u>(1,886,206,718)</u>	<u>(967,875,306)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2021		
	Qingdao Finance	Lianhua Pipeline	Weihai Port Development
Current assets	13,057,875,457	1,393,023,934	415,877,198
Non-current assets	5,115,471,409	2,957,219,853	1,827,324,819
Total assets	<u>18,173,346,866</u>	<u>4,350,243,787</u>	<u>2,243,202,017</u>
Current liabilities	(16,284,253,596)	(567,659,415)	(613,708,018)
Non-current liabilities	(41,733,632)	(1,438,970,000)	(400,416,914)
Total liabilities	<u>(16,325,987,228)</u>	<u>(2,006,629,415)</u>	<u>(1,014,124,932)</u>
	Six months ended 30 June 2022 (Unaudited)		
	Qingdao Finance	Lianhua Pipeline	Weihai Port Development
Revenue	251,985,895	878,059,857	278,716,751
Net profit	185,397,019	431,583,567	27,807,341
Total comprehensive income	196,946,169	431,583,567	24,737,341
Cash flows from operating activities	<u>3,839,994</u>	<u>480,728,878</u>	<u>385,635,624</u>
	Six months ended 30 June 2021 (Unaudited)		
	Qingdao Finance	Shandong Port Lianhua	Weihai Port Development
Revenue	262,702,931	868,722,856	369,350,755
Net profit	167,590,125	458,799,131	19,435,263
Total comprehensive income	164,111,485	458,799,131	19,435,263
Cash flows from operating activities	<u>(1,034,994,782)</u>	<u>314,279,212</u>	<u>60,954,337</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)		31 December 2021	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	1,010,659,282	2,290,063,766	1,421,031,673	1,861,272,476
Including: Cash	709,468,278	2,065,646,595	1,366,801,683	1,674,304,319
Non-current assets	2,269,134,939	11,873,450,519	2,325,956,982	11,921,851,714
Total assets	<u>3,279,794,221</u>	<u>14,163,514,285</u>	<u>3,746,988,655</u>	<u>13,783,124,190</u>
Current liabilities	(279,315,682)	(2,462,324,603)	(1,030,429,908)	(2,182,636,655)
Non-current liabilities	(5,170,000)	(2,437,789,149)	(5,170,000)	(3,284,009,671)
Total liabilities	<u>(284,485,682)</u>	<u>(4,900,113,752)</u>	<u>(1,035,599,908)</u>	<u>(5,466,646,326)</u>
Minority interests	-	242,293,353	-	228,069,887
Attributable to shareholders of the Company	<u>2,995,308,539</u>	<u>9,021,107,180</u>	<u>2,711,388,747</u>	<u>8,088,407,977</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)		31 December 2021	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	1,010,659,282	2,290,063,766	1,421,031,673	1,861,272,476
Including: Cash	709,468,278	2,065,646,595	1,366,801,683	1,674,304,319
Non-current assets	2,269,134,939	12,262,112,553	2,325,956,982	12,356,728,697
Total assets	<u>3,279,794,221</u>	<u>14,552,176,319</u>	<u>3,746,988,655</u>	<u>14,218,001,173</u>
Current liabilities	(279,315,682)	(2,462,324,604)	(1,030,429,908)	(2,182,636,655)
Non-current liabilities	(5,170,000)	(2,534,954,657)	(5,170,000)	(3,392,728,917)
Total liabilities	<u>(284,485,682)</u>	<u>(4,997,279,261)</u>	<u>(1,035,599,908)</u>	<u>(5,575,365,572)</u>
Minority interests	-	248,883,391	-	234,313,081
Attributable to shareholders of the Company	2,995,308,539	9,306,013,667	2,711,388,747	8,408,322,520
Shares of net assets in proportion (i)	1,497,654,270	4,657,745,959	1,355,694,374	4,189,070,977
Adjustments				
- Goodwill	-	1,672,785,426	-	1,672,785,426
- Unrealized profits arising from internal transactions	(58,272,079)	(87,645,436)	(60,676,673)	(87,539,330)
Carrying amount of investment in joint ventures	<u>1,439,382,191</u>	<u>6,242,885,949</u>	<u>1,295,017,701</u>	<u>5,774,317,073</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited)	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Revenue	752,890,954	2,456,003,795	781,637,132	2,119,238,712
Financial expenses	4,823,673	(57,512,577)	8,303,894	(74,689,038)
Income tax expenses	(88,628,159)	(256,858,514)	(131,640,565)	(285,481,682)
Net profit	282,298,576	940,687,138	361,459,395	836,475,549
Net profit attributable to the Company	282,298,576	926,592,753	361,459,395	829,585,128
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>282,298,576</u>	<u>926,592,753</u>	<u>361,459,395</u>	<u>829,585,128</u>

Considering the impact of the fair value of identifiable assets and liabilities at acquisition (i):

	Six months ended 30 June 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited)	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Net profit	282,298,576	906,025,925	361,459,395	798,910,192
Net profit attributable to the Company	282,298,576	891,931,540	361,459,395	792,019,771
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>282,298,576</u>	<u>891,931,540</u>	<u>361,459,395</u>	<u>792,019,771</u>

Dividends received from joint ventures by the Group	-	-	-	-
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- (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. The assets involved in the transactions between the Group and joint ventures do not constitute a business.

(c) The associates are all immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures and associates (Continued)

(d) Summarized financial information of insignificant joint ventures and associates

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Joint ventures:		
Aggregated carrying amount of investments	1,811,577,629	1,999,162,466
Aggregate of the following items in proportion		
Net profit (i)	29,057,116	27,791,511
Other comprehensive income (i)	-	-
Total comprehensive income	<u>29,057,116</u>	<u>27,791,511</u>
Associates:		
Aggregated carrying amount of investments	1,021,364,863	769,053,041
Aggregate of the following items in proportion		
Net profit (i)	7,934,474	12,624,700
Other comprehensive income (i)	-	-
Total comprehensive income	<u>7,934,474</u>	<u>12,624,700</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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 crude oil and other 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, agency insurance, 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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

7 SEGMENT INFORMATION (Continued)

(1) Segment information for the six months ended 30 June 2022 and as at 30 June 2022 is listed as follows (Unaudited):

	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	534,367,483	2,048,236,158	1,832,636,043	4,275,870,067	1,255,230,067	173,831,356	-	-	10,120,171,174
Inter-segment revenue	31,254,495	40,033,277	36,777	5,331,211	453,750,549	78,154,539	-	(608,560,848)	-
Cost of sales	(162,541,239)	(1,600,206,879)	(643,259,693)	(3,416,775,376)	(958,732,696)	(35,872,667)	-	-	(6,817,388,550)
Interest income	1,531,925	2,165,628	10,931,833	7,384,899	2,519,604	-	29,647,637	(42,310,312)	11,871,214
Interest expenses	(12,172,439)	(38,909,324)	(83,587,110)	(28,515,349)	(12,881,156)	-	(3,242,984)	136,573,380	(42,734,982)
Investment income from associates and joint ventures	463,789,560	(5,065,351)	151,112,783	36,941,536	14,099,371	7,703,223	(25,420,591)	4,237,872	647,398,403
Other investment income	-	-	-	-	(1,070,212)	26,125,555	72,145,413	(59,984,413)	37,216,343
Asset impairment losses	-	-	-	-	(6,104,068)	-	-	-	(6,104,068)
Credit impairment losses	(26,532)	5,992,193	(21,316,345)	(27,115,328)	(16,885,270)	26,357,893	-	-	(32,993,389)
Depreciation of right-of-use assets	-	-	-	(36,768,507)	(18,225,845)	-	-	-	(54,994,352)
Depreciation and amortization	(26,473,145)	(156,019,229)	(197,610,821)	(63,873,854)	(114,431,855)	(990,132)	(19,282,329)	-	(578,681,365)
Total profit	801,715,446	272,656,105	1,243,082,105	753,734,220	211,652,587	226,200,755	(37,573,675)	(42,649,577)	3,428,817,966
Income tax expenses	(64,059,790)	(9,446,603)	(244,633,904)	(143,486,915)	(7,613,472)	(61,978,895)	(185,614,710)	-	(716,834,289)
Net profit	<u>737,655,656</u>	<u>263,209,502</u>	<u>998,448,201</u>	<u>610,247,305</u>	<u>204,039,115</u>	<u>164,221,860</u>	<u>(223,188,385)</u>	<u>(42,649,577)</u>	<u>2,711,983,677</u>
Total assets	<u>10,414,124,074</u>	<u>10,439,165,022</u>	<u>15,222,240,771</u>	<u>7,763,389,232</u>	<u>8,066,417,428</u>	<u>18,146,793,803</u>	<u>10,713,469,197</u>	<u>(17,107,892,726)</u>	<u>63,657,706,801</u>
Total liabilities	<u>1,000,484,406</u>	<u>6,209,218,567</u>	<u>5,006,573,549</u>	<u>3,963,559,708</u>	<u>6,971,421,075</u>	<u>15,827,465,221</u>	<u>1,992,298,554</u>	<u>(17,228,121,377)</u>	<u>23,742,899,703</u>
Non-cash expenses other than depreciation and amortization	<u>680,000</u>	<u>20,010,000</u>	<u>810,000</u>	<u>6,850,000</u>	<u>10,980,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>39,340,000</u>
Long-term equity investments in associates and joint ventures	<u>6,332,910,259</u>	<u>1,189,978,935</u>	<u>1,759,406,880</u>	<u>509,282,781</u>	<u>283,529,969</u>	<u>135,145,305</u>	<u>304,956,503</u>	<u>-</u>	<u>10,515,210,632</u>
Additions of non-current assets (i)	<u>611,421</u>	<u>395,366,896</u>	<u>760,603,946</u>	<u>111,031,086</u>	<u>450,961,191</u>	<u>18,868</u>	<u>3,355,571</u>	<u>(26,071,445)</u>	<u>1,695,877,534</u>

(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 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

7 SEGMENT INFORMATION (Continued)

(2) Segment information for the six months ended 30 June 2021 and as at 31 December 2021 is listed as follows (Unaudited) (Restated):

(a) Segment information for the six months ended 30 June 2021

	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	261,453,142	2,024,630,551	1,663,445,312	3,216,115,082	1,220,052,559	183,654,293	-	-	8,569,350,939
Inter-segment revenue	10,351,955	45,431,084	66,112	91,812,673	681,953,503	89,098,749	-	(918,714,076)	-
Cost of sales	(103,240,714)	(1,466,049,060)	(541,788,705)	(2,468,729,125)	(878,890,136)	(37,274,072)	-	-	(5,495,971,812)
Interest income	79,820	1,475,313	8,170,733	7,163,460	1,745,751	-	23,379,977	(39,850,245)	2,164,809
Interest expenses	(16,438,743)	(43,123,725)	(86,768,730)	(15,229,450)	(17,935,240)	-	(20,479,829)	144,835,804	(55,139,913)
Investment income from associates and joint ventures	423,395,617	(10,713,906)	181,380,508	31,620,343	474,513	6,498,792	-	7,332,991	639,988,858
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	2,127,245	1,017,594	(34,003,641)	(10,735,111)	(893,449)	6,620,596	-	-	(35,866,766)
Depreciation of right-of use assets	-	-	(2,460,244)	(35,544,063)	-	-	-	-	(38,004,307)
Depreciation and amortization	(21,179,960)	(135,190,683)	(189,625,212)	(80,551,590)	(92,152,683)	(821,268)	(19,282,329)	-	(538,803,725)
Total profit	539,967,407	364,897,156	1,171,012,557	671,841,343	236,998,708	271,023,971	(19,094,002)	(37,864,097)	3,198,783,043
Income tax expenses	(3,576,315)	(2,639,376)	(224,021,005)	(125,506,058)	(9,905,231)	(58,403,553)	(223,133,651)	-	(647,185,189)
Net profit	<u>536,391,092</u>	<u>362,257,780</u>	<u>946,991,552</u>	<u>546,335,285</u>	<u>227,093,477</u>	<u>212,620,418</u>	<u>(242,227,653)</u>	<u>(37,864,097)</u>	<u>2,551,597,854</u>
Non-cash expenses other than depreciation and amortization	<u>760,000</u>	<u>20,030,000</u>	<u>820,000</u>	<u>7,720,000</u>	<u>12,880,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>42,230,000</u>
Additions of non-current assets (i)	<u>6,315,505</u>	<u>513,054,087</u>	<u>616,990,072</u>	<u>14,712,490</u>	<u>222,800,228</u>	<u>-</u>	<u>2,997,444</u>	<u>29,346</u>	<u>1,376,899,172</u>

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

(b) Segment information as at 31 December 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
Total assets	<u>9,349,208,672</u>	<u>9,614,727,773</u>	<u>13,542,397,329</u>	<u>7,555,242,502</u>	<u>6,874,390,380</u>	<u>18,403,668,649</u>	<u>11,942,890,445</u>	<u>(15,062,941,146)</u>	<u>62,219,584,604</u>
Total liabilities	<u>769,209,929</u>	<u>3,676,414,300</u>	<u>4,585,496,493</u>	<u>4,513,449,177</u>	<u>5,408,335,075</u>	<u>16,325,987,228</u>	<u>1,899,361,607</u>	<u>(14,975,803,710)</u>	<u>22,202,450,099</u>
Long-term equity investments in associates and joint ventures	<u>6,034,866,684</u>	<u>1,025,142,759</u>	<u>1,604,598,547</u>	<u>449,533,091</u>	<u>275,653,742</u>	<u>127,442,082</u>	<u>330,377,094</u>	<u>-</u>	<u>9,847,613,999</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

7 SEGMENT INFORMATION (Continued)

(2) Segment information for the six months ended 30 June 2021 and as at 31 December 2021 is listed as follows (Unaudited) (Restated) (Continued):

(c) *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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Revenue –		
Reportable segment revenue from external customers	10,120,171,174	8,569,350,939
Reclassification of interest income from external customers of Qingdao Finance (i)	<u>(173,831,356)</u>	<u>(183,654,293)</u>
Consolidated revenue (Note 4(42))	<u>9,946,339,818</u>	<u>8,385,696,646</u>
Interest income –		
Reportable segment interest income	11,871,214	2,164,809
Reclassification of interest income from external customers of Qingdao Finance (i)	<u>173,831,356</u>	<u>183,654,293</u>
Consolidated interest income (Note 4(45))	<u>185,702,570</u>	<u>185,819,102</u>
Cost of sales –		
Reportable segment cost of sales	6,817,388,550	5,495,971,812
Reclassification of interest expenses from external customers of Qingdao Finance (ii)	<u>(35,872,667)</u>	<u>(37,274,072)</u>
Consolidated cost of sales (Note 4(42))	<u>6,781,515,883</u>	<u>5,458,697,740</u>
Interest expenses –		
Reportable segment interest expenses	42,734,982	55,139,913
Reclassification of interest expenses from external customers of Qingdao Finance (ii)	<u>35,872,667</u>	<u>37,274,072</u>
Consolidated interest expenses (Note 4(45))	<u>78,607,649</u>	<u>92,413,985</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 2022 (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	Su Jianguang	Port operation and management

As mentioned in Note 1, as at 30 June 2022, the ultimate controlling party of the Company was Shandong SASAC.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
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 2022		31 December 2021	
	Shareholding	Voting rights	Shareholding	Voting rights
Qingdao Port Group	<u>55.77%</u>	<u>55.77%</u>	<u>55.77%</u>	<u>55.77%</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 2022 (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
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
Lianrong Logistics	Joint venture
Ocean Bridge International	Joint venture
PetroChina Storage	Joint venture
Lianhai Logistics	Joint venture
Qingyin Financial Leasing	Associate
Overseas Development Qingdao	Associate
Shandong Port Energy	Associate
Commodity Trading	Associate
Qingdao Port Engineering	Associate
Qingdao Port Engineering Design Institute	Associate
Technology Company	Associate
Shangang Luhai International Logistics	Associate
Hailian Container	Associate
Gangbao Supply Chain	Associate

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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
Qingdao Port Investment and Construction (Group) Co., Ltd. (“QDP Investment Group”)	Controlled by the same parent company
Qingdao Port Investment Real Estate Co., Ltd. (“Qingdao Port 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
Yongli Insurance	Controlled by the same parent company
Qinggang (Shenzhen) Commercial Factoring Co., Ltd. Qingdao Branch (“Qinggang Commercial Factoring”)	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 Financial Leasing Co., Ltd. (“Rizhao Port Financial 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 Center Co., Ltd. (“Shandong Commodity Trading”)	Controlled by the same parent company
Shandong Port Insurance Brokerage Co., Ltd. (“Insurance Brokerage”)	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 Holdings Co., Ltd. (“Shandong Port Financial Holdings”)	Controlled by the same parent company
Shandong Port Qinggang Shihua Energy Development Co., Ltd. (“Qinggang Shihua”)	Controlled by the same parent company
Shandong Port Commercial Factoring Co., Ltd. (“Shandong Port Commercial Factoring”)	Controlled by the same parent company
Shandong Port Micro L ending Co., Ltd. (“Micro Lending Company”)	Controlled by the same parent company

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 Gangxin Futures Co., Ltd. (“Shandong Gangxin Futures”)	Controlled by the same parent company
Shandong Port Group Weihai Port Co., Ltd. (“Weihai Port Group”)	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
Weihai Gangtong Information Technology Co., Ltd. (“Weihai Gangtong Technology”)	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 Weigang Property Management Co., Ltd. (“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
Beijing Zhonggang Jinyuan Financial Leasing Co., Ltd. (“Zhonggang Jinyuan”)	Controlled by the same parent company
Qingdao Port Finance Guarantee Co., Ltd. (“Finance Guarantee”)	Controlled by the same parent company
Shandong Port Fund Management Co., Ltd. (“Fund Management”)	Controlled by the same parent company
Weihai Passenger Transport	Controlled by the same parent company
Weihai Dingxin Construction Engineering Co., Ltd. (“Weihai Dingxin Construction”)	Controlled by the same parent company
Weihai Ganglian Logistics Co., Ltd.	Controlled by the same parent company
Weihai Jiaodong International Container Shipping Co., Ltd. (“Jiaodong International Container Shipping”)	Controlled by the same parent company
Shandong Port Group Ship Service Co., Ltd. (“Shandong Port Ship Service”)	Controlled by the same parent company
Yantai Gangrong Commercial Factoring Co., Ltd. (“Yantai Gangrong Commercial Factoring”)	Controlled by the same parent company
Shandong Port Cloud Digital Technology Co., Ltd. (“Shandong Port Cloud Digital Technology”)	Controlled by the same parent company
North Oil & Gas (Shandong) Industry Development Co., Ltd. (“North Oil & Gas”)	Controlled by the same parent company
Shandong Port Fund Management Co., Ltd.	Controlled by the same parent company
Qingdao Cruise Home Port Development and Construction Co., Ltd.	Associate of the parent company
Qingdao Dongjiakou Railway Co., Ltd. (“Dongjiakou Railway”)	Associate of the parent company
Qingdao Cruise Home Port CDF Duty Free Merchandise Co., Ltd.	Associate of the parent company

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 Huanhai Bay Development & Construction Co., Ltd. ("Huanhai Bay Development & Construction")	Associate of the parent company
QQCTU	Joint venture of QQCTN, and shared the same key management personnel with the company
QQCTUA	Joint venture of QQCTU, and shared the same key management personnel with the company
QQCTN	Subsidiary of QQCT
Shenzhen Unitrans Agency Co., Ltd. ("Shenzhen UA")	Subsidiary of the Group's associated companies
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
Rizhao Port Huafeng Storage Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Jifa Yuanda International Logistics Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Luda Construction Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Yulang Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Haitong Liner Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Jinqiao Energy Saving Technology Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Xinlan Wood Inspection Co., Ltd.	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.	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics Bohai Bay Co., Ltd. ("Land and Sea International Logistics Bohai Bay")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Group Co., Ltd. ("Luhai International Logistics")	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics Liaocheng Co., Ltd. ("Shandong Port Land and Sea Liaocheng")	Subsidiary of Shandong Port Group
Shandong Harbor Construction Group Co., Ltd. ("Shandong Harbor Construction Group")	Subsidiary of Shandong Port Group
Shandong Luhai Heavy Industry Co., Ltd. ("Luhai Heavy Industry")	Subsidiary of Shandong Port Group
Shandong CCCC Navigation Engineering Co., Ltd. ("Shandong CCCC Navigation")	Subsidiary of Shandong Port Group
Yantai Port Co., Ltd. ("Yantai Port")	Subsidiary of Shandong Port Group
Yantai Port Group Penglai Port Co., Ltd. ("Penglai Port")	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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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
Dongying Guangli Port Wharf Construction Co., Ltd.	Subsidiary of Shandong Port Group
Dongying Linghang Port Co., Ltd.	Subsidiary of Shandong Port Group
Yellow River Delta Construction Engineering Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Port Group Co., Ltd. (“Longkou Port Group”)	Subsidiary of Shandong Port Group
Longkou Xinggang Industry Co., Ltd.	Subsidiary of Shandong Port Group
Qingdao Shangang Cultural Industry Co., Ltd.	Subsidiary of Shandong Port Group
Qingdao Xintong Shangang Culture and Sports 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. 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 Haigang Labor Service Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Bingang Oil Terminal Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Binzhou Port Harbor Shipping Agency Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Bohai Bay Port Group Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Bohai Bay Haixin Port Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Industry City Integration Development Group Co., Ltd. (“Shangang Industry City Integration Development”)	Subsidiary of Shandong Port Group
Shandong Port Industry City Integration Development Bohai Bay Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Industry City Integration Development Yantai Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Qingdao Co., Ltd. (“Shandong Port International Trade Qingdao Company”)	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 Group Co., Ltd. (“Shandong Port Shipping Group”)	Subsidiary of Shandong Port Group
Shandong Port Technology Group Rizhao Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port 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. (“Shandong Port Equipment Group”)	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 Gangtong Engineering Management Consulting Co., Ltd.	Subsidiary of Shandong Port Group
Shandong United Energy Pipeline Transportation Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Land Sea Mutual Fund Management Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Province Crew Training Center Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Group Dongying Port Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Group Weifang Port Co., Ltd. ("Shandong Port Weifang Port")	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics (Hainan) Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics (Xinjiang) Co., Ltd. ("Shandong Port Land and Sea (Xinjiang)")	Subsidiary of Shandong Port Group
Shandong Tonggang Logistics Co., Ltd.	Subsidiary of Shandong Port Group
Shouguang Port Co., Ltd. ("Shouguang Port")	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. ("Yantai Port Laizhou Port")	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
China Ocean Shipping Tally Yantai Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Sunshine Huicai Service Co., Ltd. ("Shandong Port Sunshine Huicai")	Subsidiary of Shandong Port Group
Shandong Port Shipping Tongbao (Qingdao) Container Transportation Co., Ltd. ("Tongbao Shipping")	Subsidiary of Shandong Port Group
ShangangLuhai (Jinan) Hotel Management Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics (Zhengzhou) Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics (Lanzhou) Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Bipi Energy Trade Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port and Shipping Energy Trade Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Phoenix Bay Development and Construction Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Jingang Property Service Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Rizhao Co., Ltd. ("Shandong Port International Trade Rizhao Company")	Subsidiary of Shandong Port Group
Laizhou Hairun Port Management Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Bingang Liquid Chemicals Terminal Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Port Marine Bunker Supply Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Port Haiyu Energy Logistics Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Port Group Railway Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Ganglong Handling Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Port Shipping Agency Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Haida Logistics Co., Ltd.	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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
Longkou Haina Warehouse Co., Ltd.	Subsidiary of Shandong Port Group
Longkou Yanghong Haida Logistics Co., Ltd.	Subsidiary of Shandong Port Group
China Ocean Shipping Tally Longkou Co., Ltd.	Subsidiary of Shandong Port Group
Penglai Port Passenger Terminal Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Ship Machinery Industry Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Lanshan Wansheng Port Industry Co., Ltd. ("Rizhao Lanshan Port")	Subsidiary of Shandong Port Group
Rizhao Port Group Lanshan Port Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Shangang Terminal Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Zhongli Inspection and Testing Certification Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Engineering Senior Technical School Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Rizhao Port Group Co., Ltd. ("Rizhao Port Group")	Subsidiary of Shandong Port Group
Shandong Port Shihua Haihui Industry and Trade Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Yantai Port Group Co., Ltd. ("Yantai Port Group")	Subsidiary of Shandong Port Group
Yantai Port Container Terminals Co., Ltd.	Subsidiary of Shandong Port Group
Yantai Port Barge Co., Ltd.	Subsidiary of Shandong Port Group
Yantai Port Western Port Area Development Co., Ltd.	Subsidiary of Shandong Port Group
Yantai Port Operation Guarantee Co., Ltd.	Subsidiary of Shandong Port Group
Yantai Huigang Handling Co., Ltd.	Subsidiary of Shandong Port Group
Yantai Tongsan Ferry Terminal Co., Ltd.	Subsidiary of Shandong Port Group
Qingdao Shangang Creative Industry Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Bonded Logistics Center Co., Ltd. Rizhao Port Bonded Store	Subsidiary of Shandong Port Group
Rizhao Port Bibo Port Service Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Gangwan Engineering Inspection Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Information Technology Co., Ltd.	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Rizhao Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Lingang International Logistics Co., Ltd.	Subsidiary of Shandong Port Group
Rizhao Port Machinery Engineering Co., Ltd. ("Rizhao Port Machinery Engineering")	Subsidiary of Shandong Port Group
Rizhao Kingda Shipbuilding Heavy Industry Co., Ltd. ("Kingda Shipbuilding Heavy Industry")	Subsidiary of Shandong Port Group
Shandong Port Group Binzhou Port Co., Ltd. ("Binzhou Port QDP International Terminal") (Former name: Binzhou Port QDP International Terminal Co., Ltd.)	Subsidiary of Shandong Port Group
China Ocean Shipping Group Co., Ltd. ("China Ocean Shipping Group") (i)	Minority shareholders with significant influence over the Group
COSCO SHIPPING Special Transportation Co., Ltd. ("COSCO SHIPPING Special Transportation")	Controlled by COSCO shipping group
COSCO Shipping Container Transport Co., Ltd. ("COSCO Shipping Container Transport")	Controlled by COSCO shipping group

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 Ocean Shipping Agency Co., Ltd. ("Rizhao Ocean Shipping Agency")	Controlled by COSCO shipping group
China Ocean Shipping Agency Co., Ltd. ("China Ocean Shipping Agency")	Controlled by COSCO shipping group
China Qingdao Ocean Shipping Agency Co., Ltd. ("Qingdao Ocean Shipping Agency")	Controlled by COSCO shipping group
Patsuo COSCO Shipping Agency Co., Ltd.	Controlled by COSCO shipping group
China Marine Bunker Qingdao Co., Ltd. ("China Marine Bunker Qingdao")	Controlled by COSCO shipping group
Sanlly Container Service Co., Ltd. ("Sanlly Container")	Controlled by COSCO shipping group
Xinxinhai Shipping Co., Ltd. ("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
COSCO SHIPPING Lines (Qingdao) Co., Ltd. ("COSCO SHIPPING Lines Qingdao")	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
Orient Overseas Container Line (China) Co., Ltd. ("OOCL")	Controlled by COSCO shipping group
Orient Overseas Logistics (China) Co., Ltd.	Controlled by COSCO shipping group
Guangzhou COSCO Shipping Container Transportation Co., Ltd.	Controlled by COSCO shipping group
Jiangsu COSCO Shipping Container Transportation Co., Ltd.	Controlled by COSCO shipping group
COSCO SHIPPING Lines (Henan) Co., Ltd.	Controlled by COSCO shipping group
Henan COSCO Shipping Container Lines 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. ("Harbor Logistics")	Controlled by COSCO shipping group
Qingdao Ocean Shipping Daya Bonded Logistics Co., Ltd.	Controlled by COSCO shipping group
Qingdao COSCO Konoike Logistics Co., Ltd.	Controlled by COSCO shipping 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. ("COSCO Shipping Logistics Supply Chain")	Controlled by COSCO shipping group
Qingdao COSCO Shipping Logistics Co., Ltd. ("COSCO Shipping Logistics")	Controlled by COSCO shipping group
Rizhao Port United International Shipping Agency Co., Ltd.	Controlled by COSCO shipping group

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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
COSCO Shipping Logistics Rizhao Port Co., Ltd.	Controlled by COSCO shipping group
COSCO Shipping Agency (Rizhao) Co., Ltd.	Controlled by COSCO shipping group
Xiamen COSCO Shipping Logistics Co., Ltd. ("Xiamen COSCO Shipping Logistics")	Controlled by COSCO shipping group
Tianjin Yuanchang Refrigerated Container Service Co., Ltd.	Controlled by COSCO shipping group
Tianjin Yuanhai Jinfeng New Energy Co., Ltd. (Former name: Tianjin COSCO Shipping Goldwind New Energy Co., Ltd.)	Controlled by COSCO shipping group
China Marine Fuel Hebei Co., Ltd.	Controlled by COSCO shipping group
Cosco Shipping Agency Co., Ltd.	Controlled by COSCO shipping group
Cosco Shipping Crew Management Co., Ltd.	Controlled by COSCO shipping group
Shanghai Puhai Shipping Co., Ltd.	Controlled by COSCO shipping group
Cosco Shipping International Trade Co., Ltd.	Controlled by COSCO shipping group
COSCO Shipping Bulk Transportation Co., Ltd.	Controlled by COSCO shipping group
Cosco Shipping Passenger Transport Co., Ltd.	Controlled by COSCO shipping group
Xi'an COSCO Shipping Container Lines Co., Ltd.	Controlled by COSCO shipping group
China Lianyungang Ocean Shipping Agency Co., Ltd.	Controlled by COSCO shipping group
COSCO SHIPPING Ports Abu Dhabi Terminal Co., Ltd. ("Abu Dhabi Terminal")	Controlled by COSCO shipping group
COSCO Shipping (Hong Kong) Investment Development Co., Ltd.	Controlled by COSCO shipping group
Shanghai COSCO Shipping Special Transportation Co., Ltd.	Controlled by COSCO shipping group
China Ocean Shipping Tally Rizhao Co., Ltd.	Controlled by COSCO shipping group
(i) 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 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Qingdao Port Engineering	Receiving of engineering and design services	493,589,998	–
Qingdao Shihua	Receiving of Loading & unloading and logistics services	220,190,537	218,496,251
Qingdao COSCO Shipping Container Transport	Receiving of Loading & unloading and logistics services	69,971,166	34,482,583
West United	Receiving of Loading & unloading and logistics services	66,361,406	48,376,726
Qingdao Port Engineering	Receiving of engineering and design services	59,228,883	–
China Shipbuilding Qingdao	Purchasing fuel	57,841,512	63,758,767
Shandong Port Land and Sea Liaocheng	Receiving of Loading & unloading and logistics services	52,594,053	6,242,606
Luhai International Logistics	Receiving of Loading & unloading and logistics services	40,879,692	43,848,374
Huaneng Qingdao	Receiving of Loading & unloading and logistics services	33,290,686	27,283,714
Technology Company	Receiving of software development, information operation and maintenance services	31,199,053	–
OOCL	Receiving of Loading & unloading and logistics services	27,370,831	12,611,473
Dongjiakou Railway	Receiving of Loading & unloading and logistics services	23,255,734	10,229,469
China Ocean Shipping Agency	Receiving of Loading & unloading and logistics services	15,939,951	–
Qinggang Shihua	Purchasing fuel	12,861,995	2,426,797
Fuwai Hospital	Receiving medical services	11,516,538	4,210,354
Luhai logistics Bohai Bay	Receiving of Loading & unloading and logistics services	9,541,852	–
QQCT	Receiving of Loading & unloading and logistics services	8,852,547	3,781,567

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
QQCTU	Receiving of Loading & unloading and logistics services	7,815,690	8,417,740
Shangang Luhai Xinjiang	Receiving of Loading & unloading and logistics services	7,139,118	-
QDOT	Receiving of Loading & unloading and logistics services	6,557,435	6,555,002
Shandong Port Energy	Purchasing fuel	5,246,089	4,040,996
Wei Gang Property	Receiving of Property Services	4,995,651	5,123,936
Hongyu Hotel	Receiving of catering services	3,957,661	2,005,894
Weihai Dingxin Construction	Receiving of engineering and design services	3,863,106	7,517,277
China Shipping Agency	Receiving of Loading & unloading and logistics services	3,846,249	6,191,561
Linyi Express	Receiving of Loading & unloading and logistics services	3,503,814	5,384,278
QDP Investment Group	Purchasing engineering materials and receiving engineering services	757,353	14,988,999
Qingdao Ocean Shipping Agency	Receiving of Loading & unloading and logistics services	477,721	14,289,055
Qingdao Port Group	Receipt of fire protection services	168,759	9,267,319
Other related parties	Receiving of Loading & unloading, logistics, training, traveling and factoring services	35,819,448	31,245,179
		<u>1,318,634,528</u>	<u>590,775,917</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
QQCT	Rendering of transporting, loading& unloading, repairing and other services	209,420,231	75,706,396
Luhai International Logistics	Rendering of transporting, loading& unloading, repairing and other services	188,661,686	133,057,858
Qingdao Shihua	Rendering of transporting, loading& unloading, repairing and other services	140,490,914	28,105,520
QQCTN	Rendering of transporting, loading& unloading, repairing and other services	79,863,408	29,785,819
China Ocean Shipping Agency	Rendering of transporting, loading& unloading, repairing and other services	78,123,933	-
Shangang International Trade	Rendering of transporting, loading& unloading, repairing and other services	65,178,941	242,160
QDOT	Rendering of transporting, loading& unloading, repairing and other services	59,797,487	53,928,386
QQCTU	Rendering of transporting, loading& unloading, repairing and other services	51,658,171	24,908,874
Land and Sea International Logistics Bohai Bay	Rendering of transporting, loading& unloading, repairing and other services	50,352,306	2,195
Qingdao Ocean Shipping Agency	Rendering of transporting, loading& unloading, repairing and other services	35,261,324	93,745,478

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Qingdao COSCO Shipping Container Transport	Rendering of transporting, loading& unloading, repairing and other services	32,666,775	15,023,860
Shenzhouxing Cargo Agency	Rendering of transporting, loading& unloading, repairing and other services	30,045,152	28,907,420
Ocean & Great Asia	Rendering of transporting, loading& unloading, repairing and other services	26,160,799	27,146,275
Shangang International Trade Rizhao Company	Rendering of transporting, loading& unloading, repairing and other services	21,962,771	680,660
Evergreen Container	Rendering of transporting, loading& unloading, repairing and other services	17,548,953	16,099,177
Shangang Shipping Group	Rendering of transporting, loading& unloading, repairing and other services	16,876,828	322,325
Weihai Jinfeng Freight Forwarding	Rendering of transporting, loading& unloading, repairing and other services	14,855,120	15,779,293
Qingdao Port Group	Rendering of operation & maintenance, property, communication and other services	13,730,466	15,335,499
Shanghai Pan-Asia Shipping	Rendering of transporting, loading& unloading, repairing and other services	13,697,133	6,232,760
QQCTUA	Rendering of transporting, loading& unloading, repairing and other services	12,513,732	9,826,217
Ganghai Logistics	Rendering of transporting, loading& unloading, repairing and other services	12,120,461	7,463,293

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Qingdao COSCO Shipping Container Transport	Rendering of transporting, loading& unloading, repairing and other services	12,098,379	11,865,983
Orient Container	Rendering of transporting, loading& unloading, repairing and other services	11,716,117	6,049,248
Xiamen COSCO Shipping Logistics	Rendering of transporting, loading& unloading, repairing and other services	11,354,174	-
COSCO Shipping Logistics	Rendering of transporting, loading& unloading, repairing and other services	10,532,120	1,063,316
Lianhai Logistics	Rendering of transporting, loading& unloading, repairing and other services	9,496,515	7,738,697
QDP Investment Group	Rendering of operation & maintenance, property, communication and other services	8,928,096	7,057,838
Jiaodong International Container Shipping	Rendering of transporting, loading& unloading, repairing and other services	8,403,148	14,107,211
Dongjiakou Railway	Rendering of transporting, loading& unloading, repairing and other services	8,348,549	420,456
Overseas Development	Rendering of transporting, loading& unloading, repairing and other services	7,885,289	9,985
Lianrong Logistics	Rendering of transporting, loading& unloading, repairing and other services	7,462,702	4,880,432
China Shipping Agency	Rendering of transporting, loading& unloading, repairing and other services	6,291,696	5,139,598

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
China Shipping Agency	Rendering of transporting, loading& unloading, repairing and other services	5,378,824	4,833,913
West United	Rendering of transporting, loading& unloading, repairing and other services	4,915,046	3,226,744
Huaneng Qingdao	Rendering of transporting, loading& unloading, repairing and other services	4,307,862	1,228,466
Dongjiakou IMC Logistics	Rendering of transporting, loading& unloading, repairing and other services	4,245,860	426,051
Tongbao Shipping	Rendering of transporting, loading& unloading, repairing and other services	4,097,792	-
COSCO Shipping Logistics Supply Chain	Rendering of transporting, loading& unloading, repairing and other services	3,940,320	-
Shandong Port Supply Chain	Rendering of transporting, loading& unloading, repairing and other services	3,900,297	3,332
Shangang Luhai Liaocheng	Rendering of transporting, loading& unloading, repairing and other services	3,434,556	264,163
Xinxinhai Shipping	Rendering of transporting, loading& unloading, repairing and other services	3,305,611	2,834,101

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
COSCO SHIPPING Special Transportation	Rendering of transporting, loading& unloading, repairing and other services	22,941	5,280,633
QDP Pilot Station	Rendering of operation & maintenance, property, communication and other services	-	10,692,091
Other related parties	Rendering of transporting, loading& unloading, operation & maintenance and other services	41,390,677	39,683,385
		<u>1,352,443,162</u>	<u>709,105,108</u>
Shandong Harbor Construction Group	Rendering of construction services	11,423,393	-
Qingdao Port Engineering	Rendering of construction services	3,548,930	-
Rizhao Port	Rendering of construction services	2,706,422	4,470,968
QDP Investment Group	Rendering of construction services	1,764,602	5,317,044
Shandong CCCC Navigation	Rendering of construction services	1,695,137	2,760,574
QQCT	Rendering of construction services	1,548,445	5,053,966
Huanhai Bay Development & Construction	Rendering of construction services	1,128,440	-
Qingdao Shihua	Rendering of construction services	423,853	5,008,332
Qingdao Port Group	Rendering of construction services	114,009	34,807,591
QQCTN	Rendering of construction services	-	30,399,213
West United	Rendering of construction services	-	6,353,919
QHVTC	Rendering of construction services	-	1,099,419
Shandong Port Weifang Port	Rendering of construction services	-	1,075,519
Other related parties	Rendering of construction services	2,872,526	5,725,532
		<u>27,225,757</u>	<u>102,072,077</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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	Six months ended
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited) (Restated)
QDOT	Sales of water, electricity, steam and oil	86,717,604	79,600,502
QQCT	Sales of water, electricity, steam and oil	70,074,784	59,015,068
QQCTN	Sales of water, electricity, steam and oil	35,452,048	25,737,114
Rizhao Port	Sales of water, electricity, steam and oil	10,542,910	2,179,381
Yantai Port	Sales of water, electricity, steam and oil	10,520,502	2,827,306
QQCTUA	Sales of water, electricity, steam and oil	8,743,483	6,888,573
QDP Investment Group	Sales of water, electricity, steam and oil	8,309,494	1,597,921
West United	Sales of water, electricity, steam and oil	7,643,337	5,518,432
Rizhao Port Group	Sales of water, electricity, steam and oil	5,865,478	217,699
Qingdao Shihua	Sales of water, electricity, steam and oil	5,815,524	5,530,396
Qingdao Port Engineering	Sales of water, electricity, steam and oil	5,500,367	–
QQCTU	Sales of water, electricity, steam and oil	4,913,305	5,075,179
Evergreen Container	Sales of water, electricity, steam and oil	3,636,287	2,795,196
Rizhao Lanshan Port	Sales of water, electricity, steam and oil	3,061,553	–
Shenzhouxing Cargo Agency	Sales of water, electricity, steam and oil	2,748,408	1,872,081
Qingdao Port Group	Sales of water, electricity, steam and oil	2,057,737	3,047,809
Orient Container	Sales of water, electricity, steam and oil	1,619,158	1,064,585
Lianhai Logistics	Sales of water, electricity, steam and oil	1,554,647	1,115,355
Shandong Harbor Construction	Sales of water, electricity, steam and oil	1,297,541	4,087
Zhongran Industrial	Sales of water, electricity, steam and oil	1,260,258	721,911
Longkou Port Group	Sales of water, electricity, steam and oil	1,118,981	456,903
Other related parties	Sales of water, electricity, steam and oil	12,697,489	6,667,228
		<u>291,150,895</u>	<u>211,932,726</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
QQCTU	Sales of port machinery and other equipment	61,430,000	10,150,000
Shandong port Weifang port	Sales of port machinery and other equipment	23,480,000	–
QQCTN	Sales of port machinery and other equipment	12,219,463	–
Rizhao Port Lanshan Port	Sales of port machinery and other equipment	10,510,000	–
Rizhao Port	Sales of port machinery and other equipment	10,470,000	249,650,000
QQCT	Sales of port machinery and other equipment	8,260,000	55,714,779
West United	Sales of port machinery and other equipment	2,213,628	7,960,000
Other related parties	Sales of port machinery and other equipment	1,457,058	1,463,044
		<u>130,040,149</u>	<u>324,937,823</u>
		<u>1,800,859,963</u>	<u>1,348,047,734</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Lease income confirmed for the six months ended 30 June 2021 (Unaudited) (Restated)
QQCT	Buildings, storage facilities, port facilities and vehicles	113,900,819	113,736,330
Qingdao Shihua	Storage facilities, vehicles	69,882,877	81,738,338
QDOT	Storage facilities, vehicles	8,652,760	3,730,000
Evergreen Container	Buildings, port facilities	5,094,789	5,246,598
QQCTU	Buildings, Storage facilities and vehicles	4,692,585	3,899,115
QQCTN	Port facilities and vehicles	4,596,396	3,696,547
Orient Container	Storage facilities	4,006,945	3,995,810
Lianhai Logistics	Storage facilities and machinery & equipment	3,484,253	3,149,987
Lianrong Logistics	Storage facilities	2,424,019	2,422,762
Shenzhouxing Cargo Agency	Storage facilities and machinery & equipment	1,993,681	2,156,533
Qingdao Port Group	Buildings, Machinery & equipment	1,269,402	532,751
Qingdao Port Engineering	Buildings, port facilities	1,083,570	–
QQCTUA	Port facilities	1,017,810	1,163,774
West United	Storage facilities, vehicles	851,910	290,501
Technology Company	Buildings	613,660	–
Shangang International Trade	Storage facilities	–	12,648,949
Other related parties	Storage facilities, vehicles	1,477,324	1,206,209
		<u>225,042,800</u>	<u>239,614,204</u>

Right-of-use assets leased by the Group as a lessee:

Lessor	Lease asset type	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
QQCTU	Storage facilities	26,194,545	–
Qingdao Port Group	Storage facilities	2,897,162	–
QDP Investment Group	Buildings	1,647,789	–
Qingdao Leasing	Storage facilities	–	201,139,492
		<u>30,739,496</u>	<u>201,139,492</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Qingdao Port Group	3,304,466	–
QQCTU	576,064	–
Qingdao Leasing	169,546	5,973,457
QDP Investment Group	26,283	–
Other related parties	10,801	–
	<u>4,087,160</u>	<u>5,973,457</u>

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 2022 (Unaudited)	Lease fee confirmed for the six months ended 30 June 2021 (Unaudited) (Restated)
Qingdao Port Group	Storage facilities	48,925,402	32,333,777
QDP Investment Group	Buildings, storage facilities and land use rights	16,446,319	15,356,608
QQCTU	Storage facilities	5,318,602	6,280,624
QDOT	Storage facilities	4,255,063	4,255,062
West United	Buildings, Storage facilities	3,030,847	5,076,208
Dongjiakou Sinotrans Logistics	Storage facilities	1,619,048	1,619,048
QQCT	Buildings, Machinery & equipment	1,229,808	1,141,785
QQCTN	Machinery & equipment	–	4,036,697
Other related parties	Buildings, Storage facilities, Machinery & equipment	2,764,134	2,972,410
		<u>83,589,223</u>	<u>73,072,219</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)
Shandong Commodity Trading	5,000,000	2022-01-13	2023-01-12
QDOT	30,000,000	2022-01-14	2023-01-13
Shandong Port International Trade Qingdao Company	58,777,774	2022-01-21	2022-05-21
Shandong Port International Trade Qingdao Company	31,280,000	2022-01-24	2022-05-24
Shandong Port Supply Chain	31,480,198	2022-01-27	2022-04-25
Shandong Port Supply Chain	28,770,000	2022-01-28	2022-03-28
Shandong Port Supply Chain	29,132,500	2022-01-28	2022-03-29
Shandong Port Supply Chain	97,130,000	2022-02-24	2022-04-25
Shandong Port International Trade Qingdao Company	121,152,000	2022-02-25	2022-04-25
Weihai Port Group	196,000,000	2022-02-28	2023-02-27
Rizhao Bulk Commodity Supply Chain	12,500,000	2022-03-01	2022-05-30
Shandong Port Supply Chain	8,000,000	2022-03-03	2022-04-23
Qinggang Shihua	15,000,000	2022-03-04	2022-03-24
QDP Investment Group	329,000,000	2022-03-09	2023-03-08
Shandong Port Supply Chain	200,000,000	2022-03-10	2022-09-10
QDOT	30,000,000	2022-03-16	2023-03-15
Shandong Port Supply Chain	9,000,000	2022-03-21	2022-06-19
QQCTU	400,000,000	2022-03-23	2027-03-22
Shandong Port Supply Chain	24,300,000	2022-03-23	2022-06-21
Shandong Port International Trade Qingdao Company	51,969,600	2022-03-24	2022-05-24

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

Lend out (Continued) –

	Amount (Unaudited)	Starting date (Unaudited)	Due Date (Unaudited)
Qinggang Shihua	17,356,800	2022-03-25	2022-05-09
Shandong Port International Trade Qingdao Company	34,530,000	2022-03-29	2022-06-29
Shandong Port Supply Chain Shandong Port International Trade Qingdao Company	24,000,000	2022-03-31	2022-07-09
Shandong Port Supply Chain	153,552,300	2022-03-31	2022-06-30
Shandong Port Supply Chain	8,600,000	2022-04-02	2022-07-11
Shandong Port Supply Chain	8,630,000	2022-04-02	2022-07-11
Shandong Port International Trade Qingdao Company	25,503,000	2022-04-06	2022-07-06
Shandong Port International Trade Qingdao Company	228,015,268	2022-04-12	2022-05-22
Qingdao Port Engineering	27,000,000	2022-04-19	2023-04-18
Weihai Port Group	200,000,000	2022-04-29	2023-04-28
Shandong Port Supply Chain	31,200,000	2022-05-09	2022-08-17
Shandong Port International Trade Qingdao Company	102,109,000	2022-05-11	2022-08-11
QDOT	40,000,000	2022-05-16	2023-05-15
Shandong Port International Trade Qingdao Company	61,862,575	2022-05-16	2022-08-16

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

Lend out (Continued) –

	Amount (Unaudited)	Starting date (Unaudited)	Due Date (Unaudited)
Shandong Port International Trade Qingdao Company	91,200,000	2022-05-19	2022-08-27
Shandong Port International Trade Qingdao Company	71,153,500	2022-05-24	2022-07-24
Shandong Port International Trade Qingdao Company	296,211,232	2022-05-30	2022-07-09
Qinggang Shihua	20,568,000	2022-05-30	2022-06-14
Shandong Port International Trade Qingdao Company			
Qinggang Shihua	31,000,000	2022-06-02	2022-09-10
Qinggang Shihua	<u>26,742,400</u>	2022-06-10	2022-06-20
	<u><u>3,207,726,147</u></u>		

Maturity dates of the above loans refer to final maturity dates agreed in the contracts.

Lend in entrusted loan –

	Amount (Unaudited)	Starting date (Unaudited)	Due Date (Unaudited)
Qingdao Port Group	<u><u>79,000,000</u></u>	2022-05-30	2025-05-30

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
QDOT	26,655,719	13,777,107
QQCTN	20,335,342	20,797,340
Shandong Port International Trade Qingdao Company	16,154,932	–
Weihai Port	8,959,363	2,556,901
QQCTU	8,480,447	12,162,353
Qingdao Port Engineering	8,157,967	–
QDP Investment Group	6,291,609	3,385,388
Shandong Port Supply Chain	3,998,564	–
PetroChina Storage	1,328,561	4,110
Fuwai Hospital	1,128,512	1,741,667
West United	853,033	693,424
QQCT	149,178	5,601,861
Qingdao Leasing	–	4,337,867
QQCTUA	–	1,265,764
Other related parties	663,906	296,437
	<u>103,157,133</u>	<u>66,620,219</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Qingdao Port Group	5,916,310	4,811,506
QQCT	5,425,351	4,643,553
Qingdao Shihua	4,663,908	8,252,456
QQCTN	4,220,735	1,492,463
Shandong Port Financial Controlling	2,269,635	3,213,648
International Cruise Port Development and Construction	1,753,472	923,788
Commercial Insurance	1,084,370	680,507
Technology Company	984,897	–
Dongjiakou IMC Logistics	979,668	1,223,642
QQCTU	637,359	1,485,809
QDP Investment Group	606,828	1,366,016
West United	375,807	321,127
Qingdao Port Travel Agency	330,756	156,232
Fuwai Hospital	268,129	220,775
Shangang Cloud Digital Technology	260,044	–
QDOT	257,282	197,064
Commodity Trading Center	241,401	–
Yongli Insurance	232,189	196,098
Weihai Port Group	219,032	39,074
Qingdao Leasing	216,722	190,518
Haiwan Liquid Chemical	145,555	106,542
Evergreen Container	137,077	138,138
Shandong Gangxin Futures	5,952	2,462,341
QQCTUA	–	780,085
Micro Lending Company	–	550,787
Other related parties	907,169	852,363
	32,139,648	34,304,532

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(d) Investment income

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
QQCT	465,454,586	416,061,844
Qingdao Shihua	143,553,883	183,059,558
Unitrans	13,455,742	8,719,652
Evergreen Container	10,611,459	9,418,885
Qingdao Port Engineering	10,467,036	-
PetroChina Storage	9,231,571	(472,017)
West United	8,154,223	7,967,501
Qingyin Financial Leasing	7,703,223	6,498,792
Shenzhouxing Cargo Agency	6,812,018	6,110,711
Orient Container	3,212,824	2,803,026
Technology Company	2,214,584	-
Lianrong Logistics	1,580,438	1,905,135
United Shipping Agency	1,210,085	1,079,370
Lianhai Logistics	1,172,803	1,209,283
Huaneng Qingdao	836,756	(2,162,306)
Haiwan Liquid Chemical	731,924	1,122,828
Shandong Port Energy	627,483	527,120
Overseas Development	428,482	(339,858)
China Shipping Agency	375,356	(284,028)
Ocean Bridge International	361,786	287,252
Dongjiakou Sinotrans Logistics	46,712	108,161
Shangang Luhai International Logistics	23,988	-
Binzhou Port QDP International Terminal	-	728,774
Yongli Insurance	-	5,397,247
Commodity Trading Center	(85,607)	57,242
Dongjiakou Wanbang Logistics	(90,596)	(29,576)
Gangbao Supply Chain	(249,773)	-
Linyi Express	(389,797)	35,876
Ganghai Logistics	(744,117)	531,467
Hailian Container	(1,840,500)	-
QDOT	(12,047,578)	(13,962,005)
COSCO Abu Dhabi	(25,420,591)	-
Vado Investment	-	(2,793,388)
	<u>647,398,403</u>	<u>633,586,546</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(e) Remuneration of key management

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Remuneration of key management	<u>5,350,681</u>	<u>4,984,983</u>

(f) Other related party transactions

(i) *Port construction fees, harbour dues and port facility security expenses received and paid on behalf of related parties to their clients*

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Funds received under the entrustment of related parties –		
QQCT	179,008,295	159,906,853
QQCTU	25,303,003	58,413,784
QQCTUA	9,107,293	9,957,262
QQCTN	<u>61,866,624</u>	<u>46,977,611</u>
	<u>275,285,215</u>	<u>275,255,510</u>
Funds paid to related parties –		
QQCT	181,822,169	157,277,533
QQCTU	23,253,693	58,839,628
QQCTUA	10,023,639	10,328,950
QQCTN	<u>63,074,865</u>	<u>46,017,182</u>
	<u>278,174,366</u>	<u>272,463,293</u>

Port construction fees, 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 2022 (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 received by related parties on behalf of the Company

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Qingdao Shihua	49,867,925	49,799,549
QQCT	27,083,116	34,906,583
QQCTU	14,995,520	12,111,789
QDOT	21,366,642	17,429,310
QQCTN	12,724,034	11,067,902
QQCTUA	5,219,668	3,199,690
West United	4,143,412	3,518,451
	<u>135,400,317</u>	<u>132,033,274</u>

Related parties such as Qingdao Shihua and QQCT charge customers for port charges, berthing fees, and security fees for the cargo and submit 50% of them to the Company.

(iii) Accept the commission payment of related parties

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Qingdao Port Engineering	55,991,627	-
QDOT	35,877,116	35,445,200
QQCT	27,505,684	33,247,557
QQCTU	17,615,923	16,828,207
Qingdao Shihua	13,573,701	11,788,982
West United	9,911,106	6,505,109
QQCTN	6,832,917	7,324,308
Qingdao Port Group	2,415,447	5,545,509
Evergreen Container	1,923,442	3,008,724
Fuwai Hospital	1,524,933	2,020,648
Shenzhouxing Cargo Agency	1,432,985	1,565,016
QDP Investment Group	929,762	424,860
QHVTC	718,130	1,570,178
Technology Company	646,287	-
Haiwan Liquid Chemical	438,079	724,683
Lianhai Logistics	428,477	652,437
Huaneng Qingdao	386,777	451,375
QDP Investment Real Estate	386,142	12,741
Orient Container	379,339	1,134,626
Yantai Port Group	-	3,432,717
Other related parties	2,300,294	5,043,208
	<u>181,218,168</u>	<u>136,726,085</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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) 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(2).

(6) Related party balance

(a) Notes receivable

	30 June 2022 (Unaudited)		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Qingdao Port Engineering	31,600,000	(1,106,062)	9,620,777	(164,231)
QDOT	2,000,000	(70,004)	2,000,000	(34,141)
International Cruises	1,830,766	(64,080)	2,057,593	(35,124)
QQCTN	1,337,170	(46,804)	-	-
Qingdao Port Investment Real Estate	-	-	1,191,028	(20,331)
	<u>36,767,936</u>	<u>(1,286,950)</u>	<u>14,869,398</u>	<u>(253,827)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(b) Accounts receivable

	30 June 2022 (Unaudited)		31 December 2021 (Restated)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QQCTN	190,201,787	(83,206,962)	184,980,312	(53,834,827)
QDOT	134,197,464	(11,445,034)	115,794,748	(9,120,582)
Qingdao Shihua	115,562,929	(3,339,051)	70,956,983	(1,821,200)
Luhai International Logistics	42,317,131	(1,174,465)	32,140,635	(738,374)
Land and Sea International				
Logistics Bohai Bay	31,593,208	(876,834)	30,399,454	(698,373)
QQCT	29,768,571	(1,437,847)	33,506,664	(1,406,123)
QQCTU	29,481,459	(3,119,808)	85,588,545	(3,054,954)
QDP Investment Group	23,181,714	(2,072,415)	26,754,465	(2,970,266)
Shangang International Trade	23,006,589	(640,380)	6,371,833	(148,153)
Binzhou Port QDP International				
Terminal	18,633,044	(854,733)	21,254,225	(895,239)
Yantai Port	18,029,296	(631,710)	20,254,772	(740,713)
West United	17,185,946	(733,409)	3,115,864	(93,065)
Shenzhouxing Cargo Agency	16,017,140	(446,889)	12,276,437	(282,384)
Qingdao Leasing	14,400,000	(6,575,302)	14,400,000	(5,790,785)
Qingdao Port Group	13,085,587	(1,272,019)	11,226,392	(412,760)
Weihai Jinfeng Freight Forwarding	11,938,186	(331,331)	16,028,884	(368,656)
Shangang International Trade				
Rizhao Company	11,500,000	(319,170)	-	-
Evergreen Container	10,455,048	(291,724)	2,890,420	(66,402)
Qingdao Port Engineering	10,261,749	(436,728)	4,163,916	(101,123)
Shandong port Weifang port	9,859,960	(461,289)	9,854,500	(415,077)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(b) Accounts receivable (Continued)

	30 June 2022 (Unaudited)		31 December 2021 (Restated)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Ganghai Logistics	8,840,434	(245,741)	3,082,372	(71,222)
Ocean & Great Asia	8,431,971	(234,020)	8,154,716	(187,340)
QQCTUA	7,741,018	(256,327)	14,679,679	(347,552)
Overseas Development	7,661,024	(212,628)	-	-
Shandong Harbor				
Construction Group	7,474,650	(318,881)	5,351,671	(122,989)
Dongjiakou IMC Logistics	7,139,480	(2,759,898)	3,538,426	(2,655,637)
Xiamen COSCO Shipping Logistics	6,676,050	(185,286)	-	-
Dongjiakou Railway	6,548,259	(300,875)	-	-
Shandong Port Shipping Group	6,140,194	(170,466)	4,500	(103)
China Ocean Shipping Agency	5,763,287	(159,954)	-	-
Orient Container	5,281,431	(146,580)	2,362,736	(54,280)
Integrated development of				
Shangang industry and city	3,670,535	(101,993)	-	-
Lianhai Logistics	3,645,990	(101,388)	2,767,194	(63,571)
Shanghai Pan-Asia Shipping	3,511,355	(97,454)	438,949	(10,084)
Rizhao Port	3,449,272	(120,065)	62,303,462	(2,599,448)
Shandong Port Group Co., Ltd.	749,940	(26,898)	13,147,255	(346,837)
Other related parties	32,586,176	(1,239,433)	39,971,298	(45,697,105)
	<u>895,987,874</u>	<u>(126,344,987)</u>	<u>857,761,307</u>	<u>(135,115,224)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(c) Contract assets

	30 June 2022 (Unaudited)		31 December 2021 (Restated)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QDOT	99,323,844	(2,853,605)	116,022,721	(3,076,165)
Rizhao Port	87,927,610	(2,526,188)	77,457,610	(2,053,670)
QQCTU	68,224,698	(1,960,117)	9,646,081	(255,751)
QQCT	43,572,972	(1,251,865)	80,687,519	(2,139,306)
Shandong Harbor Construction Group	28,743,894	(825,821)	32,522,124	(862,274)
Shandong port Weifang port	23,480,000	(674,588)	–	–
QQCTN	13,688,625	(393,278)	1,611,881	(42,737)
Rizhao Port Lanshan Port	10,510,000	(301,956)	–	–
Qingdao Port Engineering Development and construction around the bay	7,911,890	(227,311)	8,002,255	(212,168)
QDP Investment Group	5,380,946	(154,596)	–	–
QQCTUA	4,933,691	(141,746)	4,123,184	(109,320)
Shandong CCCC Navigation	4,543,009	(130,522)	6,315,133	(167,436)
West United	12,577	(361)	4,672,739	(123,891)
Dongjiakou Railway	5,513	(158)	17,262,675	(457,693)
Other related parties	–	–	6,447,002	(170,932)
	8,549,070	(245,619)	7,521,032	(199,408)
	<u>406,808,339</u>	<u>(11,687,731)</u>	<u>372,291,956</u>	<u>(9,870,751)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(d) Advances to suppliers

	30 June 2022 (Unaudited)	31 December 2021
Qingdao Port Engineering	73,786,219	72,498,304
Gangda Shipbuilding Heavy Industry	31,794,000	–
QDP Investment Group	5,290,827	57,339
West United	4,759,675	6,339,511
COSCO SHIPPING Lines Qingdao	110,634	2,521,176
United Shipping Agency	3,540	2,050,150
Dongjiakou Railway	–	2,238,906
Other related parties	1,815,441	2,637,825
	<u>117,560,336</u>	<u>88,343,211</u>

(e) Other receivables

Dividend receivable –

	30 June 2022 (Unaudited)	31 December 2021
Technology Company	<u>6,328,168</u>	<u>6,328,168</u>

Ending balance of loans provided and interests –

	30 June 2022 (Unaudited)		31 December 2021 (Restated)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Weihai Port Group	596,631,833	(2,799,908)	297,352,352	(4,864,454)
QDP Investment Group	329,360,986	(367,556)	329,407,137	(6,895)
Qingdao Port Engineering	283,632,896	(357,506)	322,130,906	(1,231,177)
Shandong Port International Trade Group Qingdao Co., Ltd.	272,236,031	(4,246)	1,198,613,894	(32,316)
QDOT	190,210,278	(1,032,864)	200,252,083	(2,561,940)
Qingyin Financial Leasing	151,003,750	(1,355)	–	–
Shandong Port Supply Chain	58,195,010	(1,323)	94,260,980	(2,537)
West United	35,037,431	(946)	50,143,128	(1,763,174)
Fuwai Hospital	20,024,167	(539)	50,070,023	(419,590)
Shandong Board of Trade	15,016,736	(2,757)	10,011,764	(243,121)
Rizhao Bulk Commodity Supply Chain	–	–	51,051,899	(817)
	<u>1,951,349,118</u>	<u>(4,569,000)</u>	<u>2,603,294,166</u>	<u>(11,126,021)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(e) Other receivables (Continued)

Other –

	30 June 2022 (Unaudited)		31 December 2021 (Restated)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Qingdao Port Engineering	51,434,740	(2,609,785)	65,062,593	(3,309,089)
QQCT	19,201,301	(900,472)	11,078,330	(563,602)
Shandong Harbor Construction Group	14,532,446	–	14,592,446	(3,048)
Qingdao Ocean Shipping Agency	14,351,266	(687,093)	7,247,787	(291,847)
QDOT	11,903,942	(575,847)	7,409,884	(376,602)
Ganghai Logistics	11,879,180	(514,560)	4,859,937	(426,764)
West United	9,744,728	(384,123)	12,970,557	(552,003)
Weihai Passenger Transport	8,868,140	(383,607)	3,678,057	(186,935)
OOCL	8,339,309	(424,336)	722,709	(36,731)
QDP Investment Group	7,239,472	(314,603)	439,111	(20,531)
Qingdao Shihua	5,203,705	(264,785)	5,013,973	(258,237)
Qingdao Port Group	4,660,258	(214,905)	2,829,340	(224,762)
QQCTU	4,544,834	(231,046)	5,367,036	(272,776)
Lianhai Logistics	3,402,689	(148,043)	592,458	(46,118)
Evergreen Container	2,690,464	(61,135)	1,331,120	(21,110)
Ocean & Great Asia	2,666,381	(135,676)	172,825	(8,784)
Lianrong Logistics	2,652,520	(114,810)	176,934	(12,757)
QQCTN	2,330,289	(114,126)	6,920	(448)
COSCO SHIPPING Lines Qingdao	1,421,100	(22,814)	706,100	(10,652)
Shangang Sunshine Intelligent Purchasing	1,361,842	(30,944)	–	–
Orient Container	1,185,528	(20,966)	737,370	(18,892)
Luhai International Logistics	41,842	(2,108)	1,225,884	(62,305)
Weihai Port Group	29,572	(1,279)	6,657,528	(592,548)
Other related parties	5,276,870	(236,534)	3,652,314	(211,923)
	<u>194,962,418</u>	<u>(8,393,597)</u>	<u>156,531,213</u>	<u>(7,508,464)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(f) Long-term receivables

	30 June 2022 (Unaudited)		31 December 2021 (Restated)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QDOT	1,013,331,063	(27,789,817)	1,034,506,251	(28,370,530)
QQCTN	900,330,334	(18,012,183)	934,755,449	(35,974,884)
QQCTU	364,434,778	(9,994,340)	414,171,878	(8,670)
Qingdao Port Engineering	101,947,508	(1,351,640)	99,852,538	(3,448,576)
Petro China Storage	45,129,467	(1,591,252)	69,314,512	(2,444,388)
QQCT	-	-	422,451,363	(9,146,040)
Fuwai Hospital	-	-	70,098,032	(1,889)
	<u>2,425,173,150</u>	<u>(58,739,232)</u>	<u>3,045,150,023</u>	<u>(79,394,977)</u>

(g) Accounts payable

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Qingdao Shihua	170,954,979	21,388,446
Qingdao Port Engineering	116,835,435	124,700,110
Shandong Harbor Construction Group	62,387,263	29,238,100
QDP Investment Group	22,172,449	10,819,376
Luhai International Logistics	16,858,203	14,059,012
West United	11,691,697	4,045,541
China Shipbuilding Qingdao	10,832,206	-
Shandong Port Land and Sea Liaocheng	9,519,799	5,636,578
Gangda Shipbuilding Heavy Industry	8,430,000	-
QDOT	7,175,334	6,455,215
Huaneng Qingdao	7,045,728	7,258,067
Qingdao Port Group	6,128,823	32,792,597
QQCTU	6,124,313	1,240,489
Land and Sea International Logistics Bohai Bay	3,528,692	4,494,998
QQCT	2,838,156	1,991,671
Sanlly Container	2,495,898	1,380,815
Weihai Dingxin Construction	2,420,572	6,280,462
Wei Gang Property	2,380,517	297,459
Luhai Heavy Industry	2,124,238	-
Shandong Port Land and Sea (Xinjiang)	2,077,753	1,776,508
Technology Company	1,800,076	2,192,425
Rizhao Port Machinery Engineering	1,631,000	18,211,000
Dongjiakou Sinotrans Logistics	1,133,333	1,133,333
Qingdao COSCO Shipping Container Transport	1,087,055	14,558
Yantai Port Co., Ltd.	1,000,077	-
Other related parties	8,823,749	6,728,424
	<u>489,497,345</u>	<u>302,135,184</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(h) Advances from customers

	30 June 2022 (Unaudited)	31 December 2021
Evergreen Container	5,323,500	5,969,770
QQCTU	4,235,200	–
Orient Container	4,195,600	–
QQCTN	3,968,367	–
QQCT	1,593,269	–
QQCTUA	1,068,700	–
Technology Company	632,225	–
Qingdao Port Group	592,701	–
Other related parties	688,432	23,347
	<u>22,297,994</u>	<u>5,993,117</u>

(i) Contract Liabilities

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Shangang Luhai Liaocheng	18,984,443	–
QQCTUA	7,755,398	–
QQCT	6,060,212	80
Qingdao Port Group	2,379,932	2,376,579
China Ocean Shipping Agency	1,000,268	–
QDP Investment Group	772,556	279,803
Shenzhouxing Cargo Agency	769,992	–
West United	708,396	–
Technology Company	524,434	–
United Shipping Agency	500,000	500,000
Luhai International Logistics	500,000	–
Qingdao COSCO Shipping Container	438,588	71,280
Gangda Shipbuilding Heavy Industry	426,990	–
Evergreen Container	379,078	–
China Shipbuilding Qingdao	375,320	4,500
Qingdao Ocean Shipping Agency	108,861	1,108,859
China Shipping Agency	93,265	502,265
Other related parties	3,280,924	1,775,690
	<u>45,058,657</u>	<u>6,619,056</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(j) Other payables

The principle and interest of deposits –

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
QQCT	1,241,272,143	1,196,567,005
QQCTN	836,373,032	483,511,399
Qingdao Port Group	802,024,116	877,672,596
Qingdao Shihua	709,470,904	1,366,801,683
Shandong Port Financial Holdings	487,457,737	395,866,507
International Cruise Port Development & Construction	259,341,825	276,729,344
QQCTU	170,654,733	155,098,381
Dongjiakou IMC Logistics	145,024,462	145,230,488
Technology Company	136,046,848	153,258,841
Qingdao Leasing	95,284,735	22,466,045
Shandong Port International Trade Group Qingdao Co., Ltd.	77,069,125	572,339,493
QDOT	74,919,272	89,695,603
West United	68,233,705	92,372,065
Insurance Brokerage	54,483,699	7,500,199
Qingdao Port Travel Agency	50,454,751	47,791,397
Shandong Port Commercial Factoring	48,610,178	122,556,225
Weihai Port Group	45,004,710	135,018,883
Shandong Port Cloud Digital Technology	40,057,067	42,479,603
QDP CTC	40,519,490	40,530,239
QDP Investment Group	37,436,378	330,924,979
Fuwai Hospital	34,115,419	41,313,390
Lianhai Logistics	33,705,628	25,059,660
Haiwan Liquid Chemical	32,189,370	21,561,005
Yantai Gangrong Commercial Factoring	24,106,374	16,048,177
Yongli Insurance	21,866,229	18,153,537
Qingdao Port Engineering	20,284,497	183,272,733
Lianrong Logistics	17,359,043	16,504,562
Shandong Port Ship Service	17,289,690	8,070,825
Rizhao Port Commercial Factoring	17,102,872	12,906,104
Evergreen Container	16,085,537	16,281,338
Weihai Gangsheng Shipping	15,005,513	9,961,791
Fund Management	14,768,535	13,066,420
Rizhao Port Financial Leasing	14,200,765	14,876,811
Weihai Yufeng Energy	9,779,175	10,901,818
International Cruises	8,118,751	10,302,739
Assets Management Company	8,012,290	16,681,713
North Oil & Gas	7,873,782	8,988,413

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(j) Other payables (Continued)

The principle and interest of deposits (Continued) –

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Shandong Commodity Trading	7,632,939	1,304,517
Weihai Shichang Liquor Industry	7,220,015	1,983,333
Dongjiakou Sinotrans Logistics	5,565,404	4,391,160
Rizhao Bulk Commodity Supply Chain	5,250,071	9,357,400
Weihai Port International Logistics	5,000,562	7,726,366
Weihai Zhongda Shipping	4,613,787	5,548,463
Zhonggang Jinyuan	4,413,097	860,159
Wei Gang Property	4,277,561	3,212,939
QDP Investment Real Estate	3,647,194	1,457,203
Weihai Gangtong Technology	3,433,804	5,341,812
Weihai Port International Passenger Transportation	2,651,950	6,872,625
Hongyu Hotel	2,297,736	2,980,653
Jiaodong International Container Shipping	1,300,600	496,404
Weihai Jinfeng Freight Forwarding	1,124,691	40,793
Financing Guarantee	814,963	2,484,299
Ganghai Logistics	716,855	2,438,067
Shandong Gainsense Futures	244,110	109,371,899
Qinggang Shihua	91,505	21,422,296
Weihai Dingxin Construction	1,004	6,106,355
Other related parties	911,827	1,349,251
	<u>5,792,812,055</u>	<u>7,193,108,005</u>

Factoring loan –

	30 June 2022 (Unaudited)	31 December 2021
Shandong Port Commercial Factoring	<u>–</u>	<u>50,009,722</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(j) Other payables (Continued)

Other –

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Weihai Port Group	984,519,229	–
Qingdao Port Engineering	901,568,083	735,801,234
Qingdao Port Group	170,220,618	160,286,230
QQCT	58,730,574	12,381,925
QDP Investment Group	45,178,615	44,694,011
Shandong Harbor Construction Group	22,442,559	23,056,360
QQCTU	21,136,986	3,409,718
Qingdao Shihua	19,645,342	22,550
QQCTN	19,208,122	4,152,897
China Ocean Shipping Agency	11,003,683	–
Evergreen Container	8,219,838	2,863,694
Technology Company	6,503,016	3,219,141
Weihai Dingxin Construction	4,922,101	4,531,775
Weihai Gangtong Technology	3,265,670	1,994,534
Luhai International Logistics	1,911,559	405,434
Linyi Expressway	1,897,985	62,985
Other	19,836,258	11,478,145
	<u>2,300,210,238</u>	<u>1,008,360,633</u>

(k) Other non-current liabilities

	30 June 2022 (Unaudited)	31 December 2021
QQCT	2,322,218,746	2,420,929,434
QQCTN	44,081,450	45,340,920
QQCTU	11,901,874	12,507,053
	<u>2,378,202,070</u>	<u>2,478,777,407</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(l) Lease liabilities

	30 June 2022 (Unaudited)	31 December 2021
Qingdao Port Group	143,268,463	138,149,368
Qingdao Leasing	74,801,150	92,451,789
QQCTU	22,314,350	–
Others	9,112,709	–
	<u>249,496,672</u>	<u>230,601,157</u>

(m) Long-term payables

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Qingdao Port Group	139,632,090	60,055,000
Qingdao Leasing	121,069,864	120,870,833
	<u>260,701,954</u>	<u>180,925,833</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 (35), the Group's future collection of related party rents is summarized as follows:

	30 June 2022 (Unaudited)	31 December 2021
QQCT	264,453,869	274,500,000
Evergreen Container	101,058,285	104,426,895
QQCTU	87,590,000	92,200,000
QQCTN	34,761,450	31,272,728
Qingdao Shihua	20,208,700	-
QQCTUA	17,385,000	18,300,000
Shenzhouxing Cargo Agency	9,336,809	4,267,104
QDOT	8,839,260	-
Lianhai Logistics	5,274,600	2,198,138
Orient Container	4,195,590	-
Lianrong Logistics	2,543,900	-
Linyi Express	1,592,750	1,731,000
West United	1,464,438	-
Qingdao Port Engineering Technology Company	1,072,340	-
632,225	-	
Qingdao Port Group	592,701	-
Shandong Port Energy	235,275	-
China Shipbuilding Qingdao	156,657	-
Ganghai Logistics	154,440	386,460
Shichang Liquor Industry	140,958	-
Weihai Jinfeng Freight Forwarding	83,092	-
Shangang Financial Holding	15,909	-
Fuwai Hospital	-	12,501
	<u>561,788,248</u>	<u>529,294,826</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(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 2022, principal of new entrusted loan business offered by Qingdao Finance amounts to RMB1,987,605,000 (For the six months ended 30 June 2021: RMB1,774,000,000). As at 30 June 2022, entrusted loans amounted to RMB6,421,605,000 (31 December 2021: RMB6,193,000,000). 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(2).

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:

	Six months ended 30 June 2022 (Unaudited)	31 December 2021
Port facilities and others	<u>1,231,946,853</u>	<u>656,475,808</u>

(2) Other commitments

As at 30 June 2022, 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 RMB42,219,316 in total (31 December 2021: RMB30,700,362). 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 2022, Qingdao Finance issued letter of guarantee with the amount of approximately RMB2,000,000 (31 December 2021: RMB2,500,000) for the purpose aforesaid.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

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 2022 (Unaudited)	31 December 2021
Within a year	92,616,857	57,264,912
One to two years	56,150,453	53,650,426
Two to three years	50,285,316	49,663,334
Three to four years	49,814,179	46,467,219
Four to five years	49,343,999	46,467,219
More than five years	281,612,978	281,536,300
	<u>579,823,782</u>	<u>535,049,410</u>

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. 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 2022, the Group did not sign forward foreign exchange contracts or currency swap contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

As at 30 June 2022 and 31 December 2021, the carrying amounts in RMB equivalent of the Group's financial assets, financial liabilities denominated in foreign currencies are summarized below:

	30 June 2022 (Unaudited)			Total
	USD	EUR	Others	
Financial assets denominated in foreign currency –				
Cash at bank and on hand	880,650,051	10,704	8,410	880,669,165
Receivables	335,192,296	-	-	335,192,296
Other receivables	749,549,874	-	-	749,549,874
	<u>1,965,392,221</u>	<u>10,704</u>	<u>8,410</u>	<u>1,965,411,335</u>
Financial liabilities denominated in foreign currency –				
Payables	(232,104,988)	(14,307)	(57,120)	(232,176,415)
Other payables	(223,041,311)	-	-	(223,041,311)
Short-term borrowings	(519,860,894)	-	-	(519,860,894)
	<u>(975,007,193)</u>	<u>(14,307)</u>	<u>(57,120)</u>	<u>(975,078,620)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2021			
	USD	EUR	Others	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	1,091,735,128	1,597,582	41,527	1,093,374,237
Receivables	360,655,432	433,182	87,678	361,176,292
Other receivables	409,636,704	-	-	409,636,704
	<u>1,862,027,264</u>	<u>2,030,764</u>	<u>129,205</u>	<u>1,864,187,233</u>
Financial liabilities denominated in foreign currency -				
Notes payable	(2,172,276)	-	-	(2,172,276)
Payables	(555,608,832)	-	(15,876)	(555,624,708)
Other payables	(254,016,941)	-	-	(254,016,941)
Short-term borrowings	(1,428,315,717)	-	-	(1,428,315,717)
Current portion of non-current liabilities	-	(74,667,300)	-	(74,667,300)
	<u>(2,240,113,766)</u>	<u>(74,667,300)</u>	<u>(15,876)</u>	<u>(2,314,796,942)</u>

As at 30 June 2022, 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 year would have been approximately RMB29,712,000 (31 December 2021: approximately RMB11,343,000) 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.

(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 and bank borrowings. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

11 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

(1) Market risk (Continued)

(b) Interest rate risk (Continued)

As at 30 June 2022, the Group's interest bearing liabilities included customer deposits at Qingdao Finance of RMB5,768,197,011 (Note 4(29)), among which RMB4,593,373,917 was subject to floating interest rate and the remaining was subject to fixed interest rate; and bank borrowings of RMB1,493,927,257 (Note 4(23)) were all subject to fixed interest rate.

As at 30 June 2022, the Group's interest bearing assets included cash at bank and on hand of RMB8,599,829,787 (Note 4(1)), among which RMB8,593,900,386 was subject to floating interest rate and the remaining was subject to fixed interest rate; and loans provided to related parties and third parties of RMB4,651,153,624 (Note 4(7), (11)), among which RMB766,189,392 was subject to floating rates and the remaining was 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 2022 and 2021, the Group did not enter into any interest rate swap agreements.

As at 30 June 2022, the Group had no bank borrowings at floating interest rate (as at 31 December 2021: nil).

As at 30 June 2022, 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 2022 had risen/fallen by 8% while all other variables had been held constant, the Group's net profit would have increased/decreased by approximately RMB1,090,000 (31 December 2021: approximately RMB4,752,000).

(c) Other price risk

The Group's other price risks mainly arise from all kinds of equity instrument investments, with risk of changes in the price of equity instruments.

As at 30 June 2022, 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 RMB21,926,000 (31 December 2021: approximately RMB21,926,000).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

11 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, contract assets, receivables financing, other receivables, debt investments, other debt investments, financial guarantee contracts, loan commitments, etc., and investments in debt instrument at fair value through profit or loss that are not included in the impairment assessment scope. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure of the Group; the maximum credit risk exposures off the balance sheet were the maximum amounts of RMB44,219,316 to be paid for fulfilment of financial guarantee obligations for issuing acceptance notes and letters of guarantee (The maximum credit risk exposure outside the balance sheet for Qingdao Port Group and its subsidiaries is the maximum amount of RMB32,071,462 required to perform financial guarantee of issuing acceptance bills).

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 2022 and 31 December 2021, 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 2022 (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 2022 (Unaudited)				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	902,162,564	-	-	-	902,162,564
Notes payable	1,023,149,583	-	-	-	1,023,149,583
Accounts payable	1,740,653,699	-	-	-	1,740,653,699
Other payables	12,697,531,715	-	-	-	12,697,531,715
Lease liabilities	-	105,065,511	103,196,772	-	208,262,283
Current portion of non-current liabilities	221,956,407	-	-	-	221,956,407
Long-term payables	-	144,275,000	49,000,000	43,098,572	236,373,572
	<u>16,585,453,968</u>	<u>249,340,511</u>	<u>152,196,772</u>	<u>43,098,572</u>	<u>17,030,089,823</u>

	31 December 2021(Restated)				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	1,505,872,892	-	-	-	1,505,872,892
Notes payable	1,237,001,063	-	-	-	1,237,001,063
Accounts payable	1,504,308,175	-	-	-	1,504,308,175
Other payables	10,986,148,671	-	-	-	10,986,148,671
Lease liabilities	-	72,164,673	117,896,554	-	190,061,227
Current portion of non-current liabilities	208,595,836	-	-	-	208,595,836
Long-term payables	-	67,661,828	127,310,484	28,739,416	223,711,728
	<u>15,441,926,637</u>	<u>139,826,501</u>	<u>245,207,038</u>	<u>28,739,416</u>	<u>15,855,699,592</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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, factoring borrowings and bonds payable are analyzed by repayment terms as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Within 1 year	<u>888,929,898</u>	<u>1,687,500,380</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.

(1) Assets and liabilities measured at fair value on a recurring basis

As at 30 June 2022, 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	3,502,798	271,245,800	1,160,030,630	1,434,779,228
Financing receivables –				
Notes receivable	–	–	262,162,502	262,162,502
Other current assets –				
Interbank deposit certificate	843,673,850	–	–	843,673,850
Other non-current financial assets –				
Financial bond	603,329,684	–	–	603,329,684
Equity investment	–	–	292,351,677	292,351,677
Total	<u>1,450,506,332</u>	<u>271,245,800</u>	<u>1,714,544,809</u>	<u>3,436,296,941</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

As at 31 December 2021, the assets measured at fair value on a continuing basis are listed below at the 3 levels above (Restated):

	Level 1	Level 2	Level 3	Total
Monetary assets				
Financial assets held for trading –				
Wealth management products	1,433,692	289,817,600	545,938,786	837,190,078
Financing receivables –				
Notes receivable	–	–	384,875,823	384,875,823
Other current assets –				
Interbank deposit certificate	929,212,100	–	–	929,212,100
Other non-current financial assets –				
Financial bond	604,816,660	–	–	604,816,660
Equity investment	–	–	292,351,677	292,351,677
	<u>1,535,462,452</u>	<u>289,817,600</u>	<u>1,223,166,286</u>	<u>3,048,446,338</u>
Total	<u>1,535,462,452</u>	<u>289,817,600</u>	<u>1,223,166,286</u>	<u>3,048,446,338</u>

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 year.

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 and liquidity discount.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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:

	31 December 2021 (Restated)	Purchase (Unaudited)	Sale (Unaudited)	Settle (Unaudited)	30 June 2022 (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	545,938,786	843,883,577	(229,791,733)	-	1,160,030,630	14,128,059
Financing receivables – Bank acceptance notes receivable	384,875,823	772,221,497	(331,447,379)	(563,487,439)	262,162,502	(1,070,212)
Other non-current financial asset – Equity investment	292,351,677	-	-	-	292,351,677	10,000,000
Total	<u>1,223,166,286</u>	<u>1,616,105,074</u>	<u>(561,239,112)</u>	<u>(563,487,439)</u>	<u>1,714,544,809</u>	<u>23,057,847</u>

	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 t he 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 2022 (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)

- (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 2022 (Unaudited)	Valuation techniques	Parameter	Inputs		
				Range/ Weighted average	The relationship of fair value	Observable/ Unobservable
Financial assets held for trading - Wealth management products	1,160,030,630	Discounted cash flow	Expected yield	3.02%-4.07%	Positive correlation	Unobservable
Receivables financing - Bank acceptance notes receivable	262,162,502	Discounted cash flow	Expected discount rate	1.2%-3.85%	Negative correlation	Unobservable
Other non-current financial assets - Equity investment	292,351,677	Marketing method	Comparable listed company PE multiplier, etc.	PE multiplier: 1.9-20.8 Lack of liquidity discount: 20%-30%	Positive correlation	Unobservable
	<u>1,714,544,809</u>					

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

- (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 (Continued).

The relevant information for Level 3 measured at fair value is as follows (Continued):

	Fair value on 31 December 2021 (Restated)	Valuation techniques	Parameter	Inputs		
				Range/ Weighted average	The relationship of fair value	Observable/ Unobservable
Financial assets held for trading – Wealth management products	545,938,786	Discounted cash flow	Expected yield	3.00%-3.85%	Positive correlation	Unobservable
Receivables financing – Bank acceptance notes receivable	384,875,823	Discounted cash flow	Expected discount rate	3.85%-4.35%	Negative correlation	Unobservable
Other non-current financial assets – Equity investment	292,351,677	Marketing method	Comparable listed company PE multiplier, etc.	PE multiplier: 1.9-20.8 Lack of liquidity discount: 20%-30%	Positive correlation	Unobservable
	<u>1,223,166,286</u>					

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

- (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 (Continued).

The relevant information for Level 2 measured at fair value is as follows:

	Fair value on 30 June 2022 (Unaudited)	Valuation techniques	Observable input value	
			Parameter	Range/ Weighted average
Financial assets held for trading – Wealth management product type 1	<u>271,245,800</u>	Discounted cash flow	Observable Net Value	103.0280
	<u><u>271,245,800</u></u>			

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

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 2022 and 31 December 2021, the Group's gearing ratio is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Restated)
Principal on bank borrowings(Note 4(23))	885,739,411	1,489,839,451
Shandong Port Commercial Factoring factoring borrowings (Note 4(29))	-	50,000,000
Customer deposits at Qingdao Finance (Note 4(29))	5,768,197,011	7,165,348,378
Less: Cash (Note 4(53)(a))	(7,799,945,149)	(8,246,419,327)
Net debt	(1,146,008,727)	458,768,502
Shareholders' equity	39,914,807,098	40,017,134,505
Total capital	38,768,798,371	40,475,903,007
Gearing ratio	NA	1%

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2022 (Unaudited)	31 December 2021
Cash at bank	818,865,967	821,651,426
Deposits of Qingdao Finance	5,363,806,864	5,226,286,684
Other cash balances	585,831	583,998
Interest receivable	2,586,458	1,141,787
	6,185,845,120	6,049,663,895
Including: amounts deposited abroad	37,643	36,315

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

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

As at 30 June 2022, other monetary funds included the deposit of RMB212,031 deposited by the Company to the bank for the issuance of acceptance bills, and a deposit of RMB373,800 to the bank for the issuance of letters of guarantee (31 December 2021: other monetary funds included the deposit of RMB210,198 deposited by the Company to the bank for the issuance of acceptance bills, and a deposit of RMB373,800 to the bank for the issuance of letters of guarantee).

(2) Accounts receivable

	30 June 2022 (Unaudited)	31 December 2021
Accounts receivable	673,945,383	482,632,943
Less: Provision for bad debts	(69,736,719)	(52,231,277)
	<u>604,208,664</u>	<u>430,401,666</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.

(a) The age of receivables and provision for bad debts are as follows:

	30 June 2022 (Unaudited)	31 December 2021
Within 1 year	488,072,676	301,345,701
1 to 2 years	4,712,545	69,639,250
2 to 3 years	180,426,618	111,647,992
Over 3 years	733,544	-
	<u>673,945,383</u>	<u>482,632,943</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 2022, 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>307,019,392</u>	<u>(58,998,765)</u>	<u>45.56%</u>

(c) As at 30 June 2022, the Group had no accounts receivable derecognized due to factoring without recourse (As at 30 June 2021: nil)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Lifetime ECL rate
Bad debt provision on the grouping basis (ii)				
Group A	36,678,201	5.44%	-	-
Group B	179,774,508	26.67%	(53,632,352)	29.83%
Group C	457,492,674	67.89%	(16,104,367)	3.52%
	<u>673,945,383</u>	<u>100.00%</u>	<u>(69,736,719)</u>	
	31 December 2021			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Lifetime ECL rate
Bad debt provision on the grouping basis (ii)				
Group A	23,825,157	4.94%	-	-
Group B	179,774,508	37.25%	(42,091,991)	23.41%
Group C	279,033,278	57.81%	(10,139,286)	3.63%
	<u>482,632,943</u>	<u>100.00%</u>	<u>(52,231,277)</u>	

- (i) As at 30 June 2022, the Company had no accounts receivable of which the provision for bad debts is made on the individual basis (As at 31 December 2021: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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):

- (ii) 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 2022 (Unaudited)		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	-	-	-
1 to 2 years	-	-	-
2 to 3 years	179,774,508	29.83%	(53,632,352)
Over 3 years	-	-	-
	<u>179,774,508</u>		<u>(53,632,352)</u>
	31 December 2021		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	-	-	-
1 to 2 years	68,960,060	12.99%	(8,961,004)
2 to 3 years	110,814,448	29.90%	(33,130,987)
Over 3 years	-	-	-
	<u>179,774,508</u>		<u>(42,091,991)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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):

- (ii) 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 2022 (Unaudited)		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	453,506,585	3.18%	(14,422,115)
1 to 2 years	3,252,545	29.17%	(948,708)
Over 2 years	733,544	100.00%	(733,544)
	<u>457,492,674</u>		<u>(16,104,367)</u>
	31 December 2021		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	278,172,654	3.34%	(9,297,456)
1 to 2 years	27,080	30.60%	(8,286)
Over 2 years	833,544	100.00%	(833,544)
	<u>279,033,278</u>		<u>(10,139,286)</u>

- (iii) The amount of provision for bad debts for the six months ended 30 June 2022 was RMB17,505,442, which was provided on the grouping basis. There was no provision for bad debts of significant accounts receivables that was written off.

- (e) As at 30 June 2022, the Company has no pledge of accounts receivable (31 December 2021: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Financing receivables

	30 June 2022 (Unaudited)	31 December 2021
Bank acceptance notes	<u>78,469,259</u>	<u>143,359,008</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 2022, 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 2022 and 31 December 2021, the Company had no pledged acceptance notes.

(c) As at 30 June 2022, the bank acceptance notes that the Company has endorsed but have not yet expired amounted to RMB453,660,472 and has derecognized(31 December 2021: RMB28,583,441).

(4) Other receivables

	30 June 2022 (Unaudited)	31 December 2021
Dividends receivable	660,857,056	15,252,568
Provide entrusted loans to subsidiaries	170,199,031	170,194,311
Receivables from Red Star Logistics	137,192,700	137,192,700
Lease fee receivable	42,059,326	289,757
Collection and payment of railway freight	31,029,288	-
Construction expenditures paid on behalf of subsidiaries	29,999,957	29,999,957
Supplementary medical insurance fund	19,872,885	22,147,098
Deposits and guarantees	2,432,000	644,700
Equity transfer payment	-	261,903,564
Others	<u>34,887,765</u>	<u>25,219,488</u>
	1,128,530,008	662,844,143
Less: Provision for bad debts	<u>(7,729,775)</u>	<u>(5,353,628)</u>
	<u>1,120,800,233</u>	<u>657,490,515</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	31 December 2021
Within 1 year	958,809,703	628,704,840
1 to 2 years	139,715,758	4,134,846
2 to 3 years	2,090	4,500
Over 3 years	30,002,457	29,999,957
	<u>1,128,530,008</u>	<u>662,844,143</u>

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

	Stage 1				
	ECL over the next 12 months (Group)		ECL over the next 12 months (Single)		Total
	Amount	Provision for bad debts	Amount	Provision for bad debts	Provision for bad debts
31 December 2021	400,940,579	(5,353,628)	261,903,564	-	(5,353,628)
Increase in the current period	727,589,429	(2,376,147)	-	-	(2,376,147)
Reverse in the current period	-	-	(261,903,564)	-	-
30 June 2022	<u>1,128,530,008</u>	<u>(7,729,775)</u>	<u>-</u>	<u>-</u>	<u>(7,729,775)</u>

As at 30 June 2022 and 31 December 2021, the Group did not have any other receivables in the second and third stage. The other receivables in the first stage are as follows:

(i) As at 30 June 2022, the Group did not have any other receivables made provision for bad debts on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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)

(ii) As at 30 June 2022, other receivables for which the related provision for bad debts is provided on the grouping basis are all in the first stage, the analysis is as follows:

	30 June 2022 (Unaudited)			31 December 2021		
	Amount	Provision for bad debts	% of total balance	Amount	Provision for bad debts	% of total balance
	Amount	Amount		Amount	Amount	
Internal company combinations	1,014,962,077	-	-	349,967,815	-	-
Agency business and receivables combinations	31,029,288	(1,038,755)	3.35%	-	-	-
Deposit combinations	2,432,000	(105,443)	4.34%	644,700	(25,566)	3.97%
Dividend receivable combinations	15,252,568	-	-	15,252,568	-	-
Other combinations	64,854,075	(6,585,577)	10.15%	35,075,496	(5,328,062)	15.19%
	<u>1,128,530,008</u>	<u>(7,729,775)</u>		<u>400,940,579</u>	<u>(5,353,628)</u>	

(c) For the six months ended 30 June 2022, the amount of bad debt provision during the year was RMB2,376,147, which was reversed for the amount of bad debt provision made on the grouping basis. For the six months ended 30 June 2022, the Company has no other receivables actually written off.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022, top five other receivables are analyzed as follows:

	Nature	Amount	Ageing	% of total	Provision for bad debts
Mercuria Logistics	Entrusted loans, interest receivables and construction expenditures paid on behalf	200,225,988	Within 3 years	17.74%	–
Red Star Logistics	Receivables from Red Star Logistics	137,192,700	Within 2 years	12.16%	–
China Railway Jinan Bureau Group Co. Ltd.	Receivables from agent business	31,029,288	Within 1 years	2.75%	(1,038,755)
Shandong Branch of Ping An Endowment Insurance Co., Ltd.	Supplementary Medical benefit Fund	19,872,885	Within 1 years	1.76%	(813,502)
Shandong Harbor Construction	Others	<u>14,532,446</u>	Within 1 years	<u>1.29%</u>	<u>(1,475,691)</u>
		<u>402,853,307</u>		<u>35.70%</u>	<u>(3,327,948)</u>

(e) As at 30 June 2022 and 31 December 2021, the Company did not have government grants recognized in accordance with the amount receivable.

(f) As at 30 June 2022 and 31 December 2021, other receivables were not pledged by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Long-term receivables

	30 June 2022 (Unaudited)	31 December 2021
Loans provided to subsidiaries	2,605,149,376	2,381,214,786
Less: Overdue within one period	<u>(780,927,088)</u>	<u>(33,214,786)</u>
	<u>1,824,222,288</u>	<u>2,348,000,000</u>
Provision for loan impairment	<u>-</u>	<u>-</u>
	<u>1,824,222,288</u>	<u>2,348,000,000</u>

(a) Loss provisions and the movement in the carrying balance

	Stage 1	
	ECL over the next 12 months (Group)	
	Amount	Provision for bad debt
31 December 2021	2,381,214,786	-
Reverse in the current period	<u>223,934,590</u>	<u>-</u>
30 June 2022	<u>2,605,149,376</u>	<u>-</u>

As at 30 June 2022 and 31 December 2021, the company did not have the long-term receivables for the bad debt provision on the individual basis, and the long-term receivables for the bad debt provision on the grouping basis are all in the first stage. The analysis is as follows:

	30 June 2022 (Unaudited)			31 December 2021		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Internal company combinations	<u>2,605,149,376</u>	<u>-</u>	-	<u>2,381,214,786</u>	<u>-</u>	-

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(6) Long-term equity investments

	30 June 2022 (Unaudited)	31 December 2021
Subsidiaries (a)	7,645,881,154	6,729,187,792
Joint ventures (b)	10,172,963,828	9,756,336,537
Associates (c)	401,706,348	333,799,028
	<u>18,220,551,330</u>	<u>16,819,323,357</u>

As at 30 June 2022 and 31 December 2021, the Company's management believed that there was no indication that long-term equity investments might be impaired, therefore no provision for impairment was made.

(a) Subsidiaries

	31 December 2021	Movements in the current period		30 June 2022 (Unaudited)	Profit declared in the current period (Unaudited)
		Increase in investment (Unaudited)	Decrease in investment (Unaudited)		
QDP Logistics	257,374,925	-	-	257,374,925	400,000,000
GLS Shipping	23,580,830	-	-	23,580,830	-
Ocean Shipping Repair	3,666,959	-	-	3,666,959	-
Qingdao Port Engineering	-	-	-	-	-
Ocean Shipping Tally	389,296,880	-	-	389,296,880	93,190,997
Gangjia Logistics	7,299,874	-	-	7,299,874	-
Port Service	24,952,229	-	-	24,952,229	2,192,699
QMT	1,284,094,256	-	-	1,284,094,256	-
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	384,939,160
Eimskip Coldchain	14,000,000	-	-	14,000,000	-
Qingdao Port Properties	8,000,000	-	-	8,000,000	1,865,329
Culture Media	3,000,000	-	-	3,000,000	-
International Development	460,574,092	-	-	460,574,092	-
Tongbao Shipping	-	-	-	-	-
DMT	880,000,000	-	-	880,000,000	-
Lianhua Pipeline	441,660,000	-	-	441,660,000	-
Technology Company	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 (Continued)

	31 December 2021	Movements in the current period		30 June 2022 (Unaudited)	Profit declared in the current period (Unaudited)
		Increase in investment (Unaudited)	Decrease in investment (Unaudited)		
Svitzer Towage	115,500,000	-	-	115,500,000	-
Tongze Trading	10,000,000	-	-	10,000,000	2,971,332
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	2,329,583
Qingdong pipe	255,000,000	-	-	255,000,000	-
Tongda Oil & Gas	90,950,000	15,000,000	-	105,950,000	-
Tongan Environmental Protection	-	-	-	-	-
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	-
International 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	60,000,000
Red Star Logistics	179,531,785	-	-	179,531,785	-
Equipment Manufacturing Construction Management Centre	53,265,000	46,735,000	-	100,000,000	-
Emergency Rescue	10,000,000	-	-	10,000,000	-
AVIC Property	40,000,000	-	-	40,000,000	-
Container Development	3,060,000	-	-	3,060,000	-
Weiwei Port Development	-	30,000,000	-	30,000,000	-
Weiwei Qingwei	-	622,103,297	-	622,103,297	-
	-	202,855,065	-	202,855,065	-
	<u>6,729,187,792</u>	<u>916,693,362</u>	<u>-</u>	<u>7,645,881,154</u>	<u>947,489,100</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2021	Movements in the current period					30 June 2022 (Unaudited)
		Transfer to subsidiary (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	6,016,399,730	-	465,165,490	-	3,114,289	3,828,075	6,488,507,584
Qingdao Shihua	1,515,616,483	-	139,744,830	-	810,608	200,472	1,656,372,393
West United	520,130,388	-	6,301,137	-	146,037	93,975	526,671,537
Qingwei Container	199,681,656	(202,855,065)	3,173,409	-	-	-	-
Evergreen Container	69,512,803	-	10,611,459	(18,580,595)	117,015	-	61,660,682
Orient Container	51,425,023	-	3,212,824	(5,342,297)	61,243	-	49,356,793
Haiwan Liquid Chemical	156,952,201	-	731,924	-	-	-	157,684,125
Ganghai Logistics	64,472,245	-	(744,117)	-	-	-	63,728,128
Shenzhouxing Cargo Agency	37,447,388	-	6,812,018	-	-	-	44,259,406
China Shipping Agency	12,665,867	-	375,356	-	548,900	-	13,590,123
United Shipping Agency	56,651,101	-	1,210,085	-	-	-	57,861,186
Huaneng Qingdao	121,304,296	-	836,756	-	7,445	-	122,148,497
Dongjiakou IMC Logistics	67,853,696	-	(90,596)	-	-	-	67,763,100
QDOT	666,884,338	-	(13,004,128)	-	-	810,593	654,690,803
Dongjiakou Sinotrans Logistics	51,635,470	-	46,712	-	-	-	51,682,182
PetroChina Storage	147,703,852	-	9,231,571	-	51,866	-	156,987,289
	<u>9,756,336,537</u>	<u>(202,855,065)</u>	<u>633,614,730</u>	<u>(23,922,892)</u>	<u>4,857,403</u>	<u>4,933,115</u>	<u>10,172,963,828</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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

	31 December 2021	Movements for the current period			30 June 2022 (Unaudited)
		Reduce investment (Unaudited)	Share of net profit/(loss) under equity method (Unaudited)	Cash dividends/ Profit declared (Unaudited)	
Qingyin Financial Leasing	127,442,082	-	7,703,223	-	135,145,305
Overseas Development	4,924,793	-	428,482	-	5,353,275
Qingdao Port Engineering Technology Company	154,135,710	-	11,077,443	-	165,213,153
GSDN	40,806,043	-	2,214,584	-	43,020,627
GSDN	6,490,400	6,459,600	-	-	12,950,000
Shangang Luhai International Logistics	-	40,000,000	23,988	-	40,023,988
	<u>333,799,028</u>	<u>46,459,600</u>	<u>21,447,720</u>	<u>-</u>	<u>401,706,348</u>

As stated in Note 2(1)(b), 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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
Cost			
31 December 2021	<u>267,633,057</u>	<u>1,416,040,729</u>	<u>1,683,673,786</u>
30 June 2022 (Unaudited)	<u>267,633,057</u>	<u>1,416,040,729</u>	<u>1,683,673,786</u>
Accumulated depreciation			
31 December 2021	(84,140,886)	(273,061,789)	(357,202,675)
Increase in the current period	<u>(5,312,012)</u>	<u>(17,008,339)</u>	<u>(22,320,351)</u>
30 June 2022 (Unaudited)	<u>(89,452,898)</u>	<u>(290,070,128)</u>	<u>(379,523,026)</u>
Net book value			
30 June 2022 (Unaudited)	<u><u>178,180,159</u></u>	<u><u>1,125,970,601</u></u>	<u><u>1,304,150,760</u></u>
31 December 2021	<u><u>183,492,171</u></u>	<u><u>1,142,978,940</u></u>	<u><u>1,326,471,111</u></u>
Cost			
31 December 2020	<u>267,633,057</u>	<u>1,422,259,931</u>	<u>1,689,892,988</u>
30 June 2021 (Unaudited)	<u>267,633,057</u>	<u>1,422,259,931</u>	<u>1,689,892,988</u>
Accumulated depreciation			
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>
Net book value			
30 June 2021 (Unaudited)	<u><u>188,804,182</u></u>	<u><u>1,165,731,609</u></u>	<u><u>1,354,535,791</u></u>
31 December 2020	<u><u>194,116,194</u></u>	<u><u>1,182,802,944</u></u>	<u><u>1,376,919,138</u></u>

As at 30 June 2022 and 31 December 2021, 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.

As at 30 June 2022 and 31 December 2021, no investment properties are without certificates.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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
Cost										
31 December 2021	430,658,923	6,042,136,908	3,302,870,618	1,093,303,839	234,401,835	826,019,280	53,425,767	143,109,688	23,858,679	12,149,785,537
Increase in the current period (Unaudited)										
Purchase in the current period	892,554	-	331,517	18,559,380	4,273,148	-	1,546,723	2,456,660	1,267,597	29,327,579
Transfers from construction in progress	-	15,285,484	-	62,619,518	1,799,552	-	367,459	14,882	12,020	80,098,915
Transfer from right-of-use assets	-	30,740,177	-	1,698,276	-	-	-	-	-	32,438,453
Decrease in the current period (Unaudited)										
Disposal and scrapping	-	-	-	(14,634,990)	(1,535,146)	-	(332,374)	(683,714)	(346,204)	(17,532,428)
30 June 2022 (Unaudited)	431,551,477	6,088,162,569	3,303,202,135	1,161,546,023	238,939,389	826,019,280	55,007,575	144,897,516	24,792,092	12,274,118,056
Accumulated depreciation										
31 December 2021	(100,551,969)	(1,242,333,305)	(490,916,231)	(829,537,024)	(143,007,212)	(415,287,373)	(36,242,112)	(78,604,972)	(17,152,036)	(3,353,632,234)
Increase in the current period (Unaudited)										
Provision	(8,255,100)	(82,509,332)	(58,203,424)	(25,770,041)	(11,298,802)	(23,049,834)	(1,889,861)	(7,673,265)	(781,747)	(219,431,406)
Transfer from right-of-use assets	-	(5,732,974)	-	(489,103)	-	-	-	-	-	(6,222,077)
Decrease in the current period (Unaudited)										
Disposal and scrapping	-	-	-	14,436,755	1,200,877	-	324,121	642,593	330,790	16,935,136
30 June 2022 (Unaudited)	(108,807,069)	(1,330,575,611)	(549,119,655)	(841,359,413)	(153,105,137)	(438,337,207)	(37,807,852)	(85,635,644)	(17,602,993)	(3,562,350,581)
Net book value										
30 June 2022 (Unaudited)	322,744,408	4,757,586,958	2,754,082,480	320,186,610	85,834,252	387,682,073	17,199,723	59,261,872	7,189,099	8,711,767,475
31 December 2021	330,106,954	4,799,803,603	2,811,954,387	263,766,815	91,394,623	410,731,907	17,183,655	64,504,716	6,706,643	8,796,153,303

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 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
Accumulated depreciation										
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)
Net book value										
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 2022 (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 2022 and 31 December 2021, the Company had no fixed assets which were mortgaged.

For the six months ended 30 June 2022, the amounts of depreciation expenses were RMB219,431,406 (For the six months ended 30 June 2021: RMB187,130,223) including charged to cost of sales, general and administrative expenses and selling and distribution expenses were RMB194,449,806, RMB24,975,511 and RMB6,089 respectively (For the six months ended 30 June 2021: RMB178,692,413, RMB8,431,721 and RMB6,089).

For the six months ended 30 June 2022, the costs of fixed assets transferred from construction in progress amount to RMB80,098,915 (For the six months ended 30 June 2021: RMB16,653,853).

As at 30 June 2022 and 31 December 2021, 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 2022, properties with book values of RMB150,016,846 (Cost: RMB159,741,486) (as at 31 December 2021, RMB152,573,274 (Cost: RMB159,741,486)), were located on non-ownership land and had not yet completed the financial accounts for the completion of the project. The property right certificate had not been obtained.

Fixed assets leased by the company through operating leases are set out in Note 4 (16).

(9) Construction in progress

	30 June 2022 (Unaudited)			31 December 2021		
	carrying amount	impairment provision	Net book value	carrying amount	impairment provision	Net book value
Dongjiakou Crude Oil Commercial Reserve Project	1,182,026,703	-	1,182,026,703	796,153,862	-	796,153,862
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	733,925,534	-	733,925,534	514,875,779	-	514,875,779
Other projects	275,210,320	-	275,210,320	248,783,782	-	248,783,782
	<u>2,697,609,119</u>	<u>-</u>	<u>2,697,609,119</u>	<u>2,066,259,985</u>	<u>-</u>	<u>2,066,259,985</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2021	Increase in the current period (Unaudited)	Transfer to fixed assets (Unaudited)	30 June 2022 (Unaudited)	% of project investment among budget	Progress of the project	Sources of capital
Dongjiakou crude oil commercial reserve project	4,480,000,000	796,153,862	385,872,841	-	1,182,026,703	56%	56%	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	514,875,779	219,049,755	-	733,925,534	99%	99%	Internal capital
Other projects		248,783,782	106,525,453	(80,098,915)	275,210,320			Internal capital
		<u>2,066,259,985</u>	<u>711,448,049</u>	<u>(80,098,915)</u>	<u>2,697,609,119</u>			
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		146,748,504	42,260,420	(16,653,853)	172,355,071			Internal capital
		<u>2,045,778,428</u>	<u>287,993,702</u>	<u>(16,653,853)</u>	<u>2,317,118,277</u>			

As at 30 June 2022 and 31 December 2021, 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 2022 (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
Cost					
31 December 2021	2,300,133,334	106,524,652	49,391,000	32,290,966	2,488,339,952
Increase in the current period (Unaudited)					
Internal research and development	-	3,018,868	-	-	3,018,868
30 June 2022 (Unaudited)	2,300,133,334	109,543,520	49,391,000	32,290,966	2,491,358,820

Accumulated amortization

31 December 2021	(304,815,986)	(55,025,203)	(576,233)	(26,383,518)	(386,800,940)
Increase in the current period (Unaudited)					
Provision	(23,749,851)	(9,281,390)	(493,910)	(1,509,629)	(35,034,780)
30 June 2022 (Unaudited)	(328,565,837)	(64,306,593)	(1,070,143)	(27,893,147)	(421,835,720)

Net book value

30 June 2022 (Unaudited)	1,971,567,497	45,236,927	48,320,857	4,397,819	2,069,523,100
31 December 2021	1,995,317,348	51,499,449	48,814,767	5,907,448	2,101,539,012

	Land use rights	Software	Sea area use rights	Others	Total
Cost					
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

Accumulated amortization

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)

Net book value

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

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022, the amortization of intangible assets amounted to RMB35,034,780 (For the six months ended 30 June 2021: RMB36,533,342).

As at 30 June 2022 and 31 December 2021, the Company had no intangible assets which were mortgaged.

As at 30 June 2022 and 31 December 2021, 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 2021	Increase in the current period (Unaudited)	Decrease in the current period Recorded in profit and loss (Unaudited)	Recognized as intangible assets (Unaudited)	30 June 2022 (Unaudited)
Information system maintenance and software	<u>22,421,207</u>	<u>23,760,865</u>	<u>(10,326,810)</u>	<u>(3,018,868)</u>	<u>32,836,394</u>

For the six months ended 30 June 2022, the Company's research and development expenditures increased RMB23,760,865 (For the six months ended 30 June 2021: RMB16,212,998), of which RMB10,326,810 (For the six months ended 30 June 2021: RMB6,070,311) was recognised in research and development expenses for the current period, of which RMB3,018,868 (For the six months ended 30 June 2021: nil) were recognised as intangible assets in the current period. RMB32,836,394 was included in the ending balance of research and development expenditures (For the six months ended 30 June 2021, RMB10,142,687). As at 30 June 2022, the intangible assets developed by the Company accounted for 0.99 % (31 December 2021: the intangible assets developed by the Company accounted for 2.04 %) of the book value of intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2021	Increase in the current period (Unaudited)	Decrease in the current period		30 June 2022 (Unaudited)
			Reversal (Unaudited)	Write-off (Unaudited)	
Provision for bad debts of accounts receivable	52,231,277	17,505,442	-	-	69,736,719
Including: Provision for bad debts on the grouping basis	52,231,277	17,505,442	-	-	69,736,719
Provision for bad debts of other receivables	5,353,628	2,376,147	-	-	7,729,775
Including: Provision for bad debts on the grouping basis	5,353,628	2,376,147	-	-	7,729,775
	<u>57,584,905</u>	<u>19,881,589</u>	<u>-</u>	<u>-</u>	<u>77,466,494</u>
Provision for impairment of contract assets	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>57,584,905</u>	<u>19,881,589</u>	<u>-</u>	<u>-</u>	<u>77,466,494</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

14 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(12) Capital surplus

	31 December 2021	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2022 (Unaudited)
Share premium (Note 4(37)) –				
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)	(362,343,328)		(393,875,047)
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	12,193,294	4,857,403	–	17,050,697
	<u>16,242,455,107</u>	<u>(357,485,925)</u>	<u>–</u>	<u>15,884,969,182</u>
	31 December 2020	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2021 (Unaudited)
Share premium (Note 4(37)) –				
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>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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		
	31 December 2021	Amount in the current period (Unaudited)	30 June 2022 (Unaudited)
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations	31,210,000	-	31,210,000
Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss	-	2,401,000	2,401,000
	<u>31,210,000</u>	<u>2,401,000</u>	<u>33,611,000</u>
	Other comprehensive income in balance sheet		
	31 December 2020	Amount in the current period (Unaudited)	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	-	291,230,000
	<u>291,230,000</u>	<u>-</u>	<u>291,230,000</u>

(14) Undistributed profits

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Undistributed profits at the beginning of period	10,153,943,606	8,386,455,914
Add: Net profit for the current period	2,062,291,136	1,796,139,057
Less: Profit distribution to shareholders (Note 4(41))	<u>(1,664,318,040)</u>	<u>(1,701,966,420)</u>
Undistributed profits at the end of the period	<u>10,551,916,702</u>	<u>8,480,628,551</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Revenue from main operations	2,575,487,480	2,866,616,123
Revenue from other operations	<u>487,956,778</u>	<u>370,350,687</u>
	<u>3,063,444,258</u>	<u>3,236,966,810</u>
	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Cost of sales from main operations	<u>(1,902,722,456)</u>	(1,999,356,605)
Cost of sales from other operations	<u>(328,131,229)</u>	<u>(227,653,717)</u>
	<u>(2,230,853,685)</u>	<u>(2,227,010,322)</u>

(a) Revenue and cost of sales from main operations

	Six months ended 30 June 2022 (Unaudited)		Six months ended 30 June 2021 (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	146,173,353	(40,415,285)	152,116,241	(24,360,388)
Metal ore, coal and other cargo handling and ancillary services	1,921,340,661	(1,597,748,736)	1,894,090,627	(1,441,108,322)
Liquid bulk cargo handling and ancillary services	88,078,452	(11,027,776)	88,508,292	(9,889,019)
Logistics and port value added services	419,895,014	(253,530,659)	369,615,889	(197,456,005)
Port ancillary services – construction, labor and sales of port machinery	–	–	362,285,074	(326,542,871)
	<u>2,575,487,480</u>	<u>(1,902,722,456)</u>	<u>2,866,616,123</u>	<u>(1,999,356,605)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited)	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rental income	164,574,928	(116,475,205)	215,903,901	(104,897,888)
Port ancillary service – sales of fuel, electricity and others	323,381,850	(211,656,024)	154,446,786	(122,755,829)
	<u>487,956,778</u>	<u>(328,131,229)</u>	<u>370,350,687</u>	<u>(227,653,717)</u>

For the six months ended 30 June 2022, 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 2022, the Company's contracted but unfulfilled or unfulfilled performance obligations correspond to revenues of RMB137,281,349 (As at 30 June 2021, the Company had no contracted but unfulfilled or unfulfilled performance obligations correspond to revenues), of which the Company expects all will be recognized in 2023.

(16) Financial expenses

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Interest costs	5,202,072	29,396,962
Add: Interest expense on lease liabilities	169,546	4,402,220
Interest expenses	5,371,618	33,799,182
Less: Interest income	(31,862,940)	(25,104,927)
Effect of actuarial calculation of employee benefits	29,200,000	28,750,000
Exchange gains or losses	(33,637,859)	5,668,455
Others	195,215	389,306
	<u>(30,733,966)</u>	<u>43,502,016</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Employee benefits	809,836,187	751,443,133
Cost for outsourcing transportation	653,154,340	620,960,154
Subcontract cost	208,932,052	264,099,826
Depreciation of fixed assets	219,431,406	187,130,223
Procurement cost of fuel and utility fees	148,903,311	98,904,606
Cost of sales for fuel and electricity	139,042,821	106,361,262
Consumption of other raw materials	78,094,597	103,464,167
Rental expenses(i)	42,887,127	55,526,138
Repair expenses	34,719,194	35,632,908
Amortization of intangible assets	35,034,780	36,533,342
Depreciation of investment property	22,320,351	22,383,347
Depreciation of right-of-use assets	19,414,845	3,477,302
Property management fees	12,468,422	4,425,018
Amortization of long-term prepaid expenses	3,036,160	2,747,358
Consulting fee	2,435,309	1,785,183
Auditor's fee	3,550,944	3,731,132
– Annual audit services	3,070,755	3,070,755
– Non-audit services	480,189	660,377
Consumption of raw materials in construction contract	–	144,337,110
Others	59,504,572	26,437,226
	<u>2,492,766,418</u>	<u>2,469,379,435</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 2022, the amount is RMB42,887,127.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Investment income from long-term equity investment under equity method	659,995,565	632,253,367
Cash dividends declared and distributed by the investee calculated pursuant to the cost method	947,489,100	556,442,773
Interest income from holding of debt investments	59,984,413	62,868,865
Investment income from financial asset held for trading	13,815,672	15,927,090
Investment income/loss from disposal of subsidiaries	-	(1,115,174)
Interest expenses of discounted notes	<u>(1,070,212)</u>	<u>(634,587)</u>
	<u>1,680,214,538</u>	<u>1,265,742,334</u>

(19) Income expenses

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Current income tax calculated based on tax law and related regulations	177,582,198	221,271,113
Deferred income tax	<u>(2,772,894)</u>	<u>(9,227,937)</u>
	<u>174,809,304</u>	<u>212,043,176</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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Total profit	<u>2,237,100,440</u>	<u>2,008,182,233</u>
Income tax expenses calculated at applicable tax rates	559,275,110	502,045,558
Investment income not subject to tax	<u>(401,871,166)</u>	<u>(297,174,035)</u>
Additional deduction of employee benefits of the disabled	(506,748)	(610,211)
Costs, expenses and losses not deductible for tax purposes	<u>17,912,108</u>	<u>7,781,864</u>
Income tax expenses	<u>174,809,304</u>	<u>212,043,176</u>

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022 (unaudited)
(All amounts in RMB Yuan unless otherwise stated)

1 STATEMENT OF NON-RECURRING PROFIT OR LOSS

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited) (Restated)
Government grants recognized in profit or loss for the current period	106,063,019	83,142,235
Gains and losses from changes in fair value of financial assets held for trading and the disposal of financial assets held for trading	4,329,914	21,635,880
Net income from disposal of non-current assets	1,364,270	7,860,343
Reversal of provision for impairment of accounts receivable that has been separately tested for impairment	7,066,032	–
Gains/(losses) on disposal of long-term equity investment	–	(1,070,315)
Net profit or loss of the acquiree in a business combination under common control before the combination date	(5,675,058)	25,867,950
Net amount of other non-operating income and expenses	(5,021,113)	763,825
Other non-operating income and expenditure net items such as profit or loss that meet the definition of non-recurring profit and loss	6,378,903	4,709,915
Subtotal	114,505,967	142,909,833
Less: Income tax effect	(28,450,531)	(28,082,992)
Less: Non-recurring gains and losses attributable to minority shareholders	(14,712,484)	(23,841,617)
Non-recurring gains and losses attributable to shareholders of the parent company	71,342,952	90,985,224

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 2022 (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 2022 (Unaudited)	For the Six months ended 30 June 2021 (Unaudited) (Restated)	For the Six months ended 30 June 2022 (Unaudited)	For the Six months ended 30 June 2021 (Unaudited) (Restated)	For the Six months ended 30 June 2022 (Unaudited)	For the Six months ended 30 June 2021 (Unaudited) (Restated)
Net profit attributable to ordinary shareholders of the company	6.34%	6.30%	0.36	0.34	0.36	0.34
Net profit attributable to ordinary shareholders of the company after deducting non-recurring profit or loss	6.10%	6.04%	0.35	0.32	0.35	0.32