



# 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  
ANNUAL REPORT

# CONTENTS

2	DEFINITIONS
11	CORPORATE INFORMATION
13	COMPANY PROFILE
17	2022 MAJOR EVENTS
22	FINANCIAL HIGHLIGHTS
24	CHAIRMAN'S STATEMENT
26	MANAGEMENT DISCUSSION AND ANALYSIS
55	DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
64	DIRECTORS' REPORT
87	SUPERVISORS' REPORT
91	CORPORATE GOVERNANCE REPORT
110	AUDITOR'S REPORT
115	CONSOLIDATED AND COMPANY BALANCE SHEET
119	CONSOLIDATED AND COMPANY INCOME STATEMENT
122	CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
126	CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
128	COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
130	NOTES TO THE FINANCIAL STATEMENTS



# DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings:

“2022 AGM”	the 2022 annual general meeting of the Company to be held on 6 June 2023
“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 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 Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“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 refer to the location designated by carriers for de-vanning of containerized cargo
“Commonly Held Entities”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Company” or “Qingdao Port”	Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013
“Consolidated Group Companies”	the subsidiaries of the Company (including its branches) which are consolidated into the consolidated financial statements of the Company
“Container Development Company”	Qingdao Port International Container Development Co., Ltd.* (青島港國際集裝箱發展有限公司), a company established in the PRC with limited liability on 21 January 2022 and a wholly-owned subsidiary of the Company as at the date of this report, which is mainly engaged in the market development service and comprehensive customer service of container business
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
“COSCO Container Lines”	COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司, formerly known as COSCO Container Lines Co., Ltd.* (中遠集裝箱運輸有限公司)), a company established in the PRC with limited liability on 11 November 1997 and a wholly-owned subsidiary of COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司)

“COSCO SHIPPING Group”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), a company established in the PRC with limited liability on 5 February 2016 and the ultimate controlling shareholder of COSCO SHIPPING Ports and Shanghai China Shipping Terminal, holding approximately 21% equity interests in the Company as of 31 December 2022, which is a substantial shareholder and a connected person of the Company, when references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by COSCO SHIPPING Group and the Commonly Held Entities of COSCO SHIPPING Group (if applicable)
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited* (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the main board of the Hong Kong Stock Exchange (Stock Code: 01199), holding approximately 20% equity interests in the Company as at the date of this report, which is a substantial shareholder and a connected person of the Company
“Dagang Branch”	Dagang Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司大港分公司), a branch of the Company, which is mainly engaged in the business of domestic container, break bulk cargo, grains and other cargo handling and ancillary services
“Director(s)”	the director(s) of the Company
“Distributable Profit”	calculated by net profit attributable to shareholders of the Company in the scope of the consolidated financial statements prepared in the PRC Accounting Standards for Business Enterprise, deducting recovery of accumulated losses, appropriation to statutory surplus reserve and other necessary reserve by the parent company and subsidiaries as well as the impact of the appraisal value-added amount of the asset invested in the Company by Qingdao Port Group, the promoter at the establishment of the Company, on net profit for the year, etc.
“Dongjiakou Branch”	Dongjiakou Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司董家口分公司), a branch of the Company, which is mainly engaged in the business of break bulk cargo handling and ancillary services
“Dongjiakou General Terminal”	Qingdao Port Dongjiakou General Terminal Co., Ltd.* (青島港董家口通用碼頭有限公司), a company established in the PRC with limited liability on 8 December 2015 and a subsidiary in which the Company holds 80% equity interests, which is mainly engaged in the stevedoring of break bulk cargo and ancillary services
“Dongjiakou Oil”	Qingdao Port Haiye Dongjiakou Oil Co., Ltd.* (青島港海業董家口油品有限公司, formerly known as Qingdao Haiye Mercuria Oil Terminal Co., Ltd.* (青島海業摩科瑞倉儲有限公司)), a company established in the PRC with limited liability on 23 May 2011 and a subsidiary of the Company, which is mainly engaged in terminal stevedoring and warehousing services of liquid bulk. As at the date of this report, the Company holds 70% equity interests of it



## DEFINITIONS

“Equipment Group”	Shandong Port Equipment Group Co., Ltd.* (山東港口裝備集團有限公司), a company established in the PRC with limited liability on 27 March 2020, which is mainly engaged in port equipment manufacturing, marine equipment manufacturing, ship repair and other businesses. As at the date of this report, the Company holds 16.56% equity interests of it
“Gangjian Branch”	Gangjian Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司港建分公司), a branch of the Company, which is mainly engaged in port engineering construction management and other businesses
“Global Offering”	the Hong Kong Public Offering and the International Offering (as defined in the Prospectus) conducted by the Company in May 2014 subject to and in accordance with the terms and conditions set out in the Prospectus and the related application forms
“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 HKD
“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 in the PRC with limited liability on 26 August 2011 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
“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
“Hongxing Logistics”	Qingdao Hongxing Logistics Industry Co., Ltd.* (青島紅星物流實業有限責任公司), a company established in the PRC with limited liability on 10 March 2004 and a subsidiary in which the Company holds 90% equity interests, which is mainly engaged in the business of loading and unloading and warehousing services of liquid chemicals
“Huaneng Qingdao”	Huaneng Qingdao Port Operation Co., Ltd.* (華能青島港務有限公司), a company established in the PRC with limited liability on 30 March 2006 and a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the handling and ancillary services of dry bulk cargo and break bulk cargo

“Land-Sea Logistics Group”	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 in the PRC with limited liability on 27 December 2019 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
“Mainstay circulation and Dual circulation”	Domestic circulation as the mainstay and domestic and international circulations reinforcing each other
“Mercuria Logistics”	Qingdao Haiye Mercuria Logistics Co., Ltd.* (青島海業摩科瑞物流有限公司), a company established in the PRC with limited liability on 23 May 2011 and a subsidiary in which the Company holds 62.07% equity interests, which is mainly engaged in freight forwarding, importing and exporting cargo warehousing, transshipment and distribution, construction of warehousing and logistics facilities, etc.
“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
“OBOR”	“the Silk Road Economic Belt” and “21st Century Maritime Silk Road”
“Ocean Bridge International”	Ocean Bridge International Ports Management Co., Ltd.* (海路國際港口運營管理有限公司), a joint stock company established in Hong Kong on 16 March 2018 and a joint venture in which the Company holds 49% equity interests, which is mainly engaged in investment and management of foreign projects and other businesses
“Oil Port Company”	Qingdao Port International Oil Port Co., Ltd.* (青島港國際油港有限公司), a company established in the PRC with limited liability on 28 June 2020 and a wholly-owned subsidiary of the Company, which is mainly engaged in crude oil warehousing and other businesses
“PRC” or “China”	the People’s Republic of China, and for the purpose of this report, excluding Hong Kong, Macau and Taiwan
“Prospectus”	the listing document of the Company in relation to the Global Offering dated 26 May 2014
“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 in the PRC with limited liability on 9 January 2014 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
“Qiangang Branch”	Qiangang Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司前港分公司), a branch of the Company, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services

## DEFINITIONS

“Qingdao Lianhai”	Qingdao Port Lianhai International Logistics Co., Ltd.* (青島港聯海國際物流有限公司), a company established in the PRC with limited liability on 2 January 2018 and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of logistics and port value-added services, such as transportation and agency services
“Qingdao Orient”	Qingdao Orient International Container Storage & Transportation Co., Ltd.* (青島東港國際集裝箱儲運有限公司), a company established in the PRC with limited liability on 18 November 1997 and a joint venture in which the Company holds 45% equity interests, which is mainly engaged in the business of warehousing, transit shipment, transportation of the container etc.
“Qingdao OST”	Qingdao Ocean Shipping Tally Co., Ltd.* (青島外輪理貨有限公司), a company established in the PRC with limited liability on 13 September 2008 and a subsidiary in which the Company holds 84% equity interests, which is mainly engaged in the business of tallying services, when references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by Qingdao OST and the Commonly Held Entities of Qingdao OST (if applicable)
“Qingdao Port Engineering”	Qingdao Port (Group) Engineering Co., Ltd.* (青島港(集團)港務工程有限公司), a company established in the PRC with limited liability on 13 May 1992 and a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of construction engineering, architectural decoration and engineering design services, and other business
“Qingdao Port Equipment”	Qingdao Port Equipment Manufacturing Co., Ltd.* (青島港口裝備製造有限公司), a company established in PRC with limited liability on 16 November 2020, which is mainly engaged in port equipment manufacturing, engineering construction, maintenance and repair and other business. As at the date of this report, the Company holds 49% equity interests of it
“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 in the PRC with limited liability on 12 August 1988 and the controlling shareholder of the Company, holding approximately 55.77% equity interests in the Company as at the date of this report. When references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by Qingdao Port Group and the Commonly Held Entities of Qingdao Port Group (if applicable)
“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 in the PRC with limited liability on 15 September 2014, which is mainly engaged in port spot trading of commodities and agency services for import and export. As at the date of this report, Qingdao Port Logistics, CIMC Wetrans Logistics Management Co., Ltd.* (中集世聯達物流管理有限公司) and Land-Sea Logistics Group hold 49%, 40% and 11% equity interests of it, respectively

“Qingdao Port Logistics”	Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司), a company established in the PRC with limited liability on 2 February 2004 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 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 in the PRC with limited liability on 23 February 2006 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 in the PRC with limited liability on 17 May 2000 and a joint venture in which the Company holds 51% equity interests (but 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
“QQCTN”	Qingdao Qianwan New Container Terminal Co., Ltd.* (青島新前灣集裝箱碼頭有限責任公司), a company established in the PRC with limited liability on 6 February 2009 and a subsidiary in which QQCT holds 95.32% equity interests, which is mainly engaged in the business of container handling and ancillary services at the fully automated container terminals
“QQCTU”	Qingdao Qianwan United Container Terminal Co., Ltd.* (青島前灣聯合集裝箱碼頭有限責任公司), a company established in the PRC with limited liability on 28 December 2009 and a joint venture in which QQCTN holds 50% equity interests, which is mainly engaged in the business of container handling and ancillary services
“RCEP”	Regional Comprehensive Economic Partnership
“Rizhao Port Finance Company”	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 mainly engaged in absorbing deposit of member units, assisting member units to realize the receipt and payment of transaction funds, handling internal transfer and settlement between member units, self-operated loan business, entrusted loan business, letter of guarantee business, electronic bank acceptance bill business, discount business, inter-bank lending and other services, which was deregistered on 18 November 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 in the PRC with limited liability on 24 February 2004 and a wholly-owned subsidiary of Shandong Port Group, which is mainly engaged in port operation, port industry investment, port infrastructure construction, port and shipping ancillary services, logistics services and other businesses



## DEFINITIONS

“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 (Stock Code: 600017), which is mainly engaged in bulk cargo handling, storage and transshipment business
“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 Finance Company”	Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司, formerly known as Qingdao Port Finance Co., Ltd.* (青島港財務有限責任公司)), a company established in the PRC with limited liability on 22 July 2014. As at the date of this report, the Company holds 34.63% equity interests in it
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company with limited liability established on 2 August 2019 in the PRC, holding 100% equity interests in Qingdao Port Group as at the date of this report, and an indirect controlling shareholder of the Company, with Shandong SASAC as the actual controller. When references are made to connected transactions, also including its subsidiaries and associates (if applicable)
“Shandong Port Investment Holdings”	Shandong Port Investment Holdings Limited* (山東港口投資控股有限公司, formerly known as 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 subsidiary of Qingdao Port Group, in which Qingdao Port Group holds 78.17% equity interests. When references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by Shandong Port Investment Holdings and the Commonly Held Entities of Shandong Port Investment Holdings (if applicable)
“Shandong Port Lianhua”	Shandong Port Lianhua Pipeline Petroleum Transportation Co., Ltd.* (山東港聯化管道石油輸送有限公司), a company established in the PRC with limited liability on 9 December 2015 and a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“Shandong Port Technology Qingdao Company”	Shandong Port Technology Group Qingdao Co., Ltd.* (山東港口科技集團青島有限公司), a company established in the PRC with limited liability 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
“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), the actual controller of the Company

“Shanghai China Shipping Terminal”	Shanghai China Shipping Terminal Development Co., Ltd.* (上海中海碼頭發展有限公司), a company established in the PRC with limited liability on 18 February 2008 and a wholly-owned subsidiary of COSCO SHIPPING Ports, holding approximately 15.64% equity interests in the Company as at the date of this report
“Shanghai Cooperation Demonstration Zone”	China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone
“Shanghai Panasia”	Shanghai Panasia Shipping Co., Ltd.* (上海泛亞航運有限公司), a company established in the PRC with limited liability on 28 April 1993 and a subsidiary that COSCO Container Lines holds 62% equity interests
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the 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 twenty feet, a width of eight feet and a height of eight feet and six inches, also known as the international unit of standard container
“Tugboat Branch”	Tugboat Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司輪駁分公司), a branch of the Company, which is mainly engaged in tugboat and other businesses
“Weihai Port”	Shandong Port Weihai Port Co., Ltd.* (山東港口威海港有限公司), a company established in the PRC with limited liability on 7 November 1997 and a wholly-owned subsidiary of Qingdao Port Group, which is mainly engaged in the handling of international express, passenger and vehicle, warehousing, transportation, agency services and other businesses
“Weihai Port Development Company”	Shandong Weihai Port Development Co., Ltd.* (山東威海港發展有限公司), a company established in the PRC with limited liability on 19 December 2001, which is mainly engaged in handling of containers and dry bulk cargo warehousing, road transportation, freight forwarding and other businesses. As at the date of this report, the Company and Weihai Port hold 51% equity interests and 49% equity interests of it, respectively
“Weihai Qingwei”	Weihai Qingwei Container Terminal Co., Ltd.* (威海青威集裝箱碼頭有限公司), a company established in the PRC with limited liability on 31 December 2005, which is owned as to 49% equity interests by the Company and 51% equity interests by Weihai Port Development Company, respectively, which is mainly engaged in the business of container handling and ancillary services

## DEFINITIONS

“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 in the PRC with limited liability on 9 June 2010 and a joint venture in which the Company holds 51% equity interests (but 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
“Worldex Logistics”	Worldex Logistics Co., Ltd.* (全球捷運物流有限公司), a company established in the PRC with limited liability on 5 February 2016, which is mainly engaged in the freight forwarding, storage and other logistics businesses
“Yantai Port Group”	Shandong Port Yantai Port Group Co., Ltd.* (山東港口煙台港集團有限公司), a company established in PRC with limited liability on 27 November 1984 and a wholly-owned subsidiary of Shandong Port Group, which is mainly engaged in handling of containers, liquid bulk, dry bulk, logistics services and other businesses

\* 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 (for H shares)  
21 January 2019 (for A shares)

## PLACES OF LISTING

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

## ABBREVIATED CHINESE STOCK NAME

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

## ABBREVIATED ENGLISH STOCK NAME

Qingdao Port (only applied to H shares)

## STOCK CODES

06198 (H shares)  
601298 (A shares)

## TELEPHONE

86-532-82983083

## FACSIMILE

86-532-82822878

## EMAIL

qggj@qdport.com

## WEBSITE

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

## BOARD OF DIRECTORS

### (1) Executive Directors

Mr. SU Jianguang (*Chairman*)  
Mr. ZHANG Baohua (*General Manager*)

### (2) Non-executive Directors

Mr. LI Wucheng (*Vice Chairman*)  
Mr. ZHU Tao  
Ms. WANG Fuling  
Mr. XUE Baolong

### (3) Independent Non-executive Directors

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



## CORPORATE INFORMATION

### SUPERVISORY COMMITTEE

Mr. XIE Chunhu (*Chairman*)  
Mr. WANG Yaping  
Mr. YANG Qiulin  
Mr. LIU Shuiguo  
Mr. LI Zhengxu  
Ms. YAO Junjun

### JOINT COMPANY SECRETARIES

Ms. SUN Hongmei  
Ms. NG Sau Mei

### 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. ZHU Tao  
Mr. ZHANG Baohua  
Ms. WANG Fuling  
Mr. XUE Baolong  
Mr. JIANG Min

#### (2) Audit Committee

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

#### (3) Remuneration Committee

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

#### (4) Nomination Committee

Mr. JIANG Min (*Chairman*)  
Mr. SU Jianguang  
Mr. LAI Kwok Ho

### H SHARE REGISTRAR

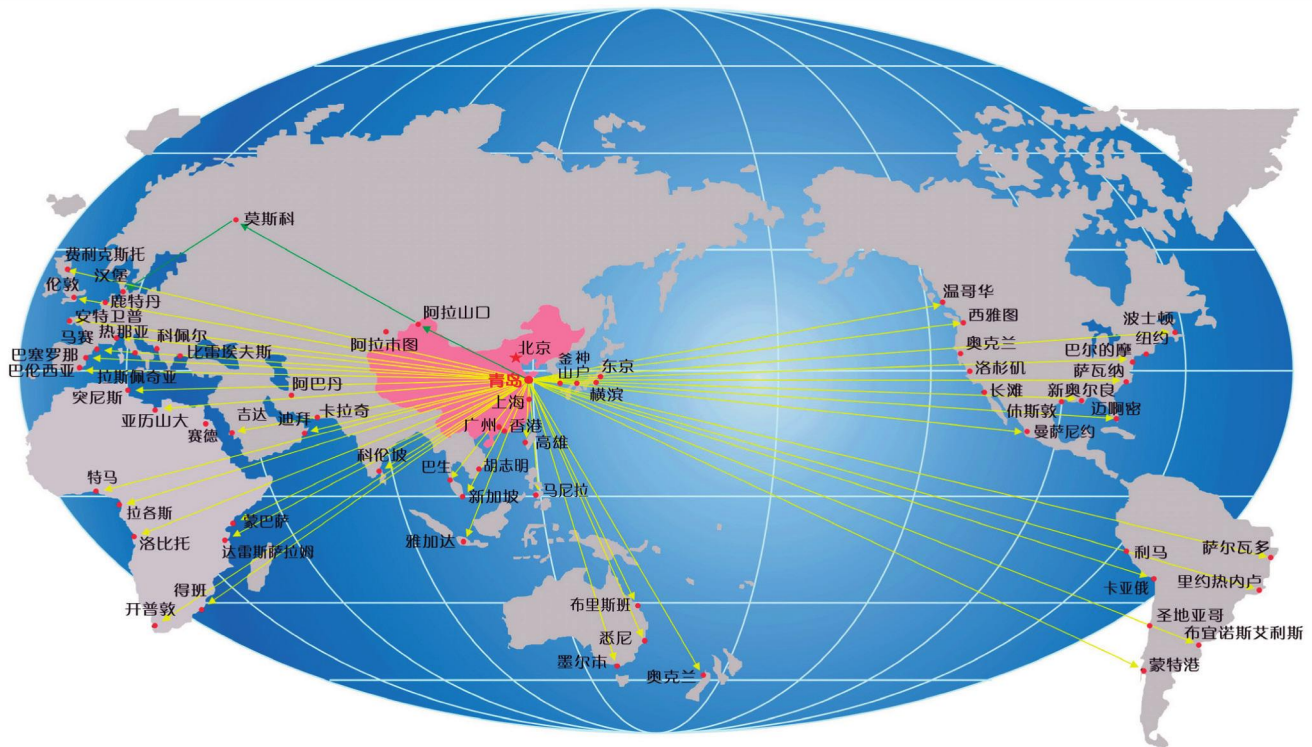
Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Center  
183 Queen's Road East, Wanchai, Hong Kong

### AUDITOR

PricewaterhouseCoopers Zhong Tian LLP  
11th Floor, PricewaterhouseCoopers Center  
Link Square 2, 202 Hu Bin Road  
Huangpu District, Shanghai, 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 its operation in 1892 and is one of the largest comprehensive ports in the world. It occupies the 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 in Qingdao 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 31 December 2022, the Group operated 108 berths, which included 68 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. In 2022, the fully automated container terminal of the Group recorded the world average single-machine operating rate with 60.18 units per hour, and the single-machine loading and unloading maximum rate for iron ore continued to maintain at 3,200 tons per hour.



# COMPANY PROFILE

## DISTRIBUTION OF PORT AREAS

### Qianwan Port Area

#### Principal operating companies

QQCT, QQCTU, QQCTN, Qiangang Branch, West United and Qingdao Port Logistics

#### Principal cargo types

container, dry bulk and break bulk

#### Number of berths

40

#### Maximum water depth

-21 meters



### Huangdao Oil Port Area

#### Principal operating companies

Qingdao Shihua and Hongxing Logistics

#### Principal cargo type

liquid bulk

#### Number of berths

13

#### Maximum water depth

-24 meters







## Dongjiakou Port Area

### Principal operating companies

Dongjiakou Branch, QDOT, Qingdao Shihua, Dongjiakou Oil, Mercuria Logistics, Dongjiakou General Terminal, Qingdao Port General Terminal Co., Ltd. and Huaneng Qingdao

### Principal cargo types

dry bulk, liquid bulk and break bulk

### Number of berths

25

### Maximum water depth

-25 meters



## Dagang Port Area

### Principal operating company

Dagang Branch

### Principal cargo types

container, break bulk and liquid bulk

### Number of berths

18

### Maximum water depth

-15 meters



# COMPANY PROFILE

## Weihai Port Area

### Principal operating companies

Weihai Port Development Company, Weihai Qingwei and Weihai Shichang Logistics Co., Ltd.

### Principal cargo types

container, dry bulk and break bulk

### Number of berths

12

### Maximum water depth

-16.5 meters





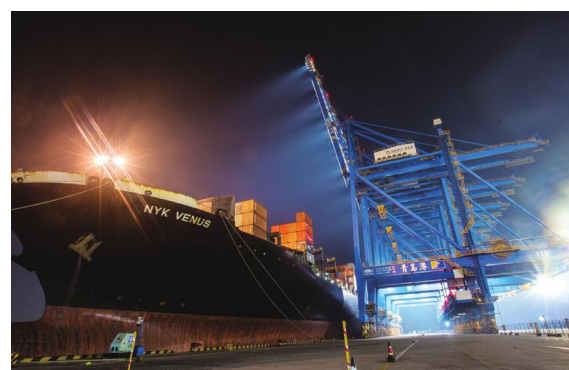
The second phase of the grain silo project at the Dongjiakou port area completed successfully with approval, increasing the turnover capacity with 2.60 million tons of grain annually, further consolidating the status of Qingdao Port as the national big stevedoring port for bulk grain, and driving the development of upstream and downstream industries in grain and oil to contribute to China's food security.



The completion of the unloading of 15,000 tons of low-sulfur fuel oil loaded by the vessel of "DA HAI YOU 15" in the terminal of Qingdao Shihua and putting in storage marked the opening of the first designated delivery warehouse for low-sulfur fuel oil futures of northern China in Qingdao Port, which filled the gap in the futures market of low-sulfur fuel oil in northern China and further enriched the variety of energy futures of Qingdao Port.



During the operating time of the vessel of "NYK VENUS", the average single-machine operating rate of the bridge crane of QQCTN reached 52.7 units/hour, for the eighth time to break the world record of handling efficiency in automatic container terminals.





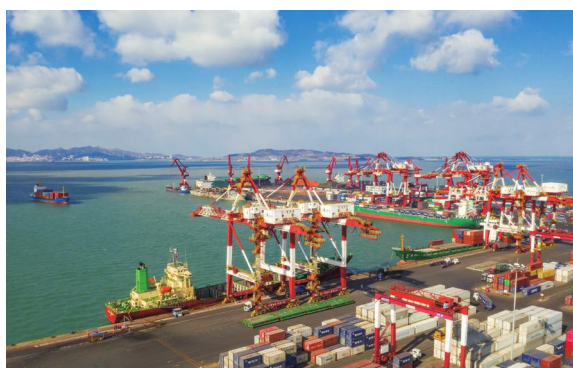
## 2022 MAJOR EVENTS



The vessel of “SPYROS V” successfully docking at the automated container terminal of QQCTN marked a new Mediterranean route operated by ZIM Shipping Company made its debut there. It shall continue to strengthen the radiating and driving role of the port of Qingdao as an intersection of the OBOR as well as a node of the Mainstay circulation and Dual circulation, and inject fresh impetus to build into an international shipping hub in Northeast Asia.



Qingdao Port started to construct two full-rotation tugs with the power of 5,000 and 8,000, which will be equipped with energy efficiency management system and ultrasonic anti-pollution system, aiming to create a new generation of intelligent and green port-made tug as a model product.



The Company purchased 51% of the equity interests of Weihai Port Development Company held by Weihai Port with RMB984.4466 million, and Weihai Port Development Company became a subsidiary of the Company. This transaction is not only conducive to solving the horizontal competition between the Company and Qingdao Port Group, but also optimizing the route layout, enhancing the trade radiation ability of Qingdao Port to Japan, South Korea and other countries, expanding market share, and improving the comprehensive competitiveness of the Company.

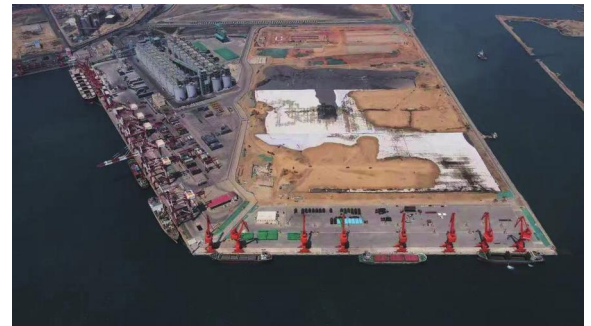




QQCTN has broken the world record of handling efficiency of automatic container terminals for the ninth time with the efficiency of 60.18 units/hour of average single-machine operation rate of the bridge crane, and has become the efficiency benchmark of global ports.



The berths 5#-6# on the north third jetty of the Dongjiakou port area of Qingdao Port were officially put into operation. The project built one general berth with 50,000 tons and one general berth with 100,000 tons, which shall increase 6.50 million tons of annual throughput capacity for Qingdao Port.



Qingdao Port started to construct the second 400,000-ton ore terminal at the Dongjiakou port area. The project plans to be completed and put into operation in 2024, which will meet the supply demand of iron ore imported from the iron and steel enterprises in the hinterland.

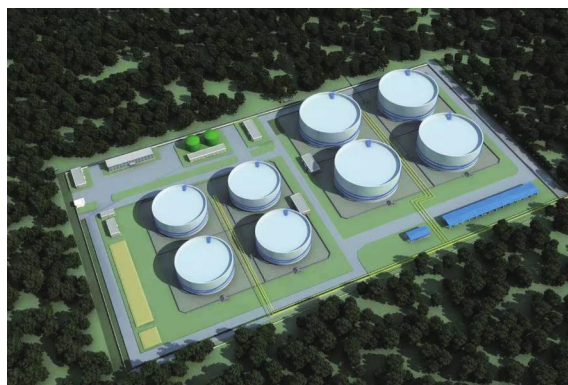




## 2022 MAJOR EVENTS



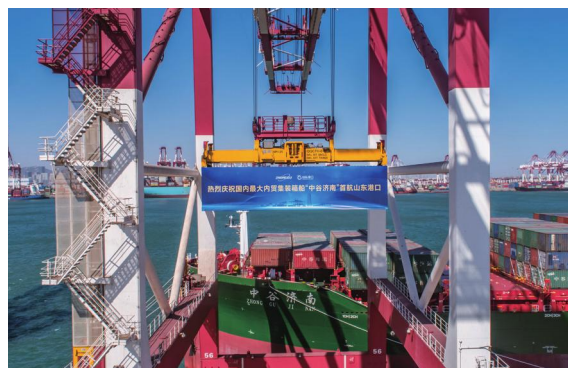
The foundation stone laying ceremony of the project of Qingdao Port Dongjiakou Qilu Fuhai crude oil depot was held at the Dongjiakou port area. The project will build crude oil depot with a total scale of 600,000 square meters. After the completion of the project, the annual turnover will be 8.50 million tons, further improving the crude oil storage capacity of Qingdao Port.



The fully automated container terminal intelligent control system A-TOS, independently developed by the "Liangang Innovation Team" of Qingdao Port, was officially released, marked that Qingdao Port has once again reached a new high of self-reliance and self-improvement in the field of independent innovation among Chinese ports.



The vessel of "ZHONG GU JI NAN", one of the largest domestic container vessels in China, made its maiden voyage at the Qianwan port area of Qingdao Port with 4,600 TEUs, further consolidating the advantage in terms of route of Qingdao Port along the OBOR.





The second phase of the crude oil merchant storage project at the Dongjiakou port area of Qingdao Port has completed successfully with approval, increasing annual turnover of crude oil with 13.80 million tons, which has great significance to improve the layout and structure of oil production for Qingdao Port.



According to the Comprehensive Evaluation Report on World Class Ports (2022) jointly released by China Economic Information Service and China Waterborne Transport Research Institute in Beijing, Qingdao Port ranks the forefront of the world-class ports and becomes the only port in northern China to be shortlisted, based on its strong container volume scale, efficient port operation services, and leading technological innovation and application



Qingdao Port has successively won the 22nd China Listed Companies “China Top 100 Enterprises Award”, “China Top 100 Special Contributing Enterprises Award” and “the Most Valuable and High-quality Development Listed Company” of the 12th “Golden Bauhinia Award of China Securities”, which reflects the recognition of the capital market for the development strength and the growth potential of Qingdao Port.

# FINANCIAL HIGHLIGHTS

## I. REVENUE

	Unit: RMB' 000				
	2022	2021 (restated)	2020	2019	2018
Gross profit	6,056,947	5,328,949	4,731,817	3,985,390	3,625,978
Period expenses	986,486	955,637	684,707	366,054	362,500
Investment income	1,434,016	1,435,043	1,550,902	1,492,273	1,455,441
Earnings before interest, tax, depreciation and amortization	8,040,107	7,177,173	6,666,134	6,194,400	5,713,052
Total Profit	6,555,653	5,835,399	5,525,197	5,126,805	4,756,490
Net profit	5,246,862	4,666,203	4,420,360	4,132,602	3,843,526
Including: amounts attributable to shareholders of the Company	<u>4,525,175</u>	<u>3,982,212</u>	<u>3,841,863</u>	<u>3,790,143</u>	<u>3,593,486</u>

## II. ASSETS

	Unit: RMB' 000				
	2022	2021 (restated)	2020	2019	2018
Total assets	57,475,910	62,219,585	57,177,365	52,785,301	48,765,783
Total liabilities	16,198,992	22,202,450	20,436,633	19,187,939	19,346,259
Including:					
borrowings and bonds payable	1,811,616	1,957,392	2,615,015	2,936,192	4,412,150
Total equity	41,276,918	40,017,135	36,740,732	33,597,362	29,419,524
Including: share capital	6,491,100	6,491,100	6,491,100	6,491,100	6,036,724
Equity attributable to the shareholders of the Company	37,399,741	35,550,885	32,996,392	30,357,381	26,979,659
Equity per share attributable to the shareholders of the Company (RMB/share)	5.76	5.48	5.08	4.68	4.47
Asset-liability ratio	<u>28.2%</u>	<u>35.7%</u>	<u>35.7%</u>	<u>36.4%</u>	<u>39.7%</u>

Note: Asset-liability ratio is calculated as the total liabilities at the end of the year (including the payables not generated in the normal course of business) divided by the total assets.

## III. FINANCIAL INDICATORS

	Unit: RMB				
	2022	2021 (restated)	2020	2019	2018
Earnings per share	0.70	0.61	0.59	0.59	0.60
Dividend payments per 1,000 shares	269.30	256.40	262.20	200.30	379.70(Note)
Return on total assets	8.77%	7.82%	8.04%	8.14%	7.94%
Weighted average return on net assets	<u>12.43%</u>	<u>11.51%</u>	<u>12.17%</u>	<u>12.94%</u>	<u>14.23%</u>

Note: The dividends of RMB379.70 (tax inclusive) per 1,000 shares in 2018 represented the aggregated amount of the dividends payable for the year 2017 and 2018.



# CHAIRMAN'S STATEMENT



## TO SHAREHOLDERS:

On behalf of the Board, I am pleased to present the annual report of the Company for the year ended 31 December 2022 to each of the shareholders of the Company.

In 2022, in the face of the increase of uncertain and unstable factors in international trading and the severe situation of accelerated reconstruction of the global industrial chain and supply chain, Qingdao Port made concerted efforts with all parties in the society to seize opportunities, explore market and innovate new technology, achieving fruitful results in production and operation, enterprise reform, business innovation and social service, expanding the radiation, influence and reputation of the port in a well-rounded way, and showing a satisfactory performance to shareholders of the Company and other stakeholders.



The Company adhered to the goal of “performance is the king” to achieve steady growth in operating performance. Relying on the bigger platform of Shandong Port, we joined hands with peer companies to expand markets and got breakthroughs in the production and operation. The cargo throughput completed 627 million tons, representing an increase of 10.3% as compared to the same period in the prior year, and the container volume completed 26.82 million TEUs, representing an increase of 13.1% as compared to the same period in the prior year. In 2022, the Company achieved the revenue of RMB19,263 million, representing an increase of 14.7% as compared to the same period in the prior year, and a net profit attributable to shareholders of the Company of RMB4,525 million, representing an increase of 13.6% as compared to the same period in the prior year. The Company has won the Golden Bauhinia Award of China Securities for three consecutive years, and has been awarded as “the Most Valuable and High-quality Development Listed Company” in 2022. Qingdao Port ranked the first place in the “2022 Top 10 Marine Container Port Business Environment Assessment”. In *the Comprehensive Evaluation Report of the World's First-class Ports (2022)*, Qingdao Port ranked in the forefront of first-class ports all over the world, and has always insisted on efficient operation to create greater wealth for the society and greater value for shareholders of the Company.

The Company adhered to the coordination and linkage to extend the service chain in succession. We insisted on making the self – development based on the national interest, worked together to build a transshipment network serving for the port group in Northeast Asia, and created a domestic trade transshipment channel “from north to south”, with the route density ranking first among the ports in northern of China. We built inland ports in node cities along the Yellow River Basin, contributed to build a logistical network that “based on Shandong Province, along the Yellow River Basin, serving the market of the country to connect to the world”, keeping the first in the country for eight consecutive years for the amount of sea-rail intermodal containers. The Company operated the only designated delivery warehouse for low sulfur fuel oil futures in northern of China, and the first direct supply business from low sulfur fuel oil futures warehouse, achieving steady growth in ship-fueling business. The second phase of the crude oil commercial reserve project has been completed to improve the development capacity of the port continuously.

The Company adhered to the strategy of “carbon peaking and carbon neutrality” to achieve remarkable results in green development. We actively responded the national requirements of “carbon peaking and carbon neutrality”, continued to optimize the energy structure, and formulated a “carbon peaking and carbon neutrality” implementation plan and a three-year action plan to accelerate the construction of a world-leading intelligent and green port. We researched and developed a completely independent and controllable intelligent control system (A-TOS), realizing the domestic substitution of the core production system at the terminal and filling the domestic gap. The average single-machine operation rate of the bridge crane reached 60.18 units/hour, for the ninth time to set the world record in the stevedoring efficiency of the automatic container terminal. The Company completed the construction of the first domestic intelligent tugboat with fuel – electric hybrid, the first hydrogen refueling station in ports and other projects.

The Company adhered to corporate governance to enhance endogenous power continuously. The Company attached importance to the reasonable demands of stakeholders and built a good relationship of mutual benefit, win-win and harmonious development. The Company promoted corporate governance and information disclosure with high standards. The modern corporate governance system of “shareholders’ meeting, board of Directors, supervisory committee and senior management” owned clear powers and responsibilities, and operated efficiently. Focusing on key tasks such as cost reduction and expenditure reduction, the Group deepened reform and promoted 55 typical cases of cost reduction and expenditure reduction to enhance the vitality of development continuously.

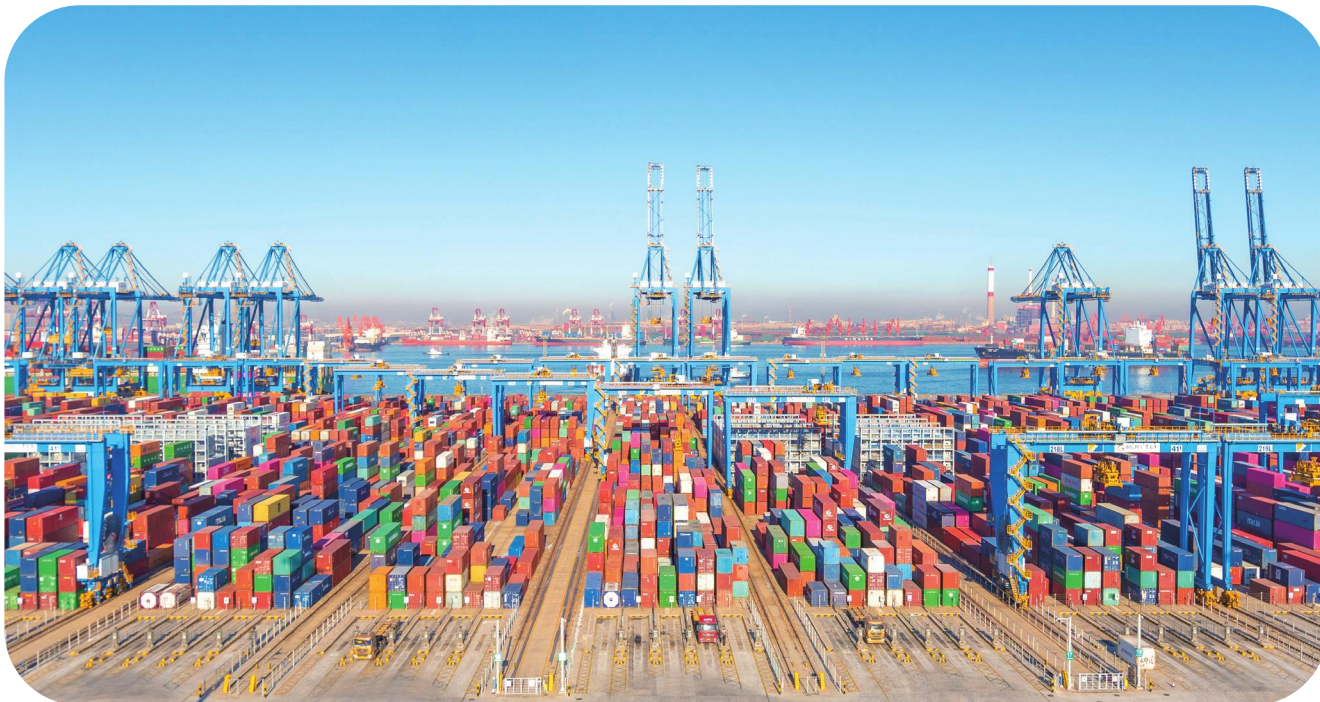
Looking forward to 2023, challenges and opportunities coexist. Relying on the policies such as the OBOR, RCEP, the Shandong Free Trade Zone, and deepening the transformation of new and old driving forces in Shandong to promote green, low-carbon, and high-quality development continue to be empowered. At a new starting, we will seize strategic opportunities, continue to deepen reform, develop emerging industries, improve the level of intelligent green development, improve business performance and governance efficiency, and accelerate the construction of an international shipping hub in Northeast Asia.

Finally, on behalf of the Board, I would like to thank all employees for their hard work in the past year, and express my heartfelt thanks to shareholders of the Company and business partners for their strong support and loyal cooperation.

**SU Jianguang**  
Chairman

29 March 2023

# MANAGEMENT DISCUSSION AND ANALYSIS



## I. MACRO SITUATION AND INDUSTRY OVERVIEW

In 2022, the international environment became increasingly complex and the unexpected factors beyond expectations brought about the shocks. In the face of a series of internal and external challenges, the Chinese government has implemented precise policies, effectively coordinated economic and social development by implementing a package of policies and measures to stabilize the economy, and the economic aggregate has reached a new level. In 2022, the gross domestic product (GDP) increased by 3% as compared to the same period in the prior year; the total value of imports and exports of cargo trade increased by 7.7% as compared to the same period in the prior year, of which exports increased by 10.5% year-on-year, imports increased by 4.3% year-on-year, and the trade structure continued to optimize (source: National Bureau of Statistics).

In 2022, the port industry generally maintained a stable and positive development momentum, cargo throughput of the coastal ports of China increased by 1.6% as compared to the same period in the prior year, while container throughput increased by 4.6% as compared to the same period in the prior year. In 2022, the Port of Qingdao ranked the fourth in terms of cargo throughput and the fourth in terms of container throughput among the national coastal ports of China, and ranked the second among the coastal ports and the first among the northern ports of China in terms of foreign trade throughput (source: Ministry of Transport of the PRC).

## II. REVIEW OF BUSINESS AND FINANCIAL CONDITION

In 2022, in the face of severe and complex international situations, the Company gave full play to the advantages of integration reform and integrated development of Shandong Port, seized the opportunities to be empowered by policies of Shandong Free Trade Zone, Shanghai Cooperation Demonstration Zone, RCEP pilot demonstration zone and the other policies, strengthened the strategic cooperation with shipping companies and customers, vigorously expanded domestic and foreign trade shipping routes, continuously increased inland trains, and actively served to build a new development pattern of “Mainstay circulation and Dual circulation”, with steady growth in operating performance and continuous improvement in the comprehensive competitiveness of the port. 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.

In 2022, the cargo throughput of the Group (without taking into account the respective shareholding percentages of the Company in its joint ventures and associates) completed 627 million tons, representing an increase of 10.3% as compared to the same period in the prior year. In terms of stevedoring business, the Group accelerated the construction of an “International Shipping Hub in Northeast Asia”. In 2022, the density and the amount of container shipping lines of the Group continued to rank the first among northern ports of China with 28 newly-opened container lines, and the container throughput by the end of the year reached 26.82 million TEUs, increased by 13.1% as compared to the same period in the prior year. The Group deepened strategic cooperation with key customers, expanded emerging businesses such as ore blending and international transshipment, with the dry and break bulk throughput by the end of the year reached 238 million tons, increased by 13.3% as compared to the same period in the prior year. The Group coordinated terminal and tank area resources in different port areas, took the advantage of large terminal, large pipeline, and large storage tank, with the liquid bulk throughput by the end of the year reached 112 million tons, increased by 4.1% as compared to the same period in the prior year, among which, Weihai Port Development Company completed cargo throughput of 26.92 million tons, representing an increase of 4.9% year-on-year, and container throughput of 1.15 million TEUs, representing an increase of 4.4% year-on-year.

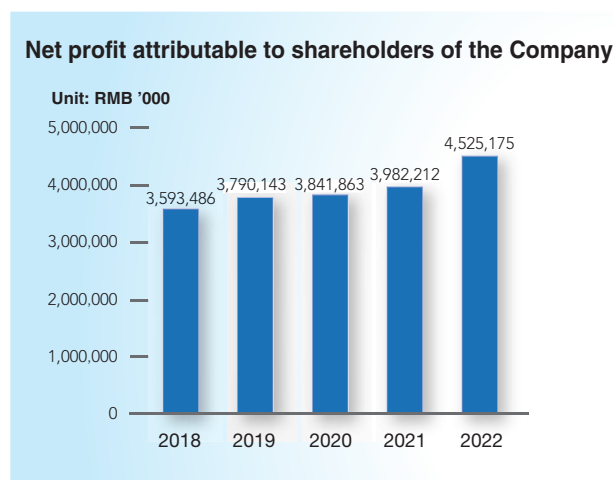
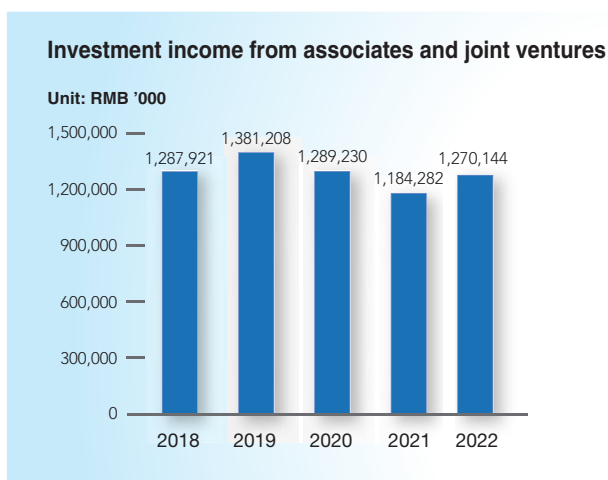
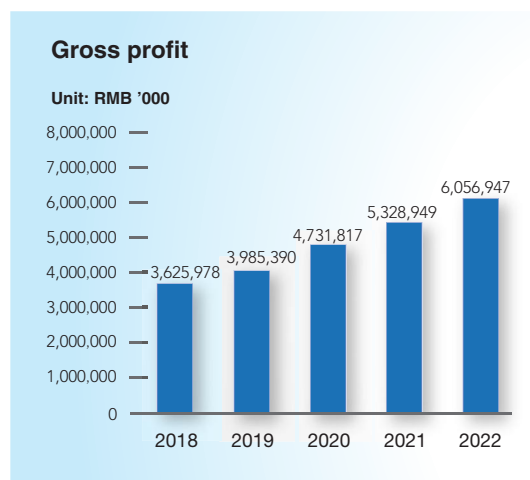
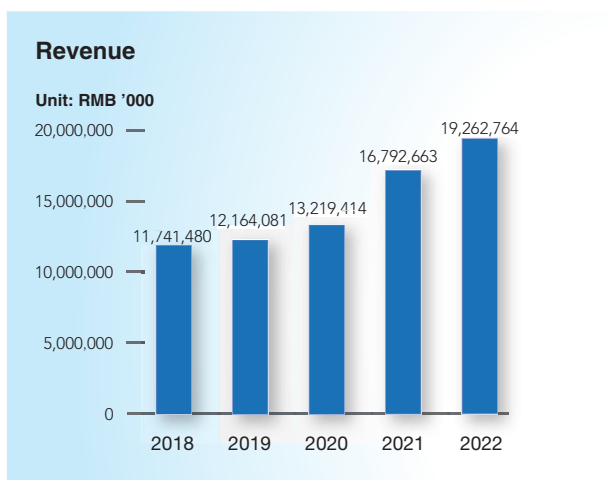


# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Review of Overall Business and Results

The Group is the primary operator of the port of Qingdao, one of the world's largest comprehensive ports, and mainly engaged in six segments, including container handling and ancillary services, metal ore, coal and other cargo handling and ancillary services, liquid bulk handling and ancillary services, logistics and port value-added services, port ancillary services and financial services.

### Comparison of Major Operating Indicators



The total revenue of the Group amounted to RMB19,263 million for the year ended 31 December 2022, representing an increase of RMB2,470 million, or 14.7%, as compared to the same period in the prior year, mainly due to the increase in revenue from segments of logistics and port value-added services, container handling and ancillary services and liquid bulk handling and ancillary services.

The gross profit of the Group amounted to RMB6,057 million for the year ended 31 December 2022, representing an increase of RMB728 million, or 13.7%, as compared to the same period in the prior year, mainly due to the increase in gross profit from the segment of container handling and ancillary services.

The administration expenses of the Group amounted to RMB952 million for the year ended 31 December 2022, representing an increase of RMB35 million, or 3.8%, as compared to the same period in the prior year, mainly due to the increase of rental and maintenance fees for office buildings.

The Group's investment income from associates and joint ventures for the year ended 31 December 2022 amounted to RMB1,270 million, representing an increase of RMB86 million, or 7.3%, as compared to the same period in the prior year, mainly due to the increase of investment income in the container handling and ancillary services segment and due to that Shandong Port Finance Company changed from a subsidiary of the Company to an associate.

The Group's total profit for the year ended 31 December 2022 amounted to RMB6,556 million, representing an increase of RMB720 million, or 12.3%, as compared to the same period in the prior year, mainly due to the increase in profit from the segment of container handling and ancillary services.

The net profits attributable to shareholders of the Company amounted to RMB4,525 million for the year ended 31 December 2022, representing an increase of RMB543 million, or 13.6%, as compared to the same period in the prior year, mainly due to the increase in profit from the segment of container handling and ancillary services.

## 2. Segment Review and Business Review

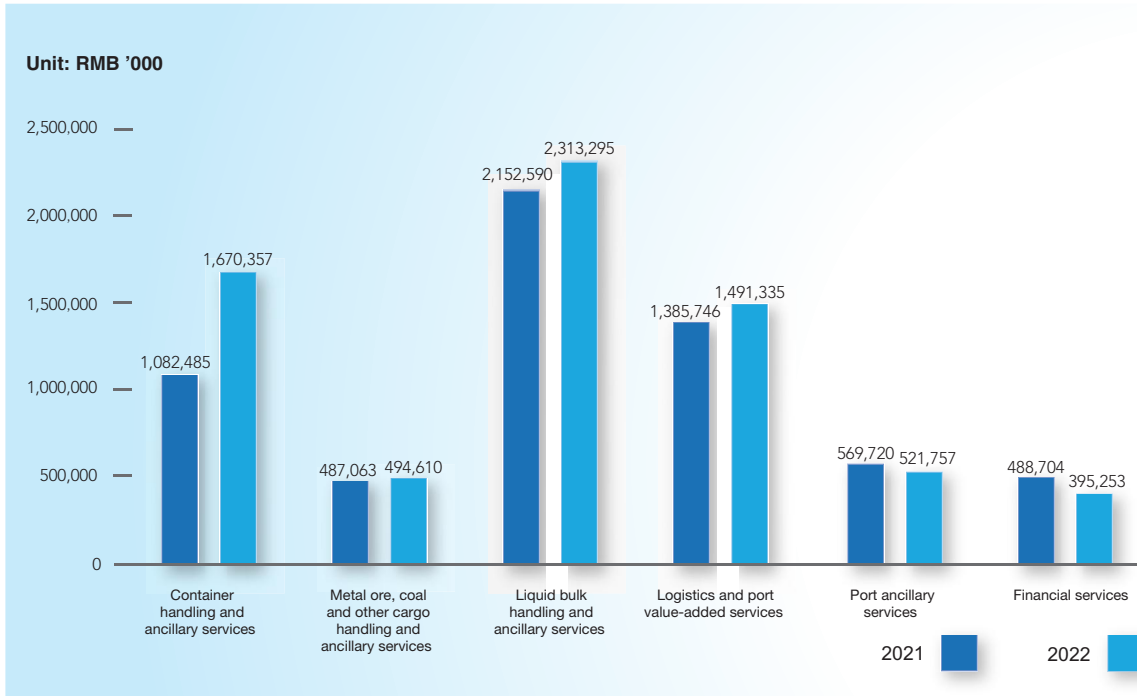
### Segment Results

Unit: RMB' 000

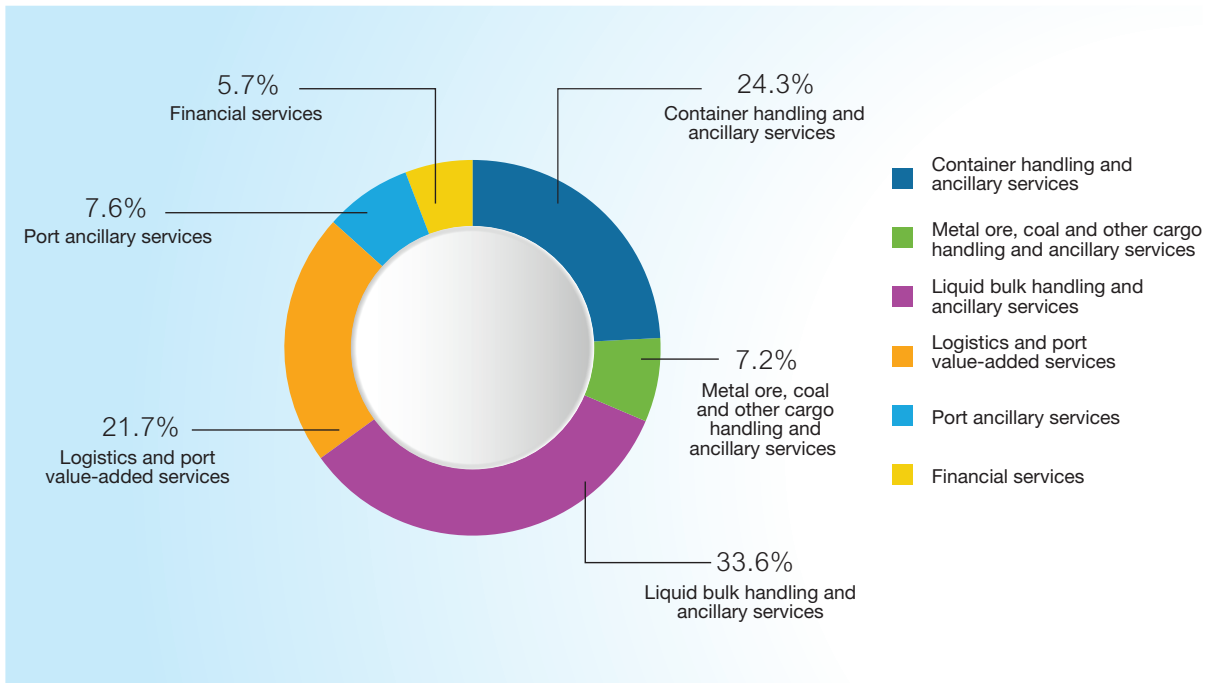
Business Segments	2022		2021 (restated)		Percentage of Change
	Results	Percentage of the total	Results	Percentage of the total	
Container handling and ancillary services	1,670,357	24.3%	1,082,485	17.6%	54.3%
Metal ore, coal and other cargo handling and ancillary services	494,610	7.2%	487,063	7.9%	1.5%
Liquid bulk handling and ancillary services	2,313,295	33.6%	2,152,590	34.9%	7.5%
Logistics and port value-added services	1,491,335	21.7%	1,385,746	22.5%	7.6%
Port ancillary services	521,757	7.6%	569,720	9.2%	-8.4%
Financial services	395,253	5.7%	488,704	7.9%	-19.1%
Total results before inter-segment elimination	<u>6,886,607</u>	<u>100.0%</u>	<u>6,166,308</u>	<u>100.0%</u>	<u>11.7%</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Comparison of Each Segment Results



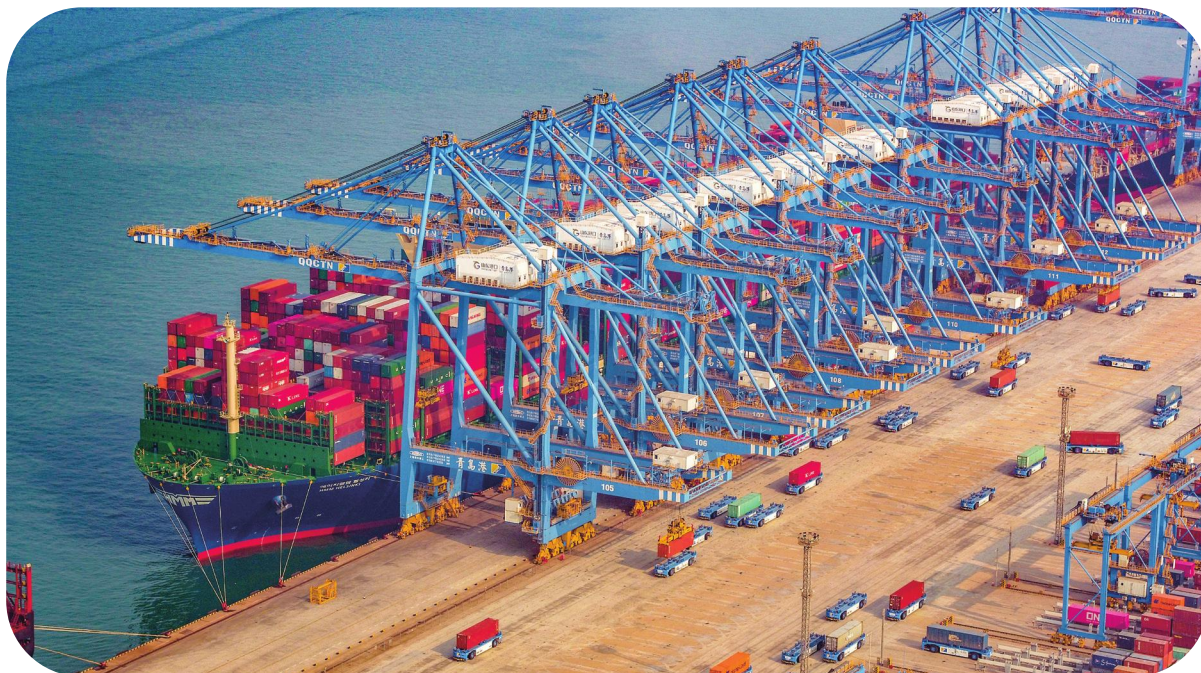
## Breakdown of Each Segment Results for the Year Ended 31 December 2022





The details of each segment results are set out as below:

## 1 Container handling and ancillary services



Unit: RMB' 000

Item	2022	2021 (restated)	Amount of Change	Percentage of Change
<b>Consolidated Group Companies</b>				
Revenue	1,193,656	586,003	607,653	103.7%
Cost of sales	317,080	242,704	74,376	30.6%
Gross profit	876,576	343,299	533,277	155.3%
<b>Profit of Consolidated Group Companies</b>				
	791,304	234,752	556,552	237.1%
<b>A joint venture and an associate</b>				
Revenue	5,008,448	4,188,768	819,680	19.6%
Cost of sales	2,075,618	1,748,471	327,147	18.7%
<b>Investment income from a joint venture and an associate</b>				
	879,053	847,733	31,320	3.7%
<b>Segment results</b>	<b>1,670,357</b>	<b>1,082,485</b>	<b>587,872</b>	<b>54.3%</b>

Note: Amounts 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 statements 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 in the joint venture and the associate.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, the Group adhered to the land-sea linkage, attracting shipping companies to open shipping routes and promoting the transshipment service, opening more inland trains and expanding cargo sources, and fully accelerated the construction of the “International Shipping Hub in Northeast Asia”. The main breakthroughs achieved were as follows:

- a. the Group cooperated with shipping companies to expand the network of shipping lines and promote supporting development of the main and feeder shipping networks, opened up 28 new container lines and recorded a year-on-year increase of 9% in transshipment volume in 2022, built the empty container distribution base with a year-on-year increase of 17% in the handling volume of empty containers, and attracted shipping companies to open additional voyages with a year-on-year increase of 17%; and
- b. the Group actively developed cargo sources in hinterland area, expanded land channels, added up 5 inland ports, and opened 5 sea-rail intermodal trains to provide stable and smooth logistic transportation channels for inland enterprises. In 2022, the amount of sea-rail intermodal containers ranked the first among the coastal ports of China for eight consecutive years, with a year-on-year increase of 4.5%.

For the year ended 31 December 2022, the revenue of the container handling and ancillary services amounted to RMB1,194 million, representing an increase of RMB608 million, or 103.7%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB791 million, representing an increase of RMB557 million, or 237.1%, as compared to the same period in the prior year; the segment results amounted to RMB1,670 million, representing an increase of RMB588 million, or 54.3%, as compared to the same period in the prior year, mainly due to the increase of business volume and the adjustment of commercial policies to increase revenue and profits for this year.

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

Unit: RMB' 000

Item	QQCT			
	2022	2021	Amount of Change	Percentage of Change
Revenue	4,932,947	4,188,768	744,179	17.8%
Cost of sales	2,013,118	1,748,471	264,647	15.1%
Investment income	102,366	73,060	29,306	40.1%
Total profit	2,227,631	2,147,692	79,939	3.7%
Income tax expenses	480,824	478,490	2,334	0.5%
Net profit attributable to shareholders of the joint venture	1,719,842	1,652,600	67,242	4.1%
Shareholding percentage held by the Company	51%	51%	-	-
Investment income of the Group	<u>864,726</u>	<u>828,081</u>	<u>36,645</u>	<u>4.4%</u>



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



Unit: RMB' 000

Item	2022	2021 (restated)	Amount of Change	Percentage of Change
<b>Consolidated Group Companies</b>				
Revenue	3,972,564	3,673,284	299,280	8.1%
Cost of sales	3,198,356	2,853,404	344,952	12.1%
Gross profit	774,208	819,880	-45,672	-5.6%
<b>Profit of Consolidated Group Companies</b>	<b>487,556</b>	521,720	-34,164	-6.5%
<b>Joint ventures</b>				
Revenue	2,174,923	2,035,647	139,276	6.8%
Cost of sales	1,892,146	1,797,224	94,922	5.3%
<b>Investment income from joint ventures</b>	<b>7,054</b>	-34,657	41,711	120.4%
<b>Segment results</b>	<b>494,610</b>	<b>487,063</b>	<b>7,547</b>	<b>1.5%</b>

Note: Amounts of revenue and cost of sales of joint ventures represent the total amount of revenue and cost of sales in the financial statements of joint ventures of the Company such as QDOT and West United, without taking into account of the shareholding percentages held by the Company in these joint ventures.

In 2022, the Group innovated marketing, deepened strategic cooperation with key customers, extended whole-process logistic and value-added services, and proactively expanded hinterland markets. The main breakthroughs achieved were as follows:

- a. the Group adhered to the high-level marketing by senior management, targeted to key customers, marketed with traders, expanded the customer group of dry bulk cargo, and developed 58 new customers during the year, achieving an increase of 6.70 million tons of cargo sources;



## MANAGEMENT DISCUSSION AND ANALYSIS

- b. the Group took advantages of the integration reform and integrated development of Shandong Port, strengthened business coordination and jointly expanded market share; and
- c. the Group made great efforts to develop business of mixed ore and etc., achieving the business volume of 12 million tons to keep the forefront of coastal ports in the country; the handling volume of pulp exceeded 5.50 million tons, rising to the first of the coastal ports of China.

For the year ended 31 December 2022, the revenue of metal ore, coal and other cargo handling and ancillary services amounted to RMB3,973 million, representing an increase of RMB299 million, or 8.1%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB488 million, representing a decrease of RMB34 million, or 6.5%, as compared to the same period in the prior year; the segment results amounted to RMB495 million, representing an increase of RMB8 million, or 1.5%, as compared to the same period in the prior year, mainly due to the adjustment of commercial policies and the increase of business volume in some key types of goods for this year. The investment income from joint ventures amounted to RMB7 million, representing an increase of RMB42 million, or 120.4%, as compared to the same period in the prior year, mainly due to the adjustment of commercial policies and the increase of business volume in joint ventures for this year.

### 3 Liquid bulk handling and ancillary services



## MANAGEMENT DISCUSSION AND ANALYSIS

Unit: RMB' 000

Item	2022	2021 (restated)	Amount of Change	Percentage of Change
<b>Consolidated Group Companies</b>				
Revenue	<b>3,518,952</b>	3,148,370	370,582	11.8%
Cost of sales	<b>1,333,046</b>	1,129,764	203,282	18.0%
Gross profit	<b>2,185,906</b>	2,018,606	167,300	8.3%
<b>Profit of Consolidated Group Companies</b>				
	<b>2,011,801</b>	1,789,602	222,199	12.4%
<b>Joint ventures</b>				
Revenue	<b>1,738,957</b>	1,663,732	75,225	4.5%
Cost of sales	<b>819,793</b>	604,691	215,102	35.6%
<b>Investment income from joint ventures</b>	<b>301,494</b>	362,988	-61,494	-16.9%
<b>Segment results</b>	<b>2,313,295</b>	<b>2,152,590</b>	<b>160,705</b>	<b>7.5%</b>

Note: Amounts of revenue and cost of sales of joint ventures represent the total amount of revenue and cost of sales in the financial statements of joint ventures of the Company such as Qingdao Shihua and Haiwan Liquid Chemical, without taking into account the shareholding percentages held by the Company in these joint ventures.

In 2022, the Group continued to release the efficiency of terminals, tanks, oil pipelines and other resources, continuously enriched business forms, and was dedicated to futures, oil blending, ship-fueling service and other businesses. The new breakthroughs achieved were as follows:

- the Group realized that the only designated delivery warehouse for low-sulfur fuel oil futures in northern China was put into operation, and the delivery volume accounted for 50% in the country;
- the Group successfully opened the business of bonded fuel oil blending and further improved the service capacity of ship-fueling market in Qingdao. The business volume of ship-fueling in 2022 increased by 12.3%, as compared to the same period in the prior year; and
- the second phase of the commercial reserve of crude oil of the Group was newly put into operation newly, adding 2.40 million cubic meters of oil storage capacity to further improve its development.

For the year ended 31 December 2022, the revenue of liquid bulk handling and ancillary services amounted to RMB3,519 million, representing an increase of RMB371 million, or 11.8%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB2,012 million, representing an increase of RMB222 million, or 12.4%, as compared to the same period in the prior year; the segment results amounted to RMB2,313 million, representing an increase of RMB161 million, or 7.5%, as compared to the same period in the prior year, mainly due to the increase in revenue and profit of stevedoring and storage business, arising from the released capacity by the crude oil terminals, liquid chemical terminals and crude oil commercial reserves built in the Dongjiakou port area. The investment income from joint ventures amounted to RMB301 million, representing a decrease of RMB61 million, or 16.9%, as compared to the same period in the prior year, mainly due to the increase in fuel oil and storage costs of the stevedoring business of joint ventures.

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

Unit: RMB' 000

Item	Qingdao Shihua			Dongjiakou Oil			Shandong Port Lianhua		
	2022	2021	Percentage of Change	2022	2021	Percentage of Change	2022	2021	Percentage of Change
Revenue	1,570,741	1,592,190	-1.3%	766,951	545,641	40.6%	1,635,214	1,627,071	0.5%
Cost of sales	723,497	559,172	29.4%	271,210	263,073	3.1%	561,727	440,906	27.4%
Net profit	565,720	719,415	-21.4%	364,348	151,877	139.9%	766,106	837,474	-8.5%
Shareholding percentage held by the Company	50%	50%	-	71%	71%	-	51%	51%	-
Investment income of the Group	282,860	359,708	-21.4%	-	-	-	-	-	-

## 4 Logistics and port value-added services

Unit: RMB' 000

Item	2022	2021 (restated)	Amount of Change	Percentage of Change
<b>Consolidated Group Companies</b>				
Revenue	8,142,332	6,898,861	1,243,471	18.0%
Cost of sales	6,517,320	5,338,539	1,178,781	22.1%
Gross profit	1,625,012	1,560,322	64,690	4.1%
<b>Profit of Consolidated Group Companies</b>				
	1,424,994	1,321,917	103,077	7.8%
<b>Joint ventures and associates</b>				
Revenue	1,033,321	1,029,567	3,754	0.4%
Cost of sales	658,054	678,057	-20,003	-3.0%
<b>Investment income from joint ventures and associates</b>				
	66,341	63,829	2,512	3.9%
<b>Segment results</b>	<b>1,491,335</b>	<b>1,385,746</b>	<b>105,589</b>	<b>7.6%</b>

Note: Amounts of revenue and cost of sales of joint ventures and associates represent the total amount of revenue and cost of sales in the financial statements of joint ventures and associates the Company providing logistics and port value-added services, without taking into account of the shareholding percentages held by the Company in these joint ventures and associates.

In 2022, based on the integrated development platform of Shandong Port, the Group deeply coordinated the resources integration of “terminal+logistics”, accelerated the construction of “end-to-end” whole logistics supply chain system, continuously improved the logistics service network, and increasingly enlarged the functions of logistics hubs. The main breakthroughs achieved were as follows:

- a. the Group continued to strengthen cooperation with shipping companies, promote one-stop operation at the CFS, improve the informatization and intelligence of CFS business, and continued to promote the sharing of CFS resources. In 2022, the operation volume of the CFS business increased by 3.5%, as compared to the same period in the prior year; and
- b. the Group seized the opportunity of the development of the shipping market, fully developed the liner agency market, and won the agency business of 15 routes and more than 300 overtime vessels during the year. The liner operation volume increased by 18.5%, as compared to the same period in the prior year.

For the year ended 31 December 2022, the revenue of logistics and port value-added services amounted to RMB8,142 million, representing an increase of RMB1,243 million, or 18.0%, as compared to the same period in the prior year, mainly due to the increase of the income in agency business and CFS business; the profit of Consolidated Group Companies amounted to RMB1,425 million, representing an increase of RMB103 million, or 7.8%, as compared to the same period in the prior year; the segment results amounted to RMB1,491 million, representing an increase of RMB106 million, or 7.6%, as compared to the same period in the prior year, mainly due to the increase of the profit in CFS business and agency business.



## 5 Port ancillary services

Unit: RMB' 000

Item	2022	2021 (restated)	Amount of Change	Percentage of Change
<b>Consolidated Group Companies</b>				
Revenue	2,435,260	2,486,145	-50,885	-2.0%
Cost of sales	1,840,016	1,899,303	-59,287	-3.1%
Gross profit	595,244	586,842	8,402	1.4%
<b>Profit of Consolidated Group Companies</b>				
	525,831	554,866	-29,035	-5.2%
<b>Joint ventures and associates</b>				
Revenue	1,944,278	316,939	1,627,339	513.5%
Cost of sales	1,654,975	287,983	1,366,992	474.7%
<b>Investment income from joint ventures and associates</b>				
	-4,074	14,854	-18,928	-127.4%
<b>Segment results</b>	<b>521,757</b>	<b>569,720</b>	<b>-47,963</b>	<b>-8.4%</b>

Note: Amounts of revenue and cost of sales of joint ventures and associates represent the total amount of these in the financial statements of joint ventures and associates of the Company, such as Qingdao Port Engineering, Shandong Port Technology Qingdao Company, Ocean Bridge International, Shandong Port Energy Co., Ltd.\* (山東港口能源有限公司), without taking into account the shareholding percentages held by the Company in the joint ventures and associates.

For the year ended 31 December 2022, the revenue of port ancillary services amounted to RMB2,435 million, representing a decrease of RMB51 million, or 2.0%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB526 million, representing a decrease of RMB29 million, or 5.2%, as compared to the same period in the prior year; the segment results amounted to RMB522 million, representing a decrease of RMB48 million, or 8.4%, as compared to the same period in the prior year. The revenue and cost of sales of joint ventures and associates increased by 513.5% and 474.7%, respectively, as compared to the same period in the prior year, mainly due to Qingdao Port Engineering, Shandong Port Technology Qingdao Company had changed from subsidiaries of the Company to a joint venture and an associate in the year 2021, respectively.

## 6 Financial services

Unit: RMB' 000

Item	2022	2021 (restated)	Amount of Change	Percentage of Change
<b>Consolidated Group Companies</b>				
Revenue	296,388	350,077	-53,689	-15.3%
Cost of sales	64,194	76,940	-12,746	-16.6%
Gross profit	232,194	273,137	-40,943	-15.0%
<b>Profit of Consolidated Group</b>				
Companies	335,224	475,746	-140,522	-29.5%
<b>Associates</b>				
Revenue	1,102,620	714,330	388,290	54.4%
Cost of sales	525,233	370,983	154,250	41.6%
<b>Investment income from Associates</b>	<b>60,029</b>	12,958	47,071	363.3%
<b>Segment results</b>	<b>395,253</b>	<b>488,704</b>	<b>-93,451</b>	<b>-19.1%</b>

Note: Amounts of revenue and cost of sales of associates represent the total amount of these in the financial statements of Qingdao Qingyin Financial Leasing Co. Ltd.\* (青島青銀金融租賃有限公司) and Shandong Port Finance Company, without taking into account the shareholding percentages held by the Company in these associates.

For the year ended 31 December 2022, the revenue of financial services amounted to RMB296 million, representing a decrease of RMB54 million, or 15.3%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB335 million, representing a decrease of RMB141 million, or 29.5%, as compared to the same period in the prior year; the segment results amounted to RMB395 million, representing a decrease of RMB93 million, or 19.1%, as compared to the same period in the prior year, mainly due to the influence of the national macro policies and regulatory policies, the scale of wealth management investment was decreased, the interest rates of granting loans and deposits with banks of Shandong Port Finance Company were reduced, as well as Shandong Port Finance Company changed from a subsidiary of the Company to an associate, resulting in a decrease in profits; the investment income from associates amounted to RMB60 million, representing an increase of RMB47 million, or 363.3%, as compared to the same period in the prior year, mainly due to Shandong Port Finance Company changed from a subsidiary of the Company to an associate in the fourth quarter of this year.

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 of Shandong Port Finance Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

		Unit: RMB' 000	
Balance sheet	Nature	31 December 2022	31 December 2021 (restated)
Other receivables	Granting short-term loans	/	2,633,157
Current portion of non-current assets	Current portion of long-term loans	/	663,671
Long-term receivables	Granting long-term loans	/	2,295,689
Other payables	Absorbing deposit	/	7,193,108
		<u>          </u>	<u>          </u>
			Unit: RMB' 000
Income statement	Nature	2022	2021 (restated)
Finance expenses – interest income	Granting loans and deposits with banks – interest income	296,388	350,077
Finance expenses – interest expenses	Absorbing deposits and interbank lending and borrowing – interest expenses	64,194	76,940
		<u>          </u>	<u>          </u>

### 3. Financial Position Analysis

Unit: RMB' 000				
Item	As at 31 December 2022	As at 31 December 2021 (restated)	Amount of Change	Percentage of Change
Other receivables	852,817	5,623,791	-4,770,974	-84.8%
Other current assets	141,273	1,248,827	-1,107,554	-88.7%
Other non-current financial assets	393,840	897,168	-503,328	-56.1%
Long-term receivables	32,142	2,338,652	-2,306,510	-98.6%
Long-term equity interests investment	12,888,086	9,847,614	3,040,472	30.9%
Short-term borrowings	269,088	1,498,398	-1,229,310	-82.0%
Other payables	3,985,878	10,919,972	-6,934,094	-63.5%
Current portion of non-current liabilities	<u>720,195</u>	<u>189,027</u>	<u>531,168</u>	<u>281.0%</u>

As at 31 December 2022, other receivables of the Group decreased by RMB4,771 million, or 84.8%, as compared to the beginning of the year, mainly due to the decrease in short-term loans to external parties arising from the disposal of Shandong Port Finance Company.



## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2022, other current assets of the Group decreased by RMB1,108 million, or 88.7%, as compared to the beginning of the year, mainly due to the decrease in the interbank deposit receipts and financial assets for resale arising from the disposal of Shandong Port Finance Company.

As at 31 December 2022, other non-current financial assets of the Group decreased by RMB503 million, or 56.1%, as compared to the beginning of the year, mainly due to the decrease in financial bonds arising from the disposal of Shandong Port Finance Company.

As at 31 December 2022, the long-term receivables of the Group decreased by RMB2,307 million, or 98.6%, as compared to the beginning of the year, mainly due to the decrease in long-term loans to external parties arising from the disposal of Shandong Port Finance Company.

As at 31 December 2022, long-term equity interests investment of the Group increased by RMB3,040 million, or 30.9%, as compared to the beginning of the year, mainly due to Shandong Port Finance Company changed from a subsidiary of the Company to an associate, and the increase of investment income in joint ventures.

As at 31 December 2022, short-term borrowings of the Group decreased by RMB1,229 million, or 82.0%, as compared to the beginning of the year, mainly due to the disposal of Qingdao Port International Trade which owned large balance of short-term borrowings.

As at 31 December 2022, other payables of the Group decreased by RMB6,934 million, or 63.5%, as compared to the beginning of the year, mainly due to the decrease in absorbing deposits from external parties arising from the disposal of Shandong Port Finance Company.

As at 31 December 2022, current portion of non-current liabilities of the Group increased by RMB531 million, or 281.0%, as compared to the beginning of the year, mainly due to the increase of current portion of long-term borrowings.

### 4. Cash Flow Analysis

For the year ended 31 December 2022, the net cash inflow of the Group amounted to RMB773 million, among which:

- (1) the net cash inflow from operation activities amounted to RMB6,233 million, mainly including the net cash inflow from operating activities of core business of RMB4,874 million, the net cash inflow of agency procurement business of RMB776 million, and the cash from VAT deduction and tax refund of RMB583 million;
- (2) the net cash outflow from investment activities amounted to RMB795 million, mainly including the net inflow of RMB1,827 million, which is the recovery of loans and financing lease payments provided to member units by Shandong Port Finance Company before being disposed, the interest income from external loans and financial investment of RMB327 million, and the cash from the disposal of Shandong Port Finance Company of RMB3,466 million. The net outflow of purchase of wealth management products and fixed deposits was RMB3,589 million, the payment of purchase and construction of fixed assets and construction in progress was RMB2,957 million; and

- (3) the net cash outflow from financing activities amounted to RMB4,692 million, mainly including the net inflow of RMB1,970 million by obtaining the borrowings; the net outflow of RMB417 million in the business of absorbing deposits before the disposal of Shandong Port Finance Company; the repayment of debts such as bank borrowings of RMB2,699 million; the payment for distribution of dividends of RMB2,165 million; the payment of interests of RMB175 million; the payment of RMB984 million for the acquisition of 51% equity interests of Weihai Port Development Company.

In order to facilitate the understanding of shareholders and investors of the Company, after eliminating the impact of Shandong Port Finance Company as well as the Group's purchase of wealth management products and the recovery of fixed term deposits with an initial term over three months on the cash flow, the net cash outflow of the Group amounted to RMB513 million.

### 5. Liquidity and Financial Resources

As at 31 December 2022, the cash at bank and on hand of the Group amounted to RMB9,183 million and wealth management products amounted to RMB995 million with the main currency of RMB. The Group's total interest-bearing liabilities amounted to RMB2,718 million, among which, the liabilities bearing interests at the floating interests rate amounted to RMB1,295 million.

As at 31 December 2022, the amount of the Group's cash at bank and on hand exceeded its interest-bearing liabilities.

### 6. Capital Structure

As at 31 December 2022, the shareholders' equity interests of the Group amounted to RMB41,277 million, representing an increase of RMB1,260 million as compared to the beginning of the year, among which, the increase of equity interest attributable to the shareholders of the Company was RMB1,849 million, mainly due to the increase of RMB4,525 million from the operating profit, the decrease of RMB1,664 million from distributed dividends, the paid consideration of RMB984 million for the merger of Weihai Port Development Company under the same control and the decrease of RMB36 million from other comprehensive incomes; the equity interest of minority shareholders decreased by RMB589 million, mainly due to the increase of RMB722 million from operating profits, the net increase of RMB14 million from the investments by minority shareholders and the decrease of RMB593 million from distributed dividends, the decrease of RMB732 million from disposal of Shandong Port Finance Company.

As at 31 December 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. The total market capitalization and H share market capitalization of the Company was approximately RMB33,961 million and RMB3,711 million, respectively, which are calculated based on the closing price of RMB5.61 per share on the Shanghai Stock Exchange and the closing price of HKD3.78 per share on the Hong Kong Stock Exchange as at 30 December 2022.

## 7. Interest Rate and Exchange Rate Risks

As at 31 December 2022, the Group didn't have cash at bank and on hand and receivables at floating interests rate, and payables at floating interests rate amounted to RMB1,295 million. The Group assessed the interest rate risk and anticipated that changes in interest rate would have no material impact on the Group.

The Group's main business activities are conducted in the PRC and settled in RMB. As a result, changes in exchange rates do not have material impact on the Group.

The Group will continue to closely monitor risks in interest and exchange rate. The Group did not enter into any hedging arrangements with respect to interest rate and exchange rate risks in 2022.

## 8. Financial Indicators

Indicators	2022	2021 (restated)	Change
Weighted average return on net assets	<b>12.43%</b>	11.51%	Increased by 0.92 percentage point
Interest coverage ratio	<b>43.36</b>	34.29	Increased by 9.07 times
Current ratio	<b>1.60</b>	1.25	Increased by 0.35
Turnover ratio of accounts receivable	<b>8.87</b>	6.3	Increased by 2.57
Turnover days of accounts receivable	<b>41 days</b>	58 days	Decreased by 17 days

For the year ended 31 December 2022, the weighted average return on net assets was 12.43%, representing an increase of 0.92 percentage point, as compared to the same period in the prior year, mainly due to the newly-built terminals, oil storage facilities and other assets put into production, and adjusting commercial policies to improve asset utilization. The interest coverage ratio was 43.36 times, representing an increase of 9.07 times, as compared to the same period in the prior year, mainly due to the increase in profit before interest and tax. The turnover days of accounts receivable were 41 days, representing a decrease of 17 days, as compared to the same period in the prior year, mainly due to the enhancement of management and control of accounts receivable to improve the turnover rate of accounts receivable.

## 9. Significant Capital Investment

For the year ended 31 December 2022, the Group had significant capital investment of RMB2,773 million, mainly investing in liquid bulk cargo handling, storage and transportation projects, crude oil commercial reserve tanks, break cargo berth and stacking yard at the Dongjiakou port area of Qingdao Port.



## 10. Details of The Material Entrusted Wealth Management

For the year ended 31 December 2022, details of the material entrusted wealth management of the Group were set out as below:

Unit: RMB' 000

Entrustee	Product type	Balance	Start date	Expiry date	Expected annualized return rate	Source of funding
Bank of China	Structured Deposit	279,653	2022-7-15	2023-1-16	3.09%	Raised funds
Bank of China	Structured Deposit	279,000	2022-7-15	2023-1-16	3.09%	Raised funds
Bank of Communications	Structured Deposit	210,000	2022-12-30	2023-6-28	3.00%	Raised funds

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

## 11. Significant Acquisition and Disposal of Subsidiaries, Joint Ventures and Associates

On 25 January 2022, (i) the Company entered into the absorption and merger agreement with Shandong Port Group, Shandong Port Finance Company, Rizhao Port Finance Company and RZP, pursuant to which, Rizhao Port Finance Company shall merge with Shandong Port Finance Company by way of absorption and merger. After completion of the above-mentioned absorption and merger, Shandong Port Finance Company (as the surviving merging party) shall remain subsist and undertake and inherit all the assets, liabilities, personnel and businesses of Rizhao Port Finance Company, and Rizhao Port Finance Company (as the merged party) shall be dissolved and deregistered, and (ii) the Company entered into the capital increase agreement with Shandong Port Group, RZP and Shandong Port Investment Holdings, pursuant to which, Shandong Port Group and Shandong Port Investment Holdings agreed to subscribe for RMB490.6325 million and RMB77.0299 million of the registered capital of Shandong Port Finance Company at the considerations of RMB797.0865 million and RMB125.1435 million, respectively, to increase the registered capital of Shandong Port Finance Company 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. For details, please refer to the announcements of the Company dated 25 January 2022 and 2 December 2022 and the circular of the Company dated 7 February 2022. As at 31 December 2022, the transaction has been completed.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 16 May 2022, the Company entered into the equity interests transfer agreement with Weihai Port, pursuant to which, the Company shall acquire 51% equity interests in Weihai Port Development Company from Weihai Port at a consideration of RMB984.4466 million. For details, please refer to the announcement of the Company dated 16 May 2022. As at 31 December 2022, the transaction has been completed.

On 10 August 2022, Qingdao Port Logistics, a wholly-owned subsidiary of the Company, entered into the equity interests transfer agreement with Land-Sea Logistics Group, pursuant to which, Qingdao Port Logistics agreed to transfer 11% equity interests in Qingdao Port International Trade to Land-Sea Logistics Group with the consideration of RMB17.1237 million. For details, please refer to the announcement of the Company dated 10 August 2022. As at 31 December 2022, the transaction has been completed.

On 28 October 2022, (i) the Company and Equipment Group entered into the Qingdao Port Equipment share transfer agreement, pursuant to which, the Company agreed to transfer 51% equity interests in Qingdao Port Equipment to Equipment Group, and (ii) the Company entered into the Equipment Group capital increase agreement with Shandong Port Group, Rizhao Port Group, Yantai Port Group and Equipment Group, pursuant to which, the Company agreed to make a registered capital contribution to Equipment Group by transferring 51% equity interests in Qingdao Port Equipment, the wholly-owned subsidiary of the Company, at the consideration of RMB101,488,725, in exchange for 16.56% equity interests of the enlarged share capital in Equipment Group. For details, please refer to the announcement of the Company dated 28 October 2022 and the circular of the Company dated 18 November 2022. As at 31 December 2022, the transaction has been completed.

Save as disclosed above, for the year ended 31 December 2022, the Group did not have any significant acquisition and disposal of subsidiaries, joint ventures and associates.

### 12. Mortgages or Pledges of Assets

As at 31 December 2022, the Group had no asset mortgages or pledges.

### 13. Contingent Liabilities

As at 31 December 2022, the Group had no significant contingent liabilities.

## 14. Employees

As at 31 December 2022, the Company engaged 3,313 employees, and the Company and its principal subsidiaries engaged 10,286 employees in total, among which, the female employees accounted for approximately 14% in the employees of the Company and its principal subsidiaries. The Company is mainly engaged in cargo handling and ancillary services, with a greater demand for male employees. However, the Company has been committed to gender diversity of employees, and has implemented a fair employment policy, hiring the outstanding employees without any discrimination. The Company will continue to strive for increasing the proportion of female employees, with reference to the Shareholders' expectations and the recommended best management practice, to achieve an appropriate balance of gender diversity.

The details of employees are set out as below:

	Unit: per person
Number of in-service employees of the Company	3,313
Number of in-service employees of the principal subsidiaries	6,973
In-service employees in total	10,286
Number of retired employees whose bearded expenses were borne by the Company and its principal subsidiaries	7,215

Expertise constitution category	Number	Education level category	Number
Production staff	7,103	Master's degree and above	356
Sales staff	174	Undergraduate degree	1,919
Technology staff	920	Junior college and academy	4,432
Financial staff	286	Below junior college	3,579
Administration staff	1,569	<b>Total</b>	<b>10,286</b>
Other staff	234		
<b>Total</b>	<b>10,286</b>		

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 operating results and the increase of production rate. Meanwhile, the Group's remuneration policy is reviewed on a regular basis as well. The Group adhered to focus on people and safeguarded the legitimate rights and interests of employees, paid the social insurances, enterprise annuity and supplementary medical insurance as required by the relevant regulations of the PRC and provided extra welfare scheme for employees.



### 15. Description of Other Business Operations

As the Dagang port area is planned to be transformed and upgraded into an international home port for cruise liners, the business of the Dagang port area will be gradually relocated to the Dongjiakou port area and the 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 of 31 December 2022, the construction of international home port for cruise liners had no effect on the main business of the Dagang port area.

The government of Qingdao Economic and Technological Development Zone proposes to adopt a new urban planning scheme that may relocate the port operations in the Huangdao oil port area and operations of certain clients around the Huangdao oil port area to the Dongjiakou port area. As at 31 December 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 the Dongjiakou port area, and the operation of the Huangdao oil port area was not affected.

In 2022, in the face of the COVID-19 pandemic, the Group has been proactively adhered to the two strong approaches of epidemic prevention and control and production and operation, and the operation was not significantly affected.

### 16. Outlook for 2023

In 2023, the Company will continue to rely on the advantages of the integration reform and integrated development of Shandong Port, adhere to the overall goal of “performance is the king”, focus on the core business, expand the market, highlight innovation, upgrade the business format, make great efforts to build the “International Shipping Hub in Northeast Asia”, accelerate the construction of world-class marine ports, and create greater value for the shareholders of the Company and society.

#### **(1) Focus on the core business of stevedoring for steady improvement of sustainable development**

In terms of containers, we will continue to improve operation capacity and efficiency, attract shipping companies to open more shipping lines, expand international transshipment, realize the increase of volume in domestic trade, improve the turnover rate of empty containers, and promote the steady growth of volume in sea-rail intermodal transport and other businesses. In terms of dry bulk cargo, we will consolidate the cargo sources in the hinterland area, promote the iron ore of the Yangtze River area transferring from the river to the sea based on the “river-sea coordinated transport”, expand the market in the northeast of China, and continue to consolidate the top position of pulp and other key categories of cargo. In terms of liquid bulk cargo, we will make great efforts to stabilize the volume of cargo sources from customers, such as refineries and traders, expand the markets outside of Shandong Province, such as the markets of Hebei Province and Jiangsu Province, strive for the business of transshipment connecting Japan and South Korea, and consolidate the status of the largest foreign trade port of oil in the north of China.

**(2) Focus on emerging business forms for steady improvement of competitive development**

We will vigorously develop port-related industries, promote the construction of industrial parks such as mineral processing and grain processing, and form the agglomeration effect of advantageous industries. We will strive for the new cargo category of ore and mixed ore business, seize the opportunity that to carry out spot trade of iron ore in RMB by the customers of large mines, and realize incrementation. We will make great effort to the new business forms such as ship-fueling, bonded crude oil and fuel oil futures, and bonded crude oil reserves, give full play to the advantages of direct transportation by pipelines, and improve the dual supply-guarantee capabilities for oil business by “pipeline transportation and transshipment transportation”.

**(3) Focus on intelligent and green port for steady improvement of development influence**

We will promote the research and development of national key projects, build the Internet platform of port industry, and establish the system combination ability. We will overcome technical difficulties to achieve the third phase of fully automated container terminal to be fully homemade, develop a more flexible intelligent control system in horizontal transportation with independent intellectual property rights and put into operation. We will build a digital and intelligent dry bulk terminal with an international leading level and the first-class level in domestic, realizing automatic unloading of pulp throughout the whole process. We will start the construction of hydrogenation station at the Dongjiakou port area and steadily promote the construction projects in tapping power of wind and electricity at the Qianwan port area and the Dongjiakou port area.

**(4) Focus on reform and innovation for steady improvement of initiative development**

We will build a more dynamic system and mechanism, promote port transformation and high-quality development, and accelerate the improvement of comprehensive competitiveness. We will further improve the standard system of port service with improving efficiency, increasing capacity, reducing cost and increasing profits, and customer attention. We will build a “four-sphere integrated risk control system”, including the things of compliance, internal control, risk and law. We will optimize the performance appraisal system, and realize the management of the whole staff, the whole area and the whole process according to the principle of “dynamic, useful, controllable and graspable”.

## III. CHANGES AND TERMINATION OF USE OF PROCEEDS OF A SHARE OFFERING

### 1. Changes and termination of use of proceeds of A Share Offering

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

Details of the use of proceeds were as follows:

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

According to the needs of business development of the Group, upon the consideration and approval by the Board on 26 March 2020 and by the 2019 annual general meeting of the Company held on 10 June 2020, the Company resolved to terminate Dongjiakou Integrated Logistics Stacking Yard Phase I Project and put the proceeds of RMB180 million, which was originally proposed to be used for this project, into Qingdao Port Area Equipment Procurement Project and to remove Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project from one of the investment projects for use of proceeds, continuing to build this project by self-raised funds or by means of joint ventures. Upon the approval by the Board on 24 May 2021 and by the 2020 annual general meeting of the Company held on 28 June 2021, the Company resolved to invest the estimated remaining proceeds of RMB687.17 million, which was originally proposed to be used for the Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area Project, into the Dongjiakou Port Area Datang Terminal Phase II Project.



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

Unit: RMB' 000

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

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

## 2. Changes of use of proceeds of H Share Placing

As at 18 May 2017, the Company issued 243 million H shares by way of H Share Placing, and received net proceeds of approximately HKD1,035 million, equivalent to approximately RMB912 million (based on the exchange rate on 18 May 2017), which were mainly used for the reserved funds for the Company's overseas terminal acquisition and investment and the operation fund for the terminal projects management company established by the Company and COSCO SHIPPING Ports to operate and manage overseas terminal projects.

Based on the actual situation of the investment projects for the use of proceeds from H Share Placing, after the voting by the Board meeting on 24 May 2021 and the consideration and approval by 2020 annual general meeting of the Company held on 28 June 2021, the Company decided to change the investment use of the remaining proceeds from the H Share Placing of approximately HKD634.91 million (including accumulated interests income), into the acquisition of 51% equity interests in Qingdao Haiye Oil Terminal Co., Ltd.\* (青島海業油碼頭有限公司). To improve the efficiency for the use of proceeds, after the consideration and approval by the Board meeting on 28 October 2022 and the 2022 second extraordinary general meeting of the Company held on 23 December 2022, the Company decided to change the investment using of the remaining proceeds from the H Share Placing of approximately RMB558.68 million (including accumulated interests income), into the investment of engineering construction, including terminals, oil storage and other construction projects at the Dongjiakou port area. For the year ended 31 December 2022, the Company did not use the remaining proceeds from the H Share Placing.

For further details, please refer to the Company's announcements dated 24 May 2021, 28 June 2021, 28 October 2022 and 23 December 2022, and the Company's circulars dated 27 May 2021 and 18 November 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## IV. 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. As at 31 December 2021, approximately HKD648 million (which was calculated based on the exchange rate of 31 December 2021, including accumulated interest income) was carried over to this year. For the year ended 31 December 2022, the Company had invested the fundraising of approximately HKD460.45 million in the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used to pay for the equity acquisition of COSCO SHIPPING Ports (Abu Dhabi) Co., Ltd., and the Company has not yet use it in the way as disclosed in the announcements of the Company dated 28 October 2022 and 23 December 2022 and the circular of the Company dated 18 November 2022. The Company will use the remaining proceeds in accordance with the progress of the investment projects and business development, which are expected to be used up by the year 2024.

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 RMB978 million (including accumulated interest income) was carried over to this year. For the year ended 31 December 2022, approximately RMB482 million of the proceeds had been used into 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, 10 June 2020, 24 May 2021 and 28 June 2021 and circulars dated 26 May 2020 and 27 May 2021, which was mainly used for construction of the project of Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area, purchasing of equipment and the intelligent port area upgrading project, etc.. The Company shall use the remaining proceeds in accordance with the progress of the investment projects and business development, which are expected to be used up by the year 2024.

## V. PROPOSED DISTRIBUTION OF FINAL DIVIDEND, WITHHOLDING OF INCOME TAX AND CLOSURE OF REGISTER

The Board has proposed the distribution of a final dividend of RMB269.3 (tax inclusive) per thousand shares, totaling approximately RMB1,748.0532 million (tax inclusive), which represents approximately 45% of Distributable Profits attributable to shareholders of the Company for the year ended 31 December 2022. Such distribution plan will be implemented on 1 August 2023 subject to approval at the 2022 AGM.

For non-resident enterprise shareholders holding H shares of the Company (i.e. shareholders holding H shares of the Company under the names other than individuals, including, but not limited to, shareholders of H shares registered in the name of HKSCC Nominees Limited, or other nominees, trustees, or other organizations or groups), the Company shall withhold the corporate income tax for the final dividend at the tax rate of 10% on their behalf in accordance with the Corporate Income Tax Law of the PRC and other relevant tax laws, regulations and tax treaties.

For individual shareholders holding H shares of the Company, the Company shall withhold and pay the individual income tax for the final dividends on their behalf in accordance with the Individual Income Tax Law of the PRC, the Notice of the State Administration of Taxation on the Collection and Administration of Individual Income Tax after the Abolition of Document No. 045 [1993] (Guo Shui Han [2011] No. 348) 《國家稅務總局關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348 號)), the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) 《(財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81 號)) and other relevant tax laws, regulations and tax treaties.

In order to determine the eligibility of being entitled to the proposed final dividend for H shares, the H share register of the Company will be closed from Monday, 12 June 2023 to Monday, 19 June 2023 (both days inclusive), during which no H share transfer will be registered. The H shareholders whose names appear on the register of members of the Company on Monday, 19 June 2023 are entitled to the proposed final dividend. Holders of the Company's H shares who wish to receive the proposed final dividend are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. Friday, 9 June 2023 for registration.

### VI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 and accountability.

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 year ended 31 December 2022.

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

The Company has adopted the Model Code as its own code of conduct for securities transactions by Directors and Supervisors of the Company. Specific enquiries have been made to all the Directors and Supervisors of the Company and each of the Directors and Supervisors of the Company has confirmed that he/she has complied with the Model Code for the year ended 31 December 2022.

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

For the year ended 31 December 2022, the Company or any of its subsidiaries did not purchase, sale and redemption of any listed securities of the Company.

### IX. AUDIT COMMITTEE

The Audit Committee of the Board has reviewed, with management of the Company, the accounting principles and policies adopted by the Group and the financial statements for the year ended 31 December 2022.

### X. AMENDMENTS TO CONSTITUTIONAL DOCUMENT

The current applicable Articles of Association has been published on the websites of the Company and the Hong Kong Stock Exchange.

## MANAGEMENT DISCUSSION AND ANALYSIS

### XI. CLOSURE OF REGISTER

In order to determine the eligibility of shareholders who are entitled to attend the 2022 AGM, the H share register of the Company will be closed from Thursday, 1 June 2023 to Tuesday, 6 June 2023 (both days inclusive), during which no H share transfer will be registered. The shareholders whose names appear on the register of H share members of the Company on Tuesday, 6 June 2023 are entitled to attend and vote at the 2022 AGM. Holders of the Company's H shares who wish to attend the 2022 AGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 31 May 2023 for registration.

### XII. MATERIAL LITIGATIONS

For the year ended 31 December 2022, the Group was not involved in any material litigations or arbitrations.

### XIII. SUBSEQUENT EVENTS

After 31 December 2022, the Group did not have any material subsequent events.

### XIV. CORPORATE SOCIAL RESPONSIBILITY

#### 1. Environment Protection

The Group focuses on its social responsibility, sticks to the concept of green development, pursues a goal of "carbon peaking and carbon neutrality", fully promotes the construction of green and low-carbon ports, actively adopts measures to prevent pollution of the atmosphere, water and solid waste, and improves the standards of environmental protection management. The Group completed the construction of hydrogen refueling stations and power swapping stations in the port, introduced electrical rental trucks team, practiced the electric reach stackers and loader equipment in the pilot, constructed "fuel-electric hybrid" tugboats, promoted the normal application of shore power in ships, and reduced fuel consumption and carbon emissions in the port area. The Group implemented the demonstration project of "wind-solar hybrid", actively carried out the photovoltaic transformation on the tops of bridge crane operating rooms, warehouses and buildings, and expanded the scope of energy-saving technologies such as energy storage by frequency conversion and permanent magnet motors to reduce port energy consumption. QQCT awarded the "Four-star China Green Port".

The Group strives to create a green ecological environment. In 2022, according to the port construction plan, some large green spaces and seedlings were relocated from the Dagang port area to the Dongjiakou port areas, keeping stable in overall number of seedlings. Approximately 710,000 seasonal flowers were newly planted throughout the year, improving the port environment.

The Group continued to enhance sanitation management. In 2022, the Group completed an accumulated pesticide application of 30.07 million square meters for vector destruction in its port areas.



### 2. Employee Care

The Group concentrates on the cultivation and development of talents and works hard to implement its talent cultivation plan. In 2022, 303 employees in the Group obtained various professional and technical titles in high, middle and junior levels, and 174 employees were newly qualified as senior technicians and technicians. Employees of key positions such as management personnel and technical workers have shown a positive transformation in terms of their age, education, knowledge and ability, providing a solid talent foundation for the development of the Group.

The Group's learning-oriented employees and learning-oriented organizations have achieved new improvements. In 2022, the Group organized and carried out 90 training sessions for newly appointed middle level management through offline key training and online learning training and other trainings. The Group's coverage rate of employee training reached 100% through online training on professional skills by Zhiniao platform for all employees, and the average annual training length exceeds 88 hours.

The Group strives to provide a platform for employees to improve their talents and builds a channel for their personal development. The Company insists that everyone can be talent as long as they are willing to learn and work. The Company insists on respecting people, training people, shaping people, using advanced culture to gather people and using flexible mechanisms to motivate people. The Company creates good environment and builds the platform for employees to demonstrate their talents and find the right positions, promotes the all-round development of employees, and achieves a harmonious and win-win situation for enterprises and employees.

### 3. Community Care

The Group actively undertakes social responsibilities and promote the sustainable and steady development of the Company, meanwhile, it actively responds to and utilizes various advantageous resources to carry out various forms of social welfare activities.

The Group carried out various volunteer service activities featured with different forms, content and port characteristic particularly for social groups such as community residents, children and the elderly, and visiting customers. The Group carried out the projects of "Hope House", "Port and Community, Integration and Help" and "Pair-assistance with Community", continued to provide volunteer services such as poverty alleviation, caring for the elderly, helping the young, and sponsoring struggling students. In 2022, the Group carried out a total of 38 community volunteer service activities, regularly organized employees to participate in voluntary blood donation activities. The Group carried out the public welfare activity for voluntary blood donation called "Loyalty to the Party and Donating Blood" to attract 300 young people from the port donating 100,200 milliliters of blood. The Group organized voluntary employees to come into the community to help couriers, deliverymen, sanitation workers, and truck drivers and visit the elderly living alone, clean up and create a clean and tidy living environment for residents. In order to carry forward the Chinese traditional virtue of the poverty alleviation, and support social welfare and charitable causes, the Group, led by the department of labor union, extensively publicized the "Charity One Day Donation" activity in various ways, creating a good atmosphere for everyone to contribute a warm heart. During the reporting period, the Group raised individual donations with a total of RMB0.864 million to donate to the Qingdao Charity Federation and Weihai Charity Federation, respectively.

Please refer to the "2022 Sustainability Report" published by the Company for further details on the corporate social responsibility.

## XV. RISK ALERT

### 1. Risk in Relation to the Macro Economy Volatility

Port industry is fundamental for the national economy, the development of which has high correlation with the macro-economic of China and will be greatly influenced by the volatility of economic cycle. The volatility of world trade will influence the import and export business in various countries, which in turn will impact the operating situation of ports.

Recently, the world economy is still in a complicated and severe situation, the competition between major powers has intensified, and its scope continues to expand. At the same time, geopolitics are getting tense. The unexpected impact caused by the “black swan incident” may increase the risk of global market volatility. With the transformation and upgrading of domestic economic structure, the uncertainty of economic recovery increased. If the economy development in China as well as the international and domestic trade volume is impacted due to the relatively long recovery cycle of world economy and the structural adjustment of China’s economy, the production activities and operating performance of the Group may be affected.

### 2. Risk in Relation to the Dependence on the Economic Development of the Hinterland

The Group’s main economic hinterlands include Shandong, Jiangsu, Hebei, Shanxi and Henan, with its extending hinterlands including Shaanxi, Ningxia, Gansu and Xinjiang. The economic development as well as the international and domestic trade demand in these regions are the main factors affecting the Company’s development. If the economic growth in these regions slows down or declines, it would cause certain negative impacts to the Group’s operation.

### 3. Risk in Relation to the Adjustment of Port Rate

The Group’s main revenue comes from the cargo loading and discharging and ancillary services at port, the charging standard of which is in compliance with the regulations in Port Charging Calculation Methods formulated by governmental authorities. In the event of adjustment of the national port charging rules or systems by governmental authorities, the Group’s operating results may be influenced.

### 4. Risk in Integration of the Port

The Group has certain horizontal competition with Shandong Port Group and some of its subsidiaries in the core businesses. Shandong Port Group promises to take a series of measures to integrate the port related businesses within the consolidated scope within 5 years after becoming an indirect controlling shareholder of the Company, to solve the horizontal competition, which may lead to changes in the scope of the Group’s assets and have a certain impact on the Group’s operations.

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## BIOGRAPHICAL DETAILS OF MEMBERS OF THE BOARD OF THE COMPANY



**Mr. SU Jianguang (蘇建光)**, born in 1969, is an on-the-job engineering master of harbor coastal and offshoring engineering in Ocean University of China (中國海洋大學) and a researcher of engineering technology application. He joined the Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1989, and has joined the Company since November 2013. He currently serves as the secretary to the Party Committee, chairman, executive Director, chairman of Strategy and Development Committee of the Board, a member of Nomination Committee of the Board, and authorized representative of the Company, a member of the Party Committee of Shandong Port Group, the secretary to the Party Committee and chairman of Qingdao Port Group, chairman of Container Development Company, the commander of Qingdao Port Construction Headquarters, and a member of the Party group and the deputy director of Qingdao International Cruise Port Service Administration (青島國際郵輪港區服務管理局), the director of Qingdao Port International Development (HK) Co., Ltd. (青島港國際發展(香港)有限公司). He served as the secretary to the Party Committee, the manager and secretary to the discipline inspection committee of Qingdao Port Engineering, the secretary to the Party Committee and the manager of Gangjian Branch, the secretary to the Party Committee and the general manager of Qingdao Port Investment and Construction (Group) Co., Ltd. (青島港口投資建設(集團)有限責任公司), the deputy secretary to the Party Committee, the vice president, the vice chairman and the non-executive director of the Company, the deputy secretary to the Party Committee, the director and the general manager of Qingdao Port Group, etc.. Mr. SU Jianguang has over 30 years of working experience in the port industry, and is experienced in managing large-scale port enterprises.



**Mr. LI Wucheng (李武成)**, born in 1965, graduated from Shandong College of Economics (山東經濟學院) (now known as Shandong University of Finance and Economics (山東財經大學)) with a bachelor degree of economics majoring in planning statistics and is an engineer. He joined the Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1987, and has joined the Company since November 2013. He currently serves as a deputy secretary to the Party Committee, vice chairman, non-executive Director, a member of Strategy and Development Committee and a member of Remuneration Committee of the Board of the Company, the director of Container Operation Center of Shandong Port Group, the deputy secretary to the Party Committee, a director and the general manager of Qingdao Port Group, the director and the general manager of Container Development Company. He served as a member of Party Committee and the deputy general manager of QQCT, the secretary to the Party Committee and the general manager of Qingdao Port Logistics, the general manager of Qingdao Port Yizhihang Cold-Chain Logistics Co., Ltd. (青島港怡之航冷鏈物流有限公司), the secretary to the Party Committee and the manager of Logistics Branch of the Company, a supervisor of the Company, the secretary to the Party Committee, an executive director and the general manager of Land-Sea Logistics Group, the deputy secretary to the Party Committee, the director and the general manager of Shandong Port Bohaiwan Port Group Co., Ltd. (山東港口渤海灣港集團有限公司), etc.. Mr. LI Wucheng has over 30 years of working experience in the port industry, and is experienced in managing large-scale port enterprises.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



**Mr. ZHU Tao (朱濤)**, born in 1972, is a master in business administration of the Shanghai Jiao Tong University (上海交通大學) and is an economist. He has joined the Company since December 2022. He currently serves as the non-executive Director, a member of Strategy and Development Committee of the Board of the Company, an executive director and the managing director, the chairman of the risk management committee, and a member of the executive committee and the investment and strategic planning committee of COSCO SHIPPING Port. He served as the business deputy manager and business manager of the dispatching division of the liner department of COSCO Container Lines, the deputy head of the business division of the coastal transportation department of the COSCO Container Lines, the manager of the east and south China operating department of Sino-Japan trade division of the COSCO Container Lines, the deputy general manager and chairman of the labour union of Shanghai Panasia, the deputy general manager of Americas trading division of the COSCO Container Lines, the general manager of COSCO Container Lines (Netherlands) B.V., the director of the general manager's office of the COSCO Container Lines, the general manager and deputy secretary to the Party Committee of Shanghai Panasia, and the deputy general manager and a member of the Party Committee of the COSCO Container Lines, etc..



**Mr. ZHANG Baohua (張保華)**, born in 1968, is a master of law majoring in Party history of the Communist Party of China of Tianjin Normal University (天津師範大學), a senior political worker and an engineer. He joined the Company since March 2020. He currently serves as a deputy secretary to the Party Committee, an executive Director, a member of Strategy and Development Committee of the Board, the general manager, the secretary of the Party Committee of Intra-Organizational Department of the Company, the deputy secretary to the Party Committee and the director of Qingdao Port Group. He served as the director of Container Operation Center of Shandong Port Group, a member of the Party Committee and the deputy general manager of Rizhao Port Group, the general party branch secretary and general manager of Rizhao Jurong Port Terminals Co., Ltd. (日照港裕廊碼頭有限公司) (now known as Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a company listed on the Hong Kong Stock Exchange, with stock code of 06117), the chairman and a non-executive director of the board of Rizhao Port Jurong Co., Ltd., the supervisor of RZP (a company listed on the Shanghai Stock Exchange, with stock code of 600017), the chairman of the board of QQCT, the director of QQCTU, the director and the general manager of Container Development Company, etc.. Mr. ZHANG Baohua has almost 30 years of working experience in port industry and is experienced in managing large-scale port enterprises.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



**Ms. WANG Fuling (王芙玲)**, born in 1974, is an on-the-job engineering master of Nanjing University of Posts and Telecommunications (南京郵電大學) majoring in computer technology, and has joined the Company since April 2020. She currently serves as a member of the Party Committee, the chairman of the labor union, an employee representative Director, a member of Strategy and Development Committee of the Board, a member of Audit Committee of the Board of the Company, a member of the Party Committee and the chairman of the labor union of Qingdao Port Group. She served as a staff member in the inspection office and a deputy director of the decision supervision division of the inspection office of Qingdao Municipal Party Committee, a deputy director and an investigator of the intra-party network and government affairs department of the general office of Qingdao Municipal Party Committee, an investigator of the general duty office, director of the publicity and education division of the office of the secrecy commission, and director of the publicity and education division of administration bureau of secrets protection of Qingdao Municipal Party Committee, an assistant to the general manager of Qingdao Port Group, etc.. Ms. WANG Fuling has more than 20 years of management experience.



**Mr. XUE Baolong (薛寶龍)**, born in 1970, is an on-the-job bachelor of the China University of Petroleum (East China) (中國石油大學(華東)) majoring in oil and gas storage and transportation engineering and is an economist. He joined the Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1990, and has joined the Company since November 2013. He currently serves as a member of the Party Committee, a non-executive Director and a member of Strategy and Development Committee of the Board of the Company, a member of the Party Committee and the deputy general manager of Qingdao Port Group, an executive director of the board of Oil Port Company, the vice chairman of the board of Qingdao Shihua, the chairman of the board of Shandong Port Lianhua, the director of the board of Container Development Company, the chairman of the board of Dongjiakou Oil, the chairman of the board of QQCT, the director of the board of QQCTU, the vice chairman of the board of West United, the chairman of the board of QDOT, the chairman of the board of Mercuria Logistics, the chairman of the board of Shandong Shangangrong Commercial Management Co., Ltd. (山東山港融商務管理有限公司), the chairman of the board of Qingdao Port Pilot Station Co., Ltd. (青島港引航站有限公司). Mr. XUE Baolong served as a director or senior management of several subsidiaries or joint-stock companies in the liquid bulk sector of the Company, he has over 30 years of working experience in port industry and is experienced in managing large-scale port enterprises.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



**Ms. LI Yan (李燕)**, born in 1957, graduated from Central Finance and Economics Institute (中央財政金融學院) (now known as Central University of Finance and Economics (中央財經大學)) with a bachelor degree in economics majoring in finance. She is a professor and has joined the Company since May 2019. She currently serves as an independent non-executive Director, the chairman of Audit Committee and a member of Remuneration Committee of the Board of the Company, a professor and doctoral tutor of the School of Finance and Taxation of Central University of Finance and Economics, a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), a director of Chinese Finance Association (中國財政學會), a director of China Finance and Taxation Law Society (中國財稅法學研究會), an independent non-executive director of Jiangxi Fushine Pharmaceutical Co., Ltd. (江西富祥藥業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300497), an independent non-executive director of Beijing Huali Chuangtong Technology Co., Ltd. (北京華力創通科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300045), an independent non-executive director of Beijing Capital Tourism Limited by Share Ltd. (北京首旅酒店(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code:600258), an independent non-executive director of Beijing Caishikou Department Store Co., Ltd. (北京菜市口百貨股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 605599) and an independent supervisor of Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, with stock codes of 00168 and 600600, respectively). She served as an independent non-executive director of Tsingtao Brewery Company Limited, China Film Co., Ltd. (中國電影股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600977), Anhui Win-all Hitech Seed Co., Ltd. (安徽荃銀高科種業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300087) and DHC Software Co., Ltd. (東華軟件股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002065), etc..



**Mr. JIANG Min (蔣敏)**, born in 1965, is a master of civil and commercial law from Anhui University (安徽大學). He has joined the Company since May 2019. He currently serves as an independent non-executive Director, chairman of Nomination Committee and a member of Strategy and Development Committee of the Board of the Company, a founding partner of Tianhe Law Firm in Anhui Province. He was a deputy director of Anhui Economic Law Firm, an independent non-executive director of Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, with stock codes 00168 and 600600, respectively), an independent non-executive director of Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300274), an independent non-executive director of CSG Smart Science & Technology Co., Ltd. (科大智能科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300222), and an independent non-director of Shandong Pharmaceutical Glass Co., Ltd. (山東藥用玻璃股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600529), etc..

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



**Mr. LAI Kwok Ho (黎國浩)**, born in 1977, is a bachelor of business administration degree in professional accounting from The Chinese University of Hong Kong (香港中文大學). He has joined the Company since May 2019. He currently serves as an independent non-executive Director, chairman of the Remuneration Committee, a member of Audit Committee, and a member of Nomination Committee of the Board of the Company, chief financial officer and executive director of The 9 Limited (上海第九城市信息技術有限公司) (a company listed on NASDAQ, stock code: NCTY). He was an audit manager of Deloitte & Touche Tohmatsu (德勤會計師事務所). Mr. LAI Kwok Ho has the qualifications of the Chartered Certified Accountants in UK, the certified public accountant in Hong Kong, and American certified public accountant.

### BIOGRAPHICAL DETAILS OF MEMBERS OF THE SUPERVISORY COMMITTEE OF THE COMPANY



**Mr. XIE Chunhu (謝春虎)**, born in 1979, is a master of Northeastern University (東北大學) majoring in philosophy of science and technology, and a lecturer. He has joined the Company since December 2019. He currently serves as a member of the Party Committee, the secretary to discipline inspection committee and the chairman of supervisor committee of the Company, a member of the discipline inspection committee of Shandong Port Group, and a member of the Party Committee and the secretary to discipline inspection committee of Qingdao Port Group. He served as the secretary of publicity and united front work department and the deputy secretary of Communist Youth League general branch of School of Architecture of Qingdao Building Engineering College (青島建築工程學院, now known as Qingdao University of Technology (青島理工大學)), the secretary of Communist Youth League general branch of School of Architecture and the deputy secretary of Party general branch of School of Civil Engineering of Qingdao University of Technology, the deputy director of executive and investigation office, deputy director of the fifth disciplinary investigation office and deputy director of case supervision and administration office of Qingdao Disciplinary Inspection Committee, etc..

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



**Mr. WANG Yaping** (王亞平), born in 1964, is a bachelor of law from East China College of Political Science and Law (華東政法學院) (now known as East China University of Political Science and Law (華東政法大學)) and a first-grade lawyer. He has joined the Company since May 2014. He currently serves as an independent supervisor of the Company, the chairman of partners' meeting of Shandong Guoyao Qindao Law Firm (山東國曜琴島律師事務所), a director of All China Lawyers Association (中華全國律師協會), a vice president of Shandong Lawyers Association (山東省律師協會), chief supervisor of Qingdao Lawyers Association (青島市律師協會), an arbitrator of Qingdao Arbitration Commission (青島市仲裁委員會), an independent supervisor of Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, with stock codes 00168 and 600600, respectively), an independent non-executive director of Prosper Construction Holdings Limited (瑞港建設控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 06816), and an independent director of Qingdao Gon Technology Co., Ltd. (青島國恩科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002768). He served as an independent non-executive Director, chairman of Nomination Committee, chairman of Remuneration Committee, and a member of Strategy and Development Committee of the Board of the Company, the president of Qingdao Lawyers Association (青島市律師協會), an independent director of Qingdao Tianneng Heavy Industry Co., Ltd. (青島天能重工股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300569), the external director of Qingdao Conson Financial Holdings Co., Ltd. (青島國信金融控股有限公司), and an independent director of Qingdao BAHEAL Pharmaceutical Co., Ltd. (青島百洋醫藥股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 301015), etc..



**Mr. YANG Qiulin** (楊秋林), born in 1966, is a master of science in applied accounting and finance of Hong Kong Baptist University (香港浸會大學), a certified public accountant in China, an assets appraiser and the Excellent Certified Public Accountant in Shandong Province. He has joined the Company since September 2014. He currently serves as an independent supervisor of the Company, a deputy head of Shandong Branch of Da Hua Certified Public Accountants (大華會計師事務所) (special general partnership), an executive director of Qingdao Ruiyuan Chengde Management Consultation Limited Company (青島睿遠成德管理諮詢有限公司), director of Qingdao Aviation Industry Investment Service Center Ltd. (青島航空產業投資服務中心有限公司), Shandong Tai Peng Environmental Protection Materials Ltd. (山東泰鵬環保材料股份有限公司), and Tsingtao Brewery Group Company Limited (青島啤酒集團有限公司). He served as an independent non-executive Director, a member of Audit Committee, a member of the Nomination Committee, and a member of the Remuneration Committee of the Board of the Company, deputy head of Shandong Dongfang Junhe Certified Public Accountants Co., Ltd. (山東東方君和會計師事務所), financial general manager of Shandong Zhongyuan Investment Group (山東中苑投資集團), deputy general manager of Shandong Reanda Dongxin Certified Public Accountants Co., Ltd. (山東利安達東信會計師事務所有限公司), deputy general manager of Qingdao Branch of Reanda Certified Public Accountants LLP (利安達會計師事務所) (special general partnership) and a director Qingdao Haifa State-owned Capital Investment and Operation Group Co., Ltd. (青島海發國有資本投資運營集團有限公司), etc..



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



**Mr. LIU Shuiguo (劉水國)**, born in 1975, is an on-the-job master of transportation planning and management of Dalian Maritime University (大連海事大學), a qualified lawyer of the PRC and an professor. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1998 and the Company since April 2017. He currently serves as an employee representative Supervisor and director of legal compliance department, a member of the Party Committee of Intra-Organizational Department and chairman of labor union of Intra-Organizational Department of the Company, a director of Shandong Port Lianhua, a director of Weihai Port, a director of Weihai Port Development Company and the external director of Qingdao Fuwai Cardiovascular Hospital Co., Ltd. (青島阜外心血管病醫院有限公司). He served as a member of the Party Committee, assistant to the dean, director of educational administration office of Qingdao Harbour Vocational & Technical College (青島港灣職業技術學院), assistant to the director and deputy director (presiding over work) of legal department of the Company, and vice chairman of labor union of Intra-Organizational Department of the Company, etc..



**Mr. LI Zhengxu (李正旭)**, born in 1970, is an on-the-job bachelor of law at the Party School of the Shandong Provincial Committee of the Communist Party of China (中共山東省委黨校) and an engineer. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1991 and the Company since November 2013. He currently serves as a Supervisor, the director of the department of audit, a member of the Party Committee of Intra-Organizational Department of the Company, the director of Inspection Leading Group Office of Qingdao Port Group, a supervisor of Container Development Company, a supervisor of QQCT, a supervisor of QQCTN, a supervisor of Shandong Land-Sea International Logistics (Jinan) Co., Ltd. (山港陸海國際物流(濟南)有限公司), a supervisor of Shandong Port Technology Qingdao Company, a supervisor of Shandong Shangangrong Commercial Management Co., Ltd. (山東山港融商務管理有限公司), the chairman of the supervisory committee of Weihai Port, the chairman of the supervisory committee of Weihai Port Development Company, a supervisor of Qingdao Huanhai Bay Development and Construction Co., Ltd. (青島環海灣開發建設有限公司), an external director of Qingdao Fuwai Cardiovascular Hospital Co., Ltd. (青島阜外心血管病醫院有限公司), and a supervisor of Qingdao Port Pilot Station Co., Ltd. (青島港引航站有限公司). He served as the director of the equipment division, the director of the engineering division and the deputy secretary of the general youth league branch of Qingdao Port Construction Headquarters, the captain of the storage and transportation team of the Oil Port Company of Qingdao Port Authority (青島港務局油港公司), the deputy manager and a member of the Party Committee of Qingdao Shihua, the secretary to the Party branch and director of the materials and equipment bidding and procurement center, and the secretary to the Party Committee and a manager of the Dagang Branch of the Company, etc..

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



**Ms. YAO Junjun (姚雋雋)**, born in 1977, is an on-the-job master of engineering in logistics engineering field of Ocean University of China (中國海洋大學), an economist and a senior political worker. She has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since August 2000 and the Company since November 2013. She currently serves as an employee representative supervisor, a vice chairman of the labor union and the director of women work committee of the Company, a vice chairman of the labor union and the director of women work committee of the Qingdao Port Group. She served as an office secretary of Qiangang Branch of Qingdao Port Group (青島港集團前港分公司), the secretary of Youth League Committee of intra-organizational department of Qingdao Port Group, the secretary of Youth League Committee of intra-organizational department of the Company, a member of the Party branch, an assistant to director and the deputy secretary of the news center of the Company, the secretary of the Party branch and general manager of Qingdao Port Culture Media Company Limited(青島港文化傳媒有限公司), the director of the news and publicity communication station of Qingdao Port Group, and the deputy director of the division of party and masses' affairs of the Company, etc..

## BIOGRAPHICAL DETAILS OF THE SENIOR MANAGEMENT OF THE COMPANY



**Mr. ZHANG Baohua (張保華)**, please refer to details of members of the Board.



**Mr. LIU Liang (劉良)**, born in 1965, is an on-the-job bachelor of marine engineering management of Dalian Maritime University (大連海事大學) and a senior engineer. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since January 1987, and the Company since November 2013. He currently serves as a deputy general manager of the Company. He served as deputy manager and a member the Party Committee of Tugboat Company of Qingdao Port Group, secretary to the Party Branch and director of Material and Equipment Bidding and Purchasing Center of the Company, secretary to the Party Committee and manager of Tugboat Branch, and a member of the Party Committee of the Company, etc.. Mr. LIU Liang has over 30 years of working experience in the port industry and has extensive experience in large-scale port enterprise management.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



**Mr. YANG Fengguang (楊風廣)**, born in 1964, is an on-the-job bachelor of business administration of Shandong Administration Institute and a senior political engineer. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1985, and the Company since December 2014. He currently serves as a deputy general manager of the Company. He served as a deputy manager, a manager, a member of the Party Committee and the secretary to the Party Committee of several subsidiaries of Qingdao Port Group, deputy secretary of the Party Committee and manager of Oil Port Branch of Qingdao Port Group, the secretary to the Party Committee, the deputy manager and the chairman of labor union of Dongjiakou Branch of Qingdao Port Group, the secretary to the Party Committee, secretary to discipline inspection committee and general manager of QDOT, secretary to the Party Committee and manager of Qiangang Branch, and a member of the Party Committee of the Company, etc.. Mr. YANG Fengguang has over 30 years of working experience in the port industry and has extensive experience in large-scale port enterprise management.



**Mr. YIN Jian (殷健)**, born in 1964, is an engineering bachelor of Hydraulic in mechanical engineering department of Shanghai Jiao Tong University and a senior engineer. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1987, and the Company since November 2013. He currently serves as a deputy general manager of the Company, a director of QQCTN, the vice chairman and the general manager of Ocean Bridge International. He served as the deputy director to the safety and technology department of Qingdao Port Group, a member of the Party Committee and an assistant to the manager of Logistics Branch of the Company, an assistant to the general manager of Qingdao Qianwan Intelligent Container Terminal Co., Ltd. (青島前灣智能集裝箱碼頭有限公司), the secretary to the Party Committee and the general manager of QQCT, and the secretary to the Party Committee, the chairman of the board and the general manager of QQCTN, etc.. Mr. YIN Jian has over 30 years of working experience in the port industry and has extensive experience in large-scale port enterprise management as well as the experience in construction and operation of automated container terminals.



**Ms. SUN Hongmei (孫洪梅)**, born in 1980, is a literature master majoring in foreign linguistics and applied linguistics of Tongji University (同濟大學) and a senior economist. She has joined Qingdao Port Group since August 2007, and the Company since December 2013. She currently serves as the secretary to the Board, the joint company secretary, authorized representative and the director of general office to the board of the Company, a director of Container Development Company, a director of Weihai Port, and a director of Weihai Port Development Company. She served as a securities affairs representative of the Company, the department director of the capital market office (currently known as the general office to the Board) of the Qingdao Port Group, etc.. Ms. Sun Hongmei has fully participated in major projects such as the restructuring and establishment of the Company, H-share IPO and A-share IPO, and port integration reform. Ms. SUN Hongmei has extensive experience in capital operation, information disclosure, investor relations management and other securities matters of A share and H share listed companies.

# DIRECTORS' REPORT

The Board is pleased to present the Company's annual report and the audited financial statements for the year ended 31 December 2022.

## PRINCIPAL BUSINESSES AND ACTIVITIES

The Group operates the following businesses through its branches, subsidiaries, joint ventures and associates: (i) container handling and ancillary services; (ii) metal ore, coal and other cargo handling and ancillary services; (iii) liquid bulk handling and ancillary services; (iv) logistics and port value-added services; (v) port ancillary services; and (vi) financial services.

More details regarding the subsidiaries, joint ventures and associates of the Company are set out in Note 6 to the financial statements. The performance of the Group's business segments for the year is set out in Note 7 to the financial statements.

## BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in Management Discussion and Analysis and the Chairman's Statement of this report. Description of possible risks and uncertainties that the Group may be facing is set out on pages 54 of this report. The material subsequent event undertaken by the Group after 31 December 2022 is set out on page 52 of this report. An analysis of the Group's performance during the year using financial key performance indicators is set out on page 42 of this report. Details of the capital structure of the Company is set out on page 41 of this report. Details of the significant capital investment of the Group is set out on page 42 of this report.

In addition, information of the Company's environmental policies and performance can be found in "Corporate Social Responsibility" in the Management Discussion and Analysis of this report. Our Company's compliance with relevant laws and regulations which have a significant impact on the Group, are set out in the section headed "Compliance with Laws and Regulations" of this directors' report. An account of the Company's relationship with its employees, customers, and suppliers is disclosed in the section headed "Relationship with Stakeholders" of this directors' report.

## DIVIDEND POLICY

Reference is made to the dividend policy stipulated in the Prospectus and the Company has consistently distributed dividends in accordance with the Articles of Association. The Board is responsible for submitting the suggestions concerning dividend distribution (if any) to shareholders' general meeting for approval. Whether the Company distributes dividend and the amount of such dividend paid by the Company depend on the Company's operation performance, cash flow, financial status, cash dividend collected from subsidiaries, future business prospects, legal and regulatory restriction concerning the dividend distribution and other factors considered by the Board to be related.



The profit distribution policy set out in the Articles of Association is as follows:

- (I) The Company distributes profit in cash, stock, or combined cash and stock or other methods permitted by laws and regulations and normative documents;
- (II) The Company may distribute its dividend in cash under the condition that the Company is profitable in the current year and its accumulated undistributed profit is positive, and the audit institution has issued a standard audit report with unqualified opinions towards the Company's annual financial report. The accumulated profit distributed by the Company in cash in recent three years shall be no less than 30% of the average annual distributable profit gained in recent three years. The undistributed distributable profit of the year may be retained for distribution for future years. The distribution of the Company's profit shall not exceed its accumulated distributable profit nor damage the Company's sustainable operation ability;
- (III) While satisfying the requirements of cash dividend stipulated in the Articles of Association, the Company will proactively distribute dividend in cash. In principle, the cash dividend is distributed once a year. The Board will make the proposal of conducting mid-term profit distribution according to the Company's profitability and capital demand; and
- (IV) To keep equity expansion in line with performance growth, the Company may distribute profit in stock dividend according to the situation of accumulated distributable profit, capital reserves and cash flow and under the premise that the conditions of the minimum cash dividend ratio and the above-mentioned cash dividend have been satisfied.

The profit distribution policies set out in the Shareholders' Dividend Return Plan after Three Years upon the Initial Public Offering and Listing of A Shares of Qingdao Port International Co., Ltd. and Shareholders' Dividend Return Plan in Three Years of 2022-2024 of Qingdao Port International Co., Ltd. are as follows:

The Company distributes profit in cash, stock, or combined cash and stock or other methods permitted by laws and regulations and normative documents;

The Company may distribute its dividend in cash under the condition that the Company is profitable in the current year and its accumulated undistributed profit is positive, and the audit institution has issued a standard audit report with unqualified opinions towards the Company's annual financial report. The cash dividend of the Company in each year shall be no less than 40% of the distributable profit in the current year. The calculation method used for distributable profit in the current year is the net profit attributable to the parent company according to the consolidated financial statements prepared by the PRC Accounting Standards deducts the accumulated compensation amount for losses, statutory provident fund and other necessary reserves calculated and drew by the parent company and its subsidiaries, and the amount after considering the factors such as the impact caused to the annual net profit by the amount of asset evaluation increment invested in the Company by its sponsor and shareholder Qingdao Port Group when the Company was established. The undistributed distributable profit of the year may be retained for distribution for future years. The distribution of the Company's profit shall not exceed its accumulated distributable profit nor damage the Company's sustainable operation ability;

## DIRECTORS' REPORT

While satisfying the requirements of cash dividend stipulated in the Articles of Association, the Company will proactively distribute dividend in cash. In principle, the cash dividend is distributed once a year. The Board will make the proposal of conducting mid-term profit distribution according to the Company's profitability and capital demand; and

To keep equity expansion in line with performance growth, the Company may distribute profit in stock dividend according to the situation of accumulated distributable profit, capital reserves and cash flow and under the premise that the conditions of the minimum cash dividend ratio and the above-mentioned cash dividend have been satisfied.

## RESULTS AND FINAL DIVIDEND

The results of the Group for the year are set out in the consolidated income statement of this report.

The Board has proposed the distribution of a final dividend of RMB269.3 (tax inclusive) per thousand shares, totaling approximately RMB1,748.0532 million (tax inclusive), which represents approximately 45% of Distributable Profits attributable to shareholders of the Company for the year ended 31 December 2022. Such distribution plan will be implemented on 1 August 2023 subject to approval at the 2022 AGM.

## SHARE CAPITAL

As at 31 December 2022, the number of shares issued by the Company was 6,491,100,000, with a nominal value of RMB1.00 per share. The share capital structure of the Company was set out below:

Class	Number of shares	Percentage of the issued shares of the Company
A shares	5,392,075,000	83.1%
H shares	1,099,025,000	16.9%
Total	<u>6,491,100,000</u>	<u>100.0%</u>

Changes in share capital of the Company during the year are set out in Note 4(37) to the financial statements.

## AUDIT COMMITTEE

Please refer to the chapters of "Management Discussion and Analysis" and "Corporate Governance Report" in this report for details.

## RESERVES

Details of changes in reserves of the Group and the Company for the year are set out in the Consolidated Statement of Changes in Equity.

## DISTRIBUTABLE RESERVES

As at 31 December 2022, the amount of reserves available for distribution of the Company was approximately RMB14,758 million, including a dividend of approximately RMB1,748 million, which is to be proposed at the 2022 AGM.

## **DONATIONS**

During the reporting period, the Group donated RMB2.26 million, mainly to donating 40,000 sets of medical protective suits and RMB300,000 to the “Special Fund of Guarding Country by Frontier Inspection Police of Shandong Provincial Public Security Police Special Care Foundation”.

## **USE OF NET PROCEEDS**

Please refer to the chapter of “Management Discussion and Analysis” in this report for details.

## **BANK BORROWINGS AND OTHER BORROWINGS**

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2022 are set out in Note 4(23), Note 4(31), and Note 4(33) to the financial statements.

## **MAJOR CUSTOMERS AND SUPPLIERS**

During the year, the Group’s major customers and suppliers accounted for the following percentages in the Group’s revenue from sales of goods or rendering of services and purchases:

Revenue from the largest customer as a percentage of the Group’s revenue from sales of goods or rendering of services	Less than 10%
Revenue from the top five customers as a percentage of the Group’s revenue from sales of goods or rendering of services	Less than 20%
Purchase amount from the largest supplier as a percentage of the Group’s purchases amount	Less than 5%
Purchase amount from the top five suppliers as a percentage of the Group’s purchases amount	Less than 10%

None of the Directors or any of their close associates or any shareholders (to the best of the Directors’ knowledge, owning more than 5% of the issued share capital of the Company as at the date of this report) have any interest in any of the five customers and suppliers of the Group.

## **SIGNIFICANT INVESTMENTS**

Details of the Group’s significant investments and their performance during the year are set out in Note 4(12), Note 4(49), Note 5(1) and Note 6(2) to the financial statements. Such investments are important parts of the business of the Group, which are in favour of enhancing the profitability, business diversification and abilities in shielding against risks of the Group.

## **FIXED ASSETS AND CONSTRUCTION IN PROGRESS**

Details of changes in property, plant and equipment of the Group are set out in Note 4(15) and Note 4(16) to the financial statements.

## **INVESTMENT PROPERTIES**

Details of investment properties of the Group for the year are set out in Note 4(14) to the financial statements.

## DIRECTORS' REPORT

### DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES AND THEIR CHANGES

On 28 June 2022, due to the expiration of terms of office, Mr. FENG Boming ceased to serve as a non-executive Director and a member of the strategy and development committee of the Board. On the same day, Mr. ZHANG Dayu was appointed as a non-executive Director and a member of the strategy and development committee of the Board, with a term of three years commencing from the date of 28 June 2022. For further details, please refer to the announcement of the Company dated 28 June 2022.

On 28 June 2022, due to the expiration of terms of office, Mr. XIA Xiliang ceased to serve as a shareholder representative Supervisor, Ms. WANG Xiaoyan ceased to serve as an employee representative Supervisor. On the same day, Mr. XIE Chunhu was appointed as a shareholder representative Supervisor, with a term of three years commencing from the date of 28 June 2022. On 30 May 2022, Ms. YAO Junjun was appointed as an employee representative Supervisor, with a term of three years commencing from the date of 28 June 2022. For further details, please refer to the announcements of the Company dated 30 May 2022 and 28 June 2022.

On 28 October 2022, due to work adjustment, Mr. WANG Xinze resigned as an executive Director, a member of the strategy and development committee of the Board and the general manager of the Company. Mr. WANG Jun resigned as a non-executive Director and a member of the strategy and development committee of the Board. Mr. ZHANG Dayu resigned as a non-executive Director and a member of the strategy and development committee of the Board. On the same day, Mr. ZHANG Baohua was appointed as the general manager of the Company, with a term of office commencing from 28 October 2022 and ending on the date of the expiration of the fourth session of the Board. For further details, please refer to the announcement of the Company dated 28 October 2022.

On 5 December 2022, due to the age, Mr. ZHANG Qingcai resigned as the Supervisor and the chairman of the Supervisor Committee. On the same day, Mr. XIE Chunhu was appointed as the chairman of the Supervisory Committee of the fourth session. For further details, please refer to the announcement of the Company dated 5 December 2022.

On 23 December 2022, Mr. ZHANG Baohua was appointed as an executive Director and a member of the strategy and development committee of the Board, Mr. ZHU Tao was appointed as a non-executive Director and a member of the strategy and development committee of the Board, Mr. XUE Baolong was appointed as a non-executive Director and a member of the strategy and development committee of the Board, Mr. LI Zhengxu was appointed as a shareholder representative Supervisor, with a term of office commencing from 23 December 2022 and ending on the date of the expiration of the fourth session of the Board and the Supervisory Committee. For further details, please refer to the announcement of the Company dated 23 December 2022.

Save as disclosed herein, there were no changes to the Directors', Supervisors' and chief executive's information as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the period from 1 January 2022 to 31 December 2022.

### BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Board currently comprises of nine Directors, including two executive Directors, namely Mr. SU Jianguang and Mr. ZHANG Baohua; four non-executive Directors, namely Mr. LI Wucheng, Mr. ZHU Tao, Ms. WANG Fuling and Mr. XUE Baolong; and three independent non-executive Directors, namely Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.



The Supervisory Committee currently comprises of six Supervisors, including two shareholder representative Supervisors, namely Mr. XIE Chunhu and Mr. LI Zhengxu, two independent Supervisors, namely Mr. WANG Yaping and Mr. YANG Qiulin, and two employee representative Supervisors, namely Mr. LIU Shuiguo and Ms. YAO Junjun.

There are five senior management in total, including the general manager of Mr. ZHANG Baohua, the deputy general manager of Mr. LIU Liang, Mr. YANG Fengguang and Mr. YIN Jian, and the secretary to the Board of Ms. SUN Hongmei.

Information about the details of the directors, supervisors and senior management of the Company is set out in the section headed "Directors, Supervisors and Senior Management" in this report.

### SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all Directors and Supervisors for a term of three years until the conclusion of 2024 annual general meeting or which shall be terminated pursuant to relevant terms of respective contracts.

None of the Directors or Supervisors has entered into any service contract with the Company or any of its subsidiaries which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for service contracts, there were no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which none of the Directors and Supervisors or its connected entities had a material interest, whether directly or indirectly, as at the end of the year or at any time during the year.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2022.

### INTERESTS OF DIRECTORS IN COMPETING BUSINESSES

Shandong Port Group was established in August 2019, the port operation, logistics and other businesses of its controlled companies are similar to those of the Company and/or compete with or likely to compete with those of the Company. During the year ended 31 December 2022, the then director and general manager of Mr. WANG Xinze, the chairman of the Supervisory Committee of Mr. ZHANG Qingcai, and the part of sitting Directors, Supervisors and the senior management concurrently served at Shandong Port Group and/or its subsidiaries. Mr. WANG Xinze resigned from all positions in the Company on 28 October 2022, Mr. ZHANG Qingcai resigned from all positions in the Company on 5 December 2022.

## DIRECTORS' REPORT

COSCO SHIPPING Group is one of the largest shipping companies in the world, the port operation and investment and the logistics business of which are similar to and/or are likely to compete/compete with those of the Company. During the year ended 31 December 2022, the then Director of Mr. FENG Boming, Mr. ZHANG Dayu and the sitting Director of Mr. ZHU Tao, concurrently also serves as a director and/or a member of senior management of COSCO SHIPPING Ports and COSCO SHIPPING Holdings Co., Ltd., all of which are members of COSCO SHIPPING Group. Mr. FENG Boming ceased from all positions in the Company on 28 June 2022, Mr. ZHANG Dayu resigned from all positions in the Company on 28 October 2022.

The Company has received confirmation letters from the Directors confirming that, save as disclosed above, other than business of the Group, none of the Directors holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Group during the year ended 31 December 2022.

### REMUNERATION OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Remuneration of Directors and Supervisors is determined based on their roles and duties, the Company's remuneration policy and the prevailing market conditions, subject to the approval of the shareholders' general meeting. Details of remuneration of Directors, Supervisors and the five highest paid individuals of the Company during the year are set out in Note 8(8) and Note 8(9) to the financial statements.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 31 December 2022, none of the Directors, Supervisors or the chief executive and their respective associates had any interest 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.

### MATERIAL CONTRACT

Save as disclosed in this report, at no time during the year had the Company or any of its subsidiaries entered into any material contract with the controlling shareholder of the Company (as defined in the Hong Kong Listing Rules) or any of its subsidiaries, nor had any material contract been entered into for the services provided by the controlling shareholder of the Company or any of its subsidiaries to the Company or any of its subsidiaries.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December 2022, the following persons (other than the Directors, Supervisors and chief executive) 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:

Name	Class of Shares	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding in the 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	Long position/short position
Qingdao Port Group	A shares	Beneficial owner <sup>(1)</sup>	3,522,179,000	54.26%	65.32%	–	Long position
	H shares	Beneficial owner <sup>(1)</sup>	84,185,000	1.30%	–	7.66%	Long position
	H shares	Interest in a controlled corporation <sup>(1)</sup>	13,739,000	0.21%	–	1.25%	Long position
Shandong Port Group	A shares	Interest in a controlled corporation <sup>(1)</sup>	3,522,179,000	54.26%	65.32%	–	Long position
	H shares	Interest in a controlled corporation <sup>(1)</sup>	97,924,000	1.51%	–	8.91%	Long position
COSCO SHIPPING Ports Development Co., Ltd.	H shares	Beneficial owner <sup>(4)</sup>	173,313,000	2.67%	–	15.77%	Long position
Shanghai China Shipping Terminal	A shares	Beneficial owner <sup>(2)</sup>	1,015,520,000	15.64%	18.83%	–	Long position
COSCO SHIPPING Ports	A shares	Interest in a controlled corporation <sup>(2)</sup>	1,111,520,000	17.12%	20.61%	–	Long position
	H shares	Interest in a controlled corporation <sup>(4)</sup>	173,313,000	2.67%	–	15.77%	Long position
China COSCO (Hong Kong) Limited	A shares	Interest in a controlled corporation <sup>(2)</sup>	1,111,520,000	17.12%	20.61%	–	Long position
	H shares	Interest in a controlled corporation <sup>(4)</sup>	173,313,000	2.67%	–	15.77%	Long position
COSCO SHIPPING Holdings Co., Ltd.	A shares	Interest in a controlled corporation <sup>(2)</sup>	1,111,520,000	17.12%	20.61%	–	Long position
	H shares	Interest in a controlled corporation <sup>(4)</sup>	173,313,000	2.67%	–	15.77%	Long position
China Ocean Shipping Co., Ltd.	A shares	Interest in a controlled corporation <sup>(3)</sup>	1,207,520,000	18.60%	22.39%	–	Long position
	H shares	Interest in a controlled corporation <sup>(4)</sup>	173,313,000	2.67%	–	15.77%	Long position

## DIRECTORS' REPORT

Name	Class of Shares	Capacity/Nature of interest	Number of shares held	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	Long position/ short position
COSCO SHIPPING Group	A shares	Interest in a controlled corporation <sup>(3)</sup>	1,207,520,000	18.60%	22.39%	-	Long position
	H shares	Interest in a controlled corporation <sup>(4)</sup>	173,313,000	2.67%	-	15.77%	Long position
China Life Insurance (Group) Company	H shares	Beneficial owner	180,000,000	2.77%	-	16.38%	Long position
FMR LLC	H shares	Interest in a controlled corporation	98,558,346	1.52%	-	8.97%	Long position
FIL Limited	H shares	Interest in a controlled corporation <sup>(5)</sup>	87,950,000	1.35%	-	8.00%	Long position
Pandanus Associates Inc.	H shares	Interest in a controlled corporation <sup>(5)</sup>	87,950,000	1.35%	-	8.00%	Long position
Pandanus Partners L.P.	H shares	Interest in a controlled corporation <sup>(5)</sup>	87,950,000	1.35%	-	8.00%	Long position

### Notes:

- (1) As at 31 December 2022, Qingdao Port Group was wholly-owned by Shandong Port Group. The Company was informed that as at 31 December 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 has 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 of the equity interests, 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 the date of this report, the controlling shareholder of the Company is still Qingdao Port Group, and the actual controller of the Company is Shandong SASAC.

For details, please refer to the announcements of the Company dated 9 July 2019, 22 August 2019, 23 August 2019, 28 August 2019, 30 August 2019, 17 November 2020, 20 November 2020, 2 December 2020, 23 January 2022 and 28 January 2022.



- (2) 96,000,000 A shares and 1,015,520,000 A shares of the Company are directly held by China Shipping Terminal Development Co., Ltd. and Shanghai China Shipping Terminal, respectively. Shanghai China Shipping Terminal is wholly owned by China Shipping Terminal Development Co., Ltd. China Shipping Terminal Development Co., Ltd. is wholly owned by COSCO SHIPPING Ports Development Co., Ltd., which is wholly owned by COSCO SHIPPING Ports. China COSCO (Hong Kong) Limited, which is wholly owned by COSCO SHIPPING Holdings Co., Ltd., owned 58.36% interests (in which 6.91% interests was held by its wholly-owned subsidiary) in COSCO SHIPPING Ports. COSCO SHIPPING Group and China Ocean Shipping Co., Ltd. owned 8.72% and 38.22% equity interests in COSCO SHIPPING Holdings 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.
- (3) In addition to the 96,000,000 A shares and 1,015,520,000 A shares of the Company directly held by China Shipping Terminal Development Co., Ltd. and Shanghai China Shipping Terminal, 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.
- (4) 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 (2) above, each of COSCO SHIPPING Ports, China COSCO (Hong Kong) Limited, COSCO SHIPPING Holdings Co., Ltd., China Ocean Shipping Co., Ltd. and COSCO SHIPPING Group is deemed to be interested in 173,313,000 H shares of the Company.
- (5) FIL Limited is deemed to be interested in 87,950,000 H shares of the Company held by its controlled entities/corporations. Pandanus Partners L.P. indirectly held 38.71% 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 87,950,000 H shares of the Company.

Save as disclosed above, as at 31 December 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.

## **DEBENTURES IN ISSUE**

In order to meet its operation demands, optimize and adjust its debt structure and lower its financing costs, the Company issued the 2016 first tranche of corporate bonds on 18 March 2016 and the 2016 second tranche of corporate bonds on 6 June 2016, such corporate bonds have been repaid all principals on 18 March 2021 and 6 June 2021, respectively. During the reporting period, the Company did not issue any debentures.

## **DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as otherwise disclosed in this report, no rights for any Directors or supervisors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted by the Company or a specified undertaking of the Company (as defined in Companies (Directors' Report) Regulation) to them, or were any such rights exercised by them; or was the Company or a specified undertaking of the Company (as defined in Companies (Directors' Report) Regulation) 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 year ended 31 December 2022.

## **DIRECTORS' REPORT**

### **EQUITY-LINKED AGREEMENT**

Save as disclosed in this report, the Company did not enter into any equity-linked agreement for the year ended 31 December 2022.

### **PERMITTED INDEMNITY PROVISION**

The Company has purchased appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance.

### **PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER**

The controlling shareholder of the Company did not pledge any of its shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended 31 December 2022.

### **SHARE INCENTIVE SCHEME**

As of 31 December 2022, the Company did not implement any share incentive scheme.

### **SUFFICIENCY OF PUBLIC FLOAT**

The Hong Kong Stock Exchange has granted the Company a waiver from compliance with the minimum public float requirement under Rule 8.08(1)(a) of the Hong Kong Listing Rules, and the minimum percentage of the Company's shares from time to time held by the public was reduced to 16.62%. Based on publicly available information and so far as the Directors are aware, as at the date of this report, 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.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Please refer to the chapter of "Management Discussion and Analysis" in this report for details.

### **PRE-EMPTIVE RIGHTS**

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

### **EMPLOYEES, REMUNERATION AND PENSION SCHEME**

Details of employees, remuneration policy and pension scheme of the Group are set out in Note 4(27) and Note 4(35) to the financial statements.

### **CONTINGENT LIABILITIES**

Please refer to the chapter of "Management Discussion and Analysis" in this report for details.

## NON-COMPETITION AGREEMENT AND UNDERTAKING

The Company has received a confirmation letter issued by Qingdao Port Group, which confirms that it has complied with the agreement and commitment to avoid horizontal competition with the Group during the reporting period.

On 27 January 2022, the Company received the letter of commitment issued by Shandong Port Group and made a commitment to avoid horizontal competition with the Group. Shandong Port Group has complied with the commitment to avoid horizontal competition with the Group from 27 January 2022 to the end of this reporting period.

## CONFIRMATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance to safeguard shareholders' interests and enhance the value and accountability of the Company.

The Company has adopted and complied with all applicable provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules for the year ended 31 December 2022. For details of compliance with the Corporate Governance Code, please refer to the Corporate Governance Report in this report.

## AUDITORS

The financial statements of the Group have been audited by PricewaterhouseCoopers Zhong Tian LLP whose office will be expired at the conclusion of the forthcoming annual general meeting. The Company has not changed the auditors in the past three years.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Summary of the Company's connected persons (set out below is the information as of 31 December 2022)

Connected Person	Connected Relationship
Shandong Port Group	Shandong Port Group Co., Ltd. (山東省港口集團有限公司), the indirect controlling shareholder of the Company, holding 100% equity interests in Qingdao Port Group as at the date of this report
Qingdao Port Group	Shandong Port Qingdao Port Group Co., Ltd. (山東港口青島港集團有限公司), the direct controlling shareholder of the Company, holding approximately 55.77% of the Company's total issued share capital directly and through its subsidiaries indirectly
Weihai Port	Shandong Port Weihai Port Co., Ltd. (山東港口威海港有限公司), the subsidiary of Qingdao Port Group, which is the direct controlling shareholder of the Company
Land-Sea Logistics Group	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), the subsidiary of Shandong Port Group, which is the indirect controlling shareholder of the Company
Rizhao Port Group	Shandong Port Rizhao Port Group Co., Ltd. (山東港口日照港集團有限公司), the subsidiary of Shandong Port Group, which is the indirect controlling shareholder of the Company

Connected Person	Connected Relationship
Yantai Port Group	Shandong Port Yantai Port Group Co., Ltd. (山東港口煙台港集團有限公司), the subsidiary of Shandong Port Group, which is the indirect controlling shareholder of the Company
Equipment Group	Shandong Port Equipment Group Co., Ltd. (山東港口裝備集團有限公司), the subsidiary of Shandong Port Group, which is the indirect controlling shareholder of the Company
RZP	Rizhao Port Co., Ltd. (日照港股份有限公司), the subsidiary of Rizhao Port Group
Rizhao Port Finance Company	Rizhao Port Group Finance Co., Ltd. (日照港集團財務有限公司), the subsidiary of Rizhao Port Group formerly, now has disregistered
COSCO SHIPPING Group	China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司), an associate of substantial shareholder of the Company, Shanghai China Shipping Terminal, holding approximately 21% of the total issued share capital of the Company indirectly by its subsidiaries
Shandong Port Investment Holdings	Shandong Port Investment Holdings Limited (山東港口投資控股有限公司, formerly known as Shandong Port Financial Holdings Limited (山東港口金融控股有限公司)), a subsidiary of Qingdao Port Group, the controlling shareholder of the Company
Shandong Port Finance Company	Shandong Port Group Finance Co., Ltd. (山東港口集團財務有限責任公司, formerly known as Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司)), a connected subsidiary of the Company formerly, which is held as to 70% equity interests by the Company and the remaining 30% equity interests by Qingdao Port Group; on 2 December 2022, Shandong Port Finance Company finished all industrial and commercial change registration procedures for the transaction of restructuring and integration, and changed the name with Shandong Port Group Finance Co., Ltd.; the Company holds 34.63% equity interests of Shandong Port Finance Company, and not the subsidiary of the Company anymore
Qingdao OST	Qingdao Ocean Shipping Tally Co., Ltd. (青島外輪理貨有限公司), a connected subsidiary of the Company, which is held as to 84% equity interests by the Company and the remaining 16% equity interests by China Ocean Shipping Tally Company(中國外輪理貨有限公司), a subsidiary of COSCO SHIPPING Group
Qingdao Lianhai	Qingdao Port Lianhai International Logistics Co., Ltd. (青島港聯海國際物流有限公司), the associate of Shanghai China Shipping Terminal, a substantial shareholder of the Company, the Company and a subsidiary of COSCO SHIPPING Group hold 50% equity interests of it, respectively
Qingdao Orient	Qingdao Orient International Container Storage & Transportation Co., Ltd. (青島東港國際集裝箱儲運有限公司), the associate of Shanghai China Shipping Terminal, a substantial shareholder of the Company, the Company and a subsidiary of COSCO SHIPPING Group hold 45% equity interests and 55% equity interests of it, respectively
Worldex Logistics	Worldex Logistics Co., Ltd. (全球捷運物流有限公司), a substantial shareholder of Qingdao Port Jieyuntong Logistics Co., Ltd. (青島港捷運通物流有限公司), a connected person at subsidiary level of the Company
Container Development Company	Qingdao Port International Container Development Co., Ltd. (青島港國際集裝箱發展有限公司), formerly known as a connected subsidiary with 51% equity interests held by the Company. In May 2022, the Company acquired 49% equity interests of Container Development Company, which did not constitute a connected subsidiary of the Company anymore



## CONNECTED TRANSACTIONS

The Group has conducted four non-exempt connected transaction during the year ended 31 December 2022.

### (A) THE ABSORPTION AND MERGER AGREEMENT OF FINANCIAL COMPANY AND THE CAPITAL INCREASE

On 25 January 2022, (i) the Company entered into the absorption and merger agreement with Shandong Port Group, Shandong Port Finance Company, Rizhao Port Finance Company and RZP, pursuant to which, Rizhao Port Finance Company shall merge with Shandong Port Finance Company by way of absorption and merger. After completion of the above-mentioned absorption and merger, Shandong Port Finance Company (as the surviving merging party) shall remain subsist and undertake and inherit all the assets, liabilities, personnel and businesses of Rizhao Port Finance Company, and Rizhao Port Finance Company (as the merged party) shall be dissolved and deregistered; and (ii) the Company entered into the capital increase agreement with Shandong Port Group, RZP and Shandong Port Investment Holdings, pursuant to which, Shandong Port Group and Shandong Port Investment Holdings agreed to subscribe for RMB490.6325 million and RMB77.0299 million of the registered capital of Shandong Port Finance Company at the considerations of RMB797.0865 million and RMB125.1435 million, respectively, to increase the registered capital of Shandong Port Finance Company 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 at 31 December 2022, the transaction has been completed, the shareholding of Shandong Port Finance Company held by the Company changed from 70% equity interests to 34.63% equity interests, Shandong Port Finance Company is not a subsidiary of the Company anymore.

As Shandong Port Group is the indirect controlling shareholder of the Company, pursuant to Chapter 14A of the Hong Kong Listing Rules, Shandong Port Group is a connected person of the Company. On 25 January 2022, as (i) Shandong Port Investment Holdings is a subsidiary of Qingdao Port Group; (ii) Shandong Port Group holds 44.46% equity interests of RZP indirectly; (iii) Shandong Port Finance Company is a connected subsidiary of the Company; and (iv) Rizhao Port Finance Company is indirect non wholly-owned subsidiary of Shandong Port Group, pursuant to Chapter 14A of the Hong Kong Listing Rules, Shandong Port Investment Holdings, RZP, Shandong Port Finance Company and Rizhao Port Finance Company are all associates of Shandong Port Group and connected persons of the Company. Therefore, the transactions under the absorption and merger agreement and capital increase agreement constitute connected transactions of the Company.

For further details, please refer to the Company's announcements dated 25 January 2022 and 2 December 2022 and the circular dated 7 February 2022.

### (B) THE EQUITY TRANSFER OF WEIHAI PORT DEVELOPMENT COMPANY

On 16 May 2022, the Company entered into the equity transfer agreement with Weihai Port, pursuant to which, the Company shall acquire 51% equity interests in Weihai Port Development Company from Weihai Port at a consideration of RMB984.4466 million. As at 31 December 2022, the transaction has been completed, the Company and Weihai Port hold 51% and 49% equity interests of Weihai Port Development Company, respectively, and the financial statements of Weihai Port Development Company will be incorporated into the consolidated financial statements of the Company.

## DIRECTORS' REPORT

As Weihai Port is a wholly-owned subsidiary of Qingdao Port Group, the controlling shareholder of the Company, therefore Weihai Port is an associate of Qingdao Port Group and is a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the transaction of equity acquisition of Weihai Port Development Company constitutes a connected transaction of the Company.

For further details, please refer to the Company's announcement dated 16 May 2022.

### (C) THE EQUITY TRANSFER OF QINGDAO PORT INTERNATIONAL TRADE

On 10 August 2022, Qingdao Port Logistics, a wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Land-Sea Logistics Group, pursuant to which, Qingdao Port Logistics agreed to transfer 11% equity interests in Qingdao Port International Trade to Land-Sea Logistics Group with the consideration of RMB17.1237 million. As at 31 December 2022, the transaction has been completed, Qingdao Port International Trade is not a subsidiary of the Company anymore, and the financial statements of Qingdao Port International Trade is not consolidated into the consolidated financial statements of the Company.

As Shandong Port Group is an indirect controlling shareholder of the Company, and Land-Sea Logistics Group is a wholly-owned subsidiary of Shandong Port Group, Shandong Port Group is therefore a connected person of the Company, Land-Sea Logistics Group is an associate of Shandong Port Group and a connected person of the Company, pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the transaction of equity transfer of Qingdao Port International Trade constitutes a connected transaction of the Company.

For further details, please refer to the Company's announcement dated 10 August 2022.

### (D) THE EQUITY TRANSFER OF QINGDAO PORT EQUIPMENT AND THE CAPITAL INCREASE OF EQUIPMENT GROUP

On 28 October 2022, (i) the Company entered into the Qingdao Port Equipment share transfer agreement with Equipment Group, pursuant to which, the Company agreed to transfer 51% equity interests in Qingdao Port Equipment to Equipment Group; and (ii) the Company entered into the Equipment Group capital increase agreement with Shandong Port Group, Rizhao Port Group, Yantai Port Group and Equipment Group, pursuant to which, the Company agreed to make a registered capital contribution to Equipment Group by transferring 51% equity interests in Qingdao Port Equipment, the wholly-owned subsidiary of the Company, at the consideration of RMB101,488,725, in exchange for 16.56% equity interests of the enlarged share capital in Equipment Group. As at 31 December 2022, the transaction has been completed, Qingdao Port Equipment is not a subsidiary of the Company anymore, and the financial statements of Qingdao Port Equipment is not consolidated into the consolidated financial statements of the Company.

As Shandong Port Group is an indirect controlling shareholder of the Company, and Rizhao Port Group, Yantai Port Group and Equipment Group are subsidiaries of Shandong Port Group, therefore Shandong Port Group is a connected person of the Company, Rizhao Port Group, Yantai Port Group and Equipment Group are associates of Shandong Port Group and connected persons of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the transactions of equity transfer of Qingdao Port Equipment and the capital increase of Equipment Group constitute connected transactions of the Company.

For further details, please refer to the Company's announcement dated 28 October 2022 and the circular dated 18 November 2022.

## CONTINUING CONNECTED TRANSACTIONS

Unless otherwise defined, the terms used below have the same meanings as defined in the relevant announcements.

### (A) CONTINUING CONNECTED TRANSACTIONS WITH QINGDAO PORT GROUP

#### i 2020 QDP Goods and Services Agreement

On 28 March 2019, the Company entered into the 2020 QDP Goods and Services Agreement with Qingdao Port Group, a substantial shareholder of the Company, pursuant to which the Group shall provide and purchase comprehensive goods and services (including sales of goods and services, purchase of goods and services, leasing out of assets and leasing in assets) to Qingdao Port Group and/or its subsidiaries and associates. The term of the agreement is from 1 January 2020 to 31 December 2022. Please refer to the announcement of the Company dated 28 March 2019 for details of the aforesaid agreement.

Upon consideration and approval by the twenty-fifth meeting of third session of Board, continuing connected transactions under the 2020 QDP Goods and Services Agreement entered between the Company and Qingdao Port Group have adjusted the original annual caps in respect of such for the two years ending 31 December 2022. Please refer to the announcement of the Company dated 29 October 2021 for details of the above annual cap adjustment.

#### ii 2020 QDP Financial Services Agreement

On 28 March 2019, the Company entered into the 2020 QDP Financial Services Agreement with Qingdao Port Group, pursuant to which Qingdao Port Group and/or its subsidiaries and associates shall provide financing services to the Group, including entrusted loan service, financial leasing service, commercial factoring service, micro loan service, financing guarantee service. The term of the agreement is from 1 January 2020 to 31 December 2022. Please refer to the announcement of the Company dated 28 March 2019, circular of the 2018 annual general meeting of the Company dated 23 April 2019 and the poll results of the 2018 annual general meeting dated 17 May 2019 for details of the aforesaid agreement.

### (B) CONTINUING CONNECTED TRANSACTIONS WITH SHANDONG PORT GROUP

#### i 2022 Shandong Port Group Goods and Services Agreement

On 25 January 2022, the Company entered into the 2022 Shandong Port Group Goods and Services Agreement with Shandong Port Group, pursuant to which the Group shall provide and purchase comprehensive goods and services (including sales of goods and services, purchase of goods and services, leasing out of assets and leasing in assets) to Shandong Port Group and/or its subsidiaries and associates. The term of the agreement is from 25 February 2022 to 31 December 2022. For the details, please refer to the announcement dated 25 January 2022, the circular of 2022 first extraordinary general meeting dated 7 February 2022, and the poll results of 2022 first extraordinary general meeting dated 25 February 2022.

#### ii 2022 Shandong Port Group Financial Services Agreement

On 25 January 2022, the Company entered into the 2022 Shandong Port Group Financial Services Agreement with Shandong Port Group, pursuant to which Shandong Port Group and/or its subsidiaries and associates shall provide financing services to the Group, including deposit service, credit service, intermediary service. The term of the agreement is from 25 February 2022 to 31 December 2022. For the details, please refer to the announcement dated 25 January 2022, the circular of 2022 first extraordinary general meeting dated 7 February 2022, and the poll results of 2022 first extraordinary general meeting dated 25 February 2022.

### (C) CONTINUING CONNECTED TRANSACTIONS WITH SHANDONG PORT FINANCE COMPANY

#### i 2020 Financial Services Agreement I

On 28 March 2019, the Company entered into the 2020 Financial Services Agreement I with Shandong Port Finance Company pursuant to which Shandong Port Finance Company shall provide financing services to the Group, including deposit services, credit services and intermediary business services. The term of the agreement is from 1 January 2020 to 31 December 2022. Please refer to the announcement of the Company dated 28 March 2019, circular of the 2018 annual general meeting of the Company dated 23 April 2019 and the poll results of the 2018 annual general meeting dated 17 May 2019 for details of the aforesaid agreement.

#### ii 2020 Financial Services Agreement II

On 28 March 2019, Shandong Port Finance Company entered into the 2020 Financial Services Agreement II with Qingdao Port Group, pursuant to which Shandong Port Finance Company shall provide financing services to Qingdao Port Group and/or its subsidiaries and associates, including deposit services, credit services and intermediary business services. The term of the agreement is from 1 January 2020 to 31 December 2022. Please refer to the announcement of the Company dated 28 March 2019, circular of the 2018 annual general meeting of the Company dated 23 April 2019 and the poll results of the 2018 annual general meeting dated 17 May 2019 for details of the aforesaid agreement.

#### iii 2020 Lianhai Financial Services Agreement

On 28 March 2019, Shandong Port Finance Company entered into the 2020 Lianhai Financial Services Agreement with Qingdao Lianhai, pursuant to which Shandong Port Finance Company shall provide financing services to Qingdao Lianhai, including deposit services, credit services and intermediary business services. The term of the agreement is from 1 January 2020 to 31 December 2022. Please refer to the announcement of the Company dated 28 March 2019, circular of the 2018 annual general meeting of the Company dated 23 April 2019 and the poll results of the 2018 annual general meeting published dated 17 May 2019 for details of the aforesaid agreement.

#### iv 2021 Orient Financial Services Agreement

On 28 March 2019, the Company newly signed and reviewed the 2021 Orient Financial Services Agreement pursuant to which Shandong Port Finance Company shall provide financing services to Qingdao Orient, including deposit services and intermediary business services. The term of the agreement is from 1 January 2021 to 31 December 2022. Please refer to the announcement of the Company dated 28 March 2019, circular of the 2018 annual general meeting of the Company dated 23 April 2019 and the poll results of the 2018 annual general meeting dated 17 May 2019 for details of the aforesaid agreement.

### (D) CONTINUING CONNECTED TRANSACTIONS WITH COSCO SHIPPING GROUP

On 28 March 2019, the Company entered into the 2020 COSCO SHIPPING Goods and Services Agreement with COSCO SHIPPING Group, a substantial shareholder of the Company, pursuant to which the Group shall provide and purchase comprehensive goods and services (including sales of goods and services, purchase of goods and services, leasing out of assets and leasing in assets) to COSCO SHIPPING Group and/or its subsidiaries and associates. The term of the agreement is from 1 January 2020 to 31 December 2022. Please refer to the announcement of the Company dated 28 March 2019, circular of the 2018 annual general meeting of the Company dated 23 April 2019 and the poll results of the 2018 annual general meeting dated 17 May 2019 for details of the aforesaid agreement.



**(E) CONTINUING CONNECTED TRANSACTIONS WITH QINGDAO OST**

On 28 March 2019, the Company entered into the 2020 Qingdao OST Goods and Services Agreement with Qingdao OST, pursuant to which the Group shall provide and purchase comprehensive goods and services (including sales of goods and services, purchase of goods and services) to Qingdao OST and/or its subsidiaries and associates. The term of the agreement is from 1 January 2020 to 31 December 2022. Please refer to the announcement of the Company dated 28 March 2019 for details of the aforesaid agreement.

Upon consideration and approval by the twenty-fifth meeting of third session of Board, continuing connected transactions under the 2020 QDP OST Goods and Services Agreement entered between the Company and Qingdao OST have adjusted the original annual caps in respect of such for the two years ending 31 December 2022. Please refer to the announcement of the Company dated 29 October 2021 for details of the above annual cap adjustment.

**(F) CONTINUING CONNECTED TRANSACTIONS WITH WORLDEX LOGISTICS**

On 28 June 2022, the Company entered into the 2022 Worldex Logistics Comprehensive Service Framework Agreement with Worldex Logistics, pursuant to which the Group shall provide comprehensive logistic services to Worldex Logistics and/or its subsidiaries and associates mutually (the Group mainly provides container CFS service and freight forwarding service to Worldex Logistics, and Worldex Logistics mainly provides freight forwarding service to the Group). The term of the agreement is from 28 June 2022 to 31 December 2024. For details, please refer to the announcement of the Company dated 28 June 2022.

**(G) CONTINUING CONNECTED TRANSACTIONS WITH CONTAINER DEVELOPMENT COMPANY**

On 7 March 2022, the Company entered into the 2022 Container Development Company Comprehensive Service Framework Agreement with Container Development Company, pursuant to which Container Development Company shall provide comprehensive services (including market development service, customer service and expense settlement service, etc.) to the Group. The term of the agreement is from 7 March 2022 to 31 December 2023. For details, please refer to the announcement of the Company dated 7 March 2022 and the supplementary announcement dated 18 March 2022.

In May 2022, the Company acquired 49% equity interests of Container Development Company held by Shandong Port Group. Container Development Company did not constitute a connected subsidiary of the Company anymore, and the comprehensive service framework agreement entered between the Company and Container Development Company terminated automatically.

## DIRECTORS' REPORT

Annual caps and actual transactions amounts for the above continuing connected transactions for the year 2022 are as follows:

Unit: RMB' 000

		<b>Annual cap for 2022</b>	<b>Amount incurred in 2022</b>
A.	Continuing connected transactions with Qingdao Port Group		
i	2020 QDP Goods and Services Agreement		
	The Group sells goods and services to Qingdao Port Group	578,000	8,175
	The Group purchases goods and services from Qingdao Port Group	300,000	2,557
	The Group leases assets to Qingdao Port Group	10,000	98
	The Group leases assets from Qingdao Port Group	200,000	12,818
ii	2020 QDP Financial Services Agreement		
	Maximum outstanding balance of the entrusted loan received by the Group from Qingdao Port Group	7,600,000	240,548
	Daily maximum outstanding balance of financial leasing services received by the Group from Qingdao Port Group	3,600,000	217,141
	Rental expenses of financial leasing services received by the Group from Qingdao Port Group	160,000	19,107
	Daily maximum outstanding balance of commercial factoring services received by the Group from Qingdao Port Group	1,000,000	50,000
	Interests expenses of commercial factoring services received by the Group from Qingdao Port Group	40,000	968
	Expenses under the intermediary services of commercial factoring services received by the Group from Qingdao Port Group	5,000	0
	Daily maximum outstanding balance of small loan services received by the Group from Qingdao Port Group	100,000	0
	Interests expenses of small loan services received by the Group from Qingdao Port Group	4,000	0
	Maximum outstanding balance of the financing guarantee service received by the Group from Qingdao Port Group	1,200,000	0
	Guarantee expenses for financing guarantee services received by the Group from Qingdao Port Group	24,000	0

		<b>Annual cap for 2022</b>	<b>Amount incurred in 2022</b>
B.	Continuing connected transactions with Shandong Port Group		
i	2022 Shandong Port Group Goods and Services Agreement		
	The Group sells goods and services to Shandong Port Group	<b>1,800,000</b>	<b>1,535,539</b>
	The Group purchases goods and services from Shandong Port Group	<b>3,600,000</b>	<b>2,453,115</b>
	The Group leases assets to Shandong Port Group	<b>20,000</b>	<b>12,821</b>
	The Group leases assets from Shandong Port Group	<b>300,000</b>	<b>115,541</b>
ii	2022 Shandong Port Group Financial Services Agreement		
	Daily maximum balance deposited by the Group in Shandong Port Group (including accrued interest and handling fee)	<b>20,000,000</b>	<b>11,323,118</b>
	Daily maximum outstanding loan balance of credit services provided by Shandong Port Group to the Group (including accrued interest and handling fee)	<b>16,000,000</b>	<b>4,452,333</b>
	Including: loan services	<b>11,500,000</b>	<b>3,596,012</b>
	financial lease services	<b>3,500,000</b>	<b>856,321</b>
	commercial factoring services	<b>500,000</b>	<b>0</b>
	financing guarantee services	<b>500,000</b>	<b>0</b>
	Intermediary services provided by Shandong Port Group to the Group	<b>20,000</b>	<b>246</b>
C.	Continuing connected transactions with Shandong Port Finance Company		
i	2020 Financial Services I		
	Daily maximum balance deposited by the Group in Shandong Port Finance Company (including accrued interest and handling fee)	<b>36,000,000</b>	<b>12,375,640</b>
	Intermediary business services provided by Shandong Port Finance Company to the Group	<b>9,000</b>	<b>1,610</b>
ii	2020 Financial Services II		
	Daily maximum outstanding loan balance of credit services provided by Shandong Port Finance Company to Qingdao Port Group and/or its associates (including accrued interest and handling fee)	<b>6,200,000</b>	<b>1,897,147</b>
	Intermediary business services provided by Shandong Port Finance Company to Qingdao Port Group	<b>7,000</b>	<b>325</b>
iii	2020 Lianhai Financial Services		
	Daily maximum balance deposited by Qingdao Lianhai in Shandong Port Finance Company (including accrued interest and handling fee)	<b>350,000</b>	<b>38,228</b>
	Daily maximum outstanding loan balance of credit services provided by Shandong Port Finance Company to Qingdao Lianhai (including accrued interest and handling fee)	<b>100,000</b>	<b>0</b>
	Intermediary business services provided by Shandong Port Finance Company to Qingdao Lianhai (including accounts receivable management, accounts receivable collection and bad debt guarantee, etc.)	<b>250</b>	<b>0</b>

## DIRECTORS' REPORT

		Annual cap for 2022	Amount incurred in 2022
iv	2021 Orient Financial Services Agreement		
	Daily maximum balance deposited by Qingdao Orient in Shandong Port Finance Company (including accrued interest and handling fee)	250,000	649
	Intermediary business services provided by Shandong Port Finance Company to Qingdao Orient (including accounts receivable management, accounts receivable collection and bad debt guarantee, etc.)	<u>250</u>	<u>0</u>
D.	Continuing connected transactions with COSCO SHIPPING Group		
	2020 COSCO SHIPPING Goods and Services Agreement		
	The Group purchases goods and services from COSCO SHIPPING Group	578,000	343,303
	The Group sells goods and services to COSCO SHIPPING Group		
	Including: stevedoring services	480,000	395,608
	logistics services	580,000	457,832
	port ancillary services	50,000	25,842
	Total	1,110,000	879,282
	The Group leases assets to COSCO SHIPPING Group	60,000	28,497
	The Group leases assets from COSCO SHIPPING Group	<u>2,000</u>	<u>354</u>
E.	Continuing connected transactions with Qingdao OST		
	2020 Qingdao OST Goods and Services Agreement		
	The Group purchases goods and services from Qingdao OST	105,000	5,803
	The Group sells goods and services to Qingdao OST	<u>150,000</u>	<u>61,160</u>
F.	Continuing connected transactions with Worldex Logistics		
	2022 Worldex Logistics Comprehensive Services Framework Agreement		
	The Group provides comprehensive logistics services to Worldex Logistics	700,000	514,982
	Worldex Logistics provides comprehensive logistics services to the Group	<u>300,000</u>	<u>228,216</u>
G.	Continuing connected transactions with Container Development Company		
	2022 Container Development Company Comprehensive Services Framework Agreement		
	Container Development Company provides comprehensive services to the Group	<u>600,000</u>	<u>181,706</u>



In 2022, the Company and relevant connected persons re-signed the 2023 Shandong Port Group Goods and Services Agreement, 2023 Shandong Port Group Financial Services Agreement, 2023 COSCO Shipping Group Goods and Services Agreement, and 2023 Qingdao OST Goods and Services Agreement, which related to the connected transactions and their annual caps of 2023 between the Group and Shandong Port Group, COSCO Shipping Group, and Qingdao OST. The agreements are valid from 1 January 2023 to 31 December 2023. The Company will disclose details of continuing connected transactions in accordance with the Hong Kong Listing Rules. For details, please refer to our announcements dated 28 October 2022 and 23 December 2022, and the circular dated 18 November 2022.

### (E) CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company's independent non-executive Directors have reviewed the above continuing connected transactions and confirmed these transactions:

- (1) were entered into in the ordinary and usual course of business of the Group;
- (2) were either on normal commercial terms, or, in the absence of similar transactions to judge whether the terms are normal commercial terms, on terms no less favorable to those adopted for transactions between the Group and independent third parties;
- (3) were in accordance with the terms of such transactions agreements, which are in the interest of the Group and our Shareholders as a whole, and fair and reasonable; and
- (4) did not exceed the annual cap amounts.

### (F) CONFIRMATION FROM THE AUDITOR

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company as set out on pages 75 to 85 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Hong Kong Listing Rules. The Company has provided a copy of the auditor's assurance report to the Hong Kong Stock Exchange.

### (G) OTHERS

Except for the above connected transactions, the Group did not enter into any other connected transactions which should comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For certain material related party transactions disclosed in Note 8 to the financial statements which also constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules, the Company had made disclosure as required under the Hong Kong Listing Rules.

# DIRECTORS' REPORT

## DESCRIPTION OF OTHER MATTERS

Please refer to the chapter of “Management Discussion and Analysis” in this report for details.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Group has allocated system and staff resources to ensure ongoing compliance with rules and regulations and to maintain well relationships with regulators effectively through effective communications. During the year, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Group.

## RELATIONSHIP WITH STAKEHOLDERS

The Company recognizes that our employees, customers and business associates are keys to our sustainability journey on the way to sustainability development. We strive to achieve corporate sustainability through coordinating with our employees closely, providing quality services to our customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human resources. The Company provides a fair workplace and develop the non-discriminatory and diversified environment. We also provide competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits performance. The Company ensures that all businesses of the Group are conducted in accordance with the principles under the health and safety management system. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

To increase customer satisfaction and promote a customer-oriented culture within the Company, we take “Customer First” as one of our core values. We value the feedback from customers through daily communication, regular inspections, etc. We have also established the mechanism about customer service, support and complaints. When dealing with customer complaint, we treat it as an opportunity to improve our relationship with the customer, addressing the concern in a timely manner and in accordance with international standards.

We deeply believe that our suppliers are equally important in developing high-quality projects. We proactively collaborate with our business partners (including suppliers and contractors) to deliver quality sustainable products and services. We have formulated and included certain requirements in our standard tender documents. These requirements include regulatory compliance, labour practices, anti-corruption and other business ethics. We assure the performance of our suppliers through supplier approval process and by conducting factory audits/site visits and spot checks on the delivered goods at site during the contractual periods.

By order of the Board  
**SU Jianguang**  
*Chairman*

Qingdao, the PRC  
29 March 2023

In 2022, the Supervisory Committee maintained the interests of the Company and its shareholders by actively undertaking its responsibilities and supervising the compliant operation, connected transactions and other matters of the Company in accordance with laws, regulations and normative documents including the Company Law of the PRC, the Securities Law of the PRC, and rules including the Articles of Association and the Rules of Procedures for the Supervisory Committee of Qingdao Port International Co., Ltd., and the rights conferred by the general meeting of shareholders.

## I. MEETINGS HELD BY THE SUPERVISORY COMMITTEE

During the year, the Supervisory Committee held seven on-site meetings, the details of which were as follows:

- (i) On 25 January 2022, the Supervisory Committee held the twentieth meeting of the third session of the Supervisory Committee to consider and approve three resolutions, including Resolution on the Restructuring and Integration between Qingdao Port Finance Co., Ltd. and Rizhao Port Group Finance Co., Ltd., Resolution on the Financial Service Framework Agreement and A Connected Transaction Entering between Qingdao Port International Co., Ltd. and Shandong Port Group Co., Ltd. and Resolution on the Comprehensive Goods and Service Framework Agreement and A Connected Transaction Entering between Qingdao Port International Co., Ltd. and Shandong Port Group Co., Ltd..
- (ii) On 30 March 2022, the Supervisory Committee held the twenty-second meeting of the third session of the Supervisory Committee to consider and approve eight resolutions, including Resolution on the Annual Report for 2021 of Qingdao Port International Co., Ltd., Resolution on the Sustainability Report for 2021 and the Sustainability Report Work Plan for 2022 of Qingdao Port International Co., Ltd., Resolution on the Work Report of the Supervisory Committee for 2021 of Qingdao Port International Co., Ltd., Resolution on the Final Financial Statements for 2021 of Qingdao Port International Co., Ltd., Resolution on the Profit Distribution Plan for 2021 of Qingdao Port International Co., Ltd., Resolution on the Remuneration Plan of 2021 for Supervisors of Qingdao Port International Co., Ltd., Resolution on the Special Report for 2021 on the Storage and Actual Use of Funds Raised by Qingdao Port International Co., Ltd. and Resolution on the Internal Control Evaluation Report for 2021 of Qingdao Port International Co., Ltd..
- (iii) On 28 April 2022, the Supervisory Committee held the twenty-third meeting of the third session of the Supervisory Committee to consider and approve the Resolution on the First Quarterly Report for 2022 of Qingdao Port International Co., Ltd..
- (iv) On 28 June 2022, the Supervisory Committee held the first meeting of the fourth session of the Supervisory Committee to consider and approve two resolutions, including Resolution on the Election of the Chairman of Supervisory Committee of Qingdao Port International Co., Ltd. and Resolution on the Connected Transaction between Qingdao Port International Co., Ltd. and Worldex Logistics Co., Ltd..
- (v) On 30 August 2022, the Supervisory Committee held the third meeting of the fourth session of the Supervisory Committee to consider and approve three resolutions, including Resolution on the Interim Report for 2022 of Qingdao Port International Co., Ltd., Resolution on the Special Report on the Storage and Actual Use of Funds Raised by Qingdao Port International Co., Ltd. in the First Half of 2022 and Resolution on the Continuous Risk Assessment Report of Qingdao Port Finance Co., Ltd..

- (vi) On 28 October 2022, the Supervisory Committee held the fourth meeting of the fourth session of the Supervisory Committee to consider and approve eight resolutions, including Resolution on the Third Quarterly Report for 2022 of Qingdao Port International Co., Ltd., Resolution on Capital Increase for Shandong Port Equipment Group Co., Ltd. and A Connected Transaction, Resolution on the Ordinary Connected Transaction of 2023 with Shandong Port Group Co., Ltd., Resolution on the Financial Connected Transaction of 2023 with Shandong Port Group Co., Ltd., Resolution on the Ordinary Connected Transaction of 2023 with China COSCO Shipping Corporation Limited, Resolution on the Ordinary Connected Transaction of 2023 with Relevant Connected Parties, Resolution on the Ordinary Connected Transaction of 2023 with Qingdao Ocean Shipping Tally Co., Ltd. and Resolution on the Changes in the Use of Proceeds from the H Shares Placing of Qingdao Port International Co., Ltd..
- (vii) On 23 December 2022, the Supervisory Committee held the sixth meeting of the fourth session of the Supervisory Committee to consider and approve two resolutions, including Resolution on Using Unused Raised Funds for Cash Management and Resolution on the Entrusted Financial Investment Plan for 2023 of Qingdao Port International Co., Ltd..

## II. INDEPENDENT ADVICE OF SUPERVISORY COMMITTEE ON RELEVANT ISSUES

### (i) Compliance Operation

During the reporting period, the Board held board meetings and considered resolutions as well as convened and organized the general meeting and attended relevant meetings through undertaking their responsibilities and operating legally in accordance with laws and regulations, normative documents as well as the Articles of Association. The Directors and senior management maintained the interests of the Company and its shareholders by seriously carrying out the resolutions made by the shareholder's general meetings and the Board, and acting diligently and responsibly in the management and operation of the Company.

### (ii) Inspection of Financial Conditions of the Company

The Supervisory Committee has been supervised the financial condition of the Company for the year of 2022 effectively and is of the view that the Company has a sound financial system, standardized management and a good financial condition. PricewaterhouseCoopers Zhong Tian LLP, the auditor of the Company, has audited the financial statements of the Company in accordance with the PRC Accounting Standards for Business Enterprises. The Supervisory Committee has reviewed the 2022 audit report and financial statement report and believes that these reports have fairly and truly reflected the financial and operating conditions of the Company.



**(iii) Use of Raised Proceeds**

During the reporting period, the use of all raised proceeds strictly complied with the requirements of the H Share Prospectus, the A Share Prospectus, the Company's announcements and related governance systems. The Company fulfilled its Board's approval and information disclosure obligations before changing the use of proceeds raised. The procedures for using funds are in compliance with regulations, and there is no illegal use of raised funds. Under the premise of not affecting the construction of the investment projects and the scheduled operation of the business, the Company has used the idle raised funds to appropriately purchase wealth management products with high safety, good liquidity, guaranteed capital with a term of not more than 12 months. This is conducive to improving the efficiency of the use of funds and to gaining more investment returns for the Company and shareholders.

**(iv) Connected Transactions and Related-Party Transactions**

Connected transactions and related-party transactions entered into during the reporting period have been complying with laws and regulations as well as the requirements of the relevant connected transactions and related-party transactions agreements, and are fair and reasonable to the Company and its shareholders without unfairness or harming non-related-party shareholders' interests, especially middle and minority shareholders.

**(v) Review of Periodic Reports**

During the reporting period, the preparation and review procedures of the Company's periodic reports are in compliance with laws, regulations, the Articles of Association and the provisions of the Company's internal management policy. The content and format of the periodic reports are in accordance with the requirements of the China Securities Regulatory Commission and the Shanghai Stock Exchange. There is no false record, misleading statement or material omission in these periodic reports. No personnel involved in the preparation and review of the annual report were found to have violated confidentiality agreement before the Supervisory Committee reviewed the annual report.

**III. OUTLOOK AND PROSPECT FOR 2023**

In 2023, the Supervisory Committee will continue to seriously fulfill their responsibilities in accordance with relevant laws and regulations, the Articles of Association and the Rules of Procedures for the Supervisory Committee of Qingdao Port International Co., Ltd. to further enhance the Company's compliant operation.

**(i) Undertake responsibilities in accordance with laws**

The Supervisory Committee will continue to urge the Company to continuously improve the corporate governance structure in accordance with the requirements of the modern enterprise system and further improve the corporate governance level. At the same time, we will urge Directors and senior management to perform their duties diligently, complete their work conscientiously, make more standardized business decisions, and effectively safeguard the legitimate rights and interests of the Company and shareholders.

### (ii) Strengthen supervision and inspection

By communicating with the management and reviewing regular reports, the Supervisory Committee will keep track of the Company's operations, and supervise the Company's financial operations. The Supervisory Committee will comprehensively monitor the use of funds raised by the Company, connected transactions and major foreign investment to promote the Company's healthy and sustainable development.

### (iii) Strengthen learning and improve supervision capabilities

The Supervisory Committee will continue to strengthen the study of laws and regulations, broaden professional knowledge and improve business capacity, improve supervision methods, and enhance supervision results.

In 2023, the Supervisory Committee will continuously improve its working abilities, enhance its responsibilities and awareness of self-discipline business skills, carefully fulfill its duties and strengthen the supervision to fulfill its responsibilities to protect the interests of the Company and the shareholders of the Company, and jointly promote the healthy, stable and sustainable development of the Company together with the Board and all the shareholders of the Company, pursuant to the Company Law of the PRC.

By order of the Supervisory Committee

**XIE Chunhu**

*Chairman of the Supervisory Committee*

Qingdao, the PRC

29 March 2023

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the annual report of the Company for the year ended 31 December 2022 (the “**Reporting Period**”).

The Board is committed to upholding a high standard of corporate governance practices in the belief that they are essential for maintaining and promoting investors’ confidence and improving shareholders’ returns. The Board reviews its corporate governance practices from time to time in order to ensure high standards of corporate governance of the Company and meet the expectations of shareholders and other stakeholders.

The Company has been in compliance with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules during the Reporting Period.

## I. THE BOARD

### 1. Composition of the Board

The Board currently comprises nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors, among which, there are two female Directors. During the Reporting Period, members of the board of the Company are listed as below:

<b>Member of the Board</b>	<b>Position</b>	<b>Date of appointment/ re-designation</b>
Mr. SU Jianguang (蘇建光)	Chairman, executive Director	21 July 2021
Mr. LI Wucheng (李武成)	Vice Chairman, non-executive Director	18 August 2021
Mr. ZHU Tao (朱濤)	Non-executive Director	23 December 2022
Mr. ZHANG Baohua (張保華)	Executive Director	23 December 2022
Ms. WANG Fuling (王芙玲)	Non-executive Director	20 May 2020
Mr. XUE Baolong (薛寶龍)	Non-executive Director	23 December 2022
Ms. LI Yan (李燕)	Independent non-executive Director	17 May 2019
Mr. JIANG Min (蔣敏)	Independent non-executive Director	17 May 2019
Mr. LAI Kwok Ho (黎國浩)	Independent non-executive Director	17 May 2019
Mr. FENG Boming (馮波鳴) (Note 1)	Non-executive Director	10 June 2020
Mr. ZHANG Dayu (張達宇) (Note 2)	Non-executive Director	28 June 2022
Mr. WANG Xinze (王新澤) (Note 3)	Executive Director	10 June 2020
Mr. WANG Jun (王軍) (Note 4)	Non-executive Director	10 June 2020

Note 1: Due to the expiration of terms of office, Mr. FENG Boming (馮波鳴) ceased to serve as a non-executive Director on 28 June 2022.

Note 2: Due to the adjustment of work, Mr. ZHANG Dayu (張達宇) resigned as a non-executive Director on 28 October 2022.

Note 3: Due to the adjustment of work, Mr. WANG Xinze (王新澤) resigned as the executive Director and the general manager on 28 October 2022.

Note 4: Due to the adjustment of work, Mr. WANG Jun (王軍) resigned as a non-executive Director on 28 October 2022.

The Directors are elected by the general meeting of the Company and will hold offices until the annual general meeting of 2024 to be held in 2025. The Directors are subject to re-election for re-appointment when their terms of office as Directors expire.

Biography of each Director is set out in the section headed “Directors, Supervisors and Senior Management”. In addition, the list setting out the name, roles and function of each Director has been published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.qingdao-port.com](http://www.qingdao-port.com)).

The Directors have no fiscal, business, family or other material/relevant relationships with each other.

### **Chairman and General Manager**

The positions of chairman and general manager of the Company are segregated and held by different persons to ensure their respective independence of responsibility and accountability and the balance and restriction of power and authority between them. The chairman plays a critical role in leading the Board, ensuring that the Board is functioning properly and with well-formulated corporate governance practices and procedures, whilst the general manager is mainly responsible for the day-to-day management of the Company’s operations, including being in charge of the production and operation management of the Company, organizing the enforcement of resolutions of the Board and coordinating overall business operations.

During the Reporting Period, the chairman has held meetings with the independent non-executive Directors without the presence of other Directors.

### **Responsibilities of the Board and Management**

The Board is responsible to all shareholders and mainly responsible for implementing the resolutions approved by general meetings, determining the operating plans and investment projects of the Company, managing the disclosure of the Company’s information, attending to the regular or irregular work report of the general manager and review the work of the general manager, and determining such matters as the external investments, asset purchase and sale and pledge of assets within the scope authorized by the general meetings. The Company has established a mechanism to ensure that the Board obtained independent viewpoints and opinions. The Board reviews the implementation and effectiveness of the mechanism annually. The Board has examined and reviewed the relevant mechanism and is of the view that it has been duly implemented and effective during the Reporting Period.

Under the leadership of the general manager, the management of the Company is responsible for implementing the resolutions approved by the Board and administering the Company’s day-to-day operation and management. In order to ensure the effective operation of the Company, the management submits an operation report of the Company to the Board each month, which enables the Board to monitor the operation situation of the Company in time and to assess and supervise the management. Meanwhile, the management also communicates with the Board in formal and informal manners in respect of the issues related to the operation and business of the Company and provides sufficient information at appropriate time to allow the Board to make decisions with sufficient background information, which enhance the decision-making efficiency and quality of the Board.



**Independent Non-executive Directors**

During the Reporting Period, the Company has three independent non-executive Directors in compliance with the Rules 3.10(1) and (2) of the Hong Kong Listing Rules, two of whom own accounting and financial management expertise and the other one owns expertise in law. The number of independent non-executive Directors accounts for one-third or more of the number of the Board members.

According to the Rule 3.13 of the Hong Kong Listing Rules, the independent non-executive Directors have made confirmations to the Company regarding their independence during the Reporting Period. Based on the confirmations provided by independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

The Company has established multiple channels for independent non-executive Directors to express their opinions openly and honestly, and express the opinion confidentially when necessary, including but not limited to the ways of interacting with management and other Board members (including the chairman) outside of meetings, and pre-board communication meetings.

The Board is committed to continuously evaluating the independence of directors, taking into account all relevant factors, including whether directors can continue to raise constructive questions for management and other Directors, whether their views are independent of those expressed by management or other Directors, and whether their words and actions are appropriate within and outside of the Board. The behaviors of independent non-executive directors of the Company can meet expectations in appropriate circumstances, demonstrating the above characteristics.

**Securities Transactions by Directors and Supervisors**

The Company has adopted the Model Code as the code of conduct for the Directors and Supervisors to conduct securities transactions. After making specific enquiries to all Directors and Supervisors, all Directors and Supervisors confirmed that they had fully complied with the required standards set out in the Model Code during the period from 1 January 2022 or their respective appointment dates to 31 December 2022 or their respective cessation dates.

**Training and Continuous Professional Development of Directors**

On 28 June 2022, all Directors, Supervisors and senior management of the Company received the training provided by Beijing Commerce & Finance Law Office, the Company's PRC legal adviser. The trainings mainly focused on the main influence of the Securities Law of the People's Republic of China, Code of Conduct for Directors, Supervisors and senior executives and key issues of corporate governance and information disclosure.

On 28 June 2022, all Directors, Supervisors and senior management of the Company received the training provided by the Company's Hong Kong legal adviser. The trainings mainly focused on the overview of the regulatory system of the Hong Kong securities market, responsibilities of directors and the analysis of compliance cases of listed companies in Hong Kong.

The Company secretary provided the Directors with information such as the latest amendments to the Hong Kong Listing Rules and other applicable regulatory requirements, cases of listed companies, industry news, production and operation situations of the Company from time to time to allow them to learn the updates of regulatory rules, industry information and the Company's information in time and fulfill their responsibilities.

Newly appointed Directors will receive trainings provided by the Company upon the appointment, so as to ensure that they have adequate understanding of the Company's business and they are fully aware of their duties as Directors under the laws, regulations and the Articles of Association.

The Directors, namely Mr. SU Jianguang, Mr. LI Wucheng, Mr. ZHU Tao, Mr. ZHANG Baohua, Ms. WANG Fuling, Mr. XUE Baolong, Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho have got continuing professional development through participating in specific trainings, seminars, forums and reading publications on economy and securities to update their knowledge and technique, which enables them to make continuous contributions to the Company with comprehensive knowledge and technique.

### Liability Insurance of Directors, Supervisors and Members of Senior Management

The Company has been always placing great emphasis on risk prevention of the Directors' liability, thus the Company has purchased insurances for all Directors, Supervisors and members of senior management to minimize risks that may be incurred in their normal performance of responsibilities.

### Directors' Responsibility on Financial Statements

The Directors are responsible for the preparation of the financial statements for the year ended 31 December 2022, which gives a true and fair view of the affairs of the Company and the Group and the results and cash flow of the Group.

## 2. Board Meetings and General Meetings

During the year, the Company held seven on-site Board meetings and convened three general meetings of shareholders (including the first extraordinary general meeting of 2022, the annual general meeting of 2021, the second extraordinary general meeting of 2022). The attendance of the above meetings by each Director is as follows:

Name of Directors	Number of Board Meetings Attended		Number of General Meeting(s) Attended	
	During the Tenure	Attendance Rate	During the Tenure	Attendance Rate
Mr. SU Jianguang (蘇建光)	7/7	100%	3/3	100%
Mr. LI Wucheng (李武成)	7/7	100%	3/3	100%
Mr. ZHU Tao (朱濤) (Note 1)	1/1	100%	0/0	Not applicable
Mr. ZHANG Baohua (張保華) (Note 2)	1/1	100%	0/0	Not applicable
Ms. WANG Fuling (王芙玲)	7/7	100%	3/3	100%
Mr. XUE Baolong (薛寶龍) (Note 3)	1/1	100%	0/0	Not applicable
Ms. LI Yan (李燕)	7/7	100%	3/3	100%
Mr. JIANG Min (蔣敏)	7/7	100%	3/3	100%
Mr. LAI Kwok Ho (黎國浩)	7/7	100%	3/3	100%
Mr. FENG Boming (馮波鳴) (Note 4)	0/3	0%	0/2	0%
Mr. ZHANG Dayu (張達宇) (Note 5)	2/2	100%	0/0	Not applicable
Mr. WANG Xinze (王新澤) (Note 6)	5/5	100%	2/2	100%
Mr. WANG Jun (王軍) (Note 7)	5/5	100%	2/2	100%

Note 1: Mr. ZHU Tao (朱濤) was appointed on 23 December 2022. The Company held one on-site board meeting from the date of his appointment up to 31 December 2022. No general meeting of shareholders was held.

Note 2: Mr. ZHANG Baohua (張保華) was appointed on 23 December 2022. The Company held one on-site board meeting from the date of his appointment up to 31 December 2022. No general meeting of shareholders was held.

Note 3: Mr. XUE Baolong (薛寶龍) was appointed on 23 December 2022. The Company held one on-site board meeting from the date of his appointment up to 31 December 2022. No general meeting of shareholders was held.

Note 4: Mr. FENG Boming (馮波鳴) ceased on 28 June 2022. The Company held three on-site board meetings and two general meetings of shareholders from 1 January 2022 to the date of his cessation. He didn't attend the first extraordinary general meeting of 2022 and the annual general meeting for 2021 on 25 February 2022 and 28 June 2022, due to the official arrangements. He didn't attend the on-site board meeting on 25 January 2022 and entrusted the independent non-executive Director, Mr. LAI Kwok Ho(黎國浩), to vote on his behalf at the board meetings, due to the official arrangements. He didn't attend the on-site board meetings on 30 March 2022 and 28 April 2022 and entrusted the executive Director, Mr. SU Jianguang (蘇建光), to vote on his behalf at the board meetings, due to the official arrangements.

Note 5: Mr. ZHANG Dayu (張達宇) was appointed on 28 June 2022 and was resigned on 28 October 2022. The Company held two on-site board meetings during his serving term. No general meeting of shareholders was held.

Note 6: Mr. WANG Xinze (王新澤) was resigned on 28 October 2022. The Company held five on-site board meetings and two general meetings of shareholders from 1 January 2022 to the date of his resignation.

Note 7: Mr. WANG Jun (王軍) was resigned on 28 October 2022. The Company held five on-site board meetings and two general meetings of shareholders from 1 January 2022 to the date of his resignation.

Notices for all regular Board meeting, the agenda and the relevant papers have been given to each Director at least fourteen days before the meetings in order that they are able to attend the meetings, record related arrangement on the agenda and have sufficient time to review the papers. Minutes of each Board meeting are circulated to all Directors for perusal. Directors who have conflicts of interest in the Board resolutions have avoided of voting.

All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek for independent professional advice at the Company's expense after making reasonable request to the Board.

## II. SPECIAL COMMITTEES OF THE BOARD

The Board established four special committees, namely Strategy and Development Committee, Audit Committee, Remuneration Committee and Nomination Committee. The Company has provided sufficient resources to all the Board Committees to perform their duties.

### 1. Strategy and Development Committee

The Strategy and Development Committee currently consists of seven Directors, namely Mr. SU Jianguang (蘇建光), Mr. LI Wucheng (李武成), Mr. ZHU Tao (朱濤), Mr. ZHANG Baohua (張保華), Ms. WANG Fuling (王芙玲), Mr. XUE Baolong (薛寶龍) and Mr. JIANG Min (蔣敏).

The primary responsibility of the Strategy and Development Committee is to review the overall development and strategic plans of the Company, the major investment and financing proposals of the Company and other issues that are material to the development of the Company, and to make recommendations to the Board. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Strategy and Development Committee held two on-site meeting, in which four resolutions regarding general mandate to issue shares of the Company, general mandate to issue the debt financing instruments of the Company, business plan of the Company in 2022, and changes in the use of proceeds from the H Shares placing were considered and approved and recommendations were made to the Board.

The attendance of the on-site meeting by each member is as follows:

Name of Members	Number of Meeting(s) Attended During the Tenure	Attendance Rate
Mr. SU Jianguang (蘇建光) (Chairman)	2/2	100%
Mr. LI Wucheng (李武成)	2/2	100%
Mr. ZHU Tao (朱濤) (Note 1)	0/0	Not applicable
Mr. ZHANG Baohua (張保華) (Note 2)	0/0	Not applicable
Ms. WANG Fuling (王芙玲)	2/2	100%
Mr. XUE Baolong (薛寶龍) (Note 3)	0/0	Not applicable
Mr. JIANG Min (蔣敏)	2/2	100%
Mr. FENG Boming (馮波鳴) (Note 4)	1/1	100%
Mr. ZHANG Dayu (張達宇) (Note 5)	0/0	Not applicable
Mr. WANG Xinze (王新澤) (Note 6)	1/1	100%
Mr. WANG Jun (王軍) (Note 7)	1/1	100%

Note 1: Mr. ZHU Tao (朱濤) was appointed on 23 December 2022. The Company did not hold any on-site meetings of the Strategy and Development Committee of the Board from the date of his appointment up to 31 December 2022.

Note 2: Mr. ZHANG Baohua (張保華) was appointed on 23 December 2022. The Company did not hold any on-site meetings of the Strategy and Development Committee of the Board from the date of his appointment up to 31 December 2022.

Note 3: Mr. XUE Baolong (薛寶龍) was appointed on 23 December 2022. The Company did not hold any on-site meetings of the Strategy and Development Committee of the Board from the date of his appointment up to 31 December 2022.

Note 4: Mr. FENG Boming (馮波鳴) ceased on 28 June 2022. The Company held one on-site meeting of the Strategy and Development Committee of the Board from 1 January 2022 to the date of his cessation.

Note 5: Mr. ZHANG Dayu (張達宇) was appointed on 28 June 2022 and resigned on 28 October 2022. The Company did not hold any on-site meetings of the Strategy and Development Committee of the Board during his serving term.

Note 6: Mr. WANG Xinze (王新澤) was resigned on 28 October 2022. The Company held one on-site meeting of the Strategy and Development Committee of the Board from 1 January 2022 to the date of his resignation.

Note 7: Mr. WANG Jun (王軍) was resigned on 28 October 2022. The Company held one on-site meeting of the Strategy and Development Committee of the Board from 1 January 2022 to the date of his resignation.

## 2. Audit Committee

The Audit Committee currently consists of three Directors, namely Ms. LI Yan (李燕), Ms. WANG Fuling (王芙玲) and Mr. LAI Kwok Ho (黎國浩), of which Ms. LI Yan (李燕) and Mr. LAI Kwok Ho (黎國浩) are both independent non-executive Directors. Ms. LI Yan (李燕) and Mr. LAI Kwok Ho (黎國浩) hold the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. Ms. LI Yan (李燕) serves as the chairman of the Audit Committee.

The primary responsibility of the Audit Committee is to review the financial information of the Company and its disclosure, oversee the financial operation status, risk management and internal control procedures of the Company, propose the appointment of external auditors and monitor their relationship with the Company and maintain close communication between the Company and its management with external auditors. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Audit Committee held seven on-site meetings to consider and approve the resolutions, including resolutions on the restructuring and integration between Shandong Port Finance Company and Rizhao Port Finance Company, the connected transaction between the Company and Shandong Port Group, the Company's 2021 annual report, capital occupation by controlling shareholders and other connected parties, special report on storage and actual use of raised funds in 2021, internal control evaluation report of 2021, audit committee performance report of 2021, 2022 first quarterly report, the connected transactions between the Company and Worldex Logistics, 2022 interim report, the continuous risk assessment report of Shandong Port Finance Company, 2022 third quarterly report, the capital increase for Equipment Group and the connected transactions, 2023 guarantee plan, 2023 entrusted financial investment plan, etc., and make recommendations to the Board. At the same time, the Audit Committee communicated with the external auditors on the 2021 audit results and the 2022 audit plan and etc., and heard the internal audit report made by the head of the internal audit department.



The attendance of the on-site meetings by each member is as follows:

Name of Members	Number of Meetings Attended During the Tenure	Attendance Rate
Ms. LI Yan (李燕) (Chairman)	7/7	100%
Ms. WANG Fuling (王芙玲)	7/7	100%
Mr. LAI Kwok Ho (黎國浩)	7/7	100%

Representatives of external auditors participated in some of the on-site audit committee meetings of the Company held in 2022.

### 3. Remuneration Committee

The Remuneration Committee consists of three Directors, namely Mr. LAI Kwok Ho (黎國浩), Mr. LI Wucheng (李武成) and Ms. LI Yan (李燕), of which Mr. LAI Kwok Ho (黎國浩) and Ms. LI Yan (李燕) are both independent non-executive Directors. Mr. LAI Kwok Ho (黎國浩) serves as the chairman of the Remuneration Committee.

The primary responsibility of the Remuneration Committee is to consider the remuneration structures and policies for all Directors and senior management of the Company, establish formal and transparent procedures to devise such remuneration policies and formulate the remuneration packages of Directors and senior management, as well as make recommendations to the Board. The Remuneration Committee has adopted the model as described in code E.1.2(c)(ii) of the Corporate Governance Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including remuneration, bonuses, pension rights, compensation payments and benefits in kind. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee held one on-site meeting to consider and approve the resolution on remuneration of Directors and senior management of the Company for 2021.

The attendance of the on-site meeting by each member is as follows:

Name of Members	Number of Meeting(s) Attended During the Tenure	Attendance Rate
Mr. LAI Kwok Ho (黎國浩) (Chairman)	1/1	100%
Mr. LI Wucheng (李武成)	1/1	100%
Ms. LI Yan (李燕)	1/1	100%

The Company regularly reviews its remuneration policy including directors' remuneration payable, taking into account the Company's performance and market conditions, to formulate better incentives and appraisal measures. Pursuant to the code E.1.5 of the Corporate Governance Code, the following table sets forth the remuneration of the Directors, Supervisors and members of senior management of the Company categorized by remuneration group for the year ended 31 December 2022:

Group (Note)	Remuneration (RMB)	Number of Individuals
1	0-500,000	13
2	500,001-1,000,000	2
3	1,000,001-2,000,000	4

Notes:

Group 1 includes 8 Directors and 5 Supervisors, among which 1 Director serves as a senior executive of the Company during the Reporting Period.

Group 2 includes 1 Supervisors and 1 senior executive of the Company.

Group 3 includes 1 Director and 3 senior executives of the Company.

No share options were granted to directors and no directors waived remuneration during the year of 2022. The Company has not paid any gratuity to the directors as compensation for leaving the Company, nor has it paid any gratuity as an incentive upon or after joining the Company.

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 to the Hong Kong Listing Rules are set out in Note 8(9) and Note 8(10) to the financial statements for the year.

#### 4. Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. JIANG Min (蔣敏), Mr. SU Jianguang (蘇建光) and Mr. LAI Kwok Ho (黎國浩), of which Mr. JIANG Min (蔣敏) and Mr. LAI Kwok Ho (黎國浩) are both independent non-executive Directors. Mr. JIANG Min (蔣敏) serves as the chairman of the Nomination Committee.

The primary responsibility of the Nomination Committee is to develop standards and procedures for the election of the Board members and members of the senior management, and make recommendations to the Board; review the structure, number, composition and membership diversity of the Board and make appropriate recommendations for adjustments made to the Board in line with the corporate strategies of the Company; and propose to the Board candidates for Directors, General Manager, Deputy General Manager, chief financial officer and secretary to the Board. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company. The Nomination Committee should seek independent professional adviser to perform its responsibilities at the Company's expense, when necessary.

During the Reporting Period, the Nomination Committee held two on-site meetings, in which three resolutions regarding the nomination of non-employee representative Director candidates of the fourth session of the Board, the nomination of general manager candidate, and the supplement of the member of strategy and development of the fourth session of the Board were considered and approved, and recommendations were made to the Board.

The attendance of the on-site meetings by each member is as follows:

<b>Name of Members</b>	<b>Number of Meeting(s) Attended During the Tenure</b>	<b>Attendance Rate</b>
Mr. JIANG Min (蔣敏) (Chairman)	2/2	100%
Mr. SU Jianguang (蘇建光)	2/2	100%
Mr. LAI Kwok Ho (黎國浩)	2/2	100%

The Board formulated and adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. For the year ended 31 December 2022, the Board has met the expected goal of the Board Diversity Policy and kept an appropriate balance of member structure. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the Board Diversity Policy.

The Board formulated and adopted the Policy for the Nomination of Directors of the Company. According to such policy, in evaluating and selecting candidates for directorship, the Nomination Committee and/or the Board would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidates can make to the Board in terms of qualifications, skills, experience, independence, as well as their willingness and ability to devote adequate time to discharge duties as members of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of a new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified to assume the directorship. The Nomination Committee should then recommend to the Board to appoint appropriate candidates for the directorship in the order of their ranking (if applicable) based on the needs of the Company and reference check of each candidate.

Qualified shareholders meeting requirements under laws and regulations and the Articles of Association are also eligible to nominate candidate(s) for directorship, please refer to Procedures for Shareholders to Propose a Person for Election as a Director for more details.

### III. SUPERVISORY COMMITTEE

The Supervisory Committee currently consists of six Supervisors, including two shareholder representative Supervisors, two employee representative Supervisors and two independent Supervisors. The members of the Supervisory Committee of the Company are listed below:

Member of the Supervisory Committee	Position	Date of appointment
Mr. XIE Chunhu (謝春虎)	Shareholder representative Supervisor	28 June 2022
	Chairman of the Supervisory Committee	5 December 2022
Mr. WANG Yaping (王亞平)	Independent Supervisor	17 May 2019
Mr. YANG Qiulin (楊秋林)	Independent Supervisor	17 May 2019
Mr. LIU Shuiguo (劉水國)	Employee representative Supervisor	29 April 2019
Mr. LI Zhengxu (李正旭)	Shareholder representative Supervisor	23 December 2022
Ms. YAO Junjun (姚雋雋)	Employee representative Supervisor	28 June 2022
Mr. ZHANG Qingcai (張慶財) (Note 1)	Chairman of the Supervisory Committee, Shareholder representative Supervisor	17 May 2019
Mr. XIA Xiliang (夏希亮) (Note 2)	Shareholder representative Supervisor	10 June 2020
Ms. WANG Xiaoyan (王曉燕) (Note 3)	Employee representative Supervisor	29 April 2019

Note 1: Mr. ZHANG Qingcai (張慶財) resigned from the chairman of the Supervisory Committee and the shareholder representative supervisor of the Company due to the age on 5 December 2022.

Note 2: Mr. XIA Xiliang (夏希亮) ceased to serve as the shareholder representative supervisor of the Company due to the expiration of the terms of office on 28 June 2022.

Note 3: Ms. WANG Xiaoyan (王曉燕) ceased to serve as the employee representative supervisor of the Company due to the expiration of the terms of office on 28 June 2022.

Shareholder representative Supervisors and independent Supervisors are elected and removed at the general meeting, while employee representative Supervisors are democratically elected or replaced at the staff representative assembly. Each supervisor will hold offices until the annual general meeting for 2024 to be held in 2025, and is subject to re-election for re-appointment when terms of office as Supervisor expire.

Biography of each supervisor is set out in the section headed "Directors, Supervisors and Senior Management".

## CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Supervisory Committee held seven on-site meetings and the Company held three general meetings of shareholders in total. The attendance of the meetings by each Supervisor is as follows:

Name of Supervisors	Number of Meetings of the Supervisory Committee Attended During the Tenure	Attendance Rate	Number of General Meeting(s) Attended During the Tenure	Attendance Rate
Mr. XIE Chunhu (謝春虎) (Chairman of the Supervisory Committee)	4/4	100%	1/1	100%
Mr. WANG Yaping (王亞平)	7/7	100%	3/3	100%
Mr. YANG Qiulin (楊秋林)	7/7	100%	3/3	100%
Mr. LIU Shuiguo (劉水國)	7/7	100%	3/3	100%
Mr. LI Zhengxu (李正旭) (Note 1)	1/1	100%	0/0	Not applicable
Ms. YAO Junjun (姚雋雋) (Note 2)	4/4	100%	1/1	100%
Mr. ZHANG Qingcai (張慶財) (Note 3)	6/6	100%	2/2	100%
Mr. XIA Xiliang (夏希亮) (Note 4)	3/3	100%	2/2	100%
Ms. WANG Xiaoyan (王曉燕) (Note 5)	3/3	100%	2/2	100%

Note 1: Mr. LI Zhengxu (李正旭) was appointed on 23 December 2022. The Company held one on-site meeting of the Supervisory Committee and none general meeting of shareholders from the date of his appointment up to 31 December 2022.

Note 2: Ms. YAO Junjun (姚雋雋) was appointed on 28 June 2022. The Company held four on-site meetings of the Supervisory Committee and one general meeting of shareholders from the date of her appointment up to 31 December 2022.

Note 3: Mr. ZHANG Qingcai (張慶財) resigned on 5 December 2022. The Company held six on-site meetings of the Supervisory Committee and two general meetings of shareholders from 1 January 2022 to the date of his resignation.

Note 4: Mr. XIA Xiliang (夏希亮) ceased on 28 June 2022. The Company held three on-site meetings of the Supervisory Committee and two general meetings of shareholders from 1 January 2022 to the date of his cessation.

Note 5: Ms. WANG Xiaoyan (王曉燕) ceased on 28 June 2022. The Company held three on-site meetings of the Supervisory Committee and two general meetings of shareholders from 1 January 2022 to the date of her cessation.

The performance of responsibilities by the Supervisory Committee is set out under the section headed “Supervisors’ Report” in this report.



#### IV. CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Hong Kong Listing Rules and disclosure in the Corporate Governance Report.

#### V. JOINT COMPANY SECRETARIES

During the Reporting Period, Ms. SUN Hongmei and Ms. NG Sau Mei as the joint company secretaries of the Company, had complied with the requirements on taking no less than 15 hours of relevant professional trainings as set out in Rule 3.29 of the Hong Kong Listing Rules. Meanwhile, Ms. SUN Hongmei and Ms. NG Sau Mei also actively participated in studies and updated their professional knowledge related to the Hong Kong Listing Rules and corporate governance to continuously improve their professional skills as the company secretary. The main contact person of the Company is Ms. SUN Hongmei, one of the Company's joint company secretaries.

#### VI. AUDITOR

Financial statements contained in this annual report have been audited by PricewaterhouseCoopers Zhong Tian LLP. Service fees which shall be paid by the Company to PricewaterhouseCoopers Zhong Tian LLP for the year amounted to RMB9.3690 million (value-added tax and other related tax included). The non-audit services primarily comprise DCF non-audit assurance services of subsidiaries.

<b>Services rendered</b>	<b>Fees Payable (RMB Yuan)</b>
Audit service for listed company	6,110,000
Other audit services of the Group	2,659,000
Non-audit services	<u>600,000</u>
Total	<u><u>9,369,000</u></u>

## VII. RISK MANAGEMENT AND INTERNAL CONTROL

The Company is committed to establishing high level risk management and internal control systems to safeguard the Company's assets and shareholders' investment. Systems and procedures in relation to risk management are set up to identify, measure, manage and control risks that include but are not limited to strategic, market, financial, operational and legal risk that may have an impact on the Company. The Company has defined the overall business structure of the Company and its subsidiaries, which detailed lines of authority and controls responsibilities in each business unit of the Company, to allow segregation of duties as well as to increase accountability, and has set up an internal control manual to monitor these procedures and activities. The Company has established relevant measures to cope with the material internal control defects identified. The Board will carefully evaluate the possibility and potential impacts of the internal control defects, the management will assist the Board to formulate corrective measures and implement them to ensure these control defects are properly resolved in a timely manner.

The Board is responsible for assessing and determining the nature and extent of the risks willing to be accepted for achieving strategic objectives on an annual basis and continuously oversees the design, implementation and monitoring of the risk management and internal control systems by the management to ensure its safe and effective operation, and has formulated Rules on Internal Control Management, Rules on Overall Risk Management, Rules on Internal Auditing and Management Measures for Internal Control Evaluation. The Audit Committee established by the Board makes recommendations to the Board on the formulation and implementation of risk management and internal control systems within their terms of reference, reviews the effectiveness of the Company's risk management, internal control systems and internal audit system and assists the Board to oversee the Company's risk management and internal control systems on an ongoing basis.

The Company has adopted the following measures in order to establish effective risk management and internal control:

### 1. Compliance Control

The Company has established a set of corporate governance mechanism to promote the compliance operation of the shareholders' general meetings, Supervisory Committee and the Board. The Company is also complied with the requirements of the Hong Kong Listing Rules, SFO and the Guidelines on Disclosure of Inside Information that it regulates information disclosure matters. The Company continues to strengthen connected transactions management, perform related approval and disclosure obligations according to the requirements of the Hong Kong Listing Rules.

The procedures and internal controls for the identifying, handling, and publishing inside information by the Company include: (i) formulating and implementing relevant supporting systems, including the Management Measures Governing Information Disclosure, by the Board, and establishing the comprehensive process of reporting, identifying, and disclosing inside information to ensure that the disclosure of inside information is in compliance; (ii) by means of training and instruction, fully informing the Board, the Supervisory Committee, the management and the related staff of the obligations on information disclosure as stipulated under the Hong Kong Securities and Futures Commission's Guidelines on Disclosure of Inside Information and the Hong Kong Listing Rules; and (iii) dispatching information to specific personnel on a need-to-know principle, putting emphasis on the prohibition of unauthorised use of confidential or inside information, and conducting the confidential work preceding the disclosure of insider information.

## 2. Operation Control

The Company has adjusted development initiatives timely by observing and evaluating the macroeconomic policies and operating conditions, the national industrial policies, and the industrial supply-demand conditions, in order to reduce market risk. The Company has established hierarchy control and approval mechanism for rate, cargo handover and delivery, and supervision of goods pledge to strengthen control through the whole process. The Company implements centralized procurement management, strictly inspects the procurement process of large-scale equipment and bulk goods and services to prevent procurement risk. The Company has also established safety accountability system and safety management system to safeguard the safety in production and operation of ports. The Company has established a system of information management, contract management and seal management to strengthen contract risk control.

## 3. Investment Control

The Group has implemented centralized procedures of examination and approval on external investments of the Company itself and its subsidiaries, and established a set of management process, ranging from project screening, decision approval, disposal of investment and risk control. In the view that the Company has many joint venture companies, the Company has also set up specialized management system for joint venture companies. The Company has established and optimized the engineering project management system, standardized the work flows of project establishment, bidding, construction, acceptance, cost and other sections to ensure the quality, progress and capital safety of engineering projects.

## 4. Finance Control

The Company has established a series of financial management measures, including business outsourcing, fixed assets leasing, insurance services, receivables, financing management, bank accounts management and notes management, etc. to effectively prevent and reduce finance risk. The Company has implemented comprehensive budget management and promoted budget's process control, which provide quantitative index of finance and operation for the Board and management. The Company implemented a centralized appointment and regular rotation system for financial personnel management, and the Company implemented material matters real time reporting system for delegated units and strengthened centralized control. The Audit Committee communicates with auditors and the management regularly to review the regular reports, as well as supervise the financial operation. The Company also pays high attention to the job qualifications and professional integrity of accounting and financial personnel and the Company takes full consideration of resources and budget of continuous trainings. The Board has also reviewed and satisfied with the Group's resources, staff qualification and experience on accounting and financial ability, and the training programs received by staffs and such budget are sufficient.

## 5. Internal Audit Control

The Company has established the Audit Department with corresponding supervision and audit responsibility, and the Company provided qualified designated personnel to assist the Audit Committee and Supervisory Committee to review and supervise the factuality, legitimacy and efficiency for the Group's financial revenues and expenses, financial budget, asset quality, operation performance, construction projects and related economic activities, so as to strengthen internal control and risk management.

In 2022, the Company actively prevented and resolved major risks, organized and carried out special actions to identify and manage key risks, identified key risks, formulated key risk control measures, organized the revision Internal Control Manual and Risk Management Manual, to further strengthen the solid defense of the risk. In 2022, the Company conducted an annual evaluation of its risk management and internal control systems. The method, findings, analysis and results of the evaluation have been reported to the Audit Committee and the Board. The Company engaged PricewaterhouseCoopers Zhong Tian LLP to conduct audit on the Company's internal control. The auditor was of the view that the Company maintained effective internal control in financial reporting in all material aspects in accordance with the Basic Standards for Enterprise Internal Control and related regulations as at 31 December 2022. The Board conducted self-evaluation on the construction of the risk management and internal control system (including financial, operational and compliance control, etc.) of the Company and its subsidiaries and the operation in 2022, and was of the opinion that the risk management and internal control systems of the Company and its subsidiaries were adequate and effective. The Board was of the opinion that the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### 6. Anti-corruption Monitoring

The Company has strengthened the honest management for all employees, complied with the requirements of laws and regulations such as the *Anti Unfair Competition Law of the People's Republic of China* and the *Anti-Money-Laundering Law of the People's Republic of China*, formulated and implemented rules and regulations such as the *Record and Reporting System for Leaders' Intervention in Major Matters (Trial)*, *Regulations on Recording and Accountability for Illegal Intervention in Business Management Activities (Trial)*, and strengthened supervision of the power operation process. The Company attaches importance to anti-corruption and anti-money-laundering management, develops and implements the *Fund Payment Approval Management Method*, regulates various fund payment processes, approval authorities, and related requirements, and strictly manages the fund payment process to prevent corruption, money laundering, and other illegal and illegal risks.

The Company has strengthened supervision and inspection of honest work, smooth supervision and reporting channels such as letters, visits, calls, and the internet, and promptly accepted relevant complaints. The Company has focused on key areas, important links, and key positions such as bidding procurement and engineering construction, strengthened supervision, and prevented corruption risks. The Company has employed external supervisors for the honest construction of the Party and the government to improve the supervision ability of the public.

### 7. Climate Change Monitoring

The Company actively implements the national goal of "carbon peaking, carbon neutral", pays attention to the impact of global climate change on port operation, adheres to the concept of green and low-carbon development, reduces pollutant emission and the impact of development on the environment. Combining climate change scenarios, the Company analyzed own climate change risks and opportunities, assessed the relevant impacts, and formulated coping strategies.

Please refer to the "2022 Sustainability Report" published by the Company for further details on climate change monitoring.

## VIII. INVESTOR RELATIONS

### 1. General Meetings and Shareholder's Rights

The Company is committed to maintaining communication with shareholders. Shareholders are encouraged to attend general meetings held by the Company and are invited to express their views and raise questions. The general meetings of the Company are divided into annual general meetings and extraordinary general meeting; and general meetings of the shareholders and class shareholder's meetings.

The annual general meeting is convened once a year within six months after the end of last fiscal year. The extraordinary general meeting is convened irregularly. In accordance with the Articles of Association, an extraordinary general meeting shall be convened on the requisition of two or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Board Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. The Board shall as soon as possible proceed to convene the extraordinary general meeting or a class shareholder's meeting after receiving the above written requisition.

The Company shall issue a written notice 20 days before the meeting is held for the annual general meeting. A written notice shall be issued to the shareholders 15 days before the convening of an extraordinary general meeting, which specifies the matters to be considered and date and venue of the meeting. Where the laws, regulations and listing rules in the jurisdiction where the shares of the Company are listed stipulate the aforesaid matters otherwise, such provisions shall prevail. Shareholders who individually or jointly hold more than 3% of the shares of the Company are entitled to submit a temporary proposal to the Board in writing 10 days before the general meeting; the Board shall issue a supplemental notice of the general meeting within 2 days upon receiving the proposal and publish an announcement for the extraordinary proposals. The proposals shall be within the scope of authority of the shareholders' meeting, and shall have clear object and detailed agenda items, and shall comply with laws, administrative regulations and the Articles of Association.

Save for Mr. FENG Boming (馮波鳴) was unable to attend the 2022 first extraordinary general meeting and 2021 annual general meeting due to official business arrangements, other Directors, Supervisors and the secretary (the Joint Company Secretary) of the Board are present at the general meetings, while general manager, deputy general manager, chief financial officer, external auditors and legal counsels of the Company attended general meetings as non-voting attendees to respond to shareholders' questions in relation to proposed resolutions seeking approval at the meetings. The circular containing information relating to the general meetings were dispatched to all the shareholders before the convening of the general meeting as required.

Minutes of meetings of the general meetings are kept in the Company. A shareholder shall be entitled to inspect copies of minutes of meetings free of charge during office hours of the Company or pay reasonable fees to the Company in order to obtain copies of minutes of meetings.



In the 2022 first extraordinary general meeting of the Company held on 25 February 2022, the chairman of the meeting demanded that all resolutions to be passed by poll, and had explained the procedures for voting at the meeting. At the meeting, the resolutions regarding the restructuring and integration between Shandong Port Finance Company and Rizhao Port Finance Company, the connected transactions with Shandong Port Group, etc. were considered and approved. For details, please refer to the announcement of the Company regarding the poll results dated 25 February 2022.

In the 2021 annual general meeting of the Company held on 28 June 2022, the chairman of the meeting demanded that all resolutions to be passed by poll, among which the election of Director and Supervisors were voted by way of cumulative voting system, and had explained the procedures for voting at the meeting. At the meeting, the resolutions regarding the annual report for 2021, the profit distribution plan for 2021, etc. were considered and approved. For details, please refer to the announcement of the Company regarding the poll results dated 28 June 2022.

In the 2022 second extraordinary general meeting of the Company held on 23 December 2022, the chairman of the meeting demanded that the resolution to be passed by poll, among which the election of Directors was voted by way of cumulative voting system, and had explained the procedures for voting at the meeting. At the meeting, the resolution regarding the connected transactions with Shandong Port Group, the changes in the use of proceeds from the H share placing, the election of non-employee representative Directors and Supervisors, etc. were considered and approved. For details, please refer to the announcement of the Company regarding the poll results dated 23 December 2022.

## 2. Amendments to Constitutional Document

As at 31 December 2022, the Company has not amended the Articles of Association. The current applicable Articles of Association has been published on the websites of the Company and the Hong Kong Stock Exchange.

## 3. Information Disclosure

The Company insists the principles of sufficiency, compliance, equality of opportunity, honest and trustworthy, focusing on efficiency and interactive communication, and discloses the Company's information in a timely and precise manner according to the requirements of the Hong Kong Listing Rules.

The Company prepared and disclosed its regular and provisional reports in strict adherence to the principles of truthfulness, accuracy, completeness, timeliness and fairness. It continuously enhanced the pertinence, effectiveness and transparency of information disclosure in order to guarantee investors' access to relevant information and ensure that the investors in the mainland China and Hong Kong are provided with equal opportunity to access relevant information. It carefully organised compliance analysis and disclosure of material events, as well as actively exploring voluntary information disclosure to provide more timely, comprehensive and effective information to investors.

To promote effective communication, the Company also publishes information such as latest announcement and business development of the Group in a timely manner on the Company's website, through which shareholders and investors can immediately grasp the latest business condition and dynamic condition of the Company.

#### 4. Investor Relations Management

The Company pays much attention to the management work of investor relations, and regards investor relations as an important aspect of corporate governance. The Company has established “Investor Relations Management System”, “Implementation Rules for Investor Relations” and other communication policies with shareholders. The Board review every year and the secretary to the Board is responsible for the overall coordination and arrangement of the management work of investor relations, and general office of the Board being responsible for specific implementation. The Company is committed to setting up an efficient communication bridge between management and investors. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the above policies.

The Company communicates with shareholders mainly in the following ways: (i) holding the annual general meeting of shareholders and the extraordinary general meeting of shareholders for specific purposes (if any) to provide plans for shareholders to communicate directly with the Board; (ii) publishing interim announcements, periodic reports and/or circular in accordance with the Hong Kong Listing Rules; and (iii) releasing the latest information of the Group on the Company’s website (<http://www.qingdao-port.com>).

During this year, in order to allow investors fully understand the results performance, operation strategy and development prospects of the Company, the Company has held various activities, including results conference, results road show, analysts on-site meeting, and teleconference, etc., through which the Company has deep communication with investors and related persons. Based on the above measures, the Board expressed satisfaction with the activities carried out by the Company to communicate with shareholders and investors during the reporting period.

Furthermore, the general office of the Board reports investors’ perception of the Company and relevant development to the management regularly, so that the management can understand the concerns of investors and the changes of relevant policies and requirements in time, thus improving its work on investor relations management. Based on the above measures, the Board expressed satisfaction with the activities undertaken by the Company to communicate with shareholders and investors during the Reporting Period.

The Company considers the management of investor relations as a long-term systematic project. Looking forward, the Company will continuously review and improve its work on investor relations management at appropriate time in accordance with the regulatory requirements of the Hong Kong Stock Exchange, the development trend of the capital market and investors’ expectation, keep contact with domestic and oversea investors and maintain a good image of the Company in the capital market.

Shareholders and investors of the Company may send their enquiries and concerns to the Company by addressing them to the general office of the Board. The contact details are as follows:

General Office of the Board

Tel: 86-532-82983083

E-mail: [qggj@qdport.com](mailto:qggj@qdport.com)

Address: 7 Gangji Road, City North District, Qingdao, Shandong Province, the PRC

# AUDITOR'S REPORT



普华永道

PwC ZT Shen Zi (2023) No. 10038

To the Shareholders of Qingdao Port International Co., Ltd.,

## OPINION

### What we have audited

We have audited the accompanying financial statements of Qingdao Port International Co., Ltd. (hereinafter “Qingdao Port International Company”), which comprise:

- the consolidated and company balance sheets as at 31 December 2022;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Qingdao Port International Company as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“CASs”).

### BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Qingdao Port International Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

普华永道中天会计师事务所(特殊普通合伙)

PricewaterhouseCoopers Zhong Tian LLP, 11/F PricewaterhouseCoopers Center  
Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC  
T: +86 (21) 2323 8888, F: +86 (21) 2323 8800, www.pwccn.com

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Provision for supplemental retirement benefits obligations
- Estimates on the bad debt provision for accounts receivable

### Key Audit Matter

#### Provision for supplemental retirement benefits obligations

Please refer to Note 2 (19)(b), (30)(b)(ii) and Note 4(35) long-term employee benefits payable.

As at 31 December 2022, Qingdao Port International Company has recognised liabilities in connection with the provision for supplemental retirement benefits of approximately RMB2,472.89 million.

The liabilities in connection with the supplemental retirement benefits are determined on an actuarial basis based on different assumptions. Qingdao Port International Company has engaged a third-party actuary to conduct actuarial valuation on the aforesaid supplemental retirement benefits obligations. Key actuarial assumptions (including discount rates, benefits growth rates and mortality etc.) can have a material impact on the provision for the related retirement benefits obligations. The selection of those actuarial assumptions requires significant judgements and estimates.

We regard this area as a key audit matter because the provision for supplemental retirement benefits obligations requires significant judgements and estimates and also the amounts involved are significant. The inherent risk in relation to the provision for supplemental retirement benefits obligations is considered as elevated risk due to the uncertainty of the judgements and estimations, the complexity of the actuarial process, the subjectivity of the significant assumptions used.

### How our audit addressed the Key Audit Matter

We understood and evaluated Qingdao Port International Company's internal controls over the provision for supplemental retirement benefits obligations and validated the effectiveness of the key internal controls, including management's review and approval of the adoption of key assumptions. When assessing the inherent risk of material misstatement, the degree of uncertainty in accounting estimates related to the provision for supplemental retirement benefits and the level of other inherent risk factors are considered.

We evaluated the capability, professionalism and objectivity of the third-party actuary.

We involved our internal actuarial experts to assist us in evaluating the reasonableness of management's benefit plan and the key assumptions as adopted by the third-party actuary. The evaluation works include comparing the discount rates as adopted with the spot rate of treasury bonds as of the balance sheet date, checking the mortality used to the China Life Insurance Mortality Table, comparing the growth rates of various benefits with Qingdao Port International Company's benefits policies and historical information, the historical price indexes as announced by The National Bureau of Statistics of the People's Republic of China or the local social average wage growth rates, considering the potential impact if these assumptions are to be changed within a reasonable range, as well as through independent calculating to review the results of third-party actuary.

We checked the relevant documents of benefit plans and verified the source data (e.g. basic information of employees and benefits payments for the current period etc.) as used by the actuary via sampling methods.

We found that the management's judgements and estimates on the assumptions as adopted for the provision for supplemental retirement benefits obligations are within an acceptable extent.

## KEY AUDIT MATTERS (Continued)

### Key Audit Matter

#### Estimates on the bad debt provision for accounts receivable

Please refer to Note 2(9)(a)(ii), (30)(b)(iii) and Note 4(4)(d) the bad debt provision for accounts receivable.

The gross carrying amount of accounts receivable amounted to RMB2,224.39 million and a provision for impairment of RMB207.92 million has been recognised as at 31 December 2022.

Qingdao Port International Company measures the loss provisions of accounts receivable based on the lifetime ECL. If there exists objective evidence that the amount cannot be collected under the original terms of the accounts receivable, the provision for bad debts shall be separately accrued.

When there is no information at reasonable cost to assess the ECL on the individual basis, Qingdao Port International Company classifies receivables into certain groupings based on their credit risk characteristics and measures ECL according to exposure at default and lifetime ECL rate on the grouping basis, and determines ECL rate based on probability of default and loss given default.

When determining the ECL, Qingdao Port International Company uses internal historical credit loss experience and other data, combining with current conditions and forward-looking information to adjust the historical data. When considering forward-looking information, Qingdao Port International Company has considered different macroeconomic scenarios and important macroeconomic assumptions and parameters.

We regard this area as a key audit matter because the amounts involved are significant and Qingdao Port International Company made significant estimate and judgement in determining the impairment of accounts receivable.

### How our audit addressed the Key Audit Matter

We understood and evaluated Qingdao Port International Company's internal controls over the management of accounts receivable and measurement of Expected Credit Loss ("ECL") and validated the effectiveness of the key internal controls. When assessing the risk of material misstatement, the degree of uncertainty in accounting estimates related to the provision for bad debts of accounts receivable and the level of other inherent risk factors are considered.

For accounts receivable assessed on the individual basis, we have reviewed the management's basis for assessing expected credit losses such as the customer's financial status and credit status, historical repayment records, and forecasts of future economic conditions. And we verify the management's assessment with the evidence we obtained during the audit.

For accounts receivable which the ECL is measured based on the groupings of credit risk characteristics, we have reviewed whether the management's judgment on the classification of the groupings and the common risk characteristics is reasonable. We used the work of internal experts to assist us in evaluating the assumptions about management's ECL measurement method of accounts receivable, historical default loss rates, and forward-looking adjustment coefficients. The assessment of the forward-looking adjustment coefficient takes into account the impact of the weight of different macroeconomic scenarios and the economic indicators used by the management were checked with external data sources. On this basis, the ECL were recalculated to verify the rationality of management's calculation of ECL.

We conducted external confirmation, checked the accuracy of the aging of accounts receivable by inspecting the related supporting documents (such as operation records and invoices etc.), and checked the status of subsequent recoverability of accounts receivable on sample basis.

We found that there was evidence to support the management's judgements and estimates on the impairment of accounts receivable.



## OTHER INFORMATION

Management of the Qingdao Port International Company is responsible for the other information. The other information comprises all of the information included in 2022 annual report of Qingdao Port International Company other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THE AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

Management of the Qingdao Port International Company is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Qingdao Port International Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate Qingdao Port International Company or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing Qingdao Port International Company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Qingdao Port International Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Qingdao Port International Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Qingdao Port International Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA  
Jia Na (Engagement Partner)

Shanghai, the People's Republic of China  
29 March 2023

Signing CPA  
Lv Yongzheng

# CONSOLIDATED BALANCE SHEET

As at 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 4	31 December 2022	31 December 2021 (Restated)
<b>Current assets</b>			
Cash at bank and on hand	(1)	9,183,323,879	9,130,883,770
Financial assets held for trading	(2)	999,864,829	837,190,078
Notes receivable	(3)	96,070,105	56,473,397
Accounts receivable	(4)	2,016,471,556	1,965,092,283
Financing receivables	(5)	280,619,222	384,875,823
Advances to suppliers	(6)	126,266,656	113,794,979
Other receivables	(7)	852,817,484	5,623,790,856
Inventories	(8)	54,146,549	130,810,650
Contract assets	(9)	123,966,449	420,642,735
Current portion of non-current assets	(11)	2,717,391	663,670,692
Other current assets	(10)	<u>141,272,926</u>	<u>1,248,826,732</u>
<b>Total current assets</b>		<u><b>13,877,537,046</b></u>	<u>20,576,051,995</u>
<b>Non-current assets</b>			
Long-term receivables	(11)	32,141,987	2,338,651,819
Long-term equity investments	(12)	12,888,086,094	9,847,613,999
Other non-current financial assets	(13)	393,840,402	897,168,337
Investment properties	(14)	145,666,381	184,884,218
Fixed assets	(15)	22,183,661,213	19,384,964,534
Construction in progress	(16)	2,491,929,634	3,513,501,488
Right-of-use assets	(17)	629,604,435	370,858,887
Intangible assets	(18)	3,202,177,728	3,217,897,470
Development costs	(18)	30,804,841	24,006,548
Goodwill	(19)	48,683,209	48,683,209
Long-term prepaid expenses		75,685,037	58,847,014
Deferred tax assets	(20)	960,832,968	951,155,060
Other non-current assets	(21)	<u>515,259,386</u>	<u>805,300,026</u>
<b>Total non-current assets</b>		<u><b>43,598,373,315</b></u>	<u>41,643,532,609</u>
<b>TOTAL ASSETS</b>		<u><b>57,475,910,361</b></u>	<u><b>62,219,584,604</b></u>

## CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 4	31 December 2022	31 December 2021 (Restated)
<b>Current liabilities</b>			
Short-term borrowings	(23)	269,088,147	1,498,398,064
Notes payable	(24)	1,034,898,039	1,237,001,063
Accounts payable	(25)	1,435,308,348	1,504,308,175
Advances from customers		9,224,728	9,224,580
Contract liabilities	(26)	273,592,129	216,343,911
Employee benefits payable	(27)	631,271,564	556,625,450
Taxes payable	(28)	306,380,839	271,674,999
Other payables	(29)	3,985,877,916	10,919,971,844
Current portion of non-current liabilities	(30)	720,194,743	189,026,667
Other current liabilities		21,117,185	14,364,855
<b>Total current liabilities</b>		<b>8,686,953,638</b>	<b>16,416,939,608</b>
<b>Non-current liabilities</b>			
Long-term borrowings	(31)	1,542,527,600	-
Lease liabilities	(32)	482,364,123	184,438,326
Long-term payables	(33)	374,006,498	211,757,561
Provisions		30,844,000	34,844,000
Deferred income	(34)	323,941,118	311,098,110
Long-term employee benefits payable	(35)	2,426,440,000	2,507,396,712
Deferred tax liabilities	(20)	50,374,062	53,283,934
Other non-current liabilities	(36)	2,281,541,172	2,482,691,848
<b>Total non-current liabilities</b>		<b>7,512,038,573</b>	<b>5,785,510,491</b>
<b>Total liabilities</b>		<b>16,198,992,211</b>	<b>22,202,450,099</b>
<b>Shareholders' equity</b>			
Share capital	(37)	6,491,100,000	6,491,100,000
Capital surplus	(38)	11,878,388,652	12,862,527,869
Other comprehensive income	(39)	(43,501,228)	(7,107,484)
Specific reserve		12,449,939	3,918,032
Surplus reserve	(40)	2,419,818,733	2,002,688,003
General risk reserve	(41)	-	411,248,470
Undistributed profits	(42)	16,641,485,185	13,786,510,309
<b>Total equity attributable to shareholders of the Company</b>		<b>37,399,741,281</b>	<b>35,550,885,199</b>
<b>Minority interests</b>		<b>3,877,176,869</b>	<b>4,466,249,306</b>
<b>Total Shareholders' equity</b>		<b>41,276,918,150</b>	<b>40,017,134,505</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>57,475,910,361</b>	<b>62,219,584,604</b>

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 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 16	31 December 2022	31 December 2021
<b>Current assets</b>			
Cash at bank and on hand	(1)	3,303,326,794	6,049,663,895
Financial assets held for trading		735,407,305	201,471,986
Notes receivable		4,315,994	–
Accounts receivable	(2)	333,401,436	430,401,666
Financing receivables	(3)	139,360,896	143,359,008
Advances to suppliers		59,124,581	21,723,637
Other receivables	(4)	662,213,689	657,490,515
Inventories		17,206,932	29,385,257
Current portion of non-current assets	(5)	756,385,933	33,214,786
Other current assets		52,444,251	63,581,763
<b>Total current assets</b>		<b>6,063,187,811</b>	<b>7,630,292,513</b>
<b>Non-current assets</b>			
Long term receivables	(5)	1,803,215,246	2,348,000,000
Long-term equity investments	(6)	20,118,139,630	16,819,323,357
Other non-current financial assets		393,054,012	291,565,287
Investment properties	(7)	1,257,882,065	1,326,471,111
Fixed assets	(8)	10,370,171,260	8,796,153,303
Construction in progress	(9)	1,916,030,925	2,066,259,985
Right-of-use assets		114,542,963	239,192,915
Intangible assets	(10)	2,093,595,468	2,101,539,012
Development costs	(10)	29,636,246	22,421,207
Long-term prepaid expenses		26,465,962	28,671,054
Deferred tax assets		74,057,852	60,822,323
Other non-current assets		282,816,464	410,817,367
<b>Total non-current assets</b>		<b>38,479,608,093</b>	<b>34,511,236,921</b>
<b>TOTAL ASSETS</b>		<b>44,542,795,904</b>	<b>42,141,529,434</b>



## COMPANY BALANCE SHEET (Continued)

As at 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 16	31 December 2022	31 December 2021
<b>Current liabilities</b>			
Short-term borrowings		10,011,764	25,021,313
Notes payable		440,283,431	221,244,211
Accounts payable		369,157,818	407,091,672
Advances from customers		5,995,399	7,319,838
Contract liabilities		107,993,812	124,586,007
Employee benefits payable		394,113,782	383,118,967
Taxes payable		50,493,163	52,841,978
Other payables		1,843,010,474	1,289,016,690
Current portion of non-current liabilities		36,642,126	43,456,254
Other current liabilities		7,065,016	6,723,229
<b>Total current liabilities</b>		<u>3,264,766,785</u>	<u>2,560,420,159</u>
<b>Non-current liabilities</b>			
Lease liabilities		81,114,528	155,617,539
Long-term payables		39,835,665	36,586,728
Deferred income		143,059,610	138,666,444
Long-term employee benefits payable		1,531,180,000	1,846,150,000
Other non-current liabilities		2,281,541,172	2,482,691,848
<b>Total non-current liabilities</b>		<u>4,076,730,975</u>	<u>4,659,712,559</u>
<b>Total liabilities</b>		<u>7,341,497,760</u>	<u>7,220,132,718</u>
<b>Shareholders' equity</b>			
Share capital		6,491,100,000	6,491,100,000
Capital surplus	(12)	16,024,844,086	16,242,455,107
Other comprehensive income	(13)	21,733,193	31,210,000
Surplus reserve		2,419,818,733	2,002,688,003
Undistributed profits	(14)	12,243,802,132	10,153,943,606
<b>Total shareholders' equity</b>		<u>37,201,298,144</u>	<u>34,921,396,716</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>44,542,795,904</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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the year ended 31 December 2022	For the year ended 31 December 2021 (Restated)
<b>1. Revenue</b>	(43)	<b>19,262,764,979</b>	16,792,662,879
Less: Cost of sales	(43), (47)	<b>(13,205,817,567)</b>	(11,463,713,784)
Taxes and surcharges	(44)	<b>(145,299,633)</b>	(146,916,440)
Selling and distribution expenses	(47)	<b>(106,942,092)</b>	(55,390,616)
General and administrative expenses	(45), (47)	<b>(952,094,715)</b>	(917,476,861)
Research and development expenses	(18), (47)	<b>(111,267,803)</b>	(82,826,916)
Financial expenses	(46)	<b>183,818,905</b>	100,057,267
Including: Interest expenses		<b>154,628,607</b>	174,929,949
Interest income		<b>342,392,186</b>	376,602,040
Add: Other income	(48)	<b>201,961,629</b>	166,952,927
Investment income	(49)	<b>1,434,016,239</b>	1,435,042,907
Including: Investment income from associates and joint ventures		<b>1,270,143,860</b>	1,184,282,335
Gains on changes in fair value		<b>8,486,958</b>	20,145,692
Credit impairment losses	(50)	<b>(15,406,222)</b>	(38,178,909)
Asset impairment losses		<b>(8,957,369)</b>	(8,759,366)
Gains on disposal of assets		<b>15,201,237</b>	33,058,469
<b>2. Operating profit</b>		<b>6,560,464,546</b>	5,834,657,249
Add: Non-operating income		<b>7,730,650</b>	4,725,811
Less: Non-operating expenses		<b>(12,542,167)</b>	(3,984,303)
<b>3. Total profit</b>		<b>6,555,653,029</b>	5,835,398,757
Less: Income tax expenses	(51)	<b>(1,308,790,870)</b>	(1,169,195,559)
<b>4. Net profit</b>		<b>5,246,862,159</b>	4,666,203,198
Including: Net profit/(loss) of the acquiree in a business combination under common control before the combination date		<b>(5,675,058)</b>	36,383,256
Classified by continuity of operations			
Net profit from continuing operations		<b>4,956,458,388</b>	4,374,744,237
Net profit from discontinued operations		<b>290,403,771</b>	291,458,961
Classified by ownership of the equity			
Minority interests		<b>721,686,983</b>	683,990,714
Attributable to shareholders of the Company		<b>4,525,175,176</b>	3,982,212,484

## CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	<b>For the year ended 31 December 2022</b>	For the year ended 31 December 2021 (Restated)
<b>5. Other comprehensive income, net of tax</b>	(39)	<b><u>(37,208,741)</u></b>	<u>(289,606,440)</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		<b>(30,318,115)</b>	(287,368,551)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		<b>1,683,736</b>	-
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		<b>(3,126,165)</b>	(5,471,508)
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		<b>(4,633,200)</b>	-
Attributable to minority shareholders, net of tax		<b><u>(814,997)</u></b>	<u>3,233,619</u>
<b>6. Total comprehensive income</b>		<b><u>5,209,653,418</u></b>	<u>4,376,596,758</u>
Attributable to shareholders of the Company		<b>4,488,781,432</b>	3,689,372,425
Attributable to minority interests		<b>720,871,986</b>	687,224,333
<b>7. Earnings per share</b>			
Basic earnings per share(RMB)	(52)(a)	<b>0.70</b>	0.61
Diluted earnings per share(RMB)	(52)(b)	<b>0.70</b>	0.61

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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 16	For the year ended 31 December 2022	For the year ended 31 December 2021
<b>1. Revenue</b>	(15)	<b>5,687,697,947</b>	5,877,708,044
Less: Cost of sales	(15),(17)	<b>(4,300,066,361)</b>	(4,226,713,532)
Taxes and surcharges		<b>(75,237,234)</b>	(77,133,506)
Selling and distribution expenses	(17)	<b>(27,121,468)</b>	(19,634,817)
General and administrative expenses	(17)	<b>(467,616,014)</b>	(508,122,575)
Research and development expenses	(17)	<b>(36,865,550)</b>	(41,024,931)
Financial expenses	(16)	<b>33,409,737</b>	(60,875,741)
Including: Interest expenses		<b>10,125,397</b>	38,194,560
Interest income		<b>64,476,372</b>	56,351,760
Add: Other income		<b>28,604,156</b>	28,258,960
Investment income	(18)	<b>3,473,390,413</b>	3,087,551,174
Including: Investment income from associates and joint ventures		<b>1,292,545,747</b>	1,251,646,244
Credit impairment losses	(11)	<b>(46,828,364)</b>	20,589,545
Asset impairment losses		-	1,392,635
Gains on disposal of assets		<b>14,823,001</b>	18,213,971
<b>2. Operating profit</b>		<b>4,284,190,263</b>	4,100,209,227
Add: Non-operating income		<b>1,911,168</b>	2,152,966
Less: Non-operating expenses		<b>(2,604,826)</b>	(839,900)
<b>3. Total profit</b>		<b>4,283,496,605</b>	4,101,522,293
Less: Income tax expenses	(19)	<b>(276,788,114)</b>	(351,717,763)
<b>4. Net profit</b>		<b>4,006,708,491</b>	3,749,804,530
Classified by continuity of operations			
Net profit from continuing operations		<b>4,006,708,491</b>	3,749,804,530
Net profit from discontinued operations		-	-
<b>5. Other comprehensive income, net of tax</b>		<b>(9,476,807)</b>	(260,020,000)
Other comprehensive income items that will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		<b>(12,790,000)</b>	(260,020,000)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		<b>1,629,835</b>	-
Other comprehensive income that will be subsequently reclassified to profit or loss			
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		<b>1,683,358</b>	-
<b>6. Total comprehensive income</b>		<b>3,997,231,684</b>	3,489,784,530

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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	<b>For the year ended 31 December 2022</b>	For the year ended 31 December 2021 (Restated)
<b>1. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		19,394,019,057	16,672,830,797
Refund of taxes and surcharges		633,761,001	49,791,082
Cash received relating to other operating activities	(53)(a)	<u>1,034,338,895</u>	<u>303,441,406</u>
<b>Sub-total of cash inflows</b>		<u>21,062,118,953</u>	<u>17,026,063,285</u>
Cash paid for goods and services		(9,518,205,474)	(7,540,358,641)
Cash paid to and on behalf of employees		(3,227,032,322)	(2,830,714,490)
Payments of taxes and surcharges		(1,817,450,711)	(1,705,983,334)
Cash paid relating to other operating activities	(53)(b)	<u>(266,419,183)</u>	<u>(2,028,367,233)</u>
<b>Sub-total of cash outflows</b>		<u>(14,829,107,690)</u>	<u>(14,105,423,698)</u>
<b>Net cash flows from operating activities</b>	(54)(a)	<u>6,233,011,263</u>	<u>2,920,639,587</u>
<b>2. Cash flows from investing activities</b>			
Cash received from disposal of investments		6,657,851,807	18,925,115,349
Cash received from returns on investments		393,929,438	1,860,707,676
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		32,267,443	78,662,991
Net cash received from disposal of subsidiaries and other business units	(54)(b)	3,342,729,145	28,935,375
Cash received relating to other investing activities	(53)(c)	<u>6,540,274,145</u>	<u>2,859,500,219</u>
<b>Sub-total of cash inflows</b>		<u>16,967,051,978</u>	<u>23,752,921,610</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,956,796,323)	(2,514,167,124)
Cash paid to acquire investments		(10,297,908,893)	(15,231,369,447)
Cash paid relating to other investing activities	(53)(d)	<u>(4,507,764,241)</u>	<u>(3,815,740,853)</u>
<b>Sub-total of cash outflows</b>		<u>(17,762,469,457)</u>	<u>(21,561,277,424)</u>
<b>Net cash flows used in investing activities</b>		<u>(795,417,479)</u>	<u>2,191,644,186</u>



## CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	<b>For the year ended 31 December 2022</b>	For the year ended 31 December 2021 (Restated)
<b>3. Cash flows from financing activities</b>			
Cash received from capital contributions		14,450,000	102,940,000
Including: Cash received from capital contributions by minority shareholders of subsidiaries		14,450,000	102,940,000
Cash received from borrowings		1,731,028,099	3,681,335,697
Cash received relating to other financing activities	(53)(e)	239,000,000	934,619,494
<b>Sub-total of cash inflows</b>		<b>1,984,478,099</b>	4,718,895,191
Cash repayments of borrowings		(2,498,521,977)	(4,898,435,843)
Cash payments for distribution of dividends, profits or interest expenses		(2,340,319,576)	(2,482,613,948)
Including: Cash payments for distribution of profit to minority shareholders of subsidiaries		(501,105,300)	(504,039,305)
Cash paid relating to other financing activities	(53)(f)	(1,837,941,093)	(301,974,046)
<b>Sub-total of cash outflows</b>		<b>(6,676,782,646)</b>	(7,683,023,837)
<b>Net cash flows used in financing activities</b>		<b>(4,692,304,547)</b>	(2,964,128,646)
<b>4. Effect of foreign exchange rate changes on cash</b>		<b>28,138,650</b>	(16,971,997)
<b>5. Net increase in cash</b>	(54)(a)	773,427,887	2,131,183,130
Add: Cash at the beginning of the year		8,247,817,077	6,116,633,947
<b>6. Cash at the end of the year</b>	(54)(a)	<b>9,021,244,964</b>	8,247,817,077

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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	4,851,152,621	5,525,357,144
Refund of taxes and surcharges	220,540,591	–
Cash received relating to other operating activities	<u>132,734,375</u>	<u>269,778,033</u>
<b>Sub-total of cash inflows</b>	<u>5,204,427,587</u>	<u>5,795,135,177</u>
Cash paid for goods and services	(1,897,680,804)	(2,774,814,068)
Cash paid to and on behalf of employees	(1,510,496,449)	(1,439,733,206)
Payments of taxes and surcharges	(420,695,766)	(507,468,960)
Cash paid relating to other operating activities	<u>(74,256,410)</u>	<u>(284,943,176)</u>
<b>Sub-total of cash outflows</b>	<u>(3,903,129,429)</u>	<u>(5,006,959,410)</u>
<b>Net cash flows from operating activities</b>	<u>1,301,298,158</u>	<u>788,175,767</u>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	719,475,248	2,944,518,799
Cash received from returns on investments	1,239,329,463	3,040,311,333
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	21,072,160	12,158,565
Cash received relating to other investing activities	<u>661,903,564</u>	<u>1,725,645,324</u>
<b>Sub-total of cash inflows</b>	<u>2,641,780,435</u>	<u>7,722,634,021</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(2,028,317,716)	(757,301,709)
Cash paid to acquire investments	(1,478,847,600)	(4,525,945,154)
Cash paid to acquire subsidiaries	(984,446,600)	–
Cash paid relating to other investing activities	<u>(422,754,405)</u>	<u>(1,066,806,264)</u>
<b>Sub-total of cash outflows</b>	<u>(4,914,366,321)</u>	<u>(6,350,053,127)</u>
<b>Net cash flows from investing activities</b>	<u>(2,272,585,886)</u>	<u>1,372,580,894</u>

## COMPANY CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
<b>3. Cash flows from financing activities</b>		
Cash received from borrowings	<u>15,000,000</u>	<u>257,000,000</u>
<b>Sub-total of cash inflows</b>	<u>15,000,000</u>	<u>257,000,000</u>
Cash repayments of borrowings	(30,000,000)	(2,883,322,091)
Cash payments for distribution of dividends, profits or interest expenses	(1,674,432,402)	(1,741,266,865)
Cash paid relating to other financing activities	<u>(97,662,954)</u>	<u>(37,996,804)</u>
<b>Sub-total of cash outflows</b>	<u>(1,802,095,356)</u>	<u>(4,662,585,760)</u>
<b>Net cash flows used in financing activities</b>	<u>(1,787,095,356)</u>	<u>(4,405,585,760)</u>
<b>4. Effect of foreign exchange rate changes on cash</b>	<u>7,231,717</u>	<u>(17,500,544)</u>
<b>5. Net decrease in cash</b>	<u>(2,751,151,367)</u>	<u>(2,262,329,643)</u>
Add: Cash at the beginning of the year	<u>6,049,079,897</u>	<u>8,311,409,540</u>
<b>6. Cash at the end of the year</b>	<u>3,297,928,530</u>	<u>6,049,079,897</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 year ended 31 December 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		Surplus reserve	General risk reserve	Undistributed profits		
				comprehensive income	Specific reserve					
<b>Balance at 31 December 2020</b>		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 involving enterprises under common control		-	755,622,023	(1,565,700)	354,241	-	-	60,859,928	784,420,257	1,599,690,749
<b>Balance at 1 January 2021 (Restated)</b>		6,491,100,000	13,074,295,912	285,732,575	4,633,428	1,617,193,102	411,248,470	11,927,459,146	4,528,760,249	38,340,422,882
<b>Movements for the year ended</b>										
<b>31 December 2021 (Restated)</b>										
Total comprehensive income										
Net profit		-	-	-	-	-	-	3,982,212,484	683,990,714	4,666,203,198
Other comprehensive income	(39)	-	-	(292,840,059)	-	-	-	-	3,233,619	(289,606,440)
Total comprehensive income for the year		-	-	(292,840,059)	-	-	-	3,982,212,484	687,224,333	4,376,596,758
Transferred to the former shareholders of Weihai Port										
		-	(170,013,965)	-	-	-	-	-	(163,346,751)	(333,360,716)
Capital contribution and withdrawal by shareholders										
Capital contribution by minority shareholders										
in subsidiaries		-	-	-	-	-	-	-	102,940,000	102,940,000
Acquisition of minority interests		-	(36,737,621)	-	-	-	-	-	(68,247,133)	(104,984,754)
Profit distribution										
Appropriation to surplus reserves	(40)	-	-	-	-	385,494,901	-	(385,494,901)	-	-
Profit distribution to shareholders	(42)	-	-	-	-	-	-	(1,737,666,420)	(620,913,760)	(2,358,580,180)
Specific reserve										
Appropriation to safety fund		-	-	-	80,016,354	-	-	-	22,811,317	102,827,671
Utilization of safety fund		-	-	-	(80,731,750)	-	-	-	(22,978,949)	(103,710,699)
Recognition of other changes in other reserves										
of associates and joint ventures	(38)	-	(5,016,457)	-	-	-	-	-	-	(5,016,457)
<b>Balance at 31 December 2021 (Restated)</b>		<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>

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the year ended 31 December 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		Surplus reserve	General risk reserve	Undistributed profits		
				comprehensive income	Specific reserve					
Balance at 1 January 2022		6,491,100,000	12,862,527,869	(7,107,484)	3,918,032	2,002,688,003	411,248,470	13,786,510,309	4,466,249,306	40,017,134,505
<b>Movements for the year ended 31 December 2022</b>										
Total comprehensive income										
Net profit		-	-	-	-	-	-	4,525,175,176	721,686,983	5,246,862,159
Other comprehensive income	(39)	-	-	(36,393,744)	-	-	-	-	(814,997)	(37,208,741)
Total comprehensive income for the year		-	-	(36,393,744)	-	-	-	4,525,175,176	720,871,986	5,209,653,418
Capital contribution and withdrawal by shareholders										
Capital contribution by minority shareholders in subsidiaries		-	-	-	-	-	-	-	14,450,000	14,450,000
Profit distribution										
Appropriation to surplus reserves	(40)	-	-	-	-	417,130,730	-	(417,130,730)	-	-
Profit distribution to shareholders	(42)	-	-	-	-	-	-	(1,664,318,040)	(593,366,809)	(2,257,684,849)
Specific reserve										
Appropriation to safety fund		-	-	-	92,979,557	-	-	-	28,502,848	121,482,405
Utilization of safety fund		-	-	-	(80,346,521)	-	-	-	(27,556,761)	(107,903,282)
Business combination under common control		-	(984,446,600)	-	-	-	-	-	-	(984,446,600)
Impact of disposal of subsidiaries		-	-	-	(4,101,129)	-	(411,248,470)	411,248,470	(731,973,701)	(736,074,830)
Recognition of other changes in other reserves of associates and joint ventures	(38)	-	307,383	-	-	-	-	-	-	307,383
Balance at 31 December 2022		6,491,100,000	11,878,388,652	(43,501,228)	12,449,939	2,419,818,733	-	16,641,485,185	3,877,176,869	41,276,918,150

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 year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note 16	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total equity
<b>Balance at 1 January 2021</b>		<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>
<b>Movements for the year ended</b>								
<b>31 December 2021</b>								
Total comprehensive income								
Net profit		-	-	-	-	-	3,749,804,530	3,749,804,530
Other comprehensive income	(13)	-	-	(260,020,000)	-	-	-	(260,020,000)
Total comprehensive income for the year		-	-	(260,020,000)	-	-	3,749,804,530	3,489,784,530
Profit distribution								
Appropriation to surplus reserves		-	-	-	-	385,494,901	(385,494,901)	-
Profit distribution to shareholders		-	-	-	-	-	(1,701,966,420)	(1,701,966,420)
Specific reserve								
Appropriation to safety fund		-	-	-	30,686,400	-	-	30,686,400
Utilization of safety fund		-	-	-	(30,686,400)	-	-	(30,686,400)
Recognition of other changes in other reserves of associates and joint ventures	(12)	-	(5,016,457)	-	-	-	-	(5,016,457)
The impact of the remeasurement after the disposal of remaining interests of the subsidiary		-	-	-	-	-	105,144,483	105,144,483
<b>Balance at 31 December 2021</b>		<u><u>6,491,100,000</u></u>	<u><u>16,242,455,107</u></u>	<u><u>31,210,000</u></u>	<u><u>-</u></u>	<u><u>2,002,688,003</u></u>	<u><u>10,153,943,606</u></u>	<u><u>34,921,396,716</u></u>

# COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 16	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total equity
<b>Balance at 1 January 2022</b>		<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>
<b>Movements for the year ended</b>								
<b>31 December 2022</b>								
Total comprehensive income								
Net profit		-	-	-	-	-	4,006,708,491	4,006,708,491
Other comprehensive income	(13)	-	-	(9,476,807)	-	-	-	(9,476,807)
Total comprehensive income for the year		-	-	(9,476,807)	-	-	4,006,708,491	3,997,231,684
Business combination under common control		-	(362,343,303)	-	-	-	-	(362,343,303)
Profit distribution								
Appropriation to surplus reserves		-	-	-	-	417,130,730	(417,130,730)	-
Profit distribution to shareholders		-	-	-	-	-	(1,664,318,040)	(1,664,318,040)
Specific reserve								
Appropriation to safety fund		-	-	-	30,440,113	-	-	30,440,113
Utilization of safety fund		-	-	-	(30,440,113)	-	-	(30,440,113)
Recognition of other changes in other reserves of associates and joint ventures	(12)	-	307,383	-	-	-	-	307,383
Impact of disposal of subsidiaries		-	144,424,899	-	-	-	164,598,805	309,023,704
<b>Balance at 31 December 2022</b>		<u>6,491,100,000</u>	<u>16,024,844,086</u>	<u>21,733,193</u>	-	<u>2,419,818,733</u>	<u>12,243,802,132</u>	<u>37,201,298,144</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 year ended 31 December 2022  
(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 year ended 31 December 2022  
(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 31 December 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.

Qingdao Port Group is the parent company of the Company. As at 23 January 2022, the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government (“Qingdao SASAC”) had transferred 100% equity interests in Qingdao Port Group to Shandong Port Group Co., Ltd. (“Shandong Port Group”). After the completion of the transfer, the ultimate parent company of the Company was changed to Shandong Port Group.

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

For the details of the main subsidiaries included in the scope of consolidation for the year, please refer to Note 6. The subsidiaries included in the scope of consolidation for the year refer to the subsidiaries that are newly established and are acquired through business combination involving enterprises under common control. The subsidiaries that are no longer included in the scope of consolidation for the year are Shandong Port Group Finance Co., Ltd. (“Shandong Port Finance”) (formerly know as Qingdao Port Finance Co., Ltd.), Qingdao Port Equipment Manufacturing Co., Ltd. (“Equipment Manufacturing”), Qingdao Port International Trade Logistics Co., Ltd. (“International Trade Logistics”) and Qingdao Qianwan International Automobile Supply Chain Service Co., Ltd. (“Automobile Supply Chain”). For details, please refer to Note 5.

These financial statements have been approved for issuance by the Company’s Board of Directors on 29 March 2023.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

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

#### (1) Preparation basis of financial statements

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

The financial statements are prepared on a going concern basis.

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (1) Preparation basis of financial statements (Continued)

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

In May 2022, the Company acquired its subsidiary Shandong Weihai Port Development Co., Ltd. (“Weihai Port”) from Shandong Port Group Weihai Port Co., Ltd. (“Weihai Port Group”) and indirectly controlled Weihai Qingwei Container Terminal Co., Ltd. (“Qingwei Container”) through the acquisition of Weihai Port. This transaction is classified as a business combination involving enterprises under common control as Weihai Port, Qingwei Container and the Company are both ultimately controlled by Qingdao Port Group prior and subsequent to the combination and the control is not temporary. The assets and liabilities of Weihai Port and Qingwei Container are consolidated into the Company’s consolidated financial statements at their carrying amounts at the combination date, and the reporting entities after the combination are deemed to exist in the previous years. Therefore, the Group’s data for the same period of the previous year was restated to include the financial position and operating results of the consolidated parties (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 year ended 31 December 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 31 December 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 year ended 31 December 2022

(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.

### 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 attributable 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 year ended 31 December 2022  
(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 year ended 31 December 2022  
(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 year ended 31 December 2022  
(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 debt instruments at fair value through other comprehensive income, contract assets, lease receivables based on Expected Credit Loss (“ECL”).

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort at the balance sheet date, weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected.

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.

Except for the above notes receivable, accounts receivable, receivables financing, contract assets and lease receivables, ECL of financial instruments in different stages is 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 recognised. Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

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 the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of expected credit loss provision).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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 determining groups and method for provision are as follows:

Grouping of financing receivables and notes receivable:

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

Grouping of accounts receivable:

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

Grouping of other receivables and long-term receivables:

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 year ended 31 December 2022  
(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, other receivables and long-term 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 of loss in the current period.

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

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

##### (b) Financial liabilities

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

The financial liabilities of the Group mainly comprise of financial liabilities measured at amortized cost, including notes payable, accounts payable, other payables, borrowings long-term payables and lease liabilities. 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 year ended 31 December 2022  
(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.



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

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

##### (a) Determination of investment cost

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

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

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

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

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

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income pursuant to its share of net profit or loss of the investee. The Group discontinues recognizing its share of the net losses of an investee after the carrying amounts of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognizing the investment losses and the provisions. The changes of the Group's share of the investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution are recognized in the Group's capital surplus and the carrying amounts of the long-term equity investment are adjusted accordingly. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

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. In the preparation of the consolidated financial statements, as for the portion attributable to the Group of unrealised gains or losses in which the assets are invested or sold to the investees by the Group in downstream transactions, the Group offsets the portion attributable to the Group of the unrealised revenue and costs or gains or losses on disposal of assets on the basis of offsetting against the Company's financial statements and adjusts investment income accordingly; as for the portion attributable to the Group of unrealised gains or losses in which the assets are invested or sold to the Group by the investees in upstream transactions, the Group offsets the portion attributable to the Group of the unrealised gains or losses in internal transactions included in the carrying amount of the related assets on the basis of offsetting against the Company's financial statements, and adjusts the carrying amount of long-term equity investments accordingly. Any losses resulting from transactions between the Group and its investees attributable to asset impairment losses are not eliminated.

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 year ended 31 December 2022  
(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 and storage facilities are depreciated to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of buildings, storage facilities and land use rights are as follows:

	<b>Estimated useful lives</b>	<b>Estimated net residual values</b>	<b>Annual depreciation/ amortization rates</b>
Buildings	30 years	4%	3.2%
Storage facilities	20 – 45 years	4%	2.1%-4.8%
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 year ended 31 December 2022  
(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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (13) Fixed assets (Continued)

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

#### (d) Disposal of fixed assets

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

#### (14) Construction in progress

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

#### (15) Borrowing costs

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

### (16) Intangible assets

Intangible assets include land use rights, sea area use rights, 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 year ended 31 December 2022  
(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 year ended 31 December 2022  
(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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

### (19) Employee benefits (Continued)

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

##### **Supplemental retirement benefits**

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

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

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

#### (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 year ended 31 December 2022  
(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..

#### (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.

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 year ended 31 December 2022

(All amounts in RMB Yuan unless otherwise stated)

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

#### (22) Revenue

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.

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

#### (22) Revenue (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 or rendering of 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 year ended 31 December 2022

(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.

### 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, machinery and 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. 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 year ended 31 December 2022  
(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

Shandong Port Finance, a former 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 Shandong Port Finance and the customer, Shandong Port Finance offers loan (“entrusted loan”) to the other party under instruction of the customer from the fund (“entrusted loan fund”) provided by customer. As Shandong Port Finance does not assume risk and reward incidental to the entrusted loan and associated entrusted loan fund, the entrusted loan and entrusted loan fund are recorded as off-balance sheet items by their principal, and no provision for impairment 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.

### 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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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. In 2022, the weights of the three economic scenarios of “benchmark”, “unfavourable” and “favourable” were 60%, 30% and 10%, respectively (In 2021: 60%, 30% and 10%). The Group regularly monitors and reviews key macroeconomic assumptions and parameters related to the calculation of expected credit loss, including the risk of economic downturn, external market environment, technical environment changes on customer conditions, business climate index, consumer price index, industrial added value and investment in fixed assets, etc. The Group regularly monitors and reviews the assumptions and parameters related to the calculation of ECL, including the risk of economic downturn, changes in customer conditions, Consumer Price Index (“CPI”), Industrial Added Value (“IAV”), Gross Domestic Product (“GDP”), and investment in fixed assets, etc. The key macroeconomic parameters used in each scenario are listed below:

		<u>Economic scenario</u>		
		<b>Benchmark</b>	<b>Unfavourable</b>	<b>Favourable</b>
Consumer price index: on year-on-year basis	2023 and subsequent years	2.12%	1.75%	2.86%
Industrial added value: on a cumulative year-on-year basis	2023 and subsequent years	5.47%	4.63%	6.70%
Gross national product: on a cumulative year-on-year basis	2023 and subsequent years	5.10%	4.79%	6.28%
Investment in fixed assets: on a cumulative year-on-year basis	2023 and subsequent years	5.87%	4.12%	8.44%

In 2021, the key macroeconomic parameters used in each scenario by the Group were listed below:

		<u>Economic scenario</u>		
		<b>Benchmark</b>	<b>Unfavourable</b>	<b>Favourable</b>
Consumer price index: on year-on-year basis	2022 and subsequent years	2.07%	1.78%	2.35%
Industrial added value: on a cumulative year-on-year basis	2022 and subsequent years	4.96%	3.92%	5.38%
Gross national product: on a cumulative year-on-year basis	2022 and subsequent years	5.21%	4.88%	5.56%
Investment in fixed assets: on a cumulative year-on-year basis	2022 and subsequent years	5.05%	3.81%	7.42%

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (31) Significant changes in accounting policies

The Ministry of Finance released the *Circular on Issuing Interpretation No. 15 of Accounting Standards for Business Enterprises* in 2021, released the *Q&A on Implementation of Accounting Standards for Business Enterprises* and the *Circular on the Strict Implementation of the Accounting Standards for Business Enterprises and the Effective Conduct of the Annual Report Of Enterprises for 2022* in 2022, and released *Q&A on Implementation of Standards for Long Term Equity Investments* in 2023. The Group and the Company have adopted the above circular, notice and Q&A to prepare the financial statements for the year ended 31 December 2022, the comparatives for the year ended 31 December 2021 were restated accordingly, and the impacts are as follows:

#### (a) Downstream transactions in which the Group sells assets to associates

The nature and the reasons of the changes in accounting policies	The line items affected	<b>The amounts affected</b>	The amounts affected
		<b>Year ended</b>	Year ended
		<b>31 December 2022</b>	31 December 2021
		<b>The Group</b>	The Group
The Group provides construction services to associates. In the preparation of the consolidated financial statements, the Group deducts revenue and cost of sales for the portion attributable to the Group of unrealised gains or losses on downstream transactions to the extent of the Group's equity interest in the investees on the basis of offsetting against the Company's financial statements, and adjusts investment income.	Revenue	<b>(50,274,241)</b>	(116,914,618)
	Cost of sales	<b>36,912,572</b>	98,538,623
	Investment income	<b>13,361,669</b>	18,375,995



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 3 TAXATION

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

Category	Tax base	Tax rate
Enterprise income tax(a)	Taxable income	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% RMB 3.2-11.2 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.

#### (b) VAT

In 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%.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 3 TAXATION (Continued)

#### (2) Tax incentives

##### (a) Enterprise income tax

In accordance with Cai Shui [2008] No. 116 and Cai Shui [2008] No. 46, Qingdao Port Haiye Dongjiakou Oil Products Co., Ltd. (formerly known as Qingdao Haiye Mercuria Storage Co., Ltd.) (“Dongjiakou Oil Products”) engaged in public infrastructure projects specially supported by the state, so the corresponding terminal loading and unloading business would be exempted from enterprise income tax for three years starting from 2021, and eligible for a 50% tax reduction for the next three years. 2022 was the second year of income tax exemption.

In 2022, pursuant to Cai Shui [2021] No. 8 and Cai Shui [2022] No. 13, Qingdao Port International Port Service Co., Ltd. (“Port Service”), Qingdao Ocean Shipping Repair Co., Ltd. (“Ocean Shipping Repair”), Qingdao Port Culture & Media Co., Ltd. (“Cultural & Media”), Shandong Port Production Guarantee Co., Ltd. (“Production Guarantee”) and Qingdao Port Construction & Management Centre Co., Ltd. (“Construction & Management Centre”), 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 exceeding RMB1 million but no more than 3 million shall be deducted into the taxable income by 25%, and the enterprise income tax shall be prepaid at the rate of 20%.

##### (b) VAT

Pursuant to the *Announcement on Relevant Policies for Deepening the Value-added Tax Reform* (Cai Shui Haiguan [2019] No.39) jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the *Announcement on the Additional Deduction Policies of Value-added Tax for Consumer Service Industry* (Cai Shui [2019] No. 87) jointly issued by the Ministry of Finance and the State Taxation Administration and the *Announcement on VAT Policies for Promoting the Bailout and Development of Vulnerable Industries in the Service Sector* (Cai Shui [2022] No.11) jointly issued by the Ministry of Finance and the State Taxation Administration, 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”), 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 3 TAXATION (Continued)

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

##### (c) Land use tax for terminal land

In 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.

### 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	31 December 2022	31 December 2021 (Restated)
Cash on hand	350	8,288
Cash at bank	682,825,594	8,253,738,190
Deposits of Shandong Port Finance	8,467,959,020	—
Other cash balances	7,440,791	872,673,505
Interest receivable	25,098,124	4,463,787
	<u>9,183,323,879</u>	<u>9,130,883,770</u>
Including: amounts deposited abroad	<u>2,253,498</u>	<u>3,223,531</u>

As at 31 December 2022, other cash balances include deposits for the issuance of bank acceptance notes amounted to RMB6,096,521 and deposits for the issuance of letter of guarantee and other guarantees amounted to RMB1,344,270 (Note 4(54)(a)).

As at 31 December 2021, other cash balances include deposit reserves in the People's Bank of China by Shandong Port Group Finance Co., Ltd., a former subsidiary of the Company, amounted to RMB694,994,295 pursuant to relevant regulations, deposits for the issuance of bank acceptance notes amounted to RMB89,278,872, deposits for the issuance of letter of credit amounted to RMB86,510,717 and deposits for the issuance of letter of guarantee and other guarantees amounted to RMB1,889,621 (Note 4(54)(a)).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (2) Financial assets held for trading

	<b>31 December 2022</b>	31 December 2021 (Restated)
Structured deposit	<b>995,407,305</b>	201,471,986
Stock investments	<b>4,457,524</b>	1,433,692
Wealth management products	<b>-</b>	634,284,400
	<b><u>999,864,829</u></b>	<b><u>837,190,078</u></b>

#### (3) Notes receivable

	<b>31 December 2022</b>	31 December 2021 (Restated)
Bank acceptance notes	<b>37,698,488</b>	-
Trade acceptance notes	<b>60,316,043</b>	58,021,496
Less: Bad debt provision	<b><u>(1,944,426)</u></b>	<u>(1,548,099)</u>
	<b><u>96,070,105</u></b>	<b><u>56,473,397</u></b>

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

In the current year, the provision for bad debts provided on the grouping basis was RMB396,327. There was no significant provision for bad debts recovered or reversed, nor notes receivable written-off.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (4) Accounts receivable

	<b>31 December 2022</b>	31 December 2021 (Restated)
Accounts receivable	<b>2,224,386,597</b>	2,119,624,178
Less: Bad debt provision	<b>(207,915,041)</b>	(154,531,895)
	<b><u>2,016,471,556</u></b>	<u>1,965,092,283</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.

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

	<b>31 December 2022</b>	31 December 2021 (Restated)
Within 1 year	<b>1,950,153,368</b>	1,826,651,330
1 to 2 years	<b>64,235,583</b>	121,907,601
2 to 3 years	<b>70,560,834</b>	169,984,523
Over 3 years	<b>139,436,812</b>	1,080,724
	<b><u>2,224,386,597</u></b>	<u>2,119,624,178</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 31 December 2022, the total amount of top five accounts receivable is analyzed as follows:

	<b>Amount</b>	<b>Provision for bad debt</b>	<b>% of total balance</b>
Total amount of top five accounts receivable	<u>629,086,284</u>	<u>(127,657,142)</u>	<u>28.28%</u>

(c) As at 31 December 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 year ended 31 December 2022  
(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 31 December 2022, accounts receivable for which the related provision for bad debts was provided on the individual basis were receivables of RMB20,656,092 from Zhongshang Jiankai (Qingdao) Technology Development Co., Ltd., receivables of RMB256,346 from Hangzhou Qianyue Network Technology Co., Ltd. and receivables of RMB50,000 from Ningxia Lingwu Baota Dagu Warehousing and Transportation Co., Ltd. The Group considers the above receivables to be difficult to recover due to corresponding companies' difficulties in the business operations or being blacklisted for involvement of several litigations, thus a full provision for bad debts is made by the Group.
- (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:

	31 December 2022		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	11,486,038	4.30%	(493,862)
1 to 2 years	57,536,932	12.51%	(7,198,047)
2 to 3 years	70,277,390	40.57%	(28,511,341)
3 to 4 years	110,814,448	72.56%	(80,411,356)
	<b>250,114,808</b>		<b>(116,614,606)</b>
	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)
3 to 4 years	-	-	-
Over 4 years	1,030,724	100.00%	(1,030,724)
	<b>498,197,955</b>		<b>(80,800,312)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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:

	31 December 2022		
	Ending Balance	Provision for bad debt	
	Amount	Lifetime ECL rate	Amount
Within 1 year	1,938,667,330	3.10%	(60,031,492)
1 to 2 years	6,698,651	35.28%	(2,363,135)
Over 2 years	7,943,370	100.00%	(7,943,370)
	<u>1,953,309,351</u>		<u>(70,337,997)</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 year, the provision for bad debts accrued was RMB64,010,446 and the provision for bad debts reversed was RMB435,921. Also, the provision for bad debts was decreased by RMB10,191,379 due to disposal of subsidiaries.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (5) Financing receivables

	<b>31 December 2022</b>	31 December 2021 (Restated)
Bank acceptance notes	<u><b>280,619,222</b></u>	<u>384,875,823</u>

- (a) Certain bank acceptance notes satisfied the derecognition criteria and were endorsed or discounted frequently by the Group for the purpose of daily treasury management, thereby these bank acceptance notes with good credit rating were categorised as financial assets at fair value through other comprehensive income. As at 31 December 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 31 December 2022 and 31 December 2021, the Group had no pledged bank acceptance notes.
- (c) As at 31 December 2022, the bank acceptance notes that the Group has endorsed or discounted but have not yet expired amounted to RMB722,900,384 (31 December 2021: RMB404,056,717) and has been derecognized.

#### (6) Advances to suppliers

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

	<u>31 December 2022</u>		<u>31 December 2021 (Restated)</u>	
	<b>Amount</b>	<b>% of total balance</b>	Amount	% of total balance
Within 1 year	<u><b>126,266,656</b></u>	<u><b>100.00%</b></u>	<u>113,794,979</u>	<u>100.00%</u>

- (b) As at 31 December 2022, the total amount of top five advances to suppliers is analyzed as follows:

	<b>Amount</b>	<b>% of total balance</b>
Total amount of top five advances to suppliers	<u><b>46,391,544</b></u>	<u>36.74%</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (7) Other receivables

	31 December 2022	31 December 2021 (Restated)
Receivables and advances of agent business (i)	453,361,614	465,492,097
Advance payment for targeted procurement business (ii)	154,166,529	2,209,813,305
Equity transfer receivable (iii)	137,353,393	261,903,564
Deposits and guarantees	62,371,283	41,923,007
Supplementary medical insurance pooling funds (iv)	39,574,833	32,105,790
Lease payments receivable of operating lease	16,175,202	2,547,289
Advances for land use rights receivable (v)	14,622,074	14,622,074
Dividend receivable	8,924,400	15,252,568
Loans provided to related parties and third parties (vi)	-	2,633,156,571
Others	42,705,627	53,986,961
	<u>929,254,955</u>	<u>5,730,803,226</u>
Less: Provision for bad debts	<u>(76,437,471)</u>	<u>(107,012,370)</u>
	<u>852,817,484</u>	<u>5,623,790,856</u>

- (i) 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.
- (ii) The advance payment for targeted procurement refers to the advances made by the Group for customers' targeted procurement of goods.
- (iii) As at 31 December 2022, the equity transfer receivable was RMB107,782,194 receivable from Maersk Terminals Co., Ltd. ("Maersk") as a result of the equity transfer transaction, RMB14,532,446 receivable from Shandong Harbor Construction Group Co., Ltd. ("Shandong Harbor Construction") as a result of the equity transfer transaction, RMB1,500,862 receivable from Shandong Port Luhai International Logistics Group Co., Ltd. ("Luhai International Logistics") as a result of the equity transfer transaction and RMB13,537,891 receivable from Shandong Port Equipment Group Co., Ltd. ("Shandong Equipment Group") as a result of the equity transfer transaction, which the Group expects will be fully recovered.
- (iv) Supplementary medical welfare pooling funds are the prepaid funds deposited into the account of Shandong Branch of Ping An Annuity Insurance Company of China, Ltd. The Group expects that the recovery risk is low.
- (v) The advance for land use rights receivable is the prepayment to the People's Government of Manshan Town, Lingang Economic and Technological Development Zone, Weihai, in a prior year for the purchase of land, by Weihai International Logistics Park Development Co., Ltd. ("Logistics Park Development"), a subsidiary of the Company. Due to the change in government planning, Logistics Park Development will not purchase the piece of land and the payment is to be recovered, and the Group expects that the payment will be fully recovered.
- (vi) Loans to related parties and third parties represent long-term loans to related parties from Shandong Port Finance, a former subsidiary of the Company. Among which, the loans and related provision for bad debts to be recovered within one year are presented as current portion of non-current assets. As the Company lost control over Shandong Port Finance in 2022, the balance of the above amount as at 31 December 2022 was RMB0.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (7) Other receivables (Continued)

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

	31 December 2022	31 December 2021 (Restated)
Within 1 year	767,514,875	5,510,989,974
1 to 2 years	24,766,494	9,802,759
2 to 3 years	7,426,515	93,273,747
More than 3 years	<u>129,547,071</u>	<u>116,736,746</u>
	<u>929,254,955</u>	<u>5,730,803,226</u>

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

	Stage 1				
	ECL over the next 12 months (on the grouping basis)		ECL over the next 12 months (on the individual basis)		Total
	Amount	Provision for bad debts	Amount	Provision for bad debts	Provision for bad debts
31 December 2021 (Restated)	5,338,201,676	(48,586,493)	276,525,638	-	(48,586,493)
Increase in the current year	-	-	137,353,393	-	-
Decrease in the current year	(1,854,740,435)	16,018,657	(261,903,564)	-	16,018,257
Impact of disposal of subsidiaries	<u>(2,819,962,676)</u>	<u>12,261,253</u>	<u>-</u>	<u>-</u>	<u>12,261,653</u>
31 December 2022	<u>663,498,565</u>	<u>(20,306,583)</u>	<u>151,975,467</u>	<u>-</u>	<u>(20,306,583)</u>

	Stage 3		
	Lifetime ECL (credit impaired)(individual)		Total
	Amount	Total	Provision for bad debts
31 December 2021 (Restated)	116,075,912	(58,425,877)	(107,012,370)
Increase in the current year	-	-	-
Decrease in the current year	(2,294,989)	2,294,989	18,313,646
Impact of disposal of subsidiaries	<u>-</u>	<u>-</u>	<u>12,261,253</u>
31 December 2022	<u>113,780,923</u>	<u>(56,130,888)</u>	<u>(76,437,471)</u>

As at 31 December 2022 and 31 December 2021, the Group did not have any other receivables which were at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

- (i) As at 31 December 2022, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

	Amount	ECL over the next 12 months	Provision for bad debts	Reason
<b>Stage 1</b>				
Equity transfer payment receivable from Maersk	107,782,194	–	–	Note 4 (7)(iii)
Equity transfer payment receivable from Shandong Harbor Construction Group	14,532,446	–	–	Note 4 (7)(iii)
Equity transfer payment receivable from Shandong Port Equipment Group	13,537,891	–	–	Note 4 (7)(iii)
Advances for land payable	14,622,074	–	–	Note 4 (7)(v)
Equity transfer payment receivable from Luhai International Logistics	1,500,862	–	–	Note 4 (7)(iii)
	<u>151,975,467</u>		<u>–</u>	
	<b>Ending balance</b>	<b>Lifetime ECL ratio</b>	<b>Provision for bad debts</b>	<b>Reason</b>
<b>Stage 3</b>				
Receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd.	112,428,156	49%	(54,778,121)	i)
Receivables from Qingdao Huamin Shichuang International Trade Co., Ltd.	1,352,767	100%	(1,352,767)	ii)
	<u>113,780,923</u>		<u>(56,130,888)</u>	

- i) As at 31 December 2022, receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd. were RMB112,428,156. The above company ceased the business operation and got involved in several litigations with its bank accounts frozen. The amounts not settled yet include the property transfer in progress to the Group of RMB49,049,000, and the estimated recoverable amount for individual joint liability of RMB8,601,035. The Group makes provision for bad debts of RMB54,778,121 for the remaining amounts that are expected to be irrecoverable.

- ii) As at 31 December 2022, receivables from Qingdao Huamin Shichuang International Trade Co., Ltd. amounted to RMB1,352,767. The above company ceased the business operation and got involved in several litigations, thus a full provision for bad debts against the above amount is made by the Group.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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 31 December 2021, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

	Ending balance	ECL ratio within 12 months	Provision for bad debts	Reason
<b>Stage 1</b>				
Equity transfer receivable from Qingdao Yiruiyuan Trading Co., Ltd.	209,522,851	–	–	i)
Equity transfer receivable from Qingdao Haiye Petroleum Co., Ltd.	52,380,713	–	–	i)
Advances for land use rights receivable	<u>14,622,074</u>	–	<u>–</u>	Note 4 (7)(v)
	<u>276,525,638</u>		<u>–</u>	
	Ending balance	Lifetime ECL ratio	Provision for bad debts	Reason
<b>Stage 3</b>				
Receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd.	112,428,156	49%	(54,778,121)	Note 4 (7)(b)
Receivables from Qingdao Shangruihua Automobile Sales Co., Ltd.	2,294,989	100%	(2,294,989)	ii)
Receivables from Qingdao Huamin Shichuang International Trade Co., Ltd.	<u>1,352,767</u>	100%	<u>(1,352,767)</u>	Note 4 (7)(b)
	<u>116,075,912</u>		<u>(58,425,877)</u>	

i) The equity transfers receivable were RMB209,522,851 and RMB52,380,713 prepaid refundable payments of Haiye Oil Terminal receivable from Haiye Petroleum and Yiruiyuan Trading respectively by the Group. As the equity transaction was canceled, the amount was refunded in January 2022.

ii) Receivables from Qingdao Shangruihua Automobile Sales Co., Ltd. amounted to RMB2,294,989. The above company ceased the business operation and got involved in several litigations with its bank accounts frozen, thus a full provision for bad debts against the above amount is made by the Group.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

(iii) As at 31 December 2022 and 31 December 2021, other receivables for which the related provision for bad debts was provided on the grouping basis are all within Stage 1, which are analysed as follows:

	31 December 2022			31 December 2021		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Loans and advances combinations	40,385,606	(80,995)	0.20%	4,726,893,964	(18,271,457)	0.39%
Agency business and receivables combinations	453,361,614	(15,668,081)	3.46%	465,492,097	(23,658,299)	5.08%
Deposits and guarantees combinations	62,371,283	(891,727)	1.43%	41,923,007	(632,429)	1.51%
Dividend receivable combinations	8,924,400	-	-	15,252,568	-	-
Other combinations	98,455,662	(3,665,780)	3.72%	88,640,040	(6,024,308)	6.80%
	<u>663,498,565</u>	<u>(20,306,583)</u>		<u>5,338,201,676</u>	<u>(48,586,493)</u>	

(c) In the current year, the provision for bad debts provided on the grouping basis amounted to RMB16,018,657, the amount decreased in provision for bad debts due to disposal of subsidiaries amounted to RMB12,261,253, and the provision for bad debts on the individual basis reversed amounted to RMB2,294,989, which was the provision for bad debts reversed and recovered by the Group in full from Qingdao Shanghai Ruihua Automobile Sales Co., Ltd. There was no other receivables that were written off in the current year.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (7) Other receivables (Continued)

(d) As at 31 December 2022, top five other receivables are analyzed as follows:

	Nature	Amount	Ageing	% of total	Provision for bad debts
Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd.	Receivables and advances of agent business	112,428,156	Over 3 years	12.08%	(54,778,121)
Maersk Terminal Co., Ltd.	Equity transfer payment	107,782,194	Within 1 year	11.60%	-
Shandong Branch of Ping An Annuity Insurance Company of China, Ltd.	Supplementary medical insurance pooling funds and others	41,405,224	Within 1 year	4.46%	(1,242,157)
CMA CGM (China) Co., Ltd.	Receivables and advances of agent business	27,092,058	Within 1 year	2.92%	(812,762)
Wallem Shipping (China) Co., Ltd.	Receivables and advances of agent business	24,031,513	Within 1 year	2.59%	(720,945)
		312,739,144		33.65%	(57,553,985)

(e) As at 31 December 2022 and 31 December 2021, the Group did not recognise government grants at amounts receivable.

(f) As at 31 December 2022, the Group had no other receivables pledged (31 December 2021: the Group had other receivables pledged with a carrying amount of RMB175,950,000 to secure factoring borrowings of RMB50,000,000).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (8) Inventories

(a) Inventories are summarized by categories as follows:

	31 December 2022			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	24,558,833	-	24,558,833	93,755,241	-	93,755,241
Fuel	16,841,518	-	16,841,518	21,459,796	-	21,459,796
Spare parts	5,252,561	-	5,252,561	5,940,071	-	5,940,071
Others	7,493,637	-	7,493,637	9,655,542	-	9,655,542
	<u>54,146,549</u>	<u>-</u>	<u>54,146,549</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 year	Decrease in the current year	Disposal of subsidiaries	31 December 2022
Materials and finished goods	93,755,241	1,406,022,234	(1,404,494,905)	(70,723,737)	24,558,833
Fuel	21,459,796	455,089,530	(459,707,808)	-	16,841,518
Spare parts	5,940,071	38,747,050	(39,434,560)	-	5,252,561
Others	9,655,542	104,041,738	(99,911,672)	(6,291,971)	7,493,637
	<u>130,810,650</u>	<u>2,003,900,552</u>	<u>(2,003,548,945)</u>	<u>(77,015,708)</u>	<u>54,146,549</u>

(c) As at 31 December 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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (9) Contract assets

	<b>31 December 2022</b>	31 December 2021 (Restated)
Contract assets	<b>125,964,204</b>	430,661,765
Less: provision for contract assets	<b><u>(1,997,755)</u></b>	<u>(10,019,030)</u>
	<b><u>123,966,449</u></b>	<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 31 December 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

	<b>31 December 2022</b>	31 December 2021 (Restated)
VAT input to be deducted	<b>141,272,926</b>	317,503,153
Other debt investments		
– Certificates of interbank deposits	–	929,212,100
Stock account funds	–	2,111,479
	<b><u>141,272,926</u></b>	<u>1,248,826,732</u>

#### (11) Long-term receivables

	<b>31 December 2022</b>	31 December 2021 (Restated)
Receivables from Hunan Ccoop Commercial Management Co., Ltd. i)	<b>34,859,378</b>	42,962,705
Loans provided to related parties ii)	–	1,246,464,633
Sale and leaseback to related parties ii)	–	1,798,685,390
Less: current portion	<b><u>(2,717,391)</u></b>	<u>(675,343,994)</u>
	<b>32,141,987</b>	2,412,768,734
Impairment provision	–	(85,790,217)
Less: current portion	–	11,673,302
	–	<u>(74,116,915)</u>
	<b><u>32,141,987</u></b>	<u>2,338,651,819</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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

	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 year	450,885,037	-	
Amounts decreased in the current year	(1,057,997,327)	23,855,744	
Impact of disposal of subsidiaries	(2,438,037,733)	55,539,233	
31 December 2022	-	-	
	Stage 3		
	Lifetime ECL (credit impaired)		Total
	Amount	Provision for bad debt	Provision for bad debt
31 December 2021 (Restated)	42,962,705	(6,395,240)	(85,790,217)
Increase in the current year	-	-	-
Amounts decreased in the current year	(8,103,327)	6,395,240	30,250,984
Impact of disposal of subsidiaries	-	-	55,539,233
31 December 2022	34,859,378	-	-

- i) As at 31 December 2022, the amount receivable from Hunan Kupu Commercial Management Co., Ltd. ("Hunan Kupu") was RMB34,859,378 (31 December 2021: RMB42,962,705). Due to its poor performance, Hunan Kupu was unable to repay, and therefore used the property of its parent company Ccoop Group Co., Ltd. as collateral for the payment. According to the court's re-ruling, the amount was undertaken by Ccoop Group Co., Ltd. And would be repaid in instalments within 10 years. RMB8,103,327 was repaid in 2022. The Group believed that the recovery risk is relatively low and therefore no provision for bad debts was made.
- ii) Loans to related parties represent long-term loans to related parties from Shandong Port Finance, a former subsidiary of the Company. Sales and leaseback to related parties are leaseback services provided by Shandong Port Finance, a former subsidiary of the Company, to related parties. Among which, the loans, leaseback amount and related provision for bad debts to be recovered within one year are presented as current portion of non-current assets. As the Company lost control over Shandong Port Finance in 2022, the balance of the above amount as at 31 December 2022 was RMB0.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

(b) As at 31 December 2022 and 31 December 2021, the Group did not have long-term receivables at Stage 2, and long-term receivables at Stage 1 and Stage 3 are analysed as follows:

(i) As at 31 December 2022, long-term receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 3	Ending balance	Lifetime ECL ratio	Provision for bad debts	Reason
Receivables from Hunan Ccoop Commercial Management Co., Ltd.	<u>34,859,378</u>	<u>-</u>	<u>-</u>	Note 4(11)(a)

As at 31 December 2021, long-term receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 3	Ending balance	Lifetime ECL ratio	Provision for bad debts	Reason
Receivables from Hunan Ccoop	<u>42,962,705</u>	<u>14.89%</u>	<u>(6,395,240)</u>	Note 4(11)(a)

(ii) As at 31 December 2022 and 31 December 2021, long-term receivables for which the related provision for bad debts was provided on the grouping basis are all within Stage 1, which are analysed as follows:

	31 December 2022			31 December 2021 (Restated)		
	Gross carrying amount		Loss provision	Gross carrying amount		Loss provision
	Amount	Percentage		Amount	Amount	
Loans and advances combinations	<u>-</u>	<u>-</u>	-	<u>3,045,150,023</u>	<u>(79,394,977)</u>	2.61%

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

	31 December 2022	31 December 2021 (Restated)
Joint ventures (a)	<u>10,051,564,916</u>	8,875,145,775
Associates (b)	<u>2,836,521,178</u>	<u>972,468,224</u>
	<u>12,888,086,094</u>	<u>9,847,613,999</u>

As at 31 December 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 year ended 31 December 2022  
(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

Investment in joint ventures are set out below:

	31 December 2021 (Restated)	Movements for the current year					31 December 2022
		Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/ profit declared	Intra-group unrealized profit	
Qingdao Qianwan Container Terminal Co., Ltd. ("QQCT")(i)	5,774,317,073	864,726,118	(511,203)	(119,636)	-	(5,832,514)	6,632,579,838
Qingdao Shihua Crude Oil Terminal Co., Ltd. ("Qingdao Shihua")	1,295,017,701	282,859,860	(350,000)	-	-	4,466,189	1,581,993,750
Qingdao Port Dongjiakou Ore Terminal Co., Ltd. ("QDOT")	659,560,237	(6,469,883)	-	101,299	-	478,264	653,669,917
Qingdao Qianwan West Port United Terminal Co., Ltd. ("West United") (ii)	412,017,516	11,737,787	-	-	(3,060,000)	1,143,881	421,839,184
Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. ("Haiwan Liquid Chemical")	156,952,201	1,113,786	-	-	-	-	158,065,987
Qingdao PetroChina Storage Company Limited ("PetroChina Storage")	147,703,852	17,519,972	-	75,332	-	-	165,299,156
Huaneng Qingdao Port Operation Co., Ltd. ("Huaneng Qingdao")	121,304,296	2,005,525	-	-	-	-	123,309,821
Qingdao Evergreen Container Storage and Transportation Co., Ltd. ("Evergreen Container")	49,173,140	20,409,757	-	250,388	(18,580,595)	-	51,252,690
Qingdao Orient International Container Storage and Transportation Co., Ltd. ("Orient Container")	43,724,759	6,260,247	-	-	(5,342,297)	-	44,642,709
Qingdao Port Dongjiakou IMC Logistics Co., Ltd. ("Dongjiakou IMC Logistics") (iii)	67,853,697	(101,171)	-	-	-	-	67,752,526
Sinotrans Qingdao Port Dongjiakou Logistics Co., Ltd. ("Dongjiakou Sinotrans Logistics")	51,635,470	75,471	-	-	-	-	51,710,941
Qingdao United International Shipping Agency Co., Ltd. ("United Shipping Agency")	29,570,397	2,402,999	-	-	(2,110,820)	-	29,862,576
Qingdao Shenzhouxing International Transportation Co., Ltd. ("Shenzhouxing Cargo Agency")	17,966,909	13,164,292	-	-	(11,673,175)	-	19,458,026
Qingdao Port Lianhai International Logistics Co., Ltd. ("Lianhai Logistics")	17,550,664	2,361,732	-	-	-	-	19,912,396
China Shipping Agency (Qingdao) Co., Ltd. ("China Shipping Agency")	10,168,067	639,281	-	-	-	-	10,807,348
Qingdao Port Lianrong Logistics Co., Ltd. ("Lianrong Logistics")	9,096,193	3,036,791	-	-	(2,308,855)	-	9,824,129
Qingdao Ganghai International Logistics Co., Ltd. ("Ganghai Logistics")	5,305,987	(1,896,061)	-	-	-	-	3,409,926
Qingdao Port Express Logistics (Linyi) Co., Ltd. ("Linyi Express")	4,313,584	(963,620)	-	-	-	-	3,349,964
Ocean Bridge International Port Operation and Management Co., Ltd. ("Ocean Bridge International")	1,914,032	910,000	-	-	-	-	2,824,032
	<u>8,875,145,775</u>	<u>1,219,792,883</u>	<u>(861,203)</u>	<u>307,383</u>	<u>(43,075,742)</u>	<u>255,820</u>	<u>10,051,564,916</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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 year ended 31 December 2022  
(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 year							31 December 2022
		Transfer from subsidiary	Additional investment	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Cash dividends/ profit declared	Unrealised profits or losses arising from internal transactions	
Global Shipping Business									
Network Limited ("GSBN") (i)	6,490,400	-	6,459,600	-	-	-	-	-	12,950,000
Weihai Hailian Container Co., Ltd. ("Hailian Container") (ii)	7,956,456	-	-	-	1,414,517	-	(1,724,572)	-	7,646,401
Weihai GBS Supply Chain Management Co., Ltd. ("GBS Supply Chain") (ii)	945,511	-	-	(945,511)	-	-	-	-	-
Shandong Port Land and Sea International Logistics (Jinan) Co., Ltd. ("Shandong Port Land and Sea (Jinan)") (iii)	-	-	40,000,000	-	39,874	-	-	-	40,039,874
Shandong Port Finance (iv)	-	1,615,645,944	-	-	44,462,942	(4,633,200)	-	-	1,655,475,686
Qingdao Qingyin Financial Leasing Co., Ltd. ("Qingyin Financial Leasing")	127,442,082	-	-	-	15,566,313	-	-	-	143,008,395
Qingdao International Energy Exchange Co., Ltd. ("International Energy")	11,844,963	-	-	-	215,177	-	-	-	12,060,140
Vado Investment	83,908,354	-	-	(83,908,354)	-	-	-	-	-
Unitrans Group Co., Ltd. ("Unitrans")	131,329,261	-	-	-	24,711,902	-	(16,290,093)	-	139,751,070
Shandong Port Energy Co., Ltd. ("Shandong Port Energy")	13,642,137	-	-	-	1,510,230	-	-	-	15,152,367
COSCO SHIPPING Ports (Abu Dhabi) Co., Ltd. ("COSCO Abu Dhabi")	330,377,094	-	-	-	(39,405,600)	-	-	-	290,971,494
Shandong Port Overseas Development Group Qingdao Co., Ltd. ("Overseas Development Qingdao")	4,924,793	-	-	-	47,794	-	-	-	4,972,587
Qingdao Port Engineering	202,837,173	-	-	-	57,257,893	-	-	(602,250)	259,492,816
Qingdao Port Technology Co., Ltd. ("Technology Company")	50,770,000	-	-	-	3,714,581	-	-	-	54,484,581
Equipment Manufacturing (v)	-	110,515,769	-	-	-	-	-	-	110,515,769
Automobile Supply Chain (vi)	-	11,051,838	-	-	(2,508,073)	-	-	-	8,543,765
International Trade Logistics (vii)	-	82,963,960	-	-	(1,507,727)	-	-	-	81,456,233
	<u>972,468,224</u>	<u>1,820,177,511</u>	<u>46,459,600</u>	<u>(84,853,865)</u>	<u>105,519,823</u>	<u>(4,633,200)</u>	<u>(18,014,665)</u>	<u>(602,250)</u>	<u>2,836,521,178</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

- (i) In 2021, GSBN was jointly established by the Company, 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%. As at 24 April 2022, the Company increased its capital to GSBN at the same proportion of USD1,000,000. The shareholding percentage was not changed after the capital increase, thereby the Company only exercises significant influence over GSBN, and accordingly it is accounted for as an associate.
- (ii) As stated in Note 2(1), in May 2022, the Company acquired Weihai Port, a subsidiary of Weihai Port Group. This transaction is classified as a business combination involving enterprises under common control. Associates of Weihai Port are deemed as associates of the Group from the beginning of the period as the reporting entities after the combination are deemed to exist in the previous years.
- (iii) In 2021, the Company, together with Luhai International Logistics, RRS Supply Chain Technology Co., Ltd. and Jinan Lingang Industrial Park Development Co., Ltd. jointly established Shandong Port Land and Sea Jinan with a registered capital of RMB200,000,000. In February 2022, the Company contributed RMB40,000,000 with a shareholding of 20%. The Company only exercises significant influence over Shandong Port Land and Sea Jinan, and accordingly it is accounted for as an associate.
- (iv) As at 31 October 2022, Shandong Port Group, Rizhao Port Co., Ltd. and Shandong Port Financial Holdings Co., Ltd. increased their capital to Shandong Port Finance by RMB797,086,500, RMB291,833,700 and RMB125,143,500 through cash at bank and on hand, net assets and business of Rizhao Finance, and cash at bank and on hand, accounting for 51%, 11.37% and 3% of equity interests in Shandong Port Finance respectively after the capital increase. After the completion of the capital increase, the shareholding of QDP International in Shandong Port Finance decreased from 70% to 34.63%. Afterwards QDP International lost control over Shandong Port Finance yet still exercised significant influence over Shandong Port Finance, thereby Shandong Port Finance was changed from a subsidiary to an associate.
- (v) Equipment Manufacturing was a subsidiary in which the Company held 100% of its equity. As at 23 December 2022, the Company transferred 51% of the equity of Equipment Manufacturing, which equal to RMB 101,488,725, as invested in Shandong Port Equipment Group Co., Ltd. ("Shandong Port Equipment Group"), and acquired 16.56% of the equity interests of Shandong Port Equipment Group after the capital increase. After the transaction, the Company lost control of Equipment Manufacturing yet but still had significant influence on Equipment Manufacturing, thereby the Company accounted for the remaining share of Equipment Manufacturing from a subsidiary to an associate.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

- (vi) As at 1 December 2022, the minority shareholders of Automobile Supply Chain, a subsidiary of the Company, transferred their shareholdings to the third parties and amended the Articles of Association. According to the revised Articles of Association, the highest authority is the shareholders' meeting, and the significant decisions relating to financial and operating policies of Automobile Supply Chain shall be subject to the approval of a majority of all the shareholders. QDP Logistics held 45% of equity interests in Automobile Supply Chain. As a result, QDP Logistics lost control over Automobile Supply Chain yet still exercised significant influence over Automobile Supply Chain, thereby Automobile Supply Chain was changed from a subsidiary of the Group to an associate.
- (vii) As at 18 August 2022, QDP Logistics, a subsidiary of QDP International, signed an equity transfer agreement, transferring 11% of its equity interests in International Trade Logistics to Luhai International Logistics. After the equity transfer, QDP Logistics held the remaining 49% of equity interests in International Trade Logistics. As a result, QDP Logistics lost control over International Trade Logistics yet still exercised significant influence over International Trade Logistics, thereby International Trade Logistics was changed from a subsidiary of the Group to an associate.

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

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

	31 December 2022	31 December 2021
Investments in financial assets at fair value through profit or loss		
Equity investments (i)	393,840,402	292,351,677
Financial bonds	—	604,816,660
	<u>393,840,402</u>	<u>897,168,337</u>

- (i) Equity investments with a carrying amount of RMB393,840,402 represent unlisted equity investments held by the Group in Shandong Harbor Construction Group, Shandong Binhai Hongrun Pipeline Stock Limited ("Binhai Hongrun"), Shandong Port Shipping Group Co., Ltd. ("Shandong Port Shipping"), Sinopec Qingdao Liquefied Natural Gas Co., Ltd., Sanya Yalong Bay Development Co., Ltd. and Shandong Port Equipment Group with shareholding of 9.62%, 10%, 4.06%, 1%, 0.06% and 16.56%, 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. In 2022, the Group received cash dividends of RMB10,000,000 from Binhai Hongrun.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (14) Investment properties

	Buildings and storage facilities	Land use rights	Total
Cost			
31 December 2021 (Restated)	68,187,971	158,364,497	226,552,468
Transfer to intangible assets	-	(43,564,739)	(43,564,739)
31 December 2022	<u>68,187,971</u>	<u>114,799,758</u>	<u>182,987,729</u>
Accumulated depreciation			
31 December 2021 (Restated)	(15,847,393)	(25,820,857)	(41,668,250)
Increase in the current year	(2,653,853)	(3,237,397)	(5,891,250)
Transfer to intangible assets	-	10,238,152	10,238,152
31 December 2022	<u>(18,501,246)</u>	<u>(18,820,102)</u>	<u>(37,321,348)</u>
Net book value			
31 December 2022	<u>49,686,725</u>	<u>95,979,656</u>	<u>145,666,381</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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (14) Investment properties (Continued)

	Buildings and storage facilities	Land use rights	Total
Cost (Restated)			
31 December 2020	56,423,621	158,364,497	214,788,118
Transfer from fixed assets	11,764,350	-	11,764,350
31 December 2021	68,187,971	158,364,497	226,552,468
Accumulated depreciation (Restated)			
31 December 2020	(9,992,751)	(22,660,105)	(32,652,856)
Increase in the current year	(1,934,867)	(3,160,752)	(5,095,619)
Transfer from fixed assets	(3,919,775)	-	(3,919,775)
31 December 2021	(15,847,393)	(25,820,857)	(41,668,250)
Net book value (Restated)			
31 December 2021	52,340,578	132,543,640	184,884,218
31 December 2020	46,430,870	135,704,392	182,135,262

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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
<b>Cost</b>										
31 December 2021 (Restated)	1,145,983,104	13,633,107,781	7,454,864,853	3,660,277,927	1,353,220,020	1,626,384,184	160,467,005	219,541,360	92,195,241	29,346,041,475
Increase in the current year										
Purchase in the current year	2,149,227	14,378,416	13,378,588	83,704,362	64,942,129	86,685,219	24,050,649	38,335,615	5,529,762	333,153,967
Transfer from construction in progress	23,622,691	706,872,102	2,642,642,037	346,806,356	51,475,361	-	367,459	20,103,749	191,170	3,792,080,925
Transfer from right-of-use assets	-	30,740,178	44,617,080	29,796,450	-	91,439,655	-	-	-	196,593,363
Decrease in the current year										
Disposal and scrapping	-	(11,062,108)	(1,035,921)	(34,433,843)	(17,779,374)	(13,155,324)	(1,895,247)	(1,098,104)	(421,366)	(80,881,287)
Disposal of subsidiaries	-	-	-	(7,603,975)	(60,550,247)	-	(6,681,221)	(575,181)	(836,070)	(76,246,694)
Transfer to right-of-use assets	-	(96,187,617)	(237,482,130)	-	(47,567,533)	-	-	-	-	(381,237,280)
31 December 2022	1,171,755,022	14,277,848,752	9,916,984,507	4,078,547,277	1,343,740,356	1,791,353,734	176,308,645	276,307,439	96,658,737	33,129,504,469
<b>Accumulated depreciation</b>										
31 December 2021 (Restated)	(315,507,250)	(3,192,070,875)	(1,527,023,460)	(2,864,517,894)	(861,627,988)	(866,343,553)	(99,597,037)	(157,966,014)	(51,535,023)	(9,936,189,094)
Increase in the current year										
Provision	(37,282,541)	(382,761,611)	(291,113,335)	(110,154,936)	(105,064,447)	(85,996,316)	(9,777,502)	(39,763,292)	(6,931,684)	(1,068,845,664)
Transfer from right-of-use assets	-	(5,732,974)	(8,373,734)	(12,402,761)	-	(17,293,101)	-	-	-	(43,802,570)
Decrease in the current year										
Disposal and scrapping	-	1,143,492	-	30,217,220	16,376,195	12,497,558	1,789,166	1,039,926	394,083	63,457,640
Disposal of subsidiaries	-	-	-	1,052,784	12,894,449	-	1,023,882	167,855	556,000	15,694,970
Transfer to right-of-use assets	-	9,662,156	26,597,999	-	12,469,154	-	-	-	-	48,729,309
31 December 2022	(352,789,791)	(3,569,759,812)	(1,799,912,530)	(2,955,805,587)	(924,952,637)	(957,135,412)	(106,561,491)	(196,521,525)	(57,516,624)	(10,920,955,409)
<b>Provision for impairment</b>										
31 December 2021 (Restated)	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Increase in the current year	-	-	-	-	-	-	-	-	-	-
31 December 2022	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
<b>Net book value</b>										
31 December 2022	794,077,384	10,708,088,940	8,117,071,977	1,122,741,690	418,787,719	834,218,322	69,747,154	79,785,914	39,142,113	22,183,661,213
31 December 2021 (Restated)	805,588,007	10,441,036,906	5,927,841,393	795,760,033	491,592,032	760,040,631	60,869,968	61,575,346	40,660,218	19,384,964,534

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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
<b>Cost (Restated)</b>										
31 December 2020	1,244,124,588	12,925,505,687	6,102,275,860	3,429,785,288	1,322,324,627	1,713,572,059	154,288,375	179,550,978	100,574,474	27,172,001,936
Increase in the current year										
Purchase in the current year	4,527,212	16,491,004	7,252,221	61,377,706	51,480,207	-	18,971,278	34,827,901	7,309,722	202,237,251
Transfer from construction in progress	65,790,599	800,012,126	1,380,806,753	116,278,546	78,650,801	-	300,310	6,515,136	331,567	2,448,685,838
Transfer from right-of-use assets	-	-	-	105,667,618	-	-	-	-	-	105,667,618
Others	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 year										
Transfer to investment properties	-	-	(11,764,350)	-	-	-	-	-	-	(11,764,350)
Disposal and scrapping	(166,169,439)	(139,027,509)	(35,756,705)	(42,898,819)	(56,733,351)	(3,388,122)	(6,455,622)	(119,944)	(13,456,137)	(464,005,648)
Disposal and splits of subsidiaries	(16,276,170)	(276,000)	(479,733)	(10,604,978)	(51,885,936)	(83,799,753)	(6,976,366)	(1,232,711)	(3,444,593)	(174,976,240)
31 December 2021	1,145,983,104	13,633,107,781	7,454,864,853	3,660,277,927	1,353,220,020	1,626,384,184	160,467,005	219,541,360	92,195,241	29,346,041,475
<b>Accumulated depreciation (Restated)</b>										
31 December 2020	(305,194,019)	(2,850,325,515)	(1,320,317,343)	(2,740,245,199)	(814,922,956)	(827,586,919)	(100,709,858)	(138,943,880)	(55,359,996)	(9,153,605,685)
Increase in the current year										
Provision	(39,679,651)	(371,455,067)	(215,017,056)	(110,560,872)	(110,602,926)	(69,092,922)	(9,223,077)	(19,991,361)	(7,141,509)	(952,764,441)
Transfer from right-of-use assets	-	-	-	(54,985,263)	-	-	-	-	-	(54,985,263)
Others	(502,329)	(4,514,523)	(734,989)	(46,726)	(3,274,944)	-	(37,079)	-	(528,371)	(9,638,961)
Decrease in the current year										
Transfer to investment properties	-	-	3,919,775	-	-	-	-	-	-	3,919,775
Disposal and scrapping	27,451,874	33,981,695	4,665,609	33,081,025	38,967,630	3,218,716	6,054,504	113,417	9,509,535	157,044,005
Disposal and splits of subsidiaries	2,416,875	242,535	460,544	8,239,141	28,205,208	27,117,572	4,318,473	855,810	1,985,318	73,841,476
31 December 2021	(315,507,250)	(3,192,070,875)	(1,527,023,460)	(2,864,517,894)	(861,627,988)	(866,343,553)	(99,597,037)	(157,966,014)	(51,535,023)	(9,936,189,094)
<b>Provision for impairment (Restated)</b>										
31 December 2020	(24,887,847)	-	-	-	-	(3,842,867)	-	-	-	(28,730,714)
Decrease in the current year	-	-	-	-	-	3,842,867	-	-	-	3,842,867
31 December 2021	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
<b>Net book value</b>										
31 December 2021										
(Restated)	805,588,007	10,441,036,906	5,927,841,393	795,760,033	491,592,032	760,040,631	60,869,968	61,575,346	40,660,218	19,384,964,534
31 December 2020										
(Restated)	914,042,722	10,075,180,172	4,781,958,517	689,540,089	507,401,671	882,142,273	53,578,517	40,607,098	45,214,478	17,989,665,537

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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	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 year	628,131	-	-	4,874,439	187,658	726,000	6,416,228
Decrease in the current year	-	-	-	(5,269,358)	(1,039,636)	-	(6,308,994)
31 December 2022	27,612,492	2,187,267,267	924,917,845	26,245,099	187,658	819,923	3,167,050,284
Accumulated depreciation							
31 December 2021	(10,606,016)	(488,290,321)	(185,808,567)	(11,896,702)	(950,119)	(86,194)	(697,637,919)
Provision	(1,360,500)	(62,996,067)	(23,857,233)	(1,856,564)	(7,506)	(69,696)	(90,147,566)
Transfer-in in the current year	(95,615)	-	-	(2,371,906)	(172,645)	(620,004)	(3,260,170)
Decrease in the current year	-	-	-	1,652,123	950,118	-	2,602,241
31 December 2022	(12,062,131)	(551,286,388)	(209,665,800)	(14,473,049)	(180,152)	(775,894)	(788,443,414)
Net book value							
31 December 2022	15,550,361	1,635,980,879	715,252,045	11,772,050	7,506	44,029	2,378,606,870
31 December 2021	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 year ended 31 December 2022 is RMB1,068,845,664 (For the year ended 31 December 2021: RMB952,764,441). The amounts of depreciation expenses charged to cost of sales, general expenses and research and development expenditure were RMB1,031,165,181, RMB33,134,949 and RMB4,545,534 respectively (For the year ended 31 December 2021: RMB918,532,255, RMB31,577,313 and RMB2,656,297).

For the year ended 31 December 2022, the costs of fixed assets transferred from construction in progress amount to RMB3,792,080,925 (For the year ended 31 December 2021: RMB2,448,685,838).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (15) Fixed assets (Continued)

- (a) As at 31 December 2022 and 31 December 2021, there is no mortgaged fixed assets in the Group.
- (b) As at 31 December 2022, the Group's provision for impairment of fixed assets for Logistics Park Development, a subsidiary of the Group, amounted to RMB24,887,847 (31 December 2021: RMB24,887,847).
- (c) As at 31 December 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 31 December 2022, properties with a carrying amount of RMB22,309,201 (Cost: RMB25,742,690) (As at 31 December 2021: book value of RMB11,825,268 (Cost: RMB13,584,342)) are located on non-owned land with a book value of RMB181,314,867 (Cost: RMB194,687,522) (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

	31 December 2022	31 December 2021 (Restated)
Construction in progress (a)	2,489,939,000	3,513,501,488
Construction materials	<u>1,990,634</u>	-
	<u>2,491,929,634</u>	<u>3,513,501,488</u>

#### (a) Construction in progress

	31 December 2022			31 December 2021 (Restated)		
	Carrying amount	Impairment provision	Net book value	Carrying amount	Impairment provision	Net book value
Dongjiakou stevedoring, storage and transportation projects for liquid bulk cargo	844,235,682	-	844,235,682	496,308,651	-	496,308,651
Dongjiakou bulk cargo berths and storage yard project	812,763,354	-	812,763,354	1,006,808,739	-	1,006,808,739
Dongjiakou crude oil commercial reserve project	276,859,626	-	276,859,626	796,153,861	-	796,153,861
Dongjiakou general wharf grain silo phase II project	-	-	-	757,791,564	-	757,791,564
Other projects	<u>556,080,338</u>	-	<u>556,080,338</u>	<u>456,438,673</u>	-	<u>456,438,673</u>
	<u>2,489,939,000</u>	<u>-</u>	<u>2,489,939,000</u>	<u>3,513,501,488</u>	<u>-</u>	<u>3,513,501,488</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

### (16) Construction in progress (Continued)

#### (a) Construction in progress

##### (i) Changes of major projects

Project name	Budget	31 December 2021 (Restated)	Increase in the current year	Transfer to fixed assets	Disposal in the current year	31 December 2022	Percentage of project investment among budget	Progress of the project	Accumulative amount of capitalized borrowing costs	Including: Borrowing costs capitalized in the current year	Capitalization rate in the current Year	Sources of capital
Dongjiakou stevedoring, storage and transportation projects for liquid bulk cargo	4,080,021,400	496,308,651	473,364,105	(125,437,074)	-	<u>844,235,682</u>	38%	38%	131,643	131,643	4.12%	Internal capital and borrowings from Standing Port Finance
Dongjiakou bulk cargo berths and storage yard project	6,038,580,000	1,006,808,739	888,390,805	(1,082,436,190)	-	<u>812,763,554</u>	43%	43%	-	-	-	Internal capital
Dongjiakou crude oil commercial reserve project	4,480,000,000	796,153,861	965,659,962	(1,484,954,197)	-	<u>276,859,626</u>	69%	69%	-	-	-	Internal capital
Dongjiakou general wharf grain silo phase II project	798,259,500	757,791,564	-	(757,791,564)	-	<u>-</u>	100%	100%	-	-	-	Internal capital
Other projects	-	456,438,673	445,908,848	(341,461,900)	(4,805,283)	<u>556,080,338</u>	-	-	-	-	-	Internal capital
		<u>3,513,501,488</u>	<u>2,773,323,720</u>	<u>(3,792,080,925)</u>	<u>(4,805,283)</u>	<u>2,489,939,000</u>			<u>131,643</u>	<u>131,643</u>		
Dongjiakou stevedoring storage and transportation projects for liquid bulk cargo	4,647,979,000	1,088,880,896	311,653,554	(904,225,799)	-	<u>496,308,651</u>	23%	23%	-	-	-	Internal capital
Dongjiakou crude oil commercial reserve project	4,480,000,000	1,060,900,260	1,066,137,072	(1,330,883,471)	-	<u>796,153,861</u>	47%	47%	-	-	-	Internal capital, bank loan and raised funds
Dongjiakou bulk cargo berths and storage yard project	2,677,366,000	550,421,248	461,404,812	(5,017,321)	-	<u>1,006,808,739</u>	64%	64%	31,658,021	341,516	4.90%	Internal capital and raised funds
Dongjiakou general wharf grain silo phase II project	798,259,500	129,025,524	628,766,040	-	-	<u>757,791,564</u>	95%	95%	-	-	-	Internal capital
Other projects	-	312,492,211	352,991,549	(208,559,247)	(385,840)	<u>456,438,673</u>	-	-	-	-	-	Internal capital
		<u>3,141,620,139</u>	<u>2,820,953,027</u>	<u>(2,448,665,838)</u>	<u>(385,840)</u>	<u>3,513,501,488</u>			<u>31,658,021</u>	<u>341,516</u>		

As at 31 December 2022 and 31 December 2021, the management of the Group considered that there is no indication that the construction in progress may be impaired, therefore no provision for impairment was recorded.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessel	Total
Cost							
31 December 2021	181,950,083	30,740,178	226,971,617	29,796,450	-	91,439,655	560,897,983
Increase in the current year							
New lease contracts	41,423,590	-	186,966,083	-	-	-	228,389,673
Transfer from fixed assets	-	96,187,617	237,482,130	-	47,567,533	-	381,237,280
Decrease in the current year							
Lease change	-	-	(58,428,690)	-	-	-	(58,428,690)
Transfer to fixed asset	-	(30,740,178)	(44,617,080)	(29,796,450)	-	(91,439,655)	(196,593,363)
Expiration of lease	(2,936,909)	-	(73,241,880)	-	-	-	(76,178,789)
31 December 2022	220,436,764	96,187,617	475,132,180	-	47,567,533	-	839,324,094
Accumulated depreciation							
31 December 2021	(27,964,029)	(5,732,974)	(129,461,387)	(12,402,761)	-	(14,477,945)	(190,039,096)
Increase in the current year							
Provision	(42,513,582)	(690,156)	(82,723,580)	-	(891,957)	(2,815,156)	(129,634,431)
Transfer from fixed assets	-	(9,662,156)	(26,597,999)	-	(12,469,154)	-	(48,729,309)
Decrease in the current year							
Lease change	-	-	38,701,818	-	-	-	38,701,818
Transfer to fixed asset	-	5,732,974	8,373,734	12,402,761	-	17,293,101	43,802,570
Expiration of lease	2,936,909	-	73,241,880	-	-	-	76,178,789
31 December 2022	(67,540,702)	(10,352,312)	(118,465,534)	-	(13,361,111)	-	(209,719,659)
Net book value							
31 December 2022	152,896,062	85,835,305	356,666,646	-	34,206,422	-	629,604,435
31 December 2021	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 year ended 31 December 2022  
(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	1,871,306	30,740,178	214,588,497	135,464,068	91,439,655	474,103,704
Increase in the current year						
New lease contracts	180,078,777	-	27,443,532	-	-	207,522,309
Decrease in the current year						
Lease change	-	-	(15,060,412)	-	-	(15,060,412)
Transfer to fixed assets	-	-	-	(105,667,618)	-	(105,667,618)
31 December 2021	181,950,083	30,740,178	226,971,617	29,796,450	91,439,655	560,897,983
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 year						
Provision	(27,080,356)	(1,965,591)	(51,806,274)	(2,860,466)	(4,825,981)	(88,538,668)
Decrease in the current year						
Lease change	-	-	5,795,957	-	-	5,795,957
Transfer to fixed assets	-	-	-	54,985,263	-	54,985,263
31 December 2021	(27,964,029)	(5,732,974)	(129,461,387)	(12,402,761)	(14,477,945)	(190,039,096)
Net book value						
31 December 2021	153,986,054	25,007,204	97,510,230	17,393,689	76,961,710	370,858,887
31 December 2020	987,633	26,972,795	131,137,427	70,936,510	81,787,691	311,822,056

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)	3,361,603,423	167,543,352	124,577,210	50,200,343	3,703,924,328
Increase in the current year					
Purchase	17,954,979	7,039,501	-	107,167	25,101,647
Internal research and development	-	29,291,503	-	-	29,291,503
Transfer from investment properties	43,564,739	-	-	-	43,564,739
Decrease in the current year					
Disposal of subsidiaries	-	(10,247,576)	-	-	(10,247,576)
31 December 2022	3,423,123,141	193,626,780	124,577,210	50,307,510	3,791,634,641
Accumulated amortisation					
31 December 2021 (Restated)	(337,133,557)	(96,100,338)	(8,500,069)	(44,292,894)	(486,026,858)
Increase in the current year					
Provision	(69,264,745)	(26,115,110)	(1,434,830)	(3,019,258)	(99,833,943)
Transfer from investment properties	(10,238,152)	-	-	-	(10,238,152)
Decrease in the current year					
Disposal of subsidiaries	-	6,642,040	-	-	6,642,040
31 December 2022	(416,636,454)	(115,573,408)	(9,934,899)	(47,312,152)	(589,456,913)
Book value					
31 December 2022	3,006,486,687	78,053,372	114,642,311	2,995,358	3,202,177,728
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 year ended 31 December 2022  
(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 (Restated)					
31 December 2020	3,415,105,890	176,186,987	76,548,790	50,178,663	3,718,020,330
Increase in the current year					
Purchase	48,398,176	4,493,354	49,391,000	21,680	102,304,210
Internal research and development	-	6,110,293	-	-	6,110,293
Decrease in the current year					
Disposal of subsidiaries and split of Weihai Port International Passenger Transportation	(101,900,643)	(1,989,772)	-	-	(103,890,415)
Disposal and scrapping	-	(17,257,510)	(1,362,580)	-	(18,620,090)
31 December 2021	3,361,603,423	167,543,352	124,577,210	50,200,343	3,703,924,328
Accumulated amortization (Restated)					
31 December 2020	(284,234,275)	(82,267,289)	(7,667,622)	(41,282,308)	(415,451,494)
Increase in the current year					
Provision	(69,981,068)	(27,433,057)	(2,195,027)	(3,010,586)	(102,619,738)
Decrease in the current year					
Disposal of subsidiaries and split of Weihai Port International Passenger Transportation	17,081,786	1,464,446	-	-	18,546,232
Disposal and scrapping	-	12,135,562	1,362,580	-	13,498,142
31 December 2021	(337,133,557)	(96,100,338)	(8,500,069)	(44,292,894)	(486,026,858)
Book value					
31 December 2021 (Restated)	3,024,469,866	71,443,014	116,077,141	5,907,449	3,217,897,470
31 December 2020 (Restated)	3,130,871,615	93,919,698	68,881,168	8,896,355	3,302,568,836

For the year ended 31 December 2022, the amount of amortization for intangible assets is RMB99,833,943 (For the year ended 31 December 2021: RMB102,619,738), the amount of amortization cost of land use rights recorded in construction in progress is RMB526,092 (For the year ended 31 December 2021: RMB1,578,277).

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

As at 31 December 2022 and 31 December 2021, there are no pledged land use rights.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (18) Intangible assets (Continued)

The Group's Development expenses are as follows:

	31 December 2021	Increase in current year	Decrease in the current year		31 December 2022
			Recorded in profit and loss	Recognized as intangible assets	
Terminal facilities					
development and software	<u>24,006,548</u>	<u>147,357,599</u>	<u>(111,267,803)</u>	<u>(29,291,503)</u>	<u>30,804,841</u>

For the year ended 31 December 2022, the Group's research and development expenses amounted to RMB147,357,599 (For the year ended 31 December 2021: RMB112,825,684), of which RMB111,267,803 (For the year ended 31 December 2021: RMB82,826,916) was charged in profit and loss for the current year, of which RMB29,291,503 (For the year ended 31 December 2021: RMB6,110,293) was recognized as intangible assets. As at 31 December 2022, the intangible assets developed by the Group accounted for 2.08% (31 December 2021: 1.92%) of the carrying amount of the total intangible assets.

#### (19) Goodwill

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
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 Port Multi-purpose Terminal Co., Ltd. (“QMT”)	8,706,923	–	–	8,706,923
Qingdao Port Yuntai Logistics Co., Ltd. (“Yuntai Logistics”)	4,686,830	–	–	4,686,830
Qingdao Port Dongjiakou Liquid Chemical Terminal Co., Ltd. (“Liquid Chemical Terminal”)	<u>1,850,485</u>	<u>–</u>	<u>–</u>	<u>1,850,485</u>
	<u>53,370,039</u>	<u>–</u>	<u>–</u>	<u>53,370,039</u>
Less: Provision for impairment – Yuntai 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 year ended 31 December 2022  
(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 in 2022. The allocation was summarised by the operating segment as follows:

	31 December 2022	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
Container handling services		
– QMT	8,706,923	8,706,923
Logistics services		
– Yuntai Logistics	4,686,830	4,686,830
Liquid bulk cargo stevedoring		
– Liquid Chemical Terminal	1,850,485	1,850,485
	<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%-12% (As at 31 December 2021: approximately 11%). 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 year ended 31 December 2022  
(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

	31 December 2022		31 December 2021(Restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets revaluation surplus	2,636,190,100	659,047,525	2,724,692,808	681,173,202
Early retirement benefits	117,490,000	29,372,500	130,930,000	32,732,500
Elimination of intra-group unrealized profit	657,164,216	164,291,054	558,810,056	139,702,514
Provision for asset impairment	211,201,367	52,800,342	218,563,831	54,553,484
Accrued expenses	211,212,808	52,803,202	149,760,604	37,440,151
Deductible losses	106,998,764	26,749,691	103,666,757	25,916,689
Government grant	72,821,204	18,205,301	81,810,780	20,452,695
	<u>4,013,078,459</u>	<u>1,003,269,615</u>	<u>3,968,234,836</u>	<u>991,971,235</u>
Including:				
Expected to be recovered within one year (inclusive)		86,526,137		59,257,621
Expected to be recovered after one year		<u>916,743,478</u>		<u>932,713,614</u>
		<u>1,003,269,615</u>		<u>991,971,235</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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

	31 December 2022		31 December 2021(Restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not under common control	205,034,192	51,258,548	211,013,280	52,753,320
Depreciation of fixed assets	159,454,340	39,863,585	127,903,281	31,975,820
Changes in fair value of wealth management products	6,754,304	1,688,576	37,483,876	9,370,969
	<u>371,242,836</u>	<u>92,810,709</u>	<u>376,400,437</u>	<u>94,100,109</u>
Including:				
Expected to be recovered within one year (inclusive)		7,910,476		15,430,979
Expected to be recovered after one year		84,900,233		78,669,130
		<u>92,810,709</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:

	31 December 2022	31 December 2021 (Restated)
Deductible temporary differences	101,981,173	113,067,022
Deductible losses	<u>164,979,368</u>	<u>183,329,974</u>
	<u>266,960,541</u>	<u>296,396,996</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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:

	31 December 2022	31 December 2021 (Restated)
2022	-	27,239,038
2023	26,275,253	28,628,452
2024	30,136,063	30,136,063
2025	52,108,240	52,108,240
2026	45,218,181	45,218,181
2027	11,241,631	-
	<u>164,979,368</u>	<u>183,329,974</u>

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

	31 December 2022		31 December 2021 (Restated)	
	Offsetting amount	Amount after offsetting	Offsetting amount	Amount after offsetting
Deferred tax assets	(42,436,647)	960,832,968	(40,816,175)	951,155,060
Deferred tax liabilities	(42,436,647)	50,374,062	(40,816,175)	53,283,934

#### (21) Other non-current assets

	31 December 2022	31 December 2021 (Restated)
Foundation oil (i)	290,316,583	290,316,583
Taxes advance receipt from port facilities rental income (ii)	130,415,085	141,900,098
Construction and equipment expenditures prepaid	94,527,718	165,723,796
VAT input to be deducted	-	207,359,549
	<u>515,259,386</u>	<u>805,300,026</u>

(i) The Company and its subsidiary, Weifang Port Lianhua Storage Co., Ltd. ("Weifang Port Lianhua"), Qingdao Port Haiye Dongjiakou Oil Products Co., Ltd. (formerly known as Qingdao Haiye Mercuria Storage Co., Ltd.) ("Dongjiakou Oil Products") 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 year ended 31 December 2022  
(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 year	Decrease in the current year			31 December 2022
			Reversal	Write-off	Disposal of subsidiaries	
Provision for bad debts of notes receivables	1,548,099	396,327	-	-	-	<b>1,944,426</b>
Including: Provision for bad debts on the individual basis	-	-	-	-	-	-
Provision for bad debts on the grouping basis	1,548,099	396,327	-	-	-	<b>1,944,426</b>
Provision for bad debts of accounts receivable	154,531,895	64,010,446	(435,921)	-	(10,191,379)	<b>207,915,041</b>
Including: Provision for bad debts on the individual basis	21,398,359	-	(435,921)	-	-	<b>20,962,438</b>
Provision for bad debts on the grouping basis	133,133,536	64,010,446	-	-	(10,191,379)	<b>186,952,603</b>
Provision for bad debts of other receivables	107,012,370	-	(18,313,646)	-	(12,261,253)	<b>76,437,471</b>
Including: Provision for bad debts on the individual basis	58,425,877	-	(2,294,989)	-	-	<b>56,130,888</b>
Provision for bad debts on the grouping basis	48,586,493	-	(16,018,657)	-	(12,261,253)	<b>20,306,583</b>
Provision for impairment of long-term receivables	85,790,217	-	(30,250,984)	-	(55,539,233)	-
Including: Provision for bad debts on the individual basis	6,395,240	-	(6,395,240)	-	-	-
Provision for bad debts on the grouping basis	79,394,977	-	(23,855,744)	-	(55,539,233)	-
Subtotal	<u>348,882,581</u>	<u>64,406,773</u>	<u>(49,000,551)</u>	-	<u>(77,991,865)</u>	<b><u>286,296,938</u></b>
Provision for impairment of fixed assets	24,887,847	-	-	-	-	<b>24,887,847</b>
Goodwill impairment provision	4,686,830	-	-	-	-	<b>4,686,830</b>
Provision for impairment of contract assets	<u>10,019,030</u>	<u>8,957,369</u>	-	-	<u>(16,978,644)</u>	<b><u>1,997,755</u></b>
Subtotal	<u>39,593,707</u>	<u>8,957,369</u>	-	-	<u>(16,978,644)</u>	<b><u>31,572,432</u></b>
	<u><u>388,476,288</u></u>	<u><u>73,364,142</u></u>	<u><u>(49,000,551)</u></u>	-	<u><u>(94,970,509)</u></u>	<b><u><u>317,869,370</u></u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (23) Short-term borrowings

	Currency	31 December 2022	31 December 2021 (Restated)
Unsecured borrowings	RMB	268,842,243	70,000,000
Unsecured borrowings	USD	-	1,419,839,451
Interest payable	RMB&USD	245,904	8,558,613
		<u>269,088,147</u>	<u>1,498,398,064</u>

As at 31 December 2022, the interest rate of short-term borrowings ranges from 3.80% to 4.35% (31 December 2021: 0.95% to 2.05%).

#### (24) Notes payable

	31 December 2022	31 December 2021 (Restated)
Trade acceptance notes	984,132,165	691,178,534
Bank acceptance notes	50,765,874	545,822,529
	<u>1,034,898,039</u>	<u>1,237,001,063</u>

#### (25) Accounts payable

	31 December 2022	31 December 2021 (Restated)
Subcontract agency fee payable	285,090,103	230,270,359
Material expenditure payable	270,417,932	682,756,164
Subcontract handling expenses payable	220,621,741	56,402,043
Transportation expenses payable	217,304,802	218,578,235
Repair expenses payable	174,323,112	79,298,788
Subcontract costs payable	100,713,236	145,071,011
Rental expenses payable	40,165,079	24,393,703
Warehousing expenses payable	34,582,520	5,162,736
Others	92,089,823	62,375,136
	<u>1,435,308,348</u>	<u>1,504,308,175</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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:

	<b>31 December 2022</b>	31 December 2021 (Restated)
Within 1 year	<b>1,327,397,208</b>	1,451,410,535
Over 1 year	<b>107,911,140</b>	52,897,640
	<b><u>1,435,308,348</u></b>	<b><u>1,504,308,175</u></b>

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 31 December 2022, accounts payable with ageing over one year amounted to RMB107,911,140 (31 December 2021: RMB52,897,640), which were mainly subcontract costs payable and repair expenses and were not finally settled yet since the projects had not been settled.

#### (26) Contract Liabilities

	<b>31 December 2022</b>	31 December 2021 (Restated)
Loading fee received in advance	<b>168,450,489</b>	125,350,871
Subcontract agency fee received in advance	<b>71,667,180</b>	58,035,843
Material and equipment fee received in advance	<b>13,920,030</b>	9,659,412
Construction fee received in advance	<b>14,315,717</b>	7,782,403
Others	<b>5,238,713</b>	15,515,382
	<b><u>273,592,129</u></b>	<b><u>216,343,911</u></b>

The balance of the Group's contract liabilities amounted to RMB216,343,911 included in the carrying amount on 31 December 2021 (For the year ended 31 December 2021: RMB148,693,164) has been recognized into revenue from main operations for the year ended 31 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (27) Employee benefits payable

	31 December 2022	31 December 2021 (Restated)
Short-term employee benefits payable (a)	446,349,756	367,353,181
Defined contribution plans payable (b)	20,981,808	12,773,379
Termination benefits payable (c)	34,970,000	39,270,000
Defined benefit plans payable (d)	128,970,000	137,228,890
	<u>631,271,564</u>	<u>556,625,450</u>

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

	31 December 2021 (Restated)	Increase in the current year	Decrease in the current year	Disposal of subsidiaries	31 December 2022
Wages and salaries, bonus, allowances and subsidies	304,473,610	1,728,727,984	(1,649,966,842)	(10,946,648)	372,288,104
Employee welfare	287,037	151,321,274	(150,547,922)	-	1,060,389
Social security contributions	-	117,700,368	(117,700,368)	-	-
Including: Medical insurance	-	107,735,858	(107,735,858)	-	-
Work injury insurance	-	9,964,510	(9,964,510)	-	-
Housing fund	-	152,715,170	(152,715,170)	-	-
Labor union funds and employee education funds	10,537,401	46,202,535	(45,542,131)	(403,157)	10,794,648
Outsourcing costs	51,779,782	691,112,222	(684,674,455)	(638,800)	57,578,749
Others	275,351	44,740,731	(40,388,216)	-	4,627,866
	<u>367,353,181</u>	<u>2,932,520,284</u>	<u>(2,841,535,104)</u>	<u>(11,988,605)</u>	<u>446,349,756</u>

#### (b) Defined contribution plans

	31 December 2021 (Restated)	Increase in the current year	Decrease in the current year	Disposal of subsidiaries	31 December 2022
Basic pensions	-	215,483,932	(215,483,932)	-	-
Unemployment insurance	-	9,425,903	(9,425,903)	-	-
Enterprise annuity	12,773,379	111,985,176	(102,888,340)	(888,407)	20,981,808
	<u>12,773,379</u>	<u>336,895,011</u>	<u>(327,798,175)</u>	<u>(888,407)</u>	<u>20,981,808</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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (27) Employee benefits payable (Continued)

##### (c) Termination benefits payable

	<b>31 December 2022</b>	31 December 2021 (Restated)
Early retirement benefits payable (Current portion)	<u>34,970,000</u>	<u>39,270,000</u>

Early retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note4(35)), the current portion of which is presented as employee benefits payable.

##### (d) Defined benefit plans

	<b>31 December 2022</b>	31 December 2021 (Restated)
Supplemental retirement benefits (Current portion)	<u>128,970,000</u>	<u>137,228,890</u>

Supplemental retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note4(35)), the current portion of which is presented as employee benefits payable.

#### (28) Taxes payable

	<b>31 December 2022</b>	31 December 2021 (Restated)
Enterprise income tax payable	229,780,267	214,326,291
Unpaid VAT	45,146,836	28,658,702
Land use tax payable	17,901,482	17,896,367
Property tax payable	2,957,725	3,305,726
Individual income tax payable	3,532,567	2,339,033
Stamp duty payable	3,270,144	2,234,327
Others	<u>3,791,818</u>	<u>2,914,553</u>
	<u>306,380,839</u>	<u>271,674,999</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (29) Other payables

	31 December 2022	31 December 2021 (Restated)
Construction and equipment expenditures payable (i)	2,854,945,106	2,346,165,495
Payables and advances from agent business (ii)	484,184,637	701,104,946
Dividends payable	285,371,337	193,109,828
Guarantees and deposits payable	177,119,951	143,536,848
Customer deposits by Shandong Port Finance (iii)	-	7,165,348,378
Interest of customer deposits by Shandong Port Finance (iii)	-	27,759,627
Payables to Qingdao Port Group	-	150,000,000
Factoring borrowings payable	-	50,009,722
Others	184,256,885	142,937,000
	<u>3,985,877,916</u>	<u>10,919,971,844</u>

- (i) Construction and equipment expenditures payable are mainly payables for project construction, which remain outstanding as relevant projects have not been completed.
- (ii) 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.
- (iii) Customer deposits and its interests are primarily those taken by Shandong Port Finance, a former subsidiary of the Company, from the Group's related parties.
- (a) As at 31 December 2022, other payables over 1 year of RMB800,532,503 (31 December 2021: RMB703,159,954) were mainly construction and equipment expenditures payable which remain outstanding as are not due.

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

	31 December 2022	31 December 2021 (Restated)
Current portion of long-term borrowings (Note 4(31))	450,248,851	75,126,034
Current portion of lease liabilities (Note 4(32))	142,098,748	108,145,633
Current portion of long-term payables (Note 4(33))	127,847,144	5,755,000
	<u>720,194,743</u>	<u>189,026,667</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (31) Long-term borrowings

	Currency	31 December 2022	31 December 2021 (Restated)
Unsecured borrowings	RMB	1,989,947,600	74,087,806
interest payable	RMB	2,828,851	1,038,228
Less: current portion (Note 4(30))		<u>(450,248,851)</u>	<u>(75,126,034)</u>
		<u>1,542,527,600</u>	<u>-</u>

As at 31 December 2022, interest rate of the long-term borrowings is 4.20% to 6.18% (31 December 2021: 2.60%).

#### (32) Lease liability

	31 December 2022	31 December 2021 (Restated)
Lease liabilities	624,462,871	292,583,959
Less: Current portion (Note 4(30))	<u>(142,098,748)</u>	<u>(108,145,633)</u>
	<u>482,364,123</u>	<u>184,438,326</u>

As at 31 December 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 31 December 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 RMB1,102,877 (31 December 2021: RMB235,374), which should be paid within one year.

#### (33) Long-term payables

	31 December 2022	31 December 2021 (Restated)
Sale-leaseback arrangement deemed as mortgage loan	160,775,122	120,870,833
Less: Current portion(Note 4(30))	<u>(45,604,289)</u>	<u>(5,700,000)</u>
Entrusted borrowings	299,294,785	60,055,000
Less: Current portion(Note 4(30))	<u>(80,294,785)</u>	<u>(55,000)</u>
Collection and payment of welfare expenses on behalf of Qingdao Port Group	36,600,486	38,548,556
Less: Current portion of welfare expenses(Note 4(30))	<u>(1,948,070)</u>	<u>(1,961,828)</u>
Others	<u>5,183,249</u>	<u>-</u>
	<u>374,006,498</u>	<u>211,757,561</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (34) Deferred revenue

	31 December 2021 (Restated)	Increase in the current year	Decrease in the current year	31 December 2022	Reason
Government grants (a)	<u>311,098,110</u>	<u>32,964,910</u>	<u>(20,121,902)</u>	<u>323,941,118</u>	Special funds for outer channel, etc.

#### (a) Government grants

	31 December 2021 (Restated)	Increase in current year	Recorded in other income in the current year	31 December 2022	Assets related/ income related
Special funds for outer channel (i)	119,618,144	-	(3,914,444)	<b>115,703,700</b>	Assets related
Central government funding subsidies for food security (ii)	67,460,000	-	(999,408)	<b>66,460,592</b>	Assets related
Special support funds (iii)	62,264,400	-	(10,779,219)	<b>51,485,181</b>	Assets related
Infrastructure support funds for Weigang logistics centre project	42,287,267	-	(1,109,531)	<b>41,177,736</b>	Assets related
Support funds for smart port pilot project	6,000,000	-	(2,500,000)	<b>3,500,000</b>	Assets related
Special subsidy for shore power projects	4,643,500	-	(753,000)	<b>3,890,500</b>	Assets related
Integration and demonstration of key technologies of hydrogen energy port	-	10,100,000	-	<b>10,100,000</b>	Assets related
Renovation of quay shore-based facilities	-	20,660,000	-	<b>20,660,000</b>	Assets related
Others	<u>8,824,799</u>	<u>2,204,910</u>	<u>(66,300)</u>	<u>10,963,409</u>	Assets related
	<u>311,098,110</u>	<u>32,964,910</u>	<u>(20,121,902)</u>	<u>323,941,118</u>	

- (i) The special funds for outer channel are granted by the Ministry of Transport and the Ministry of Finance to the Group to be used for outer channel expansion project, and are recognized into profit or loss on a straight-line basis over the useful lives of the asset.
- (ii) The special support fund is the project support fund received by 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.
- (iii) 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

	<b>31 December 2022</b>	31 December 2021 (Restated)
Early retirement benefits payable (a)	<b>117,490,000</b>	130,930,000
Supplemental retirement benefits payable (b)	<b>2,472,890,000</b>	2,552,965,602
Less: Current portion	<b>(163,940,000)</b>	(176,498,890)
	<b><u>2,426,440,000</u></b>	<b><u>2,507,396,712</u></b>

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)).

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

	<b>31 December 2022</b>	31 December 2021
Early retirement benefits	<b>117,490,000</b>	130,930,000
Less: current portion	<b>(34,970,000)</b>	(39,270,000)
	<b><u>82,520,000</u></b>	<b><u>91,660,000</u></b>

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

	<b>31 December 2022</b>	31 December 2021 (Restated)
Supplemental retirement benefits	<b>2,472,890,000</b>	2,552,965,602
Less: current portion	<b>(128,970,000)</b>	(137,228,890)
	<b><u>2,343,920,000</u></b>	<b><u>2,415,736,712</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

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

	Year ended 31 December 2022	Year ended 31 December 2021
Opening balance	130,930,000	57,800,000
Amount recognized in profit or loss for the current year		
– Service cost	28,560,000	103,070,000
– Net interest expense on the net obligations	3,340,000	1,540,000
– Re-measurement amount	6,470,000	2,990,000
Personnel transfer	–	1,580,000
Personnel transfer out	(1,580,000)	(630,000)
Payment of benefits	(50,230,000)	(35,420,000)
Ending balance	<u>117,490,000</u>	<u>130,930,000</u>

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

	31 December 2022	31 December 2021
Discount rate – early retirement benefits	2.50%	2.50%

Early retirement benefits recognized in profit or loss for the current year are as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
General and administrative expenses	35,030,000	106,060,000
Financial expenses	3,340,000	1,540,000

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

(d) Movements for the Group's supplemental retirement benefits are analyzed as follows:

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Opening balance	2,552,965,602	2,458,509,223
Amount recognized in profit or loss for the current year		
Service cost	48,810,000	35,215,773
Net interest expense on the net obligations	71,600,000	78,934,066
Re-measurement amount		
Actuarial loss/(gains) for the current year	35,580,000	281,790,000
Personnel transfer	-	6,190,000
Personnel transfer out	(117,160,000)	(134,980,814)
Payment of benefits	(118,905,602)	(172,692,646)
Ending balance	<u>2,472,890,000</u>	<u>2,552,965,602</u>

(e) Liabilities of 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:

	31 December 2022	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 year ended 31 December 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:

	Year ended 31 December 2022	Year ended 31 December 2021
Supplemental retirement benefits –		
Average age	51.67	52.35
Average residual expected future entire duration	31.71	30.59

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (35) 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	25 basis points	3.70% down	3.96% up
Medical benefit growth rate	100 basis points	2.23% up	1.69% 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 31 December 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>128,970,000</u>	<u>129,880,000</u>	<u>388,020,000</u>	<u>5,038,530,000</u>	<u>5,685,400,000</u>

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
General and administrative expenses	48,810,000	35,215,773
Financial expenses	71,600,000	78,934,066

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

	31 December 2022	31 December 2021
Lease payments collected in advance	<u>2,281,541,172</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 and Qianwan Port area storage yard lease payment collected in advance from Kubo International Mining Co., Ltd with a period of 30 years.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (37) Share capital

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

	31 December 2020	Movements for the current year	31 December 2021
Foreign shares issued overseas	1,099,025,000	-	1,099,025,000
RMB denominated common stock	5,392,075,000	-	5,392,075,000
	<u>6,491,100,000</u>	<u>-</u>	<u>6,491,100,000</u>

The Company completed the first issue of 705,800,000 overseas issuance of foreign shares to foreign investors on 6 June 2014. For the work of H-shares, the issue price per share was HKD3.76 (approximately RMB2.98), and the share capital increased to 4,705,800,000 shares after the issue. On 2 July 2014, the Company exercised the over-allotment option and completed the issuance of 72,404,000 shares of foreign-invested H-shares issued overseas. The issue price per share was HKD3.76 (approximately RMB2.99), and the excess was exercised. After the placement option, the share capital increased to 4,778,204,000 shares. In addition, 77,821,000 state-owned shares (10% of the total H-shares issued) held by QDP Group were converted into H-shares and transferred to the National Council for Social Security Fund of the People's Republic of China as part of the initial public offering and over-allotment. The above funds were verified by Xinyong Zhonghe Certified Public Accountants Co., Ltd. (Special General Partnership) Co., Ltd. and issued a capital verification report numbered XYZH/2014QDA2002.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (37) Share capital (Continued)

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

#### (38) Capital surplus

	31 December 2021 (Restated)	Increase in the current year	Decrease in the current year	31 December 2022
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	–	(984,446,600)	(416,942,220)
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	307,383	–	12,500,677
	<u>12,862,527,869</u>	<u>307,383</u>	<u>(984,446,600)</u>	<u>11,878,388,652</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (38) Capital surplus (Continued)

	31 December 2020 (Restated)	Increase in the current year (Restated)	Decrease in the current year (Restated)	31 December 2021 (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	737,518,345	58,616,680	(228,630,645)	567,504,380
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	17,209,751	–	(5,016,457)	12,193,294
	<u>13,074,295,912</u>	<u>58,616,680</u>	<u>(270,384,723)</u>	<u>12,862,527,869</u>

- (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (38) Capital surplus (Continued)

- (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 Weihai Port, a subsidiary of Weihai Port Group, and indirectly controlled Qingwei Container. This transaction is classified as a business combination involving enterprises under common control. Therefore, the assets and liabilities of Weihai Port and Qingwei Container are stated at their carrying amounts as at the combination date, and the capital surplus is adjusted based on the differences between their carrying amounts and the considerations paid for the consolidation. And the comparative data as at 31 December 2021 was restated as the reporting entities after the combination are deemed to exist in the previous years (Note 5(1)).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (39) Other comprehensive income

	Other comprehensive income in the balance sheet		Other comprehensive income in the income statement for the year ended 31 December 2022					
	31 December 2021 (Restated)	Attributable to the parent company after tax	31 December 2022	Amount incurred before income tax for the current year	Less: Other comprehensive income transferred out in the current year	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority interests, net of tax
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)	(30,318,115)	(40,551,764)	(35,580,000)	-	-	(30,318,115)	(5,261,885)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method	-	1,683,736	1,683,736	1,683,736	-	-	1,683,736	-
Other comprehensive income that will be subsequently reclassified to profit or loss								
Fair value changes in other debt investments	3,126,165	(3,126,165)	-	5,786,673	(4,465,950)	-	(3,126,165)	4,446,888
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	-	(4,633,200)	(4,633,200)	(4,633,200)	-	-	(4,633,200)	-
	<u>(7,107,484)</u>	<u>(36,393,744)</u>	<u>(43,501,228)</u>	<u>(32,742,791)</u>	<u>(4,465,950)</u>	<u>-</u>	<u>(36,393,744)</u>	<u>(814,997)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (39) Other comprehensive income (Continued)

	Other comprehensive income in the balance sheet (Restated)			Other comprehensive income in the income statement for the year ended 31 December 2021 (Restated)				
	Attributable to the parent company after tax	Other comprehensive income transferred to retained earnings	31 December 2021 (Restated)	Amount incurred before income tax for the current year	Less: Other comprehensive income transferred out in the current year	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority interests, net of tax
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	(287,368,551)	(10,233,649)	(281,790,000)	-	-	(287,368,551)	5,578,551
Other comprehensive income that will be subsequently reclassified to profit or loss								
Fair value changes in other debt investments	8,597,673	(5,471,508)	3,126,165	4,465,950	(12,282,390)	-	(5,471,508)	(2,344,932)
	<u>285,732,575</u>	<u>(292,840,059)</u>	<u>(7,107,484)</u>	<u>(277,324,050)</u>	<u>(12,282,390)</u>	<u>-</u>	<u>(292,840,059)</u>	<u>3,233,619</u>

#### (40) Surplus reserve

	31 December 2021	Appropriation in the current year	Decrease in the current year	31 December 2022
Statutory surplus reserve	<u>2,002,688,003</u>	<u>417,130,730</u>	<u>-</u>	<u>2,419,818,733</u>
	31 December 2020	Appropriation in the current year	Decrease in the current year	31 December 2021
Statutory surplus reserve	<u>1,617,193,102</u>	<u>385,494,901</u>	<u>-</u>	<u>2,002,688,003</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. The Company withdraws statutory surplus reserve at RMB417,130,730 at 10% of net profit in 2022 (2021: withdraw at 10% of net profit, totaling RMB385,494,901).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (41) General risk reserve

	31 December 2021	Appropriation in the current year	Disposal of Shandong Port Finance	31 December 2022
General risk reserve	<u>411,248,470</u>	<u>-</u>	<u>(411,248,470)</u>	<u>-</u>
	31 December 2020	Appropriation in the current year	Decrease in the current year	31 December 2021
General risk reserve	<u>411,248,470</u>	<u>-</u>	<u>-</u>	<u>411,248,470</u>

#### (42) Undistributed profits

	Year ended 31 December 2022	Year ended 31 December 2021
Undistributed profits at beginning of year	13,743,191,909	11,866,599,218
Business combinations involving entities under common control (a)	43,318,400	60,859,928
Undistributed profits at the beginning of the year (Restated)	13,786,510,309	11,927,459,146
Add: Attributable to equity holders of the Company	4,525,175,176	3,982,212,484
Less: Withdrawal Surplus reserve	(417,130,730)	(385,494,901)
Profit distribution to shareholders (b)	(1,664,318,040)	(1,737,666,420)
Reversal of general risk reserve after disposal of Shandong Port Finance	<u>411,248,470</u>	<u>-</u>
Undistributed profits at the end of the year	<u>16,641,485,185</u>	<u>13,786,510,309</u>

- (a) Undistributed profits at the beginning of 2022 were adjusted by RMB43,318,400 (2021: RMB60,859,928)
- (b) In accordance with the resolution at the Board of Shareholders' meeting dated 28 June 2022, the Company proposed a cash dividend to the shareholders at RMB2.564 per 10 shares (including tax), amounting to RMB1,664,318,040 calculated by 6,491,100,000 issued shares.

In accordance with the resolution at the Board of Directors' meeting dated 29 March 2023, the Board of Directors proposed a cash dividend to the shareholders at RMB2.693 per 10 shares (including tax), amounting to RMB1,748,053,230 calculated by 6,491,100,000 issued shares. The resolution is pending for approval of shareholders' meeting (Note 11).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (43) Revenue and cost of sales

	<b>Year ended 31 December 2022</b>	Year ended 31 December 2021 (Restated)
Revenue from main operations (Note 2(31))	<b>17,671,529,207</b>	15,456,652,220
Revenue from other operations	<b>1,591,235,772</b>	1,336,010,659
	<b><u>19,262,764,979</u></b>	<b><u>16,792,662,879</u></b>
	<b>Year ended 31 December 2022</b>	Year ended 31 December 2021 (Restated)
Cost of sales from main operations (Note 2(31))	<b>(12,106,530,437)</b>	(10,557,420,248)
Cost of sales from other operations	<b>(1,099,287,130)</b>	(906,293,536)
	<b><u>(13,205,817,567)</u></b>	<b><u>(11,463,713,784)</u></b>

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

	<b>Year ended 31 December 2022</b>		Year ended 31 December 2021 (Restated)	
	<b>Revenue from main operations</b>	<b>Cost of sales from main operations</b>	Revenue from main operations	Cost of sales from main operations
Container handling and ancillary services	<b>1,193,656,395</b>	<b>(317,080,190)</b>	586,002,662	(242,703,861)
Metal ore, coal and other cargo handling and ancillary services	<b>3,972,564,066</b>	<b>(3,198,355,773)</b>	3,673,283,806	(2,853,403,609)
Liquid bulk cargo handling and ancillary services	<b>3,518,951,785</b>	<b>(1,333,045,591)</b>	3,148,369,565	(1,129,764,174)
Logistics and port value-added services	<b>8,142,332,279</b>	<b>(6,517,319,999)</b>	6,898,861,489	(5,338,539,320)
Port ancillary services – construction, labor and construction of port machinery	<b>844,024,682</b>	<b>(740,728,884)</b>	1,150,134,698	(993,009,284)
	<b><u>17,671,529,207</u></b>	<b><u>(12,106,530,437)</u></b>	<b><u>15,456,652,220</u></b>	<b><u>(10,557,420,248)</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

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

	Year ended 31 December 2022		Year ended 31 December 2021 (Restated)	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Lease revenue (i)	353,038,740	(196,844,619)	343,844,337	(190,561,176)
Port ancillary service – sales of fuel, electricity and others	1,238,197,032	(902,442,511)	992,166,322	(715,732,360)
	<u>1,591,235,772</u>	<u>(1,099,287,130)</u>	<u>1,336,010,659</u>	<u>(906,293,536)</u>

- (i) The Group's rental income is from leasing port facilities, storage facilities, buildings, machinery and equipment and motor vehicles. For the year ended 31 December 2022, there's no variable rental income recognized based on the certain percentage of the lessee's sales amount. (As at 31 December 2021, nil)

For the year ended 31 December 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 31 December 2022, the amounts of revenue corresponding to contract obligations that were signed but not fulfilled or not completely fulfilled were RMB273,592,129 (As at 31 December 2021: RMB533,703,268), of which is expected to be recognized as revenue in 2023.

#### (44) Taxes and surcharges

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)	Calculation and payment standard
Land use tax	67,429,038	67,736,337	3.2 -11.2 yuan/ Square meter/year
City maintenance and construction tax	22,934,282	23,729,119	7%
Educational surcharge	16,461,190	16,746,120	3%
Stamp duty	12,020,173	11,872,229	Proportional tax rate, Norm quota tax rate
Property tax	13,097,036	12,587,397	Levied on prices and values
Others	13,357,914	14,245,238	
	<u>145,299,633</u>	<u>146,916,440</u>	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (45) General and administrative expenses

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Employee benefits	635,603,606	653,456,522
Office expenses and entertainment expenses	49,060,897	45,078,751
Depreciation of right-of-use assets	42,513,582	27,080,356
Repair expenses	36,929,615	21,858,524
Depreciation of fixed assets	33,134,949	29,999,737
Amortisation of intangible assets	26,490,179	31,870,684
Intermediary service fee	26,353,981	26,697,159
Property management fees	26,274,033	26,652,339
Consumption of other raw materials	20,219,432	16,250,905
Rental expenses	16,260,997	13,899,113
Fuel and utility fees	12,214,785	10,932,157
Others	27,038,659	13,700,614
	<u>952,094,715</u>	<u>917,476,861</u>

#### (46) Financial expenses

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Interest expenses on deposits	55,880,569	66,333,355
Bonds, borrowings and other interest expenses	63,545,403	95,678,332
Add: Interest expense for lease liabilities	35,334,278	13,259,778
Less: Capitalized interest	<u>(131,643)</u>	<u>(341,516)</u>
Interest expenses	154,628,607	174,929,949
Less: Interest income	<u>(342,392,186)</u>	<u>(376,602,040)</u>
Effect of actuarial calculation of employee benefits	74,940,000	80,474,066
Exchange gains or losses	<u>(76,520,673)</u>	<u>13,083,283</u>
Others	5,525,347	8,057,475
	<u>(183,818,905)</u>	<u>(100,057,267)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (47) 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:

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Subcontract cost	4,668,564,950	3,864,267,726
Employee benefits	3,353,255,295	2,975,742,494
Cost for outsourcing transportation	2,427,755,387	2,200,136,096
Depreciation expenses of fixed assets	1,068,845,664	952,764,441
Cost of sales for fuel and electricity	651,009,099	488,294,816
Consumption of other raw materials	494,328,837	552,600,472
Fuel and utility fees	442,747,140	391,629,080
Consumption of raw materials in construction contract	354,526,173	361,658,370
Repair expenses (i)	271,925,607	170,728,791
Rental expenses (ii)	149,764,670	190,224,026
Depreciation of right-of-use assets	129,634,431	88,538,668
Amortisation of intangible assets	99,307,851	101,041,461
Sales service fee	45,682,794	–
Consulting fee	17,241,678	17,898,157
Auditor's fee	9,112,303	8,942,863
– Annual audit services for listed companies	5,764,000	5,764,000
– Other audit services within the group	2,265,607	2,509,120
– Non-audit services	1,082,696	669,743
Depreciation of investment properties	5,891,250	5,095,619
Others	186,529,048	149,845,097
	<u>14,376,122,177</u>	<u>12,519,408,177</u>

- (i) 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.
- (ii) 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 year ended on 31 December 2022, the amount is RMB149,764,670 (For the year ended on 31 December 2021: RMB190,224,026).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (48) Other income

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)	Asset related/ Income related
Additional deduction of VAT input	88,592,174	44,197,359	—
VAT refunded as soon as collected	49,890,007	41,104,640	—
Government grants			
– Development support funds related to daily operations	42,263,707	46,063,375	Income related
– Development support funds related to assets	14,032,219	23,394,906	Asset related
– Employment stabilization subsidies	243,254	4,388,896	Income related
– Special funds for outer route	3,914,444	3,914,444	Asset related
– Other government grants	3,025,824	3,889,307	Asset/Income related
	<u>201,961,629</u>	<u>166,952,927</u>	

For the year ended 31 December 2022, other income was included in the non-recurring profit or loss of the year except for VAT refunded as soon as collected.

#### (49) Investment income

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Investment income from long-term equity investments under equity method (Note 2(31))	1,270,143,860	1,184,282,335
Investment income from disposal of long-term equity investments	85,230,721	134,273,718
Investment income from holding of financial assets held for trading	72,036,894	77,239,623
Interest income from holding of other debt investment	8,313,700	36,590,528
Interest income from holding of debt investments	–	3,911,649
Losses on discount of receivables financing qualifying for derecognition	(1,708,936)	(1,254,946)
	<u>1,434,016,239</u>	<u>1,435,042,907</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (50) Credit impairment losses

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Provision for/(Reversal of) losses on bad debts of notes receivable	396,327	(1,254,006)
Provision for bad debts of accounts Receivable	63,574,525	11,190,696
Provision for (Reversal of) bad debts of other receivables	(18,313,646)	12,439,327
Provision for (Reversal of) bad debts of long-term receivables	(30,250,984)	15,802,892
	<u>15,406,222</u>	<u>38,178,909</u>

#### (51) Income tax expenses

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Current income tax calculated based on tax law and related regulations	1,364,343,750	1,221,107,825
Deferred income tax	(55,552,880)	(51,912,266)
	<u>1,308,790,870</u>	<u>1,169,195,559</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:

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Total profit	<u>6,555,653,029</u>	<u>5,835,398,757</u>
Income tax expenses calculated at applicable tax rates	1,638,913,257	1,458,849,689
The effect of preferential tax rates	(43,901,779)	(4,658,593)
Investment income not subject to tax	(317,535,965)	(296,070,584)
Additional deduction of employee benefits of the disabled	(947,478)	(1,013,495)
Costs, expenses and losses not deductible for tax purposes	36,933,335	26,092,918
Additional deduction of research and development expenses	-	(4,961,323)
Utilisation of previously unrecognised deductible temporary differences	79,738	430,000
Deductible losses not recognised as deferred tax assets in the current year	2,810,408	-
Utilisation of previously unrecognised deductible losses	(7,560,646)	(9,473,053)
	<u>1,308,790,870</u>	<u>1,169,195,559</u>
Income tax expenses	<u>1,308,790,870</u>	<u>1,169,195,559</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (52) 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:

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Consolidated net profit attributable to ordinary shareholders of the Company	4,525,175,176	3,982,212,484
Weighted average number of ordinary shares outstanding	<u>6,491,100,000</u>	<u>6,491,100,000</u>
Basic earnings per share	<u>0.70</u>	<u>0.61</u>
Including:		
– Basic earnings per share from continuing operations	0.67	0.58
– Basic earnings per share from discontinued operations	0.03	0.03

##### (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 year ended 31 December 2022 (for the year ended 31 December 2021: nil), diluted earnings per share equal to basic earnings per share.

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

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Recovery of advances for purchases	776,363,604	–
Lease payments received	95,185,309	150,657,144
Government grants	71,799,649	98,795,753
Interest from cash at bank	45,701,731	24,258,735
Receipt of deposits and guarantees	13,134,827	18,880,483
Port construction fees	–	430,213
Others	<u>32,153,775</u>	<u>10,419,078</u>
	<u>1,034,338,895</u>	<u>303,441,406</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Payment of retirement salaries	118,905,602	172,692,646
Office expenses and entertainment expenses	53,052,753	48,373,463
Sales service fee payable	41,182,794	-
Intermediary service fee	26,353,981	25,495,642
Railway freight paid on behalf	7,125,220	43,692,062
Bank service charge	5,525,347	7,049,159
Payment on behalf of logistics business	1,264,965	129,314,331
Advance payment for agency purchase	-	1,565,273,752
Others	13,008,521	36,476,178
	<u>266,419,183</u>	<u>2,028,367,233</u>

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Recovery of loans provided to related parties and third parties	6,278,370,581	2,730,415,320
Recovery of prepayment for equity of haiye oil terminal	261,903,564	-
Recovery of statutory deposit reserve by Shandong Port Finance	-	129,084,899
	<u>6,540,274,145</u>	<u>2,859,500,219</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Provision of loans to relate parties and third parties	4,451,207,959	3,534,871,490
Statutory deposit reserve deposited by Shandong Port Finance	56,556,282	-
Prepayment for equity of Haiye Oil Terminal	-	261,903,564
Cash held by subsidiaries at the date when the control is lost	-	18,965,799
	<u>4,507,764,241</u>	<u>3,815,740,853</u>

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Entrusted borrowings received	239,000,000	150,000,000
Increase in deposits received by Shandong Port Finance	-	712,508,227
Increase of factoring borrowings of Shangang commercial factoring	-	72,111,267
	<u>239,000,000</u>	<u>934,619,494</u>

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Consideration paid for business combinations involving enterprises under common control	984,446,600	-
Decrease in deposit received by Shandong Port Finance	417,198,319	-
Repayments of lease liabilities	236,286,452	133,793,923
Repayment of entrusted loans from Qingdao Port Group	150,000,000	-
Repayment of factoring borrowings of Shangang commercial factoring	50,009,722	22,101,545
Acquisition of minority interests of QMT	-	104,984,754
Repayment of subsidiary minority shareholders and third-party fund borrowings	-	41,093,824
	<u>1,837,941,093</u>	<u>301,974,046</u>

In 2022, the total lease-related cash outflow paid by the Group was RMB402,713,418 (for the year ended 31 December 2021: 334,069,721). 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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (54) 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*

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Net profit	5,246,862,159	4,666,203,198
Add/Less: Asset impairment losses	8,957,369	8,759,366
Credit impairment losses	15,406,222	38,178,909
Depreciation of right-of-use assets	129,634,431	88,538,668
Depreciation of fixed assets and investment properties	1,074,736,914	957,860,060
Amortization of intangible assets	99,307,851	101,041,461
Amortization of long-term prepaid expenses	26,146,118	19,403,901
Gains on disposal of fixed assets, intangible assets and other non-current assets	(15,201,237)	(33,058,469)
Amortisation of deferred income	(20,121,902)	(28,860,115)
Losses from scrapped fixed assets	2,622,515	38,071
Income on changes in fair value	(8,486,958)	(20,145,692)
Financial expenses	(95,260,498)	(88,339,460)
Investment income	(1,435,725,175)	(1,436,297,853)
Decrease/(Increase) in deferred tax assets	(66,592,650)	(44,552,639)
Increase/(Decrease) in deferred tax liabilities	11,039,770	(7,359,627)
Decrease/(Increase) in inventories	(351,607)	(51,284,135)
Decrease/(Increase) in operating receivables	254,108,015	(3,078,854,040)
Increase/(Decrease) in operating payables	1,005,929,926	1,829,367,983
Net cash flows from operating activities	<u>6,233,011,263</u>	<u>2,920,639,587</u>

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Goods and services purchased by endorsement of notes receivable	1,178,877,181	947,333,415
Long-term assets acquired by endorsement of notes receivable	85,177,016	72,889,165
Increase of right-of-use assets in the current year	228,389,673	207,522,309
Transfer of assets to the original shareholders of Weihai Port Development	<u>-</u>	<u>317,319,764</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

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

###### *Net movements in cash*

	<b>Year ended 31 December 2022</b>	Year ended 31 December 2021 (Restated)
Cash at the end of the year	<b>9,021,244,964</b>	8,247,817,077
Less: Cash at the beginning of the year	<b>(8,247,817,077)</b>	<u>(6,116,633,947)</u>
Net increase in cash	<b><u>773,427,887</u></b>	<b><u>2,131,183,130</u></b>

###### *Cash and cash equivalents*

	<b>31 December 2022</b>	31 December 2021 (Restated)
Cash at bank and on hand (Note 4(1))	<b>9,183,323,879</b>	9,130,883,770
Less: Term deposits with initial term of over 3 months	<b>(129,540,000)</b>	(5,929,401)
Other restricted cash balance	<b>(7,440,791)</b>	(872,673,505)
Interest receivable	<b>(25,098,124)</b>	<u>(4,463,787)</u>
Cash at the end of the year	<b><u>9,021,244,964</u></b>	<b><u>8,247,817,077</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

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

##### (b) Acquisition or disposal of subsidiaries

##### (i) Disposal of subsidiaries

	Year ended 31 December 2022	Year ended 31 December 2021
Cash received from disposal of subsidiaries in the current year	17,123,700	78,032,675
Including: International Trade Logistics	17,123,700	-
QDP CTC	-	28,935,375
Qingdao Port (Group) Engineering Co., Ltd. ("Qingdao Port Engineering")	-	49,097,300
Less: Cash received deposited in Shandong Port Finance	-	(49,097,300)
Including: Qingdao Port Engineering	-	(49,097,300)
Less: Cash held by subsidiaries at the date when control is lost	(4,953,842,242)	(119,815,130)
Including: International Trade Logistics	(52,692,365)	-
Automobile Supply Chain	(10,973,642)	-
Shandong Port Finance	(4,778,201,734)	-
Equipment Manufacturing	(111,974,501)	-
QDP CTC	-	(40,709,190)
Qingdao Port Engineering	-	(19,991,326)
Technology Company	-	(50,127,702)
Tongbao Shipping	-	(8,986,912)
Add: Amounts deposited at Shandong Port Finance by the subsidiaries at the date when control is lost	35,631,442	119,815,130
Including: International Trade Logistics	35,631,442	-
QDP CTC	-	40,709,190
Qingdao Port Engineering	-	19,991,326
Technology Company	-	50,127,702
Tongbao Shipping	-	8,986,912
Less: Amounts deposited at Shandong Port Finance by the acquirer at the date when control is lost	8,243,816,245	-
Net cash received from disposal of subsidiaries	<u>3,342,729,145</u>	<u>28,935,375</u>

In 2022, the disposed subsidiaries were International Trade Logistics, Shandong Port Finance, Automobile Supply Chain, and Equipment Manufacturing. Please refer to Note 5(2) for the disposal prices and net assets.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

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

#### (55) Monetary items denominated in foreign currencies

	31 December 2022		
	Foreign currencies balance	Conversion rate	RMB balance
Cash at bank and on hand –			
USD	39,586,649	6.9646	275,705,176
EUR	290,692	7.4229	2,157,778
HKD	30,556	0.8933	27,295
			<u>277,890,249</u>
Accounts receivable –			
USD	27,479,623	6.9646	191,384,582
EUR	17,959	7.4229	133,308
			<u>191,517,890</u>
Other receivables –			
USD	30,984,386	6.9646	215,793,855
EUR	14,520,227	7.4229	107,782,193
			<u>323,576,048</u>
Advances to suppliers –			
USD	1,630,449	6.9646	11,355,425
Accounts payable –			
USD	34,622,624	6.9646	241,132,727
JPY	170,500	0.0524	8,927
			<u>241,141,654</u>
Other payables –			
USD	17,388,193	6.9646	121,101,809

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 5 CHANGES OF THE SCOPE OF CONSOLIDATION

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

As stated in Note 2(1), in May 2022, the Company acquired Weihai Port, a subsidiary of Weihai Port Group, and indirectly controlled Qingwei Container through the acquisition. The Company completed the change of industrial and commercial registration procedures on 30 May 2022. This transaction is classified as a business combination involving enterprises under common control.

The cost of combination and carrying amount of net assets acquired from Weihai Port and Qingwei Container are as follows:

Cost of combination – Cash consideration 984,446,600

#### (a) The carrying amounts of assets and liabilities of the acquiree at the combination date and 31 December 2021 were as follows:

##### (i) Weihai Port

	<u>Carrying amount</u>	
	<u>Combination date</u>	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
Receivables financing	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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

#### (1) Business combination involving enterprises under common control (Continued)

(a) The carrying amounts of assets and liabilities of the acquiree at the combination date and 31 December 2021 were as follows: (Continued)

(i) *Weihai Port* (Continued)

	Carrying amount	
	Combination date	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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

#### (1) Business combination involving enterprises under common control (Continued)

(a) The carrying amounts of assets and liabilities of the acquiree at the combination date and 31 December 2021 were as follows: (Continued)

(ii) *Qingwei Container*

	Carrying amount	
	Combination date	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
Receivables financing	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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

#### (1) Business combination involving enterprises under common control (Continued)

(b) Revenue, net profit and cash flows of the acquiree for the period from 1 January 2022 to the combination date and for the year ended 31 December 2021 are as follows:

(i) *Weihai Port*

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

(ii) *Qingwei Container*

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

#### (2) Disposal of subsidiaries

##### (a) Aggregated information of subsidiaries disposed of in the current year:

Name of subsidiary	Proceeds from disposal	Original shareholding proportion	Disposal proportion	Remaining proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal and corresponding shares of net assets in the consolidated financial statements	Amount transferred from other comprehensive income related to initial equity investment to investment income or loss
International Trade Logistics (i)	18,624,562	60%	11%	49%	Equity transfer	18 August 2022	Change of business registration	1,586,784	-
Shandong Port Finance (ii)	-	70%	35.37%	34.63%	Capital increase	31 October 2022	Completion of the capital increase	(25,645,936)	4,465,950
Automobile Supply Chain (iii)	-	45%	-	45%	Revision of the Articles of Association	1 December 2022	Completion of the revision of the Articles of Association	146,865	-
Equipment Manufacturing (iv)	101,488,725	100%	51%	49%	Equity transfer	23 December 2022	Approval of the resolution of the shareholders' meeting	83,244,165	-

- (i) On 18 August 2022, the Company disposed 11% of the equity interests of International Trade Logistics to Land and Sea International Logistics, with disposal gains or losses of RMB1,586,784 (Note 5(2)(b)). After the transaction, the shareholding in International Trade Logistics held by the Company was changed to 49% and International Trade Logistics was changed from a subsidiary of the Company to an associate.
- (ii) On 31 October 2022, Shandong Port Group, Rizhao Port Co., Ltd., and Shandong Port Financial Holdings Co., Ltd. increased their capital to Shandong Port Finance by RMB797,086,500, RMB291,833,700 and RMB125,143,500 through cash at bank and on hand, Rizhao Finance, and cash at bank and on hand, accounting for 51%, 11.37% and 3% of the equity interests of Shandong Port Finance respectively after capital increase. After the completion of the capital increase, QDP International accounted for 34.63% of the equity interests of Shandong Port Finance, with disposal gains or losses of RMB25,645,936 (Note 5(2)(b)). After the transaction, the shareholding in Shandong Port Finance held by the Company was changed to 34.63% and Shandong Port Finance was changed from a subsidiary of the Company to an associate.
- (iii) On 1 December 2022, the original shareholders of Automobile Supply Chain transferred their shareholdings and revised the Articles of Association, which stipulated that the resolution of the shareholders' meeting shall be passed by more than half of the votes from the shareholders. The disposal gains or losses were RMB146,865 (Note 5(2)(b)). After the approval of the resolution of the shareholders' meeting, Automobile Supply Chain was changed from a subsidiary of the Company to an associate.
- (iv) On 23 December 2022, the Company invested 51% of the equity interests of Equipment Manufacturing at the price of RMB101,488,725 to Shandong Port Equipment Group, acquiring 16.56% of the equity interests of Shandong Port Equipment Group after capital increase, with disposal gains or losses of RMB83,244,165 (Note 5(2)(b)). After the disposal, Equipment Manufacturing was converted from a subsidiary of the Company to an associate.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

#### (2) Disposal of subsidiaries (Continued)

##### (b) Gains or losses on disposal are as follows:

International Trade Logistics	<b>Amount</b>
Disposal price	18,624,562
Fair value at the disposal date of the remaining 49% equity interests	82,963,960
Less: International Trade Logistics' share of net assets at the level of consolidated financial statements	<u>(100,001,738)</u>
Investment income from disposal	<u>1,586,784</u>
Shandong Port Finance	<b>Amount</b>
Disposal price	-
Fair value at the disposal date of the remaining 34.63% equity interests	1,615,645,944
Less: Shandong Port Finance's share of net assets at the level of consolidated financial statements	<u>(1,641,291,880)</u>
Investment income/(loss) from disposal	<u>(25,645,936)</u>
Automobile Supply Chain	<b>Amount</b>
Disposal price	-
Fair value at the disposal date of the remaining 45% equity interests	11,051,838
Less: Automobile Supply Chain's share of net assets at the level of consolidated financial statements	<u>(10,904,973)</u>
Investment income from disposal	<u>146,865</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 5 CHANGES OF THE SCOPE OF CONSOLIDATION (Continued)

#### (2) Disposal of subsidiaries (Continued)

##### (b) Gains or losses on disposal are as follows: (Continued)

Equipment Manufacturing	<b>Amount</b>
Disposal price	101,488,725
Fair value of the remaining 49% equity interests	97,508,775
Less: Equipment Manufacturing's share of net assets at the level of consolidated financial statements	<u>(115,753,335)</u>
Investment income from disposal	<u><u>83,244,165</u></u>

On the date of losing control, the fair value at the disposal date of the remaining equity interests of Shandong Port Finance and Equipment Manufacture was determined using the income method while the fair value at the disposal date of the remaining equity interests of International Trade Logistics and Automobile Supply Chain was determined using the cost method and key assumption was that the operating environment and businesses did not change significantly.

#### (3) Changes in the scope of consolidation for other reasons

On 21 January 2022, the Company set up a wholly-owned subsidiary, Qingdao Port International Container Development Co., Ltd. ("Container Development"), with a registered capital of RMB30,000,000. As at 31 December 2022, the Company had completed the capital contribution.

On 27 June 2022, the Company set up a wholly-owned subsidiary (by physical assets), Qingdao Port Barge Co., Ltd. ("Barge Company"), with a registered capital of RMB450,000,000. As at 31 December 2022, the Company had completed the capital contribution.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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	24,500	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	USD 4,930	62%	-	Business combinations involving enterprises not under common control
Dongjiakou oil Products	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	USD 6,500	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
Eimskip Coldchain(i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	2,000	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
Lianje 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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	
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	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
Dongying Port Lianhua	Limited Liability Company	Dongying, China	Dongying, China	Fuel storage	38,000	-	70%	Set-up or investment
Qingdao Port Dongjiakou Liquid Chemical Co., Ltd. ("Liquid Chemical Terminal") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	71,000	51%	-	Business combinations involving enterprises not under common control

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

#### (1) Equity interest in subsidiaries (Continued)

##### (a) Constitution of the enterprise group (Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Qingdao Port Lianhua International Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	2,000	-	60%	Set-up or investment
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
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
Qingdao Qinggang Tongda Energy Co., Ltd. ("Tongda Oil & Gas") (formerly known as Qingdao Bonded Port Tongda Oil and Gas Co., Ltd)	Limited Liability Company	Qingdao, China	Qingdao, China	LNG operation	6,595	100%	-	Set-up or investment
Shandong Qingzi Logistics Co., Ltd. ("Qingzi Logistics")	Limited Liability Company	Qingdao, China	Zibo, China	Logistics services · Pipeline transportation	20,000	100%	-	Set-up or investment
Zhenhua Petroleum Storage	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel storage	66,000	51%	-	Set-up or investment
Zhonglin QDP Supply Chain	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	5,000	-	65%	Set-up or investment
Nangang Oil & Gas	Limited Liability Company	Qingdao, China	Qingdao, China	LNG operation	5,000	-	55%	Set-up or investment
Qingdao Qilu Fuhai Warehousing Co., Ltd. ("Qilu Fuhai Warehousing")	Limited Liability Company	Qingdao, China	Qingdao, China	Stevedoring, handling and storage	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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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	
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
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
Weihai Port	Limited Liability Company	Weihai, China	Weihai, China	Stevedoring, stacking, logistics	10,035	51%	-	Business combination involving enterprises under common control
Qingwei Container (i)	Limited Liability Company	Weihai, China	Weihai, China	Stevedoring, handling and storage	14,000	49%	51%	Business combination involving enterprises under common control
China Weihai Shipping Agency Co., Ltd. ("Shipping Agency")	Limited Liability Company	Weihai, China	Weihai, China	Shipping agency	500	-	55%	Business combination involving enterprises under common control
China Ocean Shipping Tally Weihai Co., Ltd. ("China Ocean Shipping Tally Weihai")	Limited Liability Company	Weihai, China	Weihai, China	Tallying	130	-	84%	Business combination involving enterprises under common control
Weihai Gangfeng Shipping Agency Co., Ltd. ("Gangfeng Shipping Agency")	Limited Liability Company	Weihai, China	Weihai, China	Shipping agency	50	-	100%	Business combination involving enterprises under common control

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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 Shichang Logistics Co., Ltd. ("Shichang Logistics")	Limited Liability Company	Weihai, China	Weihai, China	Transportation	2,000	-	100%	Business combination involving enterprises under common control
Logistics Park Development	Limited Liability Company	Weihai, China	Weihai, China	Logistics and storage	10,000	-	100%	Business combination involving enterprises under common control
Shandong Weihai Port International Trade Co., Ltd. ("Weihai Port International Trade")	Limited Liability Company	Weihai, China	Weihai, China	Logistics and storage	500	-	100%	Business combination involving enterprises under common control
Container Development	Limited Liability Company	Qingdao, China	Qingdao, China	Transportation agency of container cargo	3,000	100%	-	Set-up or investment
Barge Company	Limited Liability Company	Qingdao, China	Qingdao, China	Ship towing services	4,500	100%	-	Set-up or investment
Shandong Port Land and Sea Quantai (Qingdao) Supply Chain Co., Ltd. ("Land and Sea Quantai")	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	4,000	54%	-	Set-up or investment



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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) 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 Dongjiakou Oil Products through increase in capital and shares, and Dongjiakou Oil Products was treated as a subsidiary and included in the consolidation scope. As at 31 December 2022, the Company and minority shareholders have not completed capital contributions to Dongjiakou Oil Products, and the Company enjoys the rights and interests pursuant to the actual percentage of shareholding of 71%. The decisions on Dongjiakou Oil Products' 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 Dongjiakou Oil Products, 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%.

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%.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

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%.

In May 2022, the Company merged Weihai Port and its subsidiaries through the business combination involving enterprises under common control, and indirectly controlled the former joint venture Qingwei Container through the acquisition of Weihai Port. From the date of the change, Qingwei Container was changed from a joint venture of the Company to a subsidiary.

In 2022, the company's subsidiaries are all unlisted enterprises and have not issued stocks or bonds.

##### (b) Subsidiary with significant minority interests

Name of subsidiary	Shareholding of minority shareholders	Gains and losses attributable to minority interests for the year ended	Dividends declared to minority interests for	31 December 2022
		31 December 2022	31 December 2022(iii)	
Weihai Port (i)	49%	4,227,206	(1,363,500)	603,784,616
Lianhua Pipeline (ii)	49%	375,210,052	(335,029,904)	1,262,374,463
Liquid Chemical Terminal	49%	11,363,660	(1,430,073)	374,938,938

(i) The main financial information of Weihai Port is composed of Weihai Port and its subsidiaries.

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

(iii) All dividends declared to minority shareholders in 2022 had been paid in that year.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

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

	31 December 2022		
	Weihai Port	Lianhua Pipeline	Liquid Chemical Terminal
Current assets	539,569,187	1,313,648,261	96,569,197
Non-current assets	2,042,828,658	2,828,446,322	798,489,560
Total assets	<u>2,582,397,845</u>	<u>4,142,094,583</u>	<u>895,058,757</u>
Current liabilities	(796,795,316)	(986,617,557)	(128,003,478)
Non-current liabilities	(371,906,099)	(720,580,000)	(930,000)
Total liabilities	<u>(1,168,701,415)</u>	<u>(1,707,197,557)</u>	<u>(128,933,478)</u>
	31 December 2021		
	Weihai Port	Lianhua Pipeline	Liquid Chemical Terminal
Current assets	456,018,551	1,393,023,934	94,620,902
Non-current assets	2,063,563,240	2,957,219,853	779,541,628
Total assets	<u>2,519,581,791</u>	<u>4,350,243,787</u>	<u>874,162,530</u>
Current liabilities	(677,543,655)	(567,659,415)	(129,348,511)
Non-current liabilities	(442,018,963)	(1,438,970,000)	(750,000)
Total liabilities	<u>(1,119,562,618)</u>	<u>(2,006,629,415)</u>	<u>(130,098,511)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

	Year ended 31 December 2022		
	Weihai Port	Lianhua Pipeline	Liquid Chemical Terminal
Revenue	832,228,614	1,635,214,129	59,548,352
Net profit	24,384,296	762,347,403	25,007,165
Total comprehensive income	15,034,296	761,757,403	24,987,165
Cash flows from operating activities	104,872,575	1,088,674,621	70,003,599

	Year ended 31 December 2021		
	Weihai Port	Lianhua Pipeline	Liquid Chemical Terminal
Revenue	820,600,359	1,627,070,621	21,205,653
Net profit	49,809,268	837,474,022	4,061,857
Total comprehensive income	49,809,268	840,954,022	4,141,857
Cash flows from operating activities	167,588,584	952,160,022	1,394,371

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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:

	31 December 2022		31 December 2021	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	1,436,325,016	2,924,690,818	1,421,031,673	1,861,272,476
Including: Cash	1,204,419,287	2,559,821,124	1,366,801,683	1,674,304,319
Non-current assets	2,290,732,518	11,976,980,676	2,325,956,982	11,921,851,714
<b>Total assets</b>	<b>3,727,057,534</b>	<b>14,901,671,494</b>	<b>3,746,988,655</b>	<b>13,783,124,190</b>
Current liabilities	(435,369,067)	(2,275,331,367)	(1,030,429,908)	(2,182,636,655)
Non-current liabilities	(15,280,000)	(2,564,338,451)	(5,170,000)	(3,284,009,671)
<b>Total liabilities</b>	<b>(450,649,067)</b>	<b>(4,839,669,818)</b>	<b>(1,035,599,908)</b>	<b>(5,466,646,326)</b>
Minority interests	-	254,988,313	-	228,069,887
Attributable to shareholders of the Company	3,276,408,467	9,807,013,363	2,711,388,747	8,088,407,977

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

	31 December 2022		31 December 2021	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	1,436,325,016	2,924,690,818	1,421,031,673	1,861,272,476
Including: Cash	1,204,419,287	2,559,821,124	1,366,801,683	1,674,304,319
Non-current assets	2,290,732,518	12,329,234,546	2,325,956,982	12,356,728,697
<b>Total assets</b>	<b>3,727,057,534</b>	<b>15,253,925,364</b>	<b>3,746,988,655</b>	<b>14,218,001,173</b>
Current liabilities	(435,369,067)	(2,275,331,367)	(1,030,429,908)	(2,182,636,655)
Non-current liabilities	(15,280,000)	(2,652,401,919)	(5,170,000)	(3,392,728,917)
<b>Total liabilities</b>	<b>(450,649,067)</b>	<b>(4,927,733,286)</b>	<b>(1,035,599,908)</b>	<b>(5,575,365,572)</b>
Minority interests	-	261,578,351	-	234,313,081
Attributable to shareholders of the Company	3,276,408,467	10,064,613,727	2,711,388,747	8,408,322,520

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

	31 December 2022		31 December 2021	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Shares of net assets in proportion (i)	1,638,204,234	5,053,096,888	1,355,694,374	4,189,070,977
Adjustments				
– Goodwill	–	1,672,785,426	–	1,672,785,426
– Unrealized profits arising from internal transactions	(56,210,484)	(93,302,476)	(60,676,673)	(87,539,330)
Carrying amount of investment in joint ventures	<u>1,581,993,750</u>	<u>6,632,579,838</u>	<u>1,295,017,701</u>	<u>5,774,317,073</u>
	Year ended 31 December 2022		Year ended 31 December 2021	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Revenue	1,570,741,473	4,932,947,425	1,592,190,126	4,188,767,980
Financial expenses	10,418,893	(108,509,152)	18,024,581	(146,349,043)
Income tax expenses	(192,476,803)	(480,823,867)	(240,850,493)	(478,490,185)
Net profit	565,719,721	1,746,807,243	719,415,223	1,669,202,073
Net profit attributable to the Company	565,719,721	1,719,842,324	719,415,223	1,652,600,275
Other comprehensive income	(700,000)	(1,037,333)	–	–
Total comprehensive income	<u>565,019,721</u>	<u>1,718,804,991</u>	<u>719,415,223</u>	<u>1,652,600,275</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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):

	<u>Year ended 31 December 2022</u>		<u>Year ended 31 December 2021</u>	
	<u>Qingdao Shihua</u>	<u>QQCT</u>	<u>Qingdao Shihua</u>	<u>QQCT</u>
Net profit	565,719,721	1,684,839,908	719,415,223	1,595,475,649
Net profit attributable to the Company	565,719,721	1,657,874,989	719,415,223	1,578,873,908
Other comprehensive income	(700,000)	(1,037,333)	-	-
Total comprehensive income	<u>565,019,721</u>	<u>1,656,837,656</u>	<u>719,415,223</u>	<u>1,578,873,908</u>
Dividends received from joint ventures by the Group for the current period, as of the year ended on 31 December 2022	-	-	765,432,381	471,131,207

- (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

##### (c) General information of material associates

	Major business location	Place of registration	Principal activities	Whether strategic to the Group's activities	Shareholding (%)	
					Direct	Indirect
Shandong Port Finance	Qingdao, China	Qingdao, China	Financial Business	Yes	34.63%	-

##### (d) Summarised financial information for material associates

	<b>31 December 2022</b> <b>Shandong</b> <b>Port Finance</b>	31 December 2021 Shandong Port Finance
Current assets	15,904,222,727	—
Including: Cash	6,070,562,426	—
Non-current assets	<u>8,723,027,114</u>	—
Total assets	<u>24,627,249,841</u>	—
Current liabilities	(20,073,004,171)	—
Non-current liabilities	<u>(43,666,118)</u>	—
Total liabilities	<u>(20,116,670,289)</u>	—
Minority interests	—	—
Attributable to shareholders of the Company	<u>4,510,579,552</u>	—
	<b>Year ended</b> <b>31 December 2022</b> <b>Shandong</b> <b>Port Finance</b>	Year ended 31 December 2021 Shandong Port Finance
Revenue	523,710,579	—
Financial expenses	—	—
Income tax expenses	(153,018,824)	—
Net profit	444,443,996	—
Net profit attributable to the Company	444,443,996	—
Other comprehensive income	1,443,810	—
Total comprehensive income	<u>445,887,806</u>	—

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

##### (e) Summarized financial information of insignificant joint ventures and associates

	Year ended 31 December 2022	Year ended 31 December 2021
Joint ventures:		
Aggregated carrying amount of investments	1,836,991,328	1,805,811,001
Aggregate of the following items in proportion		
Net profit (i)	72,206,905	18,259,451
Other comprehensive income (i)	-	-
Total comprehensive income	<u>72,206,905</u>	<u>18,259,451</u>
Associates:		
Aggregated carrying amount of investments	1,181,045,492	972,468,224
Aggregate of the following items in proportion		
Net profit (i)	61,056,881	(49,258,098)
Other comprehensive income (i)	-	-
Total comprehensive income	<u>61,056,881</u>	<u>(49,258,098)</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.

### 7 SEGMENT INFORMATION

The Group's management assesses the Group's performance and determines reportable segments by service category. Different service categories require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation to these segments and to assess their performance.

The Group identified 6 reportable segments as follows:

- Container handling and ancillary services: loading and discharging of containers, storage and port management.
- Metal ores, coal and other cargo handling and ancillary services: loading and discharging of metal ore, coal, grains, break bulk cargo and other cargo, storage and port management.
- Liquid bulk handling and ancillary services: loading and discharging of liquid bulk, storage, transport and port management.
- Logistics and port value-added services: CFS, provision of cargo logistics, agency, towing, tallying and other services.
- Port ancillary services: provision of facilities construction services, manufacturing of port related equipment, supplying electricity power, fuel and others.
- Financial services: provision of deposit taking activities, corporate loans, guarantee, 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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 7 SEGMENT INFORMATION (Continued)

(a) Segment information for the year ended 31 December 2022 and as at 31 December 2022 is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	1,193,656,395	3,972,564,066	3,518,951,785	8,142,332,279	2,435,260,454	296,387,766	-	-	19,559,152,745
Inter-segment revenue	103,811,428	78,414,665	2,302,385	101,423,696	1,036,737,987	126,198,934	-	(1,448,889,095)	-
Cost of sales	(317,080,190)	(3,198,355,773)	(1,333,045,591)	(6,517,319,999)	(1,840,016,014)	(64,194,202)	-	-	(13,270,011,769)
Inter-segment cost	(103,811,428)	(110,791,108)	(28,080,903)	(107,978,375)	(890,528,810)	(74,752,256)	-	1,315,942,880	-
Interest income	4,731,070	7,353,992	25,578,445	16,479,001	7,006,962	-	59,733,125	(74,878,175)	46,004,420
Interest expenses	(25,039,969)	(76,467,820)	(167,062,693)	(38,889,018)	(23,697,556)	-	(7,630,968)	248,353,619	(90,434,405)
Investment income from associates and joint ventures	879,052,997	7,053,568	301,493,618	66,340,874	(4,074,422)	60,029,255	(39,405,600)	(346,430)	1,270,143,860
Other investment income	36,575,826	-	-	1,750,958	83,542,924	24,589,034	141,463,284	(124,049,647)	163,872,379
Asset impairment losses	-	-	-	-	(8,957,369)	-	-	-	(8,957,369)
Credit impairment losses	298,972	7,574,143	(8,766,458)	1,795,970	(45,855,058)	29,546,209	-	-	(15,406,222)
Depreciation of right-of-use assets	-	(1,845,319)	(8,246,000)	(81,780,270)	(3,759,135)	-	(34,003,707)	-	(129,634,431)
Depreciation and amortization	(60,107,609)	(296,453,259)	(516,816,351)	(161,774,071)	(144,614,412)	(1,511,565)	(18,913,616)	-	(1,200,190,883)
Total profit	1,670,356,937	494,610,322	2,313,295,094	1,491,335,057	521,756,857	395,253,341	(247,213,650)	(83,740,929)	6,555,653,029
Income tax expenses	(147,463,142)	(10,986,788)	(417,721,749)	(302,235,091)	(64,391,190)	(92,629,801)	(273,363,109)	-	(1,308,790,870)
Net profit	<u>1,522,893,795</u>	<u>483,623,534</u>	<u>1,895,573,345</u>	<u>1,189,099,966</u>	<u>457,365,667</u>	<u>302,623,540</u>	<u>(520,576,759)</u>	<u>(83,740,929)</u>	<u>5,246,862,159</u>
Total assets	<u>10,807,397,032</u>	<u>10,323,963,035</u>	<u>15,310,287,982</u>	<u>6,519,350,437</u>	<u>7,234,853,920</u>	<u>1,898,484,081</u>	<u>8,949,763,295</u>	<u>(3,568,189,421)</u>	<u>57,475,910,361</u>
Total liabilities	<u>906,056,959</u>	<u>4,295,119,903</u>	<u>5,143,386,223</u>	<u>2,204,994,351</u>	<u>3,914,303,464</u>	<u>-</u>	<u>3,245,690,805</u>	<u>(3,510,559,494)</u>	<u>16,198,992,211</u>
Non-cash expenses other than depreciation and amortization	<u>1,330,000</u>	<u>40,242,087</u>	<u>20,157,757</u>	<u>23,515,322</u>	<u>11,455,624</u>	<u>-</u>	<u>13,573,488</u>	<u>-</u>	<u>110,274,278</u>
Long-term equity investments in associates and joint ventures	<u>6,640,226,239</u>	<u>1,198,818,922</u>	<u>1,905,358,893</u>	<u>606,784,313</u>	<u>447,442,152</u>	<u>1,798,484,081</u>	<u>290,971,494</u>	<u>-</u>	<u>12,888,086,094</u>
Additions of non-current assets (i)	<u>5,117,150</u>	<u>998,975,092</u>	<u>1,486,723,917</u>	<u>108,308,252</u>	<u>512,013,107</u>	<u>136,032</u>	<u>276,533,346</u>	<u>(24,767,691)</u>	<u>3,363,039,205</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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 7 SEGMENT INFORMATION (Continued)

(b) Segment information for the year ended 31 December 2021 and as at 31 December 2021(Restated) is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	586,002,662	3,673,283,806	3,148,369,565	6,898,861,489	2,486,145,357	350,077,341	-	-	17,142,740,220
Inter-segment revenue	30,661,975	112,139,735	1,475,433	126,859,589	1,210,801,864	176,831,441	-	(1,658,770,037)	-
Cost of sales	(242,703,861)	(2,853,403,609)	(1,129,764,174)	(5,338,539,320)	(1,899,302,820)	(76,939,501)	-	-	(11,540,653,285)
Inter-segment cost	(30,661,975)	(150,361,706)	(20,731,059)	(134,615,512)	(1,044,242,506)	(65,136,522)	-	1,445,749,280	-
Interest income	1,587,414	6,648,059	14,155,118	13,021,560	3,571,086	-	52,677,984	(65,136,522)	26,524,699
Interest expenses	(61,963,879)	(56,192,452)	(174,371,502)	(39,149,511)	(36,092,141)	-	(23,648,431)	293,427,468	(97,990,448)
Investment income from associates and joint ventures	847,733,441	(34,657,112)	362,988,435	63,828,878	14,853,828	12,958,078	(89,830,683)	6,407,470	1,184,282,335
Other investment income	-	(1,070,315)	-	10,221,440	117,400,085	104,150,162	146,372,341	(126,313,141)	250,760,572
Asset impairment losses	-	-	-	-	(8,759,366)	-	-	-	(8,759,366)
Credit impairment losses	(232,521)	(851,373)	(10,653,426)	(22,640,161)	4,232,396	(8,033,824)	-	-	(38,178,909)
Depreciation of right-of-use assets	-	-	(6,424,860)	(55,033,452)	-	-	(27,080,356)	-	(88,538,668)
Depreciation and amortization	(48,826,374)	(268,963,063)	(392,969,737)	(154,093,589)	(173,984,042)	(1,731,448)	(37,737,169)	-	(1,078,305,422)
Total profit	1,082,484,924	487,062,788	2,152,589,599	1,385,745,837	569,719,892	488,704,136	(226,272,937)	(104,635,482)	5,835,398,757
Income tax expenses	683,912	(5,820,300)	(403,089,686)	(250,372,829)	(50,164,161)	(113,018,747)	(347,413,748)	-	(1,169,195,559)
Net profit	<u>1,083,168,836</u>	<u>481,242,488</u>	<u>1,749,499,913</u>	<u>1,135,373,008</u>	<u>519,555,731</u>	<u>375,685,389</u>	<u>(573,686,685)</u>	<u>(104,635,482)</u>	<u>4,666,203,198</u>
Total assets	<u>9,349,208,672</u>	<u>9,614,727,772</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>(15,062,941,145)</u>	<u>62,219,584,604</u>
Total liabilities	<u>769,209,929</u>	<u>3,676,414,299</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>(14,975,803,709)</u>	<u>22,202,450,099</u>
Non-cash expenses other than depreciation and amortization	<u>2,288,947</u>	<u>31,886,068</u>	<u>3,541,286</u>	<u>20,940,011</u>	<u>24,248,929</u>	<u>30,000</u>	<u>10,798,603</u>	<u>-</u>	<u>93,733,844</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>
Additions of non-current assets (i)	<u>45,755,351</u>	<u>1,346,233,895</u>	<u>1,402,317,434</u>	<u>69,467,291</u>	<u>425,630,991</u>	<u>2,821,266</u>	<u>190,812,310</u>	<u>(96,440,849)</u>	<u>3,386,597,689</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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 7 SEGMENT INFORMATION (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:

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Revenue –		
Reportable segment revenue from external customers	19,559,152,745	17,142,740,220
Reclassification of interest income from external customers of Shandong Port Finance (i)	<u>(296,387,766)</u>	<u>(350,077,341)</u>
Consolidated revenue (Note4(43))	<u>19,262,764,979</u>	<u>16,792,662,879</u>
Interest income –		
Reportable segment interest income	46,004,420	26,524,699
Reclassification of interest income from external customers of Shandong Port Finance (i)	<u>296,387,766</u>	<u>350,077,341</u>
Consolidated interest income (Note4(46))	<u>342,392,186</u>	<u>376,602,040</u>
Cost of sales –		
Reportable segment cost of sales	13,270,011,769	11,540,653,285
Reclassification of interest expenses from external customers of Shandong Port Finance (ii)	<u>(64,194,202)</u>	<u>(76,939,501)</u>
Consolidated cost of sales (Note4(43))	<u>13,205,817,567</u>	<u>11,463,713,784</u>
Interest expenses -		
Reportable segment interest expenses	90,434,405	97,990,448
Reclassification of interest expenses from external customers of Shandong Port Finance (ii)	<u>64,194,202</u>	<u>76,939,501</u>
Consolidated interest expenses (Note4(46))	<u>154,628,607</u>	<u>174,929,949</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 Shandong Port 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 year ended 31 December 2022  
(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

The Company's ultimate controlling party is Shandong Provincial State-owned Assets Supervision and Administration Commission.

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

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 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

	31 December 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 year ended 31 December 2022  
(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
Qingdao Shihua	Joint venture
QQCT	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
Qinggang Equipment Manufacture	Associate
Lianhai Logistics	Associate
Overseas Development Qingdao	Associate
Shandong Port Energy	Associate
INE	Associate
Qingdao Port Engineering	Associate
Qingdao Port Engineering Design Institute	Associate
Qinggang International Trade Logistics	Associate
Hailian Container	Associate
Qianwan International Automobile Supply Chain	Associate
Shandong Port Finance	Associate
Gangying E-commerce	Associate
GBS Supply Chain	Associate
Unitrans	Associate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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 Asset Management Co., Ltd. ("Qingdao Port Investment Asset Management") (Used name: Qingdao Port Investment Real Estate Co., Ltd.)	Controlled by the same parent company
Qingdao Harbour 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") (Used name: Qingdao Hongyu Grand Hotel)	Controlled by the same parent company
Qingdao Qinggang International Travel Service Co., Ltd. ("Qingdao Port Travel Agency")	Controlled by the same parent company
Qingdao Yongli Insurance Agency Co., Ltd. ("Yongli Insurance")	Controlled by the same parent company
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 Board of Trade Co., Ltd. ("Shandong Board of Trade") (Used name: Rizhao Commodity Exchange Centre Co., Ltd.)	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 Investment Holdings Co., Ltd. ("Shandong Port Investment") (Used name: Shandong Port Financial Holdings Co., Ltd.)	Controlled by the same parent company

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port Qinggang Shihua Energy Development Co., Ltd. (“Qinggang Shihua”)	Controlled by the same parent company
Shandong Port Commercial Factoring Co., Ltd. (“Shandong Port Commercial Factoring”)	Controlled by the same parent company
Shandong Port Micro Lending Co., Ltd. (“Micro Lending Company”)	Controlled by the same parent company
Shandong Gainsense Futures Co., Ltd. (“Shandong Gainsense Futures”)	Controlled by the same parent company
Shandong Port Group Weihai Port Co., Ltd. (“Weihai Port Group”) (Used name: Weihai Port Group Co., Ltd.)	Controlled by the same parent company
Shandong Weihai Port International Logistics Co., Ltd. (“Weihai Port International Logistics”)	Controlled by the same parent company
Weihai Gangsheng Shipping Co., Ltd. (“Weihai Gangsheng Shipping”) (Used name: Weihai Gangsheng Barge Co., Ltd.)	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 Shichang Logistics Co., Ltd. (“Weihai Shichang Logistics”)	Controlled by the same parent company
Weihai Weigang Property Management Co., Ltd. (“Weihai 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
Shandong Weihai Port International Passenger Transportation Co., Ltd. (“Weihai Port International Passenger Transportation”)	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. (“Weihai Ganglian Logistics”)	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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port 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
Qingdao Huanhai Bay Development & Construction Co., Ltd. ("Huanhai Bay Development & Construction")	Controlled by the same parent company
Shandong Port Investment Holdings Co., Ltd. ("Shandong Port Investment Holdings")	Controlled by the same parent company
Qingdao Cruise Home Port Development and Construction Co., Ltd. ("Cruise Home Port Development and Construction")	Associate of the parent company
Qingdao Dongjiakou Railway Co., Ltd. ("Dongjiakou Railway")	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
Shandong Port Group Hainan Co., Ltd. ("Shandong Port Group Hainan Company")	Subsidiary of Shandong Port Group
Shandong Port Group Shanghai Co., Ltd. ("Shandong Port Group Shanghai Company")	Subsidiary of Shandong Port Group
Binzhou Port Group Co., Ltd. ("Binzhou Port")	Subsidiary of Shandong Port Group
Rizhao Port Co., Ltd. ("Rizhao Port")	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Co., Ltd. ("Shangang International Trade")	Subsidiary of Shandong Port Group
Shandong Port Shipping Group Yantai Container Shipping Co., Ltd. (Used name: Yantai Port 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
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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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 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. ("Lugang Holding Development")	Subsidiary of Shandong Port Group
Binzhou Port Service Co., Ltd. ("Binzhou Port Service")	Subsidiary of Shandong Port Group
Dongying Guangli Port Wharf Construction Co., Ltd. ("Guangli Port Wharf Construction")	Subsidiary of Shandong Port Group
Yellow River Delta Construction Engineering Co., Ltd. ("Yellow River Delta Construction")	Subsidiary of Shandong Port Group
Longkou Port Group Co., Ltd. ("Longkou Port Group")	Subsidiary of Shandong Port Group
Longkou Xinggang Industry Co., Ltd. ("Longkou Xinggang Industry")	Subsidiary of Shandong Port Group
Qingdao Shangang Cultural Industry Co., Ltd. ("Qingdao Shangang Cultural Industry")	Subsidiary of Shandong Port Group
Rizhao Bonded Logistics Center Co., Ltd. ("Rizhao Bonded Center")	Subsidiary of Shandong Port Group
Rizhao Port Fuhua International Terminal Management Co., Ltd. ("Rizhao Port Fuhua International Terminal")	Subsidiary of Shandong Port Group
Rizhao Port Group Finance Co., Ltd. ("Rizhao Finance")	Subsidiary of Shandong Port Group
Rizhao Port Group Co., Ltd. Bibo Hotel ("Bibo Hotel")	Subsidiary of Shandong Port Group
Rizhao Port Container Development Co., Ltd. ("Rizhao Port Container Development")	Subsidiary of Shandong Port Group
Rizhao Port Construction Supervision Co., Ltd. ("Rizhao Port Construction Supervision")	Subsidiary of Shandong Port Group
Rizhao Port Oil Terminal Co., Ltd. ("Rizhao Port Oil Terminal")	Subsidiary of Shandong Port Group
Rizhao Haigang Labor Service Co., Ltd. ("Rizhao Haigang Labor Service")	Subsidiary of Shandong Port Group
Shandong Bingang Oil Terminal Co., Ltd. ("Bingang Oil Terminal")	Subsidiary of Shandong Port Group
Shandong Binzhou Port Harbor Shipping Agency Co., Ltd. ("Binzhou Port Harbor Shipping Agency")	Subsidiary of Shandong Port Group
Shandong Bohai Bay Port Group Co., Ltd. ("Bohai Bay Port")	Subsidiary of Shandong Port Group
Shandong Port Industry City Integration Development Group Co., Ltd. ("Shandong Port Industry City Integration Development")	Subsidiary of Shandong Port Group
Shandong Gangyi Commercial Development Co., Ltd. ("Shandong Gangyi Commercial")	Subsidiary of Shandong Port Group
Yantai International Container Terminal Co., Ltd. ("Yantai Container")	Subsidiary of Shandong Port Group

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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
Yantai Harbor Hospital Co., Ltd. (“Yantai Harbor Hospital”)	Subsidiary of Shandong Port Group
Shandong Bohai Bay Port Shipping Co., Ltd. (“Bohai Bay Shipping”)	Subsidiary of Shandong Port Group
Yantai Harbor International Logistics Co., Ltd. (“Yantai Harbor International Logistics”)	Subsidiary of Shandong Port Group
Rizhao Port Minggang Oil Terminal Co., Ltd. (“Minggang Oil Terminal”)	Subsidiary of Shandong Port Group
Rizhao Zhengtai Labor Service Co., Ltd. (“Rizhao Zhengtai Labor Service”)	Subsidiary of Shandong Port Group
Weifang Port Shipping Service Center Co., Ltd. (“Weifang Port Shipping Service Center”)	Subsidiary of Shandong Port Group
Weihai Shanhai Cultural Tourism Development Co., Ltd. (“Shanhai Cultural Tourism Development”)	Subsidiary of Shandong Port Group
Shandong Port Industry City Integration Development Bohai Bay Co., Ltd. (“Shandong Port Industry City Integration Development Bohai Bay Company”)	Subsidiary of Shandong Port Group
Shandong Port Industry City Integration Development Yantai Co., Ltd. (“Shandong Port Industry City Integration Development Yantai Company”)	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 Rizhao Co., Ltd. (“Shandong Port International Trade Rizhao Company”)	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Yantai Co., Ltd. (“Shandong Port International Trade Yantai Company”)	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Yantai Co., Ltd. (“Shandong Port Overseas Development Yantai Company”)	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Co., Ltd. (“Shandong Port Overseas Development”)	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. (“Shandong Port Technology Rizhao Company”) (Used name: Rizhao Gangtong Communication Engineering Co., Ltd.)	Subsidiary of Shandong Port Group
Shandong Port Technology Group Yantai Co., Ltd. (“Shandong Port Technology Yantai Company”)	Subsidiary of Shandong Port Group
Shandong Port Technology Group Co., Ltd. (“Shandong Port Technology Group”)	Subsidiary of Shandong Port Group

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port Land and Sea International Logistics Rizhao Co., Ltd. (“Land and Sea Logistics Rizhao”)	Subsidiary of Shandong Port Group
Shandong Port Cruise Cultural Tourism Group Co., Ltd. (“Shandong Port Cruise Cultural Tourism”)	Subsidiary of Shandong Port Group
Shandong Port Vocational Education Group Co., Ltd. (“Shandong Port Vocational Education”)	Subsidiary of Shandong Port Group
Shandong Port Equipment Group Co., Ltd. (“Shandong Port Equipment Group”)	Subsidiary of Shandong Port Group
Shandong Land Sea Mutual Fund Management Co., Ltd. (“Shandong Land Sea Mutual Fund Management”)	Subsidiary of Shandong Port Group
Shandong Province Crew Training Center Co., Ltd. (“Crew Training Center”)	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. (“Shandong Port Land and Sea (Hainan)”)	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
Shouguang Port Co., Ltd. (“Shouguang Port”)	Subsidiary of Shandong Port Group
Yantai Port Supply Chain Logistics Co., Ltd. (“Yantai Port Supply Chain”)	Subsidiary of Shandong Port Group
Yantai Port Ro-Ro Logistics Co., Ltd. (“Yantai Port Ro-Ro Logistics”)	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. (“Yantai Port Zhoushan Shipping”)	Subsidiary of Shandong Port Group
Yantai Port Skills Training Center (“Yantai Port Skills Training”)	Subsidiary of Shandong Port Group
Yantai Seaport International Shipping Agency Co., Ltd. (“Yantai Seaport International Shipping Agency”)	Subsidiary of Shandong Port Group
China Ocean Shipping Tally Yantai Co., Ltd. (“China Ocean Shipping Tally Yantai”)	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
Shandong Port Land and Sea International Logistics (Zhengzhou) Co., Ltd. (“Shandong Port Land and Sea (Zhengzhou)”)	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics (Lanzhou) Co., Ltd. (“Shandong Port Land and Sea (Lanzhou)”)	Subsidiary of Shandong Port Group
Shandong Port Bipi Energy Trade Co., Ltd. (“Bipi Energy”)	Subsidiary of Shandong Port Group

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port and Shipping Energy Trade Co., Ltd. ("Port and Shipping Energy")	Subsidiary of Shandong Port Group
Rizhao Port Phoenix Bay Development and Construction Co., Ltd. ("Phoenix Bay Development and Construction")	Subsidiary of Shandong Port Group
Rizhao Jingang Property Service Co., Ltd. ("Rizhao Jingang Property")	Subsidiary of Shandong Port Group
Shandong Port Industry City Integration Development Rizhao Co., Ltd. ("Shandong Port Industry City Integration Development Rizhao Company")	Subsidiary of Shandong Port Group
Laizhou Hairun Port Management Co., Ltd. ("Laizhou Hairun Port Management")	Subsidiary of Shandong Port Group
Longkou Bingang Liquid Chemicals Terminal Co., Ltd. ("Longkou Bingang Liquid Chemicals")	Subsidiary of Shandong Port Group
Longkou Port Marine Bunker Supply Co., Ltd. ("Longkou Port Marine Bunker")	Subsidiary of Shandong Port Group
Longkou Port Haiyu Energy Logistics Co., Ltd. ("Haiyu Energy Logistics")	Subsidiary of Shandong Port Group
Longkou Port Group Railway Co., Ltd. ("Longkou Port Railway")	Subsidiary of Shandong Port Group
Longkou Ganglong Handling Co., Ltd. ("Longkou Ganglong Handling")	Subsidiary of Shandong Port Group
Longkou Port Shipping Agency Co., Ltd. ("Longkou Port Shipping Agency")	Subsidiary of Shandong Port Group
Longkou Haida Logistics Co., Ltd. ("Longkou Haida Logistics")	Subsidiary of Shandong Port Group
Longkou Haina Warehouse Co., Ltd. ("Longkou Haina Warehouse")	Subsidiary of Shandong Port Group
Longkou Yanghong Haida Logistics Co., Ltd. ("Longkou Yanghong Haida Logistics")	Subsidiary of Shandong Port Group
China Ocean Shipping Tally Longkou Co., Ltd. ("China Ocean Shipping Tally Longkou")	Subsidiary of Shandong Port Group
Penglai Port Passenger Terminal Co., Ltd. ("Penglai Port Passenger Terminal")	Subsidiary of Shandong Port Group
Rizhao Port Ship Machinery Industry Co., Ltd. ("Rizhao Port Ship Machinery")	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. ("Rizhao Port Group Lanshan Port")	Subsidiary of Shandong Port Group
Rizhao Port Shangang Terminal Co., Ltd. ("Rizhao Port Shangang Terminal")	Subsidiary of Shandong Port Group
Rizhao Zhongli Inspection and Testing Certification Co., Ltd. ("Rizhao Zhongli Inspection")	Subsidiary of Shandong Port Group

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port Engineering Senior Technical School Co., Ltd. ("Shandong Port Engineering Senior Technical School")	Subsidiary of Shandong Port Group
Shandong Port Rizhao Port Group Co., Ltd. ("Rizhao Port Group") (Used name: Rizhao Port Group Co., Ltd.)	Subsidiary of Shandong Port Group
Shandong Port Shihua Haihui Industry and Trade Co., Ltd. ("Shandong Port Shihua Haihui Industry and Trade")	Subsidiary of Shandong Port Group
Shandong Port Yantai Port Group Co., Ltd. ("Yantai Port Group") (Used name: Yantai Port Group Co., Ltd.)	Subsidiary of Shandong Port Group
Yantai Port Container Terminals Co., Ltd. ("Yantai Port Container Terminals")	Subsidiary of Shandong Port Group
Yantai Port Barge Co., Ltd. ("Yantai Port Barge")	Subsidiary of Shandong Port Group
Yantai Port Western Port Area Development Co., Ltd. ("Yantai Port Western Port Area Development")	Subsidiary of Shandong Port Group
Yantai Port Operation Guarantee Co., Ltd. ("Yantai Port Operation Guarantee")	Subsidiary of Shandong Port Group
Yantai Huigang Handling Co., Ltd. ("Huigang Handling")	Subsidiary of Shandong Port Group
Yantai Tongsan Ferry Terminal Co., Ltd. ("Tongsan Ferry Terminal")	Subsidiary of Shandong Port Group
Qingdao Shangang Creative Industry Co., Ltd. ("Shangang Creative")	Subsidiary of Shandong Port Group
Rizhao Bonded Logistics Center Co., Ltd. Rizhao Port Bonded Store ("Rizhao Bonded Center Bonded Store")	Subsidiary of Shandong Port Group
Rizhao Gangwan Engineering Inspection Co., Ltd. ("Rizhao Gangwan Engineering Inspection")	Subsidiary of Shandong Port Group
Rizhao Port Information Technology Co., Ltd. ("Rizhao Information Technology")	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Rizhao Co., Ltd. ("Shandong Port Overseas Development Rizhao Company")	Subsidiary of Shandong Port Group
Rizhao Lingang International Logistics Co., Ltd. ("Rizhao Lingang International Logistics")	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 Land and Sea International Logistics Group Development Co., Ltd. ("Shandong Port Land and Sea International Logistics")	Subsidiary of Shandong Port Group
Shandong Port Group Binzhou Port Co., Ltd. ("Shandong Port Group Binzhou Port")	Subsidiary of Shandong Port Group

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port Technology Group Qingdao Co., Ltd. ("Technology Company")	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics (Jinan) Co., Ltd. ("Shandong Port Land and Sea (Jinan)")	Subsidiary of Shandong Port Group
Shandong Port Bohai Bay Port Group Co., Ltd. ("Bohai Bay Group")	Subsidiary of Shandong Port Group
Shandong Bohai Bay Haixin Port Co., Ltd. ("Bohai Bay Haixin Port")	Subsidiary of Shandong Port Group
Shandong Gangtong Engineering Management Consultancy Co., Ltd. ("Shandong Gangtong Engineering Management Consultancy")	Subsidiary of Shandong Port Group
Shandong Port Land and Sea (Jinan) Hotel Management Co., Ltd. ("Shandong Port Land and Sea Hotel Management")	Subsidiary of Shandong Port Group
Shandong Port Land and Sea International Logistics Yantai Co., Ltd. ("Land and Sea Logistics Yantai")	Subsidiary of Shandong Port Group
Rizhao Xinlan Wood Inspection Co., Ltd. ("Rizhao Xinlan Wood")	Subsidiary of Shandong Port Group
Rizhao Port Jifa Yuanda International Logistics Co., Ltd. ("Rizhao Port Jifa Yuanda")	Subsidiary of Shandong Port Group
China Ocean Shipping Agency Yantai Co., Ltd. ("China Ocean Shipping Agency Yantai")	Subsidiary of Shandong Port Group
Qingdao Xintong Shangang Culture&Sports Industry Co., Ltd. ("Shangang Culture&Sports")	Subsidiary of Shandong Port Group
Rizhao Port Yulang Co., Ltd. ("Rizhao Port Yulang")	Subsidiary of Shandong Port Group
Shandong United Energy Pipeline Transportation Co., Ltd. ("Shandong United Energy Pipeline")	Subsidiary of Shandong Port Group
Dongying Linghang Port Co., Ltd. ("Dongying Linghang Port")	Subsidiary of Shandong Port Group
Rizhao Port Luda Construction Co., Ltd. ("Rizhao Port Luda")	Subsidiary of Shandong Port Group
Shandong Port Group Dongying Port Co., Ltd. ("Dongying Port")	Subsidiary of Shandong Port Group
Rizhao Haitong Liner Co., Ltd. ("Haitong Liner")	Subsidiary of Shandong Port Group
Rizhao Port Bibo Port Service Co., Ltd. ("Bibo Port Service")	Subsidiary of Shandong Port Group
Rizhao Port Huafeng Warehouse Co., Ltd. ("Huafeng Warehouse")	Subsidiary of Shandong Port Group
Rizhao Unitrans Port Cement Co., Ltd. ("Rizhao Unitrans Port Cement")	Subsidiary of Shandong Port Group
Shandong Tonggang Logistics Co., Ltd. ("Tonggang Logistics")	Subsidiary of Shandong Port Group
Rizhao Jinqiao Energy Saving Technology Co., Ltd. ("Jinqiao Energy Saving")	Subsidiary of Shandong Port Group
Rizhao Port Chenhua Oil Transmission Co., Ltd. ("Rizhao Port Chenhua Oil Transmission")	Subsidiary of Shandong Port Group



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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
Rizhao Port Gangda Pipeline Oil Transmission Co., Ltd. ("Gangda Pipeline Oil Transportation")	Subsidiary of Shandong Port Group
China Marine Bunker Supply Rizhao Co., Ltd. ("China Marine Bunker Rizhao")	Subsidiary of Shandong Port Group
Shandong Harbor Construction Group (Qingdao) Engineering Management Consulting Co., Ltd. ("Harbor Construction Qingdao")	Subsidiary of Shandong Port Group
Weihai Gangfeng Shipping Agency Co., Ltd. ("Gangfeng Shipping")	Subsidiary of Shandong Port Group
Shandong Rizhao Ruisheng Ship Building and Repairing Co., Ltd. ("Ruisheng Ship Building and Repairing")	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 Lines Co., Ltd. ("COSCO SHIPPING Lines")	Controlled by COSCO shipping group
China Rizhao Ocean Shipping Agency Co., Ltd. ("Rizhao Ocean Shipping Agency")	Controlled by COSCO shipping group
China Qingdao Ocean Shipping Agency Co., Ltd. ("Qingdao Ocean Shipping Agency")	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
Orient Overseas Container Line (China) Co., Ltd. ("OOCL")	Controlled by COSCO shipping group
Orient Overseas Logistics (China) Co., Ltd. ("Orient Overseas Logistics")	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
COSCO SHIPPING Lines (Henan) Co., Ltd. ("COSCO SHIPPING Lines Henan")	Controlled by COSCO shipping group

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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
Henan COSCO Shipping Logistics Co., Ltd. ("Henan COSCO Shipping Logistics")	Controlled by COSCO shipping group
South China COSCO Shipping Container Lines Co., Ltd. ("South China COSCO Shipping Container")	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. ("Ocean Shipping Daya Bonded Logistics")	Controlled by COSCO shipping group
Qingdao COSCO Konoike Logistics Co., Ltd. ("COSCO Konoike Logistics")	Controlled by COSCO shipping group
China Marine Bunker YINDA Qingdao Co., Ltd. ("China Marine Bunker YINDA")	Controlled by COSCO shipping group
COSCO Shipping Customs Clearance (Qingdao) Co., Ltd. ("COSCO Shipping Customs Clearance")	Controlled by COSCO shipping group
Qingdao COSCO Shipping Engineering Logistics Co., Ltd. ("Qingdao COSCO Shipping Engineering Logistics")	Controlled by COSCO shipping group
Qingdao COSCO Shipping Air Freight Forwarding Co., Ltd. ("Qingdao COSCO Shipping Air Freight Forwarding")	Controlled by COSCO shipping group
Qingdao COSCO Shipping Communication Technology Co., Ltd. ("COSCO Shipping Communication Technology")	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. ("Rizhao Port United International Shipping Agency")	Controlled by COSCO shipping group
COSCO Shipping Logistics Rizhao Port Co., Ltd. ("COSCO Shipping Logistics Rizhao Port")	Controlled by COSCO shipping group
COSCO Shipping Agency (Rizhao) Co., Ltd. ("COSCO Shipping Agency (Rizhao)")	Controlled by COSCO shipping group
Shanghai Puhai Shipping Co., Ltd. ("Shanghai Puhai Shipping")	Controlled by COSCO shipping group
Xi'an COSCO Shipping Container Lines Co., Ltd. ("Xi'an COSCO Shipping Container")	Controlled by COSCO shipping group
China Lianyungang Ocean Shipping Agency Co., Ltd. ("Lianyungang Ocean Shipping Agency")	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. ("COSCO Shipping Investment Development")	Controlled by COSCO shipping group

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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
Shanghai COSCO Shipping Special Transportation Co., Ltd. ("Shanghai COSCO Shipping Special Transportation")	Controlled by COSCO shipping group
China Ocean Shipping Tally Rizhao Co., Ltd. ("China Ocean Shipping Tally (Rizhao)")	Controlled by COSCO shipping group
China Ocean Shipping Agency Co., Ltd. ("China Ocean Shipping Agency")	Controlled by COSCO shipping group
Xiamen COSCO Shipping Logistics Co., Ltd. ("Xiamen COSCO Shipping Logistics")	Controlled by COSCO shipping group
COSCO Shipping Ferry Co., Ltd. ("COSCO Shipping Ferry")	Controlled by COSCO shipping group
Tianjin Yuanchang Reefer Container Service Co., Ltd. ("Yuanchang Reefer Container")	Controlled by COSCO shipping group
China Marine Bunker Lianyungang Co., Ltd. ("China Marine Bunker Lianyungang")	Controlled by COSCO shipping group
Tianjin Yuanhai Jinfeng New Energy Co., Ltd. ("Tianjin Jinfeng New Energy")	Controlled by COSCO shipping group
Tianjin Penavico Freight&Forwarding Co., Ltd. ("Tianjin Penavico")	Controlled by COSCO shipping group
Tianjin COSCO Shipping Container Lines Co., Ltd. ("Tianjin Shipping Container")	Controlled by COSCO shipping group
China Tianjin Ocean Shipping Agency Co., Ltd. ("Tianjin Ocean Shipping Agency")	Controlled by COSCO shipping group
Refined Oil Truck Organisation of Qingdao Zhongran Industrial Co., Ltd. ("Refined Oil Truck Organisation of Zhongran Industrial")	Controlled by COSCO shipping group
China Marine Bunker Hebei Co., Ltd. ("China Marine Bunker Hebei")	Controlled by COSCO shipping group
COSCO Shipping International Freight Co., Ltd. ("COSCO Shipping International Freight")	Controlled by COSCO shipping group
COSCO Shipping Agency Co., Ltd. ("COSCO Shipping Agency")	Controlled by COSCO shipping group
COSCO Shipping Agency (Basuo) Co., Ltd. ("COSCO Shipping Agency (Basuo)")	Controlled by COSCO shipping group
Guangzhou COSCO Shipping Container Lines Co., Ltd. ("Guangzhou Shipping Container")	Controlled by COSCO shipping group
COSCO Shipping International Trade Co., Ltd. ("COSCO Shipping International Trade")	Controlled by COSCO shipping group
Qingdao COSCO Shipping Container Lines International Logistics Co., Ltd. ("Qingdao COSCO Container Lines International Logistics")	Controlled by COSCO shipping group
Zhejiang Xinggang International Freight Agency Co., Ltd. ("Xinggang International Freight")	Controlled by COSCO shipping group

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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
Shanghai Beihai Shipping Co., Ltd. (“Shanghai Beihai Shipping”)	Controlled by COSCO shipping group
Shenzhen Shipping Globally Supply Chain Management Co., Ltd. (“Shipping Globally Supply Chain”)	Controlled by COSCO shipping group
Guangzhou Haijian Engineering Consultancy Co., Ltd. (“Haijian Engineering Consultancy”)	Controlled by COSCO shipping group
Shanghai Times Shipping Co., Ltd. (“Times Shipping”)	Controlled by COSCO shipping group
Ningbo Penavico-CCL International Freight Forwarding Co., Ltd. (“Penavico-CCL International Freight Forwarding”)	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 year ended 31 December 2022  
(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

##### (i) Purchase of goods or services:

Related party	Contents of transactions	Year ended 31 December 2022	Year ended 31 December 2021
Shandong Port Group and its subsidiaries*		1,898,152,046	712,986,869
Qingdao Port Engineering	Engineering and design services	1,206,673,806	331,068,719
Shandong Harbor Construction Group	Engineering and design services	161,895,239	46,172,762
Shandong Port Land and Sea Liaocheng Technology Company	Loading & unloading and logistics services	104,744,472	59,143,474
	Engineering and design services	78,359,141	–
Luhai International Logistics	Loading & unloading and logistics services	61,392,112	91,587,414
Tongbao Shipping	Loading & unloading and logistics services	43,014,165	44,037
Fuwai Hospital	Medical service	31,540,927	28,765,539
Qinggang Shihua	Purchasing fuel	23,853,367	27,271,291
Land and Sea International Logistics Bohai Bay	Loading & unloading and logistics services	21,945,513	5,137,779
Weihai Dingxin Construction	Purchasing engineering materials and engineering services	18,505,243	15,034,554
Shandong Port Land and Sea International Logistics	Loading & unloading and logistics services	18,484,055	–
Luhai Heavy Industry	Engineering and design services	13,914,372	3,144,779
Shandong Port Land and Sea (Xinjiang)	Loading & unloading and logistics services	13,332,401	4,945,951
Hongyu Hotel	Catering service	12,203,027	6,744,034
Kingda Shipbuilding Heavy Industry	Engineering and design services	10,862,882	–
Weigang Property	Water supply services	10,465,741	10,247,872
Shandong Port Equipment Group	Engineering and design services	9,960,323	3,396,226
Rizhao Lingang International Logistics	Loading & unloading and logistics services	5,544,246	–
Weihai Gangtong Technology	Purchasing engineering materials and engineering services	4,859,562	5,193,689
QDP Investment Group	Purchasing engineering materials and engineering services	4,776,205	17,794,417
Weihai Port Group	Loading & unloading and logistics services	4,570,792	329,392
Shandong Port Land and Sea Zhengzhou	Loading & unloading and logistics services	4,078,003	507,184
Land and Sea International Logistics Rizhao	Loading & unloading and logistics services	3,737,991	998,333
Shandong Port Overseas Development	Loading & unloading and logistics services	2,900,710	–
Shandong Gangtong Engineering Management Consultancy	Engineering and design services	2,616,013	–
Rizhao Port	Loading & unloading and logistics services	1,836,110	4,606,600
Qingdao Port Group	Fire protection services	1,438,806	10,744,275
Shandong Port Weifang Port	Loading & unloading and logistics services	1,316,521	9,806,818
Other subsidiaries of Shandong Port Group	Loading & unloading and logistics services	19,330,301	30,301,730

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (i) Purchase of goods or services (Continued):

Related party	Contents of transactions	Year ended 31 December 2022	Year ended 31 December 2021
COSCO SHIPPING Group and its subsidiaries**		<b>343,303,275</b>	314,994,207
COSCO SHIPPING Lines Qingdao	Loading & unloading and logistics services	<b>136,591,161</b>	90,869,891
China Marine Bunker Qingdao	Purchasing fuel	<b>107,455,549</b>	124,011,132
OOCL	Loading & unloading and logistics services	<b>50,642,521</b>	39,072,317
China Foreign Shipping Agency	Loading & unloading and logistics services	<b>23,713,412</b>	-
United Shipping Agency	Loading & unloading and logistics services	<b>7,039,386</b>	11,056,006
Shanghai Pan-Asia Shipping	Loading & unloading and logistics services	<b>4,081,628</b>	4,671,766
Shenzhouxing Cargo Agency	Logistics services	<b>2,611,748</b>	463,068
Qingdao Ocean Shipping Agency	Loading & unloading and logistics services	<b>565,813</b>	33,220,860
Other subsidiaries of COSCO Shipping Group	Receiving of loading & unloading and logistics services	<b>10,602,057</b>	11,629,167
Qingdao Shihua	Loading & unloading and logistics services	<b>444,742,575</b>	421,502,926
West United	Loading & unloading and logistics services	<b>130,495,282</b>	87,268,986
Huaneng Qingdao	Loading & unloading and logistics services	<b>77,027,256</b>	61,321,616
Dongjiakou Railway	Loading & unloading and logistics services	<b>38,876,678</b>	23,841,757
QQCTU	Loading & unloading and logistics services	<b>15,916,630</b>	16,866,037
QQCT	Loading & unloading and logistics services	<b>15,062,304</b>	24,428,440
QDOT	Loading & unloading and logistics services	<b>13,323,771</b>	30,774,851
Other related parties	Loading & unloading, logistics, training, travelling and factoring services	<b>26,693,992</b>	27,207,055
		<b><u>3,003,593,809</u></b>	<b><u>1,721,192,744</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (ii) Selling goods and rendering services:

Related party	Contents of transactions	Year ended 31 December 2022	Year ended 31 December 2021
Shandong Port Group and its subsidiaries*		<b>1,174,671,074</b>	572,641,459
Luhai International Logistics	Transporting, loading& unloading, repairing and other services	<b>421,044,602</b>	314,948,522
Land and Sea International Logistics Bohai Bay	Transporting, loading& unloading, repairing and other services	<b>141,377,722</b>	42,476,515
Shangang International Trade	Transporting, loading& unloading, repairing and other services	<b>137,049,614</b>	6,310,688
Shandong Port Shipping Group	Transporting, loading& unloading, repairing and other services	<b>87,291,317</b>	830,921
Shandong Port Land and Sea International Logistics	Transporting, loading& unloading, repairing and other services	<b>62,240,737</b>	–
Shandong Port International Trade Group Rizhao Co., Ltd.	Transporting, loading& unloading, repairing and other services	<b>44,413,400</b>	1,448,617
Tongbao Shipping	Transporting, loading& unloading, repairing and other services	<b>37,586,418</b>	–
Weihai Jinfeng Freight Forwarding	Transporting, loading& unloading, repairing and other services	<b>28,895,716</b>	31,395,972
Jiaodong International Container Shipping	Transporting, loading& unloading, repairing and other services	<b>28,723,267</b>	28,233,289
Qingdao Port Group	Operation & maintenance, property, communication and other services	<b>28,004,365</b>	41,274,886
Overseas Development	Transporting, loading& unloading, repairing and other services	<b>25,486,251</b>	29,801
QDP Investment Group	Operation & maintenance, property, communication and other services	<b>21,660,539</b>	15,186,767
Shandong Port Group Co., Ltd.	Transporting, loading& unloading, repairing and other services	<b>20,749,245</b>	17,813,297
Land and Sea International Logistics Rizhao	Transporting, loading& unloading, repairing and other services	<b>9,485,268</b>	27,745
Shandong Port Land and Sea Liaocheng	Transporting, loading& unloading, repairing and other services	<b>7,167,308</b>	1,391,839
Shandong Port Industry City Integration Development Group Co., Ltd.	Transporting, loading& unloading, repairing and other services	<b>5,756,144</b>	503,346
Shandong Port Supply Chain	Transporting, loading& unloading, repairing and other services	<b>4,566,504</b>	3,893
Weihai Yufeng Energy	Transporting, loading& unloading, repairing and other services	<b>4,466,936</b>	5,627,016
Shandong Port Investment	Transporting, loading& unloading, repairing and other services	<b>3,824,368</b>	–
QDP Pilot Station	Transporting, loading& unloading, repairing and other services	–	11,864,732
Other subsidiaries of Shandong Port Group	Transporting, loading& unloading, repairing and other services	<b>54,881,353</b>	53,273,613

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (ii) Selling goods and rendering services (Continued):

Related party	Contents of transactions	Year ended 31 December 2022	Year ended 31 December 2021
COSCO SHIPPING Group and its subsidiaries**		539,279,962	455,755,902
China Foreign Shipping Agency	Transporting, loading& unloading, repairing and other services	171,196,580	-
Shenzhouxing Cargo Agency	Transporting, loading& unloading, repairing and other services	59,471,437	60,001,485
Ocean & Great Asia	Transporting, loading& unloading, repairing and other services	51,266,522	55,122,878
Qingdao Ocean Shipping Agency	Transporting, loading& unloading, repairing and other services	35,970,904	193,910,071
COSCO SHIPPING Lines Qingdao	Transporting, loading& unloading, repairing and other services	34,247,334	22,450,972
COSCO Shipping Logistics (Xiamen)	Transporting, loading& unloading, repairing and other services	30,060,136	-
Orient Container	Transporting, loading& unloading, repairing and other services	25,167,906	13,043,062
COSCO SHIPPING Lines	Transporting, loading& unloading, repairing and other services	24,678,052	22,473,313
Shanghai Pan-Asia Shipping	Transporting, loading& unloading, repairing and other services	24,487,624	10,327,154
Lianhai Logistics	Transporting, loading& unloading, repairing and other services	19,295,300	16,312,727
Xingang International Freight	Transporting, loading& unloading, repairing and other services	11,970,678	-
United Shipping Agency	Transporting, loading& unloading, repairing and other services	10,816,836	10,395,169
China Shipping Agency	Transporting, loading& unloading, repairing and other services	10,782,142	8,850,906
Ocean Bridge International	Transporting, loading& unloading, repairing and other services	5,891,147	6,206,448
Xinxinhai Shipping	Transporting, loading& unloading, repairing and other services	5,816,441	5,356,306
COSCO Shipping Logistics	Transporting, loading& unloading, repairing and other services	5,162,755	4,080,699
Other subsidiaries of COSCO Shipping Group	Transporting, loading& unloading, repairing and other services	12,998,168	27,224,712

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (ii) Selling goods and rendering services (Continued):

Related party	Contents of transactions	Year ended 31 December 2022	Year ended 31 December 2021
QQCT	Transporting, loading& unloading, repairing and other services	518,300,505	179,752,237
Qingdao Shihua	Transporting, loading& unloading, repairing and other services	212,381,039	84,478,041
QQCTN	Transporting, loading& unloading, repairing and other services	191,620,345	52,451,923
QQCTU	Transporting, loading& unloading, repairing and other services	139,598,806	94,297,798
QDOT	Transporting, loading& unloading, repairing and other services	123,726,331	121,903,394
QQCTUA	Transporting, loading& unloading, repairing and other services	58,894,407	42,390,819
Evergreen Container	Transporting, loading& unloading, repairing and other services	36,005,341	31,885,368
Ganghai Logistics	Transporting, loading& unloading, repairing and other services	23,260,060	24,684,454
Other related parties	Transporting, loading& unloading, operation & maintenance services	70,804,395	49,834,412
		<u>3,088,542,265</u>	<u>1,710,075,807</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (ii) Selling goods and rendering services (Continued):

Related party	Contents of transactions	Year ended 31 December 2022	Year ended 31 December 2021
QDP Group and its subsidiaries*		<b>38,252,869</b>	93,203,819
Qingdao Port Engineering	Construction services	<b>10,799,877</b>	275,229
Rizhao Port Container Development	Construction services	<b>7,680,000</b>	-
Shandong Harbor Construction Group	Construction services	<b>7,026,950</b>	-
QDP Investment Group	Construction services	<b>4,517,427</b>	44,762,410
Rizhao Port	Construction services	<b>2,706,422</b>	5,489,317
Qingdao Port Group	Construction services	<b>2,236,165</b>	32,062,906
Huanhai Bay Development & Construction	Construction services	<b>1,128,440</b>	-
Rizhao Lanshan Port	Construction services	<b>908,257</b>	-
Shandong CCCC Navigation	Construction services	-	4,761,670
Other subsidiaries of QDP Group	Construction services	<b>1,249,331</b>	5,852,287
COSCO SHIPPING Group and its subsidiaries**		<b>23,293</b>	1,980,550
Shenzhouxing Cargo Agency	Construction services	<b>23,293</b>	357,798
Orient Container	Construction services	-	818,629
COSCO Shipping Logistics	Construction services	-	587,156
Lianhai Logistics	Construction services	-	216,967
Qingdao Shihua	Construction services	<b>2,578,455</b>	11,801,963
QQCT	Construction services	<b>2,516,928</b>	11,361,043
PetroChina Storage	Construction services	<b>632,776</b>	436,676
QQCTN	Construction services	<b>111,350</b>	96,689,428
QDOT	Construction services	-	27,373,287
Other related parties	Construction services	<b>768,846</b>	10,807,664
		<b>44,884,517</b>	<b>253,654,430</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (ii) Selling goods and rendering services (Continued):

Related party	Contents of transactions	Year ended 31 December 2022	Year ended 31 December 2021
Shandong Port Group and its subsidiaries*		<b>102,625,251</b>	53,946,081
Rizhao Port	Sales of water, electricity, steam and oil	<b>21,485,019</b>	9,968,311
Yantai Port	Sales of water, electricity, steam and oil	<b>12,544,623</b>	11,141,416
QDP Investment Group	Sales of water, electricity, steam and oil	<b>11,518,672</b>	4,618,581
Qingdao Port Engineering	Sales of water, electricity, steam and oil	<b>11,149,986</b>	2,099,368
Rizhao Port Group	Sales of water, electricity, steam and oil	<b>9,117,639</b>	1,034,976
Rizhao Lanshan Port	Sales of water, electricity, steam and oil	<b>4,967,472</b>	2,369,253
Qingdao Port Group	Sales of water, electricity, steam and oil	<b>4,635,021</b>	3,466,976
Shandong Harbor Construction Group	Sales of water, electricity, steam and oil	<b>2,992,858</b>	181,512
Shandong Port Group Co., Ltd. Technology Company	Sales of water, electricity, steam and oil	<b>2,024,398</b>	2,638,495
Shandong Port Group Binzhou Port	Sales of water, electricity, steam and oil	<b>2,005,778</b>	–
International Cruises	Sales of water, electricity, steam and oil	<b>1,744,628</b>	–
Luhai International Logistics	Sales of water, electricity, steam and oil	<b>1,672,573</b>	1,727,553
Longkou Port Group	Sales of water, electricity, steam and oil	<b>1,420,382</b>	301,223
Guangli Port Construction	Sales of water, electricity, steam and oil	<b>1,309,026</b>	3,128,066
Yantai Port Laizhou Port	Sales of water, electricity, steam and oil	<b>1,218,856</b>	369,531
Penglai Port	Sales of water, electricity, steam and oil	<b>1,059,960</b>	1,596,233
Shandong United Energy Pipeline	Sales of water, electricity, steam and oil	<b>904,112</b>	2,065,186
Other subsidiaries of Shandong Port Group	Sales of water, electricity, steam and oil	<b>750,076</b>	–
COSCO SHIPPING Group and its subsidiaries**		<b>10,104,172</b>	7,239,401
Shenzhouxing Cargo Agency	Sales of water, electricity, steam and oil	<b>15,845,191</b>	11,963,235
Zhongran Industrial	Sales of water, electricity, steam and oil	<b>5,514,473</b>	4,892,391
Orient Container	Sales of water, electricity, steam and oil	<b>3,476,370</b>	1,961,575
Lianhai Logistics	Sales of water, electricity, steam and oil	<b>3,198,121</b>	2,250,742
Other subsidiaries of COSCO Shipping Group	Sales of water, electricity, steam and oil	<b>3,144,449</b>	2,433,574
QDOT	Sales of water, electricity, steam and oil	<b>511,778</b>	424,953
QQCT	Sales of water, electricity, steam and oil	<b>179,032,740</b>	164,695,111
QQCTN	Sales of water, electricity, steam and oil	<b>148,489,031</b>	136,496,525
QQCTUA	Sales of water, electricity, steam and oil	<b>76,614,622</b>	60,983,082
West United	Sales of water, electricity, steam and oil	<b>19,672,737</b>	15,076,375
Qingdao Shihua	Sales of water, electricity, steam and oil	<b>14,574,281</b>	10,922,488
QQCTU	Sales of water, electricity, steam and oil	<b>11,470,213</b>	11,184,466
Other related parties	Sales of water, electricity, steam and oil	<b>10,131,210</b>	9,946,584
		<b>12,482,296</b>	11,393,770
		<b>590,937,572</b>	486,607,717

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (ii) Selling goods and rendering services (Continued):

Related party	Contents of transactions	Year ended 31 December 2022	Year ended 31 December 2021
Shandong Port Group and its subsidiaries*		223,271,243	344,110,974
Shandong Port Weifang Port	Sales of port machinery and other machineries	78,250,000	-
Rizhao Port	Sales of port machinery and other machineries	59,722,000	310,300,000
QDP Investment Group	Sales of port machinery and other machineries	26,648,707	-
Rizhao Lanshan Port	Sales of port machinery and other machineries	24,706,000	-
Shandong Harbor Construction Group	Sales of port machinery and other machineries	22,391,451	32,522,124
Qingdao Port Engineering	Sales of port machinery and other machineries	11,432,142	-
Other subsidiaries of Shandong Port Group	Sales of port machinery and other machineries	120,943	1,288,850
COSCO SHIPPING Group and its subsidiaries**		-	103,167
Orient Container	Sales of port machinery and other machineries	-	103,167
QQCTU	Sales of port machinery and other machineries	106,836,000	368,455
QQCTN	Sales of port machinery and other machineries	70,360,000	-
QQCT	Sales of port machinery and other machineries	11,209,991	69,194,065
West United	Sales of port machinery and other machineries	2,583,797	25,512,035
Other related parties	Sales of port machinery and other machineries	-	4,994,542
		<u>414,261,031</u>	<u>444,283,238</u>
		<u>4,138,625,385</u>	<u>2,894,621,192</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (5) Related party transactions (Continued)

##### (b) Leases

(i) Lease income confirmed by the Group as a lessor:

Related Parties	Type of leased assets	Year ended 31 December 2022	Year ended 31 December 2021
Shandong Port Group and its subsidiaries*		12,919,226	20,794,687
Qingdao Port Engineering Technology Company	Buildings, storage facilities	6,568,529	352,637
Qingdao Port Group	Buildings, machinery and equipment	3,884,204	–
Shangang International Trade	Buildings, machinery and equipment	1,833,879	1,157,176
Other subsidiaries of Shandong Port Group	Storage facilities	–	18,309,326
	Buildings, storage facilities, machinery and equipment	632,614	975,548
COSCO SHIPPING Group and its subsidiaries**		19,317,643	18,997,283
Orient Container	Storage facilities	8,007,516	8,031,210
Lianhai Logistics	Storage facilities and machinery and equipment	6,975,728	6,598,062
Shenzhouxing Cargo Agency	Storage facilities and machinery and equipment	3,941,795	3,894,455
Other subsidiaries of COSCO Shipping Group	Buildings, storage facilities and machinery and equipment	392,604	473,556
QQCT	Buildings, storage facilities, port facilities and vehicles	225,708,525	227,656,171
Qingdao Shihua	Buildings, storage facilities and machinery and equipment	160,061,498	172,408,882
QDOT	Storage facilities and vehicles	15,911,672	7,460,000
Evergreen Container	Buildings and storage facilities	10,196,147	10,520,343
QQCTU	Buildings, port facilities and vehicles	9,367,949	9,312,137
Other related party	Buildings, storage facilities and machinery and equipment	23,363,374	19,311,579
		<u>476,846,034</u>	<u>486,461,082</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (5) Related party transactions (Continued)

##### (b) Leases (Continued)

##### (ii) Right-of-use assets leased by the Group as a lessee:

Related Parties	Lease asset type	Year ended 31 December 2022	Year ended 31 December 2021
Shandong Port Finance	Port facilities, storage facilities and machinery and equipment	332,507,971	—
QQCTU	Storage facilities	26,194,545	—
QDP Investment Group	Buildings and storage facilities	11,724,406	—
Dongjiakou Sinotrans Logistics	Storage facilities	11,640,001	—
West United	Storage facilities	10,062,874	—
Qingdao Port Group	Buildings and storage facilities	2,897,162	161,517,610
QQCT	Storage facilities	611,323	—
Qingdao Port Investment Asset Management	Storage facilities	276,290	—
		<u>395,914,572</u>	<u>161,517,610</u>

##### (iii) Interest expense from lease liabilities incurred by the Group as a lessee:

Related Parties	Year ended 31 December 2022	Year ended 31 December 2021
Qingdao Leasing	8,012,021	11,502,551
Qingdao Port Group	6,226,776	3,168,603
Shandong Port Finance	2,082,642	—
QQCTU	1,068,466	—
QDP Investment Group	453,167	—
West United	412,274	—
Other related parties	4,961	—
	<u>18,260,307</u>	<u>14,671,154</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (5) Related party transactions (Continued)

##### (b) Leases (Continued)

(iv) Other assets leased by the Group as a lessee:

Related Parties	Type of leased assets	Lease fee confirmed for the year ended 2022	Lease fee confirmed for the year ended 2021
Shandong Port Group and its subsidiaries*		128,113,783	130,816,360
Qingdao Port Group	Storage facilities	94,266,410	87,830,447
QDP Investment Group	Buildings, storage facilities and land use rights	28,276,928	36,523,076
Shangang International Trade	Buildings	1,887,876	–
QHVTC	Buildings	1,352,680	1,352,680
Qingdao Port Investment Asset Management	Buildings	1,110,956	–
Rizhao Lingang International Logistics	Buildings	–	283,019
Other subsidiaries of Shandong Port Group	Buildings	1,218,933	4,827,138
COSCO SHIPPING Group and its subsidiaries**	Buildings	354,010	149,618
Lianhai Logistics	Buildings	180,723	149,618
Shenzhouxing Cargo Agency	Buildings	105,500	–
Orient Container	Buildings	45,146	–
China Shipping Agency	Buildings	22,641	–
QDOT	Storage facilities	11,837,900	8,510,125
West United	Buildings and storage facilities	11,152,268	11,113,668
QQCTU	Storage facilities	9,110,904	13,002,242
Dongjiakou Sinotrans Logistics	Storage facilities	3,506,880	3,238,095
QQCTN	Machinery and equipment	–	7,400,612
Other related parties	Buildings, storage facilities and machinery and equipment	5,945,192	2,347,787
		<u>170,020,937</u>	<u>176,578,507</u>

Note:

\* These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Hong Kong Stock Exchange's Securities Listing Rules and are the transactions between the Group and Shandong Port Group Co., Ltd.

\*\* These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Hong Kong Stock Exchange's Securities Listing Rules and are the transactions between the Group and COSCO SHIPPING Group.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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

##### (i) Lend out-

	Amount	Starting date	Due Date
Shandong Board of Trade	5,000,000	2022-01-13	2023-01-12
QDOT	30,000,000	2022-01-14	2023-01-13
Qingyin Financial Leasing	150,000,000	2022-01-18	2022-03-29
Shandong Port International Trade Group Qingdao Co., Ltd.	58,777,774	2022-01-21	2022-05-21
Shandong Port International Trade Group Qingdao Co., Ltd.	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 Group Qingdao Co., Ltd.	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 Group Qingdao Co., Ltd.	51,969,600	2022-03-24	2022-05-24
Qinggang Shihua	17,356,800	2022-03-25	2022-05-09
Shandong Port International Trade Group Qingdao Co., Ltd.	34,530,000	2022-03-29	2022-06-29
Shandong Port Supply Chain	24,000,000	2022-03-31	2022-07-09
Shandong Port International Trade Group Qingdao Co., Ltd.	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 Group Qingdao Co., Ltd.	25,503,000	2022-04-06	2022-07-06
Shandong Port International Trade Group Qingdao Co., Ltd.	228,015,268	2022-04-12	2022-05-22
Qingdao Port Engineering	27,000,000	2022-04-19	2023-04-18

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (i) Lend out (Continued) -

	Amount	Starting date	Due Date
Qingyin Financial Leasing	150,000,000	2022-04-19	2022-07-14
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 Group Qingdao Co., Ltd.	102,109,000	2022-05-11	2022-08-11
QDOT	40,000,000	2022-05-16	2023-05-15
Shandong Port International Trade Group Qingdao Co., Ltd.	61,862,575	2022-05-16	2022-08-16
Shandong Port International Trade Group Qingdao Co., Ltd.	91,200,000	2022-05-19	2022-08-27
Shandong Port International Trade Group Qingdao Co., Ltd.	71,153,500	2022-05-24	2022-07-24
Shandong Port International Trade Group Qingdao Co., Ltd.	296,211,232	2022-05-30	2022-07-09
Qinggang Shihua	20,568,000	2022-05-30	2022-06-14
Shandong Port Supply Chain	31,000,000	2022-06-02	2022-09-10
Qinggang Shihua	26,742,400	2022-06-10	2022-06-20
Shandong Port Supply Chain	10,000,000	2022-07-14	2022-10-22
Shandong Port Supply Chain	45,000,000	2022-07-19	2022-10-27
Ganghai Logistics	3,000,000	2022-07-26	2023-07-25
Shandong Port Supply Chain	2,590,000	2022-07-27	2022-11-04
Shandong Port Supply Chain	25,000,000	2022-09-15	2022-12-24
Shandong Port Supply Chain	40,000,000	2022-09-22	2022-12-31
QQCTN	25,071,379	2022-10-09	2027-10-08
Fuwai Hospital	30,000,000	2022-10-12	2023-10-11
Qingdao Port Engineering	40,000,000	2022-10-21	2023-10-20
Qingyin Financial Leasing	150,000,000	2022-10-26	2023-01-04
Qingdao Port Engineering	30,000,000	2022-10-31	2023-10-30
	<u>3,908,387,526</u>		

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (ii) Borrowings from Shandong Port Finance-

	Amount	Starting date	Due Date
Shandong Port Finance	10,000,000	2022-11-04	2023-11-03
Shandong Port Finance	15,000,000	2022-11-16	2023-11-15
Shandong Port Finance	50,000,000	2022-11-17	2023-11-16
Shandong Port Finance	17,156,938	2022-11-21	2032-11-20
Shandong Port Finance	15,600,000	2022-11-22	2027-11-21
Shandong Port Finance	14,000,000	2022-11-28	2023-11-27
Shandong Port Finance	20,000,000	2022-12-06	2023-12-05
Shandong Port Finance	1,500,000	2022-12-14	2023-06-13
Shandong Port Finance	3,000,000	2022-12-14	2023-12-13
Shandong Port Finance	127,000,000	2022-12-26	2023-12-25
	<u>273,256,938</u>		

##### (iii) Obtaining factoring loan-

	Amount	Starting date	Due Date
Qingdao Port Group	79,000,000	2022-05-30	2025-05-30
Qingdao Port Group	<u>160,000,000</u>	2022-09-09	2025-09-09
	<u>239,000,000</u>		

##### (iv) Discounted notes -

	Year ended 31 December 2022	Year ended 31 December 2021
QDOT	<u>-</u>	<u>50,813,236</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (v) Interest income from borrowings and finance leases

	Year ended 31 December 2022	Year ended 31 December 2021
QDOT	43,633,956	50,425,883
QQCTN	34,101,951	42,680,872
Shandong Port International Trade Group Qingdao Co., Ltd.	17,049,736	2,955,649
Weihai Port Group	14,434,620	6,076,354
QQCTU	13,525,510	20,080,329
Qingdao Port Engineering	12,074,462	1,414,609
QDP Investment Group	10,480,410	22,150,872
Shandong Port Supply Chain	5,016,786	791,133
Qingyin Financial Leasing	2,173,333	-
PetroChina Storage	1,639,361	2,737,601
Fuwai Hospital	1,354,245	4,916,372
QQCT	149,178	18,486,597
Other related parties	2,175,214	7,158,568
	<u>157,808,762</u>	<u>179,874,839</u>

##### (vi) Interest income -

	Year ended 31 December 2022	Year ended 31 December 2021
Shandong Port Finance	15,273,493	-
Weihai Yufeng Energy	-	592,875
	<u>15,273,493</u>	<u>592,875</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### (vii) Interest expenses on deposits -

	Year ended 31 December 2022	Year ended 31 December 2021
QQCT	11,777,574	12,205,198
Qingdao Port Group	9,375,191	9,697,514
QQCTN	8,058,026	4,689,594
Qingdao Shihua	8,052,384	17,825,918
Shandong Port Investment	3,727,502	-
International Cruise Port Development & Construction	2,897,414	3,253,240
Dongjiakou IMC Logistics	1,644,510	2,377,523
Technology Company	1,546,800	-
QQCTU	1,242,682	2,578,423
Commercial Factoring	1,176,259	1,771,597
QDP Investment Group	834,716	1,548,233
West United	585,444	597,427
Weihai Port Group	576,694	134,029
Qingdao Port Travel Agency	549,546	426,343
QDOT	539,375	495,658
Shandong Port Cloud Digital Technology	432,545	1,726
INE	404,002	471,126
Yongli Insurance	400,834	377,473
Fuwai Hospital	399,290	338,313
Qingdao Leasing	392,313	304,360
Lianhai Logistics	313,875	355,870
Haiwan Liquid Chemical	267,221	212,339
Evergreen Container	227,994	275,704

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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)

##### *(vii) Interest expenses on deposits (Continued) -*

	Year ended 31 December 2022	Year ended 31 December 2021
Yantai Gangrong Commercial Factoring	213,697	95,318
Lianrong Logistics	194,125	188,592
Shandong Port Ship Service	148,506	21,046
Shandong Port International Trade Group Qingdao Co., Ltd.	103,683	78,911
Shandong Gainsense Futures	6,539	2,581,566
Shandong Port Financial Holdings	-	4,976,502
Micro Lending Company	-	1,274,331
QQCTUA	-	1,244,082
Other related parties	1,017,767	1,401,345
	<u>57,106,508</u>	<u>71,799,301</u>

##### *(viii) Interest expenses on related party borrowings -*

	Year ended 31 December 2022	Year ended 31 December 2021
Shandong Port Finance	22,091,392	-
Qingdao Port Group Commercial Factoring	6,392,500	16,264,923
	958,399	-
	<u>29,442,291</u>	<u>16,264,923</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (5) Related party transactions (Continued)

##### (d) Investment income

	Year ended 31 December 2022	Year ended 31 December 2021
QQCT	858,893,603	828,988,934
Qingdao Shihua	287,326,049	363,146,233
Shandong Port Finance	44,462,942	–
Unitrans	24,711,902	20,818,357
Evergreen Container	20,409,757	18,768,278
PetroChina Storage	17,519,972	1,045,492
Qingyin Financial Leasing	15,566,313	12,958,078
Shenzhouxing Cargo Agency	13,164,292	11,673,175
West United	12,881,668	485,609
Orient Container	6,260,247	5,342,297
Technology Company	3,714,581	20,345,555
Lianrong Logistics	3,036,793	3,241,371
United Shipping Agency	2,402,999	2,110,793
Lianhai Logistics	2,361,732	1,840,904
Huaneng Qingdao	2,005,525	4,327,074
Shandong Port Energy	1,510,230	1,079,663
Hailian Container	1,414,517	–
Haiwan Liquid Chemical	1,113,786	1,152,800
Ocean Bridge International	910,000	1,166,946
China Shipping Agency	639,281	125,903
INE	215,177	71,148
Dongjiakou Sinotrans Logistics	75,471	(279,474)
Overseas Development	47,794	24,793
Shandong Port Land and Sea Jinan	39,874	–
Tongbao Shipping	–	10,221,440
Yongli Insurance	–	5,397,247
Shandong Port Group Binzhou Port	–	728,775
Vado Investment	–	(9,211,700)
Dongjiakou IMC Logistics	(101,171)	(21,231)
Linyi Express	(963,620)	25,630
Qinggang International Trade Logistics	(1,507,727)	–
Ganghai Logistics	(1,896,061)	161,366
Qianwan Automobile Supply Chain	(2,508,073)	–
QDOT	(5,991,619)	(32,690,631)
Qingdao Port Engineering	(11,528,443)	111,962,216
COSCO Abu Dhabi	(39,405,600)	(89,830,683)
	<u>1,256,782,191</u>	<u>1,295,176,358</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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

	Year ended 31 December 2022	Year ended 31 December 2021
Remuneration of key management	<u>10,780,252</u>	<u>11,020,485</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.*

	Year ended 31 December 2022	Year ended 31 December 2021
Funds received under the entrustment of related parties –		
QQCT	3,022,518,240	322,095,411
QQCTN	1,267,771,138	103,986,451
QQCTU	931,970,311	63,775,954
QQCTUA	<u>313,655,387</u>	<u>15,160,074</u>
	<u>5,535,915,076</u>	<u>505,017,890</u>
Funds paid to related parties –		
QQCT	2,988,444,179	318,059,744
QQCTN	1,261,518,704	102,117,797
QQCTU	911,439,971	63,624,309
QQCTUA	<u>309,931,625</u>	<u>14,213,688</u>
	<u>5,471,334,479</u>	<u>498,015,538</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 year ended 31 December 2022  
(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

	Year ended 31 December 2022	Year ended 31 December 2021
Qingdao Shihua	98,404,215	108,705,292
QQCT	57,371,558	70,706,256
QDOT	41,374,873	43,486,705
QQCTU	26,677,927	24,662,232
QQCTN	21,124,785	24,289,611
QQCTUA	8,900,522	7,750,534
West United	7,857,187	7,143,407
	<u>261,711,067</u>	<u>286,744,037</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

	Year ended 31 December 2022	Year ended 31 December 2021
Qingdao Port Engineering	97,192,538	21,508,161
QDOT	69,522,621	69,326,185
QQCT	52,195,812	66,874,027
QQCTU	32,288,950	37,075,468
Qingdao Shihua	27,501,272	29,457,456
West United	18,238,569	18,239,429
QQCTN	14,682,492	14,688,494
Qingdao Port Group	7,365,950	10,234,715
QDP Investment Group	3,246,975	1,426,496
Fuwai Hospital	2,768,124	3,682,857
Shenzhouxing Cargo Agency	2,376,091	2,720,718
Technology Company	1,710,809	-
QHVTC	1,563,913	3,206,514
Orient Container	898,468	1,789,074
Lianhai Logistics	874,337	1,124,163
Shandong Port Investment	405,279	-
Qingdao Port Investment Asset Management	386,209	-
Shandong Gainsense Futures	304,898	918,138
International Cruises	265,466	417,904
Other related parties	9,446,770	23,739,647
	<u>343,235,543</u>	<u>306,429,446</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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) Disposal of subsidiaries

In 2022, the Group disposed 11% of the equity interests of International Trade Logistics to Luhai International Logistics; Shandong Port Group, Rizhao Port Co., Ltd. and Shandong Port Financial Holdings Co., Ltd. increased the capital to Shandong Port Finance, afterwards, the Group accounted for 34.63% of the equity interests of Shandong Port Finance; the original shareholders of the automotive supply chain transferred their equity interests; and the Group invested 51% of the equity interests in equipment manufacturing to Shandong Port Equipment Group, please refer to Note 5(2)

#### (6) Related party balance

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

	31 December 2022	31 December 2021
Shandong Port Finance – Cash at bank	8,467,959,020	—
Shandong Port Finance – Other cash balances	6,096,521	—
Shandong Port Finance – Accrued interest	23,557,472	—
	<u>8,497,613,013</u>	<u>—</u>

##### (b) Notes receivable

	31 December 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Qingdao Port Engineering	50,099,482	(1,615,072)	9,620,777	(164,231)
International Cruises	1,074,066	(34,625)	2,057,593	(35,124)
West United	891,448	(28,738)	—	—
Qingdao Port Group	868,594	(28,001)	—	—
Qinggang Equipment Manufacture	622,452	(20,066)	—	—
QDOT	—	—	2,000,000	(34,141)
Qingdao Port Investment Asset Management	—	—	1,191,028	(20,331)
	<u>53,556,042</u>	<u>(1,726,502)</u>	<u>14,869,398</u>	<u>(253,827)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (c) Accounts receivable

	31 December 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QQCTN	184,358,302	(108,552,336)	184,980,312	(53,834,827)
Qingdao Shihua	172,036,813	(5,345,968)	70,956,983	(1,821,200)
QDOT	86,136,947	(7,982,123)	115,794,748	(9,120,582)
Luhai International Logistics	60,027,298	(1,858,766)	32,140,635	(738,374)
Shandong Port Land and Sea International Logistics	53,784,384	(1,665,452)	–	–
Land and Sea International Logistics Bohai Bay	30,508,451	(944,705)	30,399,454	(698,373)
Tongbao Shipping	22,411,448	(693,978)	–	–
Ganghai Logistics	15,108,402	(467,837)	3,082,372	(71,222)
Jiaodong International Container Shipping	14,504,918	(449,150)	8,544,436	(196,522)
QDP Investment Group	13,453,817	(991,348)	26,754,465	(2,970,266)
Shenzhouxing Cargo Agency	12,684,834	(392,790)	12,276,437	(282,384)
Weihai Jinfeng Freight Forwarding	10,356,746	(320,700)	16,028,884	(368,656)
Qingdao Port Group	10,273,448	(1,781,323)	11,226,392	(412,760)
Ocean & Great Asia	10,024,242	(310,404)	8,154,716	(187,340)
QQCT	7,027,781	(222,187)	33,506,664	(1,406,123)
Evergreen Container	6,314,093	(195,518)	2,890,420	(66,402)
Shandong Port Land and Sea Liaocheng	5,352,787	(165,751)	20,002	(460)
QQCTU	5,159,131	(159,827)	85,588,545	(3,054,954)
Orient Container	4,781,119	(148,049)	2,362,736	(54,280)
Qinggang International Trade Logistics	4,549,034	(140,862)	–	–
Qinggang Equipment Manufacture	4,062,310	(968,024)	–	–
Rizhao Port	3,948,542	(122,268)	62,303,462	(2,599,448)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (c) Accounts receivable (Continued)

	31 December 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QQCTUA	3,571,625	(110,597)	14,679,679	(347,552)
Lianhai Logistics	3,143,468	(97,339)	2,767,194	(63,571)
China Foreign Shipping Agency	2,753,899	(85,275)	–	–
Dongjiakou IMC Logistics	2,639,294	(2,635,012)	3,538,426	(2,655,637)
Yantai Port	2,411,732	(74,680)	20,254,772	(740,713)
Shandong Port Weifang Port	1,530,000	(191,408)	9,854,500	(415,077)
Qingdao Port Engineering	1,485,123	(45,987)	4,163,916	(101,123)
Shandong Port Group Co., Ltd.	1,445,460	(44,759)	13,147,255	(346,837)
Shandong Harbor Construction Group	1,086,350	(33,639)	5,351,671	(122,989)
Shandong Port Group Binzhou Port	420,000	(13,005)	21,254,225	(895,239)
Qingdao Ocean Shipping Agency	270,008	(8,361)	3,722,984	(85,529)
Qingdao Leasing	–	–	14,400,000	(5,790,785)
Other related parties	26,026,794	(824,272)	37,615,022	(1,280,293)
	<b>783,648,600</b>	<b>(138,043,700)</b>	<b>857,761,307</b>	<b>(90,729,518)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (d) Contract assets

	31 December 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QDOT	19,394,669	(307,594)	116,022,721	(3,076,165)
Qinggang Equipment Manufacture	8,211,850	(130,238)	-	-
Shandong Harbor Construction Group	7,659,376	(121,475)	32,522,124	(862,274)
Huanhai Bay Development & Construction	4,699,683	(74,536)	-	-
QDP Investment Group	4,360,487	(69,156)	4,123,184	(109,320)
Qingdao Port Engineering	4,173,339	(66,188)	8,002,255	(212,168)
Qingdao Shihua	3,900,763	(61,865)	4,122,839	(109,311)
QQCT	1,585,282	(25,142)	80,687,519	(2,139,306)
QQCTN	1,191,177	(18,892)	1,611,881	(42,737)
PetroChina Storage	689,726	(10,939)	104,309	(2,766)
Shandong Port Technology Group	600,000	(9,516)	-	-
QQCTU	409,709	(6,498)	9,646,081	(255,751)
Technology Company	301,948	(4,789)	1,064,001	(28,210)
Rizhao Port	-	-	77,457,610	(2,053,670)
West United	-	-	17,262,675	(457,693)
Dongjiakou Railway	-	-	6,447,002	(170,932)
QQCTUA	-	-	6,315,133	(167,436)
Other related parties	261,211	(4,141)	6,902,622	(183,012)
	<u>57,439,220</u>	<u>(910,969)</u>	<u>372,291,956</u>	<u>(9,870,751)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (e) Advances to suppliers

	31 December 2022	31 December 2021
West United	9,537,536	6,339,511
Qinggang Equipment Manufacture	1,971,000	–
QDP Investment Group	1,528,948	57,339
COSCO SHIPPING Lines Qingdao Technology Company	601,381	2,521,176
Shanghai Pan-Asia Shipping China Foreign Shipping Agency	270,000	500,000
United Shipping Agency	233,982	267,459
Evergreen Container	167,926	–
Qingdao Ocean Shipping Agency	59,720	2,050,150
Dongjiakou Railway	37,788	201,093
Qingdao Port Engineering	37,410	749,673
Other related parties	–	2,238,906
	–	72,498,304
	350,220	919,600
	<u>14,795,911</u>	<u>88,343,211</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (f) Other receivables

##### *Dividend receivable –*

	31 December 2022	31 December 2021
Technology Company	–	6,328,168

##### *Ending balance of loans provided and interests-*

	31 December 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Shandong Port				
International Trade Group				
Qingdao Co., Ltd.	–	–	1,198,613,894	(32,316)
QDP Investment Group	–	–	329,407,137	(6,895)
Qingdao Port Engineering	–	–	322,130,906	(1,231,177)
Weihai Port Group	–	–	297,352,352	(4,864,454)
QDOT	–	–	200,252,083	(2,561,940)
Shandong Port Supply Chain	–	–	94,260,980	(2,537)
Rizhao Bulk Commodity				
Supply Chain	–	–	51,051,899	(817)
West United	–	–	50,143,128	(1,763,174)
Fuwai Hospital	–	–	50,070,023	(419,590)
Shandong Board of Trade	–	–	10,011,764	(243,121)
	–	–	2,603,294,166	(11,126,021)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (f) Other receivables (Continued)

##### Other –

	31 December 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Qinggang Equipment				
Manufacture	78,150,866	(2,719,107)	–	–
Qingdao Port Engineering	35,865,026	(1,256,258)	65,062,593	(3,309,089)
QDOT	30,837,973	(1,090,378)	7,409,884	(376,602)
Ganghai Logistics	19,368,427	(669,369)	4,859,937	(426,764)
Shandong Harbor				
Construction Group	14,546,845	(536)	14,592,446	(3,048)
Qingdao Ocean Shipping				
Agency	14,234,629	(478,978)	7,247,787	(291,847)
Shandong Port Equipment				
Group	13,537,891	–	–	–
Overseas Development	13,140,000	(454,116)	–	–
West United	10,916,416	(316,515)	12,970,557	(552,003)
Weihai Port International				
Passenger Transportation	9,032,971	(336,323)	3,678,057	(186,935)
QDP Investment Group	8,108,336	(276,215)	439,111	(20,531)
Qingdao Shihua	7,469,264	(258,501)	5,013,973	(258,237)
Evergreen Container	3,620,286	(69,587)	1,331,120	(21,110)
Qingdao Port Group	3,219,120	(111,201)	2,829,340	(224,762)
QQCT	2,956,594	(102,179)	11,078,330	(563,602)
Ocean Bridge International	2,908,438	(100,515)	–	–
China Foreign Shipping				
Agency	2,107,000	(30,353)	–	–
QQCTN	2,065,425	(71,381)	6,920	(448)
QQCTU	2,036,550	(69,289)	5,367,036	(272,776)
Luhai International Logistics	1,500,862	–	1,225,884	(62,305)
Weihai Port Group	19,903	(741)	6,657,528	(592,548)
Other related parties	9,873,615	(294,340)	6,760,710	(345,857)
	<b>285,516,437</b>	<b>(8,705,882)</b>	<b>156,531,213</b>	<b>(7,508,464)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (g) Long-term receivables

	31 December 2022		31 December 2021	
	Amount	Provision for bad debts	Amount	Provision for bad debts
QDOT	-	-	1,034,506,251	(28,370,530)
QQCTN	-	-	934,755,449	(35,974,884)
QQCT	-	-	422,451,363	(9,146,040)
QQCTU	-	-	414,171,878	(8,670)
Qingdao Port Engineering	-	-	99,852,538	(3,448,576)
Fuwai Hospital	-	-	70,098,032	(1,889)
PetroChina Storage	-	-	69,314,512	(2,444,388)
	<u>-</u>	<u>-</u>	<u>3,045,150,023</u>	<u>(79,394,977)</u>

##### (h) Short-term borrowings

	31 December 2022	31 December 2021
Shandong Port Finance – Unsecured	188,800,000	—
Shandong Port Finance – Accrued interest	211,987	—
	<u>189,011,987</u>	<u>—</u>

##### (i) Notes payable

	31 December 2022	31 December 2021
Qingdao Port Engineering	286,970,482	224,311,137
Qinggang Equipment Manufacture	46,793,439	—
Shandong Harbor Construction Group	7,772,119	—
Shandong Gangtong Engineering Management Consultancy	1,174,911	—
Qinggang International Trade Logistics	473,054	—
Qinggang Commercial Factoring	154,000	42,000
Lianyungang Ocean Fluid	108,700	6,284,700
QDP Investment Group	-	9,370,000
	<u>343,446,705</u>	<u>240,007,837</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (j) Accounts payable

	31 December 2022	31 December 2021
Qingdao Shihua	166,158,629	21,388,446
Qingdao Port Engineering	161,556,729	124,700,110
QDP Investment Group	20,156,898	10,819,376
West United	19,042,463	4,045,541
QDOT	15,658,576	6,455,215
Shandong Port Land and Sea Liaocheng	15,089,848	5,636,578
Shandong Port Land and Sea International Logistics	13,445,146	–
Huaneng Qingdao	10,464,708	7,258,067
Qinggang Equipment Manufacture	9,800,203	–
Weihai Dingxin Construction	7,727,253	6,280,462
China Marine Bunker Qingdao	7,145,123	–
Luhai International Logistics	6,627,750	14,059,012
Land and Sea International Logistics Bohai Bay	3,203,736	4,494,998
Dongjiakou Sinotrans Logistics	3,115,558	1,133,333
Qianwan Automobile Supply Chain	3,004,389	–
Fuwai Hospital	2,846,155	1,191,454
QQCT	2,217,242	1,991,671
Qingdao Port Group	184,123	32,792,597
Shandong Harbor Construction Group	–	29,238,100
Rizhao Port Machinery Engineering	–	18,211,000
Other related parties	18,143,783	12,439,224
	<u>485,588,312</u>	<u>302,135,184</u>

##### (k) Advances from customers

	31 December 2022	31 December 2021
Qianwan International Automobile Supply Chain	1,626,590	–
West United	486,449	–
Shenzhouxing Cargo Agency	180,989	–
QDP Pilot Station	5,837	23,347
Shandong Port Energy	1,291	–
Evergreen Container	–	5,969,770
	<u>2,301,156</u>	<u>5,993,117</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (1) Contract Liabilities

	31 December 2022	31 December 2021
Ocean & Great Asia	2,891,601	3,267
COSCO SHIPPING Lines Qingdao	2,591,370	71,280
Shandong Port Land and Sea (Xinjiang)	2,560,900	23,473
Qingdao Port Group	2,376,579	2,376,579
Shandong Port Shipping Group	1,681,791	–
Evergreen Container	1,004,480	–
QDP Investment Group	581,498	279,803
Shandong Port Land and Sea International Logistics	386,939	–
Luhai International Logistics	380,855	–
Dongjiakou Railway	365,758	–
China Foreign Shipping Agency	346,394	–
Shenzhouxing Cargo Agency	253,511	–
Port and Shipping Energy	224,588	–
Land and Sea International Logistics Rizhao	186,000	–
Orient Container	181,805	–
Lianrong Logistics	139,535	–
Qingdao Ocean Shipping Agency	108,861	1,108,859
QDOT	103,746	–
Lianhai Logistics	102,249	–
United Shipping Agency	50,000	500,000
China Shipping Agency	2,265	502,265
Shandong Port Sunshine Huicai	808	280,000
Other related parties	370,728	1,473,530
	<u>16,892,261</u>	<u>6,619,056</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (m) Other payables

##### Ending balance of money deposits -

	31 December 2022	31 December 2021
Qingdao Shihua	-	1,366,801,683
QQCT	-	1,196,567,005
Qingdao Port Group	-	877,672,596
Shandong Port International Trade Group Qingdao Co., Ltd.	-	572,339,493
QQCTN	-	483,511,399
Shandong Port Financial Holdings	-	395,866,507
QDP Investment Group	-	330,924,979
International Cruise Port Development & Construction	-	276,729,344
Qingdao Port Engineering	-	183,272,733
QQCTU	-	155,098,381
Technology Company	-	153,258,841
Dongjiakou IMC Logistics	-	145,230,488
Weihai Port Group	-	135,018,883
Shandong Port Commercial Factoring	-	122,556,225
Shandong Gainsense Futures	-	109,371,899
West United	-	92,372,065
QDOT	-	89,695,603
Qingdao Port Travel Agency	-	47,791,397
Shandong Port Cloud Digital Technology	-	42,479,603
Fuwai Hospital	-	41,313,390
QDP CTC	-	40,530,239
Lianhai Logistics	-	25,059,660
Qingdao Leasing	-	22,466,045
Haiwan Liquid Chemical	-	21,561,005
Qinggang Shihua	-	21,422,296
Yongli Insurance	-	18,153,537
Assets Management Company	-	16,681,713
Lianrong Logistics	-	16,504,562
Evergreen Container	-	16,281,338
Yantai Gangrong Commercial Factoring	-	16,048,177

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (m) Other payables (Continued)

##### Ending balance of money deposits (Continued) -

	31 December 2022	31 December 2021
Rizhao Port Financial Leasing	-	14,876,811
Fund Management	-	13,066,420
Rizhao Port Commercial Factoring	-	12,906,104
Weihai Yufeng Energy	-	10,901,818
International Cruises	-	10,302,739
Weihai Gangsheng Shipping	-	9,961,791
Rizhao Bulk Commodity Supply Chain	-	9,357,400
North Oil & Gas	-	8,988,413
Shandong Port Ship Service	-	8,070,825
Weihai Port International Logistics	-	7,726,366
Insurance Brokerage	-	7,500,199
Weihai Port International Passenger Transportation	-	6,872,625
Other related parties	-	39,995,408
	<u>-</u>	<u>7,193,108,005</u>

##### Factoring loan -

	31 December 2022	31 December 2021
Shandong Port Commercial Factoring	<u>-</u>	<u>50,009,722</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (m) Other payables (Continued)

##### Other-

	31 December 2022	31 December 2021
Qingdao Port Engineering	976,125,122	735,801,234
Qinggang Equipment Manufacture	387,181,910	-
QQCT	46,073,685	12,381,925
QDP Investment Group	40,271,483	44,694,011
QQCTU	24,716,940	3,409,718
Qingdao Port Group	20,297,284	160,286,230
China Foreign Shipping Agency	13,864,428	-
COSCO SHIPPING Lines Qingdao	13,440,972	71,890
QQCTN	10,469,033	4,152,897
Evergreen Container	10,382,689	2,863,694
Others	45,701,495	44,699,034
	<u>1,588,525,041</u>	<u>1,008,360,633</u>
	<u>1,588,525,041</u>	<u>8,251,478,360</u>

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

	31 December 2022	31 December 2021
QQCT	2,223,508,059	2,420,929,434
QQCTN	42,821,980	45,340,920
QQCTU	11,296,693	12,507,053
	<u>2,277,626,732</u>	<u>2,478,777,407</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (6) Related party balance (Continued)

##### (o) Long-term borrowings

	31 December 2022	31 December 2021
Shandong Port Finance – Unsecured	1,989,947,600	–
Shandong Port Finance – Accrued interest	2,828,851	–
	<u>1,992,776,451</u>	<u>–</u>

##### (p) Lease liabilities

	31 December 2022	31 December 2021
Shandong Port Finance	323,955,057	–
Qingdao Port Group	104,109,847	138,149,368
QQCTU	18,070,995	–
QDP Investment Group	7,499,347	–
West United	5,026,677	–
QQCT	413,434	–
Qingdao Port Investment Asset Management	184,029	–
Qingdao Leasing	–	92,451,789
	<u>459,259,386</u>	<u>230,601,157</u>

##### (q) Long-term payables

	31 December 2022	31 December 2021
Qingdao Port Group	239,239,785	–
Qingdao Leasing	120,870,833	–
Shandong Port Finance	40,053,778	–
	<u>400,164,396</u>	<u>–</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(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 (36), the Group's future collection of related party rents is summarized as follows:

	<b>31 December 2022</b>	31 December 2021 (Restated)
QQCT	<b>254,419,738</b>	274,500,000
Evergreen Container	<b>115,073,895</b>	104,426,895
QQCTU	<b>82,980,000</b>	92,200,000
QQCTN	<b>27,613,628</b>	31,272,728
QQCTUA	<b>16,470,000</b>	18,300,000
Shenzhouxing Cargo Agency	<b>8,114,232</b>	4,267,104
Lianhai Logistics	<b>2,877,723</b>	2,198,138
Linyi Express	–	1,731,000
Ganghai Logistics	<b>34,560</b>	386,460
West United	<b>1,897,800</b>	–
Fuwai Hospital	<b>11,040</b>	12,501
Port Engineering	<b>2,478,013</b>	2,278,013
QDOT	<b>7,833,000</b>	7,833,000
Shihua	<b>40,209,800</b>	40,346,360
Marine Bunker	<b>313,314</b>	313,314
Qingdao Port Group	<b>1,185,402</b>	1,185,402
Automobile Supply Chain	<b>4,446,121</b>	–
Shichang Liquor Industry	<b>21,250</b>	–
Hailian Container	<b>995,825</b>	1,771,459
	<b><u>566,975,341</u></b>	<b><u>583,022,374</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (8) Benefits and interests of directors

##### (a) Directors' and CEO's emoluments

The remuneration of every director, supervisor and CEO for the year ended 31 December 2022 are set out below:

Name	Emoluments in respect of a person's services as a director						Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary and allowance	Annuity plan	Endowment insurance	Other social pension	Bonus		
Executive directors:								
Wang Xinze(i)	-	430,580	80,330	31,838	17,656	611,015	-	1,171,419
Su Jianguang	-	-	-	-	-	-	-	-
Zhang Baohua(ii)	-	72,518	15,383	6,368	3,681	127,418	-	225,368
Non-executive Directors:								
Li Wucheng	-	-	-	-	-	-	-	-
Wang Jun(iii)	-	-	-	-	-	-	-	-
Feng Boming(iv)	-	-	-	-	-	-	-	-
Zhang Dayu(v)	-	-	-	-	-	-	-	-
Wang Fuling	-	451,980	61,160	38,206	21,337	581,289	-	1,153,972
Zhu Tao(vi)	-	-	-	-	-	-	-	-
Xue Baolong(vii)	-	-	-	-	-	-	-	-
Independent								
Non-executive Directors:								
Li Yan	273,529	-	-	-	-	-	-	273,529
Jiang Min	273,529	-	-	-	-	-	-	273,529
Lai Kwok Ho	332,353	-	-	-	-	-	-	332,353
Supervisors:								
Zhang Qingcao (viii)	-	-	-	-	-	-	-	-
Xia Xiliang (ix)	-	120,000	16,934	12,736	6,987	165,420	-	322,077
Liu Shuiguo	-	392,057	50,803	38,206	21,337	450,743	-	953,146
Wang Xiaoyan (x)	-	131,836	17,283	19,103	10,481	156,964	-	335,667
Xie Chunhu(xi)	-	-	-	-	-	-	-	-
Yao Junjun (xii)	-	140,678	17,747	19,103	10,856	139,121	-	327,505
Li Zhengxu(xiii)	-	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (8) Benefits and interests of directors (Continued)

##### (a) Directors' and CEO's emoluments (Continued)

Name	Emoluments in respect of a person's services as a director						Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary and allowance	Annuity plan	Endowment insurance	Other social pension	Bonus		
Independent Non-executive Supervisors:								
Yang Qiulin	155,882	-	-	-	-	-	-	155,882
Wang Yaping	155,882	-	-	-	-	-	-	155,882
	<u>1,191,175</u>	<u>1,739,649</u>	<u>259,640</u>	<u>165,560</u>	<u>92,335</u>	<u>2,231,970</u>	<u>-</u>	<u>5,680,329</u>

- (i) Departed on 28 October 2022.
- (ii) Assumed the role of Executive Director on 23 December 2022 and General Manager on 28 October 2022.
- (iii) Departed on 28 October 2022.
- (iv) Departed on 28 June 2022.
- (v) Assumed the role on 28 June 2022 and departed on 28 October 2022.
- (vi) Assumed the role on 23 December 2022.
- (vii) Assumed the role on 23 December 2022.
- (viii) Departed on 05 December 2022.
- (ix) Departed on 28 June 2022.
- (x) Departed on 28 June 2022.
- (xi) Assumed the role on 28 June 2022.
- (xii) Assumed the role on 28 June 2022.
- (xiii) Assumed the role on 23 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (8) Benefits and interests of directors (Continued)

##### (a) Directors' and CEO's emoluments (Continued)

The remuneration of every director, supervisor and CEO for the year ended 31 December 2021 are set out below:

Name	Emoluments in respect of a person's services as a director						Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary and allowance	Annuity plan	Endowment insurance	Other social pension	Bonus		
Executive directors:								
Su Jianguang(i)	-	-	-	-	-	-	-	-
Jia Funing(ii)	-	-	-	-	-	-	-	-
Wang Xinze	-	489,933	52,320	35,954	22,052	678,275	-	1,278,534
Non-executive Directors:								
Su Jianguang(i)	-	-	-	-	-	-	-	-
Li Wucheng(iii)	-	-	-	-	-	-	-	-
Wang Fuling	-	434,086	50,208	35,954	22,052	564,122	-	1,106,422
Wang Jun	-	-	-	-	-	-	-	-
Feng boming	-	-	-	-	-	-	-	-
Independent Non-executive Directors:								
Li Yan	200,057	-	-	-	-	-	-	200,057
Jiang Min	200,057	-	-	-	-	-	-	200,057
Lai Kwok Ho	244,187	-	-	-	-	-	-	244,187



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (8) Benefits and interests of directors (Continued)

##### (a) Directors' and CEO's emoluments (Continued)

Name	Emoluments in respect of a person's services as a director						Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary and allowance	Annuity plan	Endowment insurance	Other social pension	Bonus		
Supervisors:								
Zhang Qingcai	-	-	-	-	-	-	-	-
Xia Xiliang	-	309,923	18,524	35,954	22,052	511,015	-	897,468
Liu Shuiguo	-	316,379	19,860	35,954	22,052	526,258	-	920,503
Wang Xiaoyan	-	286,221	17,585	35,954	22,052	288,098	-	649,910
Yang Qiulin	100,011	-	-	-	-	-	-	100,011
Wang Yaping	100,011	-	-	-	-	-	-	100,011
	<u>844,323</u>	<u>1,836,542</u>	<u>158,497</u>	<u>179,770</u>	<u>110,260</u>	<u>2,567,768</u>	<u>-</u>	<u>5,697,160</u>

- (i) Resigned from Vice Chairman of the Board of Directors and Non-executive Director on 21 July 2021. Served as Chairman of the Board of Directors and Executive Director on 21 July 2021.
- (ii) Resigned from Chairman of the Board of Directors and Executive Director on 21 July 2021.
- (iii) Served as Vice Chairman of the Board of Directors and Non-executive Director on 18 August 2021.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (8) Benefits and interests of directors (Continued)

##### (a) Directors' and CEO's emoluments (Continued)

	Providing director services to the Company or its subsidiaries		Providing other services to the Company or its subsidiaries		Total	
	2022	2021	2022	2021	2022	2021
Directors' emoluments (Executive and non-executive directors)	<u>2,550,759</u>	<u>2,384,956</u>	<u>-</u>	<u>-</u>	<u>2,550,759</u>	<u>2,384,956</u>

In 2022, non-executive directors Feng Boming and Zhang Dayu were employed and paid by COSCO SHIPPING Ports Limited Co., Ltd. ("COSCO SHIPPING Ports") from January 2022 to June 2022 and from July 2022 to October 2022 respectively. As from 23 December 2022, non-executive director Zhu Tao was employed and paid by COSCO SHIPPING Ports.

In 2021, non-executive director Wang Jun and supervisors Liu Shuiguo and Xia Xiliang provided management services for the Company or its subsidiaries. The Group did not explicitly clarify the remunerations of the above personnel as directors, supervisors or managers. Therefore, they were grouped and presented as "the remuneration for services provided as directors and supervisors".

In 2022, directors Su Jianguang, Li Wucheng and Wang Jun were employed and paid by QDP Group from January 2022 to October 2022. As from 23 December 2022, director Xue Baolong was employed and paid by QDP Group. Supervisors Zhang Qingcai and Xie Chunhu were employed and paid by QDP Group from January 2022 to December 2022 and from July 2022 to December 2022 respectively.

In 2021, directors Su Jianguang, Wang Jun, and supervisor Zhang Qingcai were employed and paid by QDP Group. Director Jia Funing was employed and paid by QDP Group from January 2021 to July 2021. Director Li Wucheng was employed and paid by QDP Group from August 2021 to December 2021. Non-executive director Feng Boming was employed and paid by COSCO SHIPPING Ports.

In 2022 and 2021, the Group had no directors waiving their remunerations.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (8) Benefits and interests of directors (Continued)

- (b) In 2022 and 2021, the Group had no retirement benefits for directors because of providing director services.
- (c) In 2022 and 2021, the Group did not pay termination benefits for directors.
- (d) In 2022 and 2021, the Group did not pay consideration to third parties in return for director services.
- (e) In 2022 and 2021, the Group did not provide loans, quasi-loans to directors, legal persons controlled by directors or associated persons of directors, nor provide guarantees for loans to directors, legal persons controlled by directors or associated persons of directors.
- (f) In 2022 and 2021, the Company did not sign any important transactions, arrangements or contracts in which the directors of the Company directly or indirectly had significant interests.

#### (9) Five highest paid individuals

The top five highest paid remunerations of the Group in 2022 include 2 directors (2021: 2 director), whose remuneration has been reflected in Note 8(9); the other 3(2021: 3) total amount of compensation is listed below:

	2022	2021
Salary and allowance	1,337,506	1,400,556
Annuity plan	186,691	130,656
Social security contributions	178,629	174,018
Bonus	1,485,094	1,564,088
	<u>3,187,920</u>	<u>3,269,318</u>
	<b>Number of individuals</b>	
	2022	2021
Emolument bands:		
HKD 0 – 1,000,000	–	–
HKD 1,000,000 – 1,500,000	3	3
HKD 1,500,000 – 2,000,000	–	–
	<u>3</u>	<u>3</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 9 COMMITMENTS

#### (1) Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

	<b>31 December 2022</b>	31 December 2021
Port facilities and others	<u><b>861,378,733</b></u>	<u>656,475,808</u>

### 10 DISCONTINUED OPERATIONS

As at 31 October 2022, the Company exchanged 70% of the equity interests of Qingdao Finance for 34.63% of the equity interests of Shandong Port Finance after the capital increase (Note 5(2)).

The disposed subsidiaries mentioned above meet the condition of discontinued operations, and the financial performance and the disposal gains or losses of discontinued operations are set out below:

	<b>January to October 2022</b>	2021
Revenue from discontinued operations	-	-
Less: Costs and expenses of discontinued operations	<b>(147,340,738)</b>	(160,620,485)
Including: Provision for impairment of discontinued operations recognised/(reversed)	<u><b>(39,896,729)</b></u>	<u>81,009,589</u>
Total profit from discontinued operations	<b>421,165,831</b>	388,703,196
Less: Income tax expenses of discontinued operations	<u><b>(105,116,124)</b></u>	<u>(97,244,235)</u>
Operating profit or loss of discontinued operations	<u><b>316,049,707</b></u>	<u>291,458,961</u>
Disposal gains or losses of discontinued operations	<u><b>(25,645,936)</b></u>	<u>-</u>
Net disposal gains or losses of discontinued operations	<u><b>290,403,771</b></u>	<u>291,458,961</u>
Net profit from discontinued operations attributable to equity owners of the Company	<b>195,588,859</b>	204,021,273
Net profit from continuing operations attributable to equity owners of the Company	<u><b>-</b></u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 10 DISCONTINUED OPERATIONS (Continued)

The cash flows of the disposed subsidiaries mentioned above are as follows:

	January to October 2022	2021
Net cash flows from operating activities	(125,461,702)	(107,851,475)
Net cash flows from investing activities	391,227,359	3,691,244,072
Net cash flows from financing activities	<u>(509,026,229)</u>	<u>(320,759,710)</u>

### 11 EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the resolution of the Board of Directors on 29 March 2023, the Board of Directors proposed that the Company pay a cash dividend of 2022 to all shareholders at RMB2.693 (including tax) per ten shares. Based on the 6,491,100,000 shares issued, the proposed cash dividends are RMB1,748,053,230. The above proposal is pending approval by Meeting of Shareholders and has not been recognised as a liability in these financial statements (Note4(42)).

On 23 December 2022, the Company applied to the Shanghai Stock Exchange for public issuance of Technological Innovation Corporate Bonds to professional investors, with a proposed issuance amount of RMB10 billion. As of 22 February 2023, Shanghai Stock Exchange had completed the review and submitted the application to the China Securities Regulatory Commission for registration. As of the date of the authorised issue of these financial statements, the registration was in progress.

### 12 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:

	31 December 2022	31 December 2021 (Restated)
Within a year	147,116,037	112,577,349
One to two years	55,352,960	56,864,877
Two to three years	50,603,190	50,377,129
Three to four years	47,908,179	46,467,219
Four to five years	46,987,619	46,467,219
More than five years	<u>239,953,200</u>	<u>281,536,300</u>
	<u>587,921,185</u>	<u>594,290,093</u>

### 13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other), credit risk and liquidity risk. The financial risks and the risk management policies adopted by the Group to reduce the risks are as follows:

The Board of Directors is responsible for planning and establishing the risk management structure of the Group, formulating the Group's risk management policies and relevant guidelines and monitoring the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks the Group exposes to. Specific risks are explicitly stipulated by these risk management policies, covering management of market risk, credit risk and liquidity risk, etc. The Group assesses market environment and changes of operating activities of the Group periodically to determine whether updates are needed for risk management policies and systems. Risk management of the Group is carried out by the risk management committee pursuant to the approval of the Board of Directors. Risk management committee identifies, evaluates and mitigates relevant risks through close cooperation with other business departments of the Group. The Group's audit department periodically reviews the risk management controls and procedures, and reports the results to the Group's Audit Committee.

#### (1) Market risk

##### (a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Foreign exchange risk arises from transactions denominated in foreign exchange (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in USD and EUR). The Group monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. In 2021, the Group did not sign forward foreign exchange contracts or currency swap contracts.

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

#### (1) Market risk (Continued)

##### (a) Foreign exchange risk (Continued)

	31 December 2022			
	USD	EUR	Others	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	275,705,176	2,157,778	27,295	277,890,249
Receivables	191,384,582	133,308	-	191,517,890
Other receivables	215,793,855	107,782,193	-	323,576,048
	<u>682,883,613</u>	<u>110,073,279</u>	<u>27,295</u>	<u>792,984,187</u>
Financial liabilities denominated in foreign currency -				
Payables	(241,132,727)	-	(8,927)	(241,141,654)
Other payables	(121,101,809)	-	-	(121,101,809)
	<u>(362,234,536)</u>	<u>-</u>	<u>(8,927)</u>	<u>(362,243,463)</u>
	31 December 2021 (Restated)			
	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
Account 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)
Account 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>

### 13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

#### (1) Market risk (Continued)

##### (a) Foreign exchange risk (Continued)

As at 31 December 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 RMB9,619,000 (31 December 2021: approximately RMB11,958,000) lower/higher for various financial assets and liabilities dominated in USD held by the Group whose recording currency is RMB, which would have no effect on other comprehensive income. As at 31 December 2022, if RMB had strengthened/weakened by 4% against the EUR while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB3,302,000 (31 December 2021: RMB2,179,000) higher/lower for various financial assets and liabilities dominated in EUR held by the Group whose recording currency is RMB, which would have no effect on other comprehensive income.

##### (b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including long-term bank borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions.

As at 31 December 2022, the Group's long-term interest-bearing liabilities included the principal of borrowings amounting to RMB1,989,947,600 (Note 4(31)), of which RMB1,135,287,863 accrued interest at a floating rate by reference to LPR during the same period and the rest at a fixed rate.

As at 31 December 2022, the Group's long-term payables included sales and leaseback that were deemed as mortgaged borrowings, and the principal of entrusted borrowings totalling RMB459,000,000 (Note 4(33)), of which RMB160,000,000 accrued interest at a floating rate and the rest at a fixed 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 year ended 31 December 2022 and 31 December 2021, the Group did not enter into any interest rate swap agreements.

As at 31 December 2022, if borrowings from Shandong Port Finance at the floating interest rate had risen/fallen by 50 basis points while all other variables held constant, the Group's net profit for the year would be approximately RMB4,857,000 (31 December 2021: 394,000)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

## 13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

### (1) Market risk (Continued)

#### (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 31 December 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 RMB29,538,000. (31 December 2021: approximately RMB21,926,000).

### (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, 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 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 and Shandong Port Finance. 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 31 December 2022 and 31 December 2021, the Group did not make provisions for bad debts regarding the long-term receivables due from Hunan Kupu disclosed in Note 4(11) as the value of the collateral provided by the debtor exceeded its gross carrying amount; except for this, 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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 13 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:

	31 December 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	275,323,604	-	-	-	275,323,604
Notes payable	1,034,898,039	-	-	-	1,034,898,039
Accounts payable	1,435,308,348	-	-	-	1,435,308,348
Other payables	3,985,877,916	-	-	-	3,985,877,916
Current portion of non-current liabilities	744,276,152	-	-	-	744,276,152
Long-term borrowings	-	236,758,698	983,798,383	581,878,800	1,802,435,881
Lease liabilities	-	143,089,818	204,155,515	206,618,344	553,863,677
Long-term payables	-	150,570,570	214,894,959	26,860,136	392,325,665
	<u>7,475,684,059</u>	<u>530,419,086</u>	<u>1,402,848,857</u>	<u>815,357,280</u>	<u>10,224,309,282</u>
	31 December 2021(Restated)				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	1,510,014,821	-	-	-	1,510,014,821
Notes payable	1,237,001,063	-	-	-	1,237,001,063
Accounts payable	1,504,308,175	-	-	-	1,504,308,175
Other payables	10,987,546,421	-	-	-	10,987,546,421
Current portion of non-current liabilities	208,520,187	-	-	-	208,520,187
Lease liabilities	-	72,164,673	117,896,554	-	190,061,227
Long-term payables	-	68,561,828	127,310,484	28,739,416	224,611,728
	<u>15,447,390,667</u>	<u>140,726,501</u>	<u>245,207,038</u>	<u>28,739,416</u>	<u>15,862,063,622</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

#### (3) Liquidity risk (Continued)

Bank borrowings and the borrowings from Shandong Port Finance are analysed by repayment terms as follows:

	31 December 2022			31 December 2021(Restated)		
	Bank borrowings	Borrowings from Shandong Port Finance	Other borrowings	Bank borrowings	Borrowings from Shandong Port Finance	Other borrowings
Within 1 year	80,076,160	639,260,838	125,899,074	1,573,524,098	—	5,755,000
1 to 2 years	—	170,429,737	135,170,833	—	—	65,700,000
2 to 5 years	—	836,297,863	199,000,000	—	—	109,470,833
Over 5 years	—	535,800,000	—	—	—	—
	<u>80,076,160</u>	<u>2,181,788,438</u>	<u>460,069,907</u>	<u>1,573,524,098</u>	<u>—</u>	<u>180,925,833</u>

### 14 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 31 December 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	—	—	995,407,305	995,407,305
Equity investments	4,457,524	—	—	4,457,524
Financing receivables –				
Notes receivable	—	—	280,619,222	280,619,222
Other non-current financial assets –				
Equity investment	—	—	393,840,402	393,840,402
Total	<u>4,457,524</u>	<u>—</u>	<u>1,669,866,929</u>	<u>1,674,324,453</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 14 FAIR VALUE ESTIMATES (Continued)

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

As at 31 December 2021(Restated), 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	–	289,817,600	545,938,786	835,756,386
Equity investments	1,433,692	–	–	1,433,692
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				

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, PB multiplier, and liquidity discount.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 14 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	sale	settle	Disposal of subsidiaries	31 December 2022	The total profit of the current year is included in the profit and loss (a)
Monetary assets							
Financial assets held for trading –							
Wealth management products	545,938,786	3,026,425,319	(2,185,275,100)	-	(391,681,700)	995,407,305	32,061,012
Financing receivables –							
Bank acceptance notes receivable	384,875,823	1,798,429,057	(1,071,034,711)	(793,638,388)	(38,012,559)	280,619,222	(1,708,936)
Other non-current financial assets –							
Equity investment	292,351,677	101,488,725	-	-	-	393,840,402	10,000,000
Total	<u>1,223,166,286</u>	<u>4,926,343,101</u>	<u>(3,256,309,811)</u>	<u>(793,638,388)</u>	<u>(429,694,259)</u>	<u>1,669,866,929</u>	<u>40,352,076</u>
	31 December 2020(Restated)	purchase	sale	settle	31 December 2021(Restated)		The total profit of the current year is included in the profit and loss (a)
Monetary assets							
Financial assets held for trading –							
Wealth management products	677,472,778	3,289,471,986	(3,420,383,200)	(622,778)	545,938,786	43,590,430	
Financing receivables –							
Bank acceptance notes receivable	535,659,667	1,942,641,848	(1,218,696,291)	(874,729,401)	384,875,823	(1,254,946)	
Other non-current financial assets –							
Equity investment	72,207,877	220,143,800	-	-	292,351,677	3,722,100	
Total	<u>1,285,340,322</u>	<u>5,452,257,634</u>	<u>(4,639,079,491)</u>	<u>(875,352,179)</u>	<u>1,223,166,286</u>	<u>46,057,584</u>	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 14 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 31 December 2022	Valuation techniques	Parameter	Inputs		
				Range/ Weighted average	The relationship of fair value	Observable/ Unobservable
Financial assets held for trading – Wealth management products	995,407,305	Discounted cash flow	Expected yield	2.88%-3.60%	Positive correlation	Unobservable
Receivables financing – Bank acceptance notes receivable	280,619,222	Discounted cash flow	Expected discount rate	3.65%-3.85%	Negative correlation	Unobservable
				PE multiplier: 1.6-19.0 PB multiplier: 0.1-5.4		
Other non-current financial assets – Equity investment	<u>393,840,402</u>	Marketing method	Comparable listed company PE multiplier, etc.	Lack of liquidity discount: 20%-30%	Positive correlation	Unobservable
	<u>1,669,866,929</u>					
	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
				Comparable PE multiplier: 1.9-20.8		
Other non-current financial assets – Equity investment	<u>292,351,677</u>	Marketing method	listed company PE multiplier, etc.	Lack of liquidity discount: 20%-30%	Positive correlation	Unobservable
	<u>1,223,166,286</u>					

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 14 FAIR VALUE ESTIMATES (Continued)

#### (2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities measured at amortized cost mainly include notes receivables, accounts receivable, other receivables, long-term receivables, short-term borrowings, notes payable, accounts payables, other payables, 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.

### 15 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 15 CAPITAL MANAGEMENT (Continued)

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

	<b>31 December 2022</b>	31 December 2021 (Restated)
Principal on bank borrowings (Note 4(23), (31))	<b>2,258,789,843</b>	1,563,927,257
Shandong Port Commercial Factoring factoring borrowings (Note 4(29))	-	50,009,722
Customer deposits by Shandong Port Finance (Note 4(29))	-	7,165,348,378
Entrusted borrowings (Note 4(33))	<b>299,294,785</b>	60,055,000
Sales and leaseback that were deemed as mortgaged borrowings (Note 4(33))	<b>160,775,122</b>	120,870,833
Less: Cash (Note 4(54)(a))	<b><u>(9,021,244,964)</u></b>	<u>(8,247,817,077)</u>
Net (asset)/debt	<b>(6,302,385,214)</b>	712,394,113
Shareholders' equity	<b><u>41,276,918,150</u></b>	<u>40,017,134,505</u>
Total capital	<b><u>34,974,532,936</u></b>	<u>40,729,528,618</u>
Gearing ratio	<b><u>Not applicable</u></b>	<u>2%</u>

As at 31 December 2022, the amount of cash and cash equivalents of the Group exceeded the amount of interest-bearing liabilities.

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

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

	<b>31 December 2022</b>	31 December 2021
Cash at bank	<b>77,419,777</b>	821,651,426
Deposits at Shandong Port Finance	<b>3,220,508,753</b>	5,226,286,684
Other cash balances	<b>3,033,226</b>	583,998
Interest receivable	<b>2,365,038</b>	1,141,787
	<b><u>3,303,326,794</u></b>	<u>6,049,663,895</u>
Including: amounts deposited abroad	<b><u>39,119</u></b>	<u>36,315</u>

As at 31 December 2022, other monetary funds included the deposit of RMB2,642,605 deposited by the Company to the bank for the issuance of acceptance bills, and a deposit of RMB390,621 to the bank for the issuance of letters of guarantee (31 December 2021: RMB210,198 for the issuance of acceptance notes and RMB373,800 for the issuance of letters of guarantee).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (2) Accounts receivable

	<b>31 December 2022</b>	31 December 2021
Accounts receivable	<b>431,980,735</b>	482,632,943
Less: Provision for bad debts	<b><u>(98,579,299)</u></b>	<u>(52,231,277)</u>
	<b><u>333,401,436</u></b>	<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:

	<b>31 December 2022</b>	31 December 2021
Within 1 year	<b>248,209,472</b>	301,345,701
1 to 2 years	<b>3,969,675</b>	69,639,250
2 to 3 years	<b>68,987,140</b>	111,647,992
Over 3 years	<b><u>110,814,448</u></b>	<u>–</u>
	<b><u>431,980,735</u></b>	<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 31 December 2022, the total amount of top five accounts receivable is analyzed as follows:

	<b>Amount</b>	<b>Provision for bad debts</b>	<b>% of total accounts receivable balance</b>
Total amount of top five accounts receivable	<b><u>253,885,966</u></b>	<b><u>(92,385,419)</u></b>	<b><u>59%</u></b>

#### (c) As at 31 December 2022, the Group had no accounts receivable derecognized due to factoring without recourse(As at 31 December 2021:nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 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:

	31 December 2022			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Lifetime ECL rate
Bad debt provision on the grouping basis				
Group A	15,694,015	3.63%	-	-
Group B	179,774,508	41.62%	(90,057,428)	50.09%
Group C	236,512,212	54.75%	(8,521,871)	3.60%
	<u>431,980,735</u>	<u>100.00%</u>	<u>(98,579,299)</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				
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>	



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (2) Accounts receivable (Continued)

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

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

	31 December 2022		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	-	-	-
1 to 2 years	-	-	-
2 to 3 years	68,960,060	29.58%	(20,396,142)
Over 3 years	110,814,448	62.86%	(69,661,286)
	<u>179,774,508</u>		<u>(90,057,428)</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)
	<u>179,774,508</u>		<u>(42,091,991)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 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 from companies outside the scope of consolidation other than engineering and construction businesses:

	31 December 2022		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	232,515,457	3.14%	(7,296,743)
1 to 2 years	3,969,675	30.18%	(1,198,048)
Over 2 years	27,080	100.00%	(27,080)
	<u>236,512,212</u>		<u>(8,521,871)</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 reversed in 2022 was RMB46,348,022, 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 31 December 2022, the Company has no pledge of accounts receivable (31 December 2021:nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (3) Financing receivables

	<b>31 December 2022</b>	31 December 2021
Bank acceptance notes	<u><b>139,360,896</b></u>	<u>143,359,008</u>

- (a) Certain bank acceptance notes satisfied the derecognition criteria were discounted and endorsed frequently by the Company for the purpose of daily treasury management, which thereby categorised the balance of these bank acceptance notes with good credit rating as financial assets at fair value through other comprehensive income. As at 31 December 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 31 December 2022 and 31 December 2021, the Company had no pledged acceptance notes.
- (c) As at 31 December 2022, the bank acceptance notes that the Company has endorsed but have not yet expired amounted to RMB789,364,368 and has derecognized(31 December 2021: RMB28,583,441).

#### (4) Other receivables

	<b>31 December 2022</b>	31 December 2021
Dividend receivable	<b>393,863,559</b>	15,252,568
Receivables from Red Star Logistics, a subsidiary	<b>137,192,700</b>	137,192,700
Construction expenditures paid on behalf of subsidiaries	<b>29,999,957</b>	29,999,957
Collection and payment of railway freight	<b>29,131,116</b>	–
Equity interest transfer payment	<b>28,070,337</b>	261,903,564
Supplementary medical insurance fund	<b>17,019,910</b>	22,147,098
Rental expenses receivable	<b>8,744,320</b>	289,757
Deposits and guarantees receivable	<b>3,849,419</b>	644,700
Entrusted loans provided to subsidiaries	–	170,194,311
Others	<u><b>20,176,341</b></u>	<u>25,219,488</u>
	<b>668,047,659</b>	662,844,143
Less: Provision for bad debts	<u><b>(5,833,970)</b></u>	<u>(5,353,628)</u>
	<u><b>662,213,689</b></u>	<u>657,490,515</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (4) Other receivables (Continued)

##### (a) The age of other receivables is as follows:

	31 December 2022	31 December 2021
Within 1 year	494,848,196	628,704,840
1 to 2 years	139,360,660	4,134,846
2 to 3 years	3,834,346	4,500
Over 3 years	<u>30,004,457</u>	<u>29,999,957</u>
	<u>668,047,659</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 year	239,036,743	(480,342)	28,070,337	-	(480,342)
Decrease in the current year	-	-	<u>(261,903,564)</u>	-	-
31 December 2022	<u>639,977,322</u>	<u>(5,833,970)</u>	<u>28,070,337</u>	<u>-</u>	<u>(5,833,970)</u>

As at 31 December 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 31 December 2022, there were no other receivables for which the related provision for bad debts was provided on the individual basis.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 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 31 December 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:

	31 December 2022			31 December 2021		
	Amount	Provision for bad debts		Amount	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Internal company combinations	171,262,350	-	-	349,967,815	-	-
Agency business and receivables combinations	29,131,116	(975,211)	3.35%	-	-	-
Deposit combinations	3,849,419	(143,652)	3.73%	644,700	(25,566)	3.97%
Dividend receivable combinations	393,863,559	-	-	15,252,568	-	-
Other combinations	41,870,878	(4,715,107)	11.26%	35,075,496	(5,328,062)	15.19%
	<u>639,977,322</u>	<u>(5,833,970)</u>		<u>400,940,579</u>	<u>(5,353,628)</u>	

(c) For the year ended 31 December 2022, the amount of bad debt provision reversed during the year was RMB480,342, which was reversed for the amount of bad debt provision made on the grouping basis. For the year ended 31 December 2022, the Company has no other receivables actually written off.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (4) Other receivables (Continued)

(d) As at 31 December 2022, top five other receivables are analyzed as follows:

	Nature	Amount	Ageing	% of total	Provision for bad debts
Dongjiakou Oil Products	Dividends receivable	384,939,159	Within 1 year	57.62%	-
Red Star Logistics	Receivables from Red Star Logistics	137,192,700	1 to 2 years	20.54%	-
Mercurial Logistics	Construction expenditures paid on behalf and others	30,749,957	Within 3 years	4.60%	-
Shandong Branch of Ping An Endowment Insurance Co., Ltd.	Supplementary medical welfare pooling funds and Insurance compensation	18,543,114	Within 1 year	2.78%	(578,545)
Shandong Harbor Construction Group	Equity transfer payment	14,532,446	Within 1 year	2.18%	-
		<u>585,957,376</u>		<u>87.72%</u>	<u>(578,545)</u>

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

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

#### (5) Long-term receivables

	31 December 2022	31 December 2021
Loans provided to subsidiaries	2,559,601,179	2,381,214,786
Less: Overdue within one year	<u>(756,385,933)</u>	<u>(33,214,786)</u>
	1,803,215,246	2,348,000,000
Provision for loan impairment	-	-
	<u>1,803,215,246</u>	<u>2,348,000,000</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

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

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

	Stage 1	
	12-month ECL (group)	
	Amount	Provision for bad debt
31 December 2021	2,381,214,786	-
Increase in the current year	178,386,393	-
31 December 2022	<u>2,559,601,179</u>	<u>-</u>

As at 31 December 2022 and 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:

	31 December 2022			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>2,559,601,179</u>	<u>-</u>	-	<u>2,381,214,786</u>	<u>-</u>	-

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

	31 December 2022	31 December 2021
Subsidiaries (a)	7,345,363,976	6,729,187,792
Joint ventures (b)	10,729,974,779	9,756,336,537
Associates (c)	<u>2,042,800,875</u>	<u>333,799,028</u>
	<u>20,118,139,630</u>	<u>16,819,323,357</u>

As at 31 December 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

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

##### (a) Subsidiaries

	31 December 2021	Movements in the current year		31 December 2022	Profit declared in the current year
		Increase in investment	Decrease in investment		
Container Development	-	30,000,000	-	30,000,000	-
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	11,519
Ocean Shipping Tally	389,296,880	-	-	389,296,880	93,190,997
Gangjia Logistics	7,299,874	-	-	7,299,874	3,060,000
Port Service	24,952,229	-	-	24,952,229	2,192,699
Datang Port	1,284,094,256	-	-	1,284,094,256	-
Qingdao Finance	700,000,000	-	(700,000,000)	-	-
Mercuria Logistics	273,278,376	-	-	273,278,376	-
Haiye 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	21,341
International Development	460,574,092	-	-	460,574,092	-
DMT	880,000,000	-	-	880,000,000	-
Lianhua Pipeline	441,660,000	-	-	441,660,000	336,881,070
Svitzer Towage	115,500,000	-	-	115,500,000	6,560,786
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	1,488,444
Tongan Security	1,000,000	-	-	1,000,000	2,329,583
Qingdong pipe	255,000,000	-	-	255,000,000	6,030,230
Tongda Oil & Gas	90,950,000	95,000,000	-	185,950,000	-
Qingzi Logistics	200,000,000	-	-	200,000,000	-
Zhenhua Petroleum Storage	148,920,000	-	-	148,920,000	-
Qilu Fuhai Warehouse	150,000,000	-	-	150,000,000	-
International oil port	20,000,000	-	-	20,000,000	133,364,766
Production guarantee	15,300,000	-	-	15,300,000	2,487,075
Power supply company	74,195,060	-	-	74,195,060	60,000,000
Red Star Logistics	179,531,785	-	-	179,531,785	-
Equipment Manufacturing	53,265,000	46,735,000	(100,000,000)	-	-
Construction Management					
Centre	10,000,000	-	-	10,000,000	-
Emergency Rescue	40,000,000	-	-	40,000,000	-
AVIC Property	3,060,000	-	-	3,060,000	-
Qingdao Port Barge	-	419,482,822	-	419,482,822	-
Weihai Port Development	-	622,103,297	-	622,103,297	-
Weihai Qingwei	-	202,855,065	-	202,855,065	-
	<u>6,729,187,792</u>	<u>1,416,176,184</u>	<u>(800,000,000)</u>	<u>7,345,363,976</u>	<u>1,437,394,331</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

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

##### (b) Joint ventures

	31 December 2021	Movements in the current year					Unrealized profits and losses	31 December 2022
		Transfer to subsidiaries	Share of net profit/(loss) under equity method	Cash dividends/ profit declared	Movements of other comprehensive income	Other equity changes		
QQCT	6,016,399,730	-	863,821,310	-	(511,203)	(119,636)	4,393,476	6,883,983,677
Qingdao Shihua	1,515,616,483	-	280,054,074	-	(350,000)	-	200,472	1,795,521,029
West United	520,130,388	-	10,142,491	(3,060,000)	-	-	93,975	527,306,854
Qingwei Container	199,681,656	(202,855,065)	3,173,409	-	-	-	-	-
Evergreen Container	69,512,803	-	20,409,757	(18,580,595)	-	250,388	-	71,592,353
Orient Container	51,425,023	-	6,260,247	(5,342,297)	-	-	-	52,342,973
Haiwan Liquid Chemical	156,952,201	-	1,113,786	-	-	-	-	158,065,987
Ganghai Logistics	64,472,245	-	(1,896,061)	-	-	-	-	62,576,184
Shenzhouxing Cargo								
Agency	37,447,388	-	13,164,292	(11,673,175)	-	-	-	38,938,505
China Shipping Agency	12,665,867	-	639,281	-	-	-	-	13,305,148
United Shipping Agency	56,651,101	-	2,402,999	(2,110,820)	-	-	-	56,943,280
Huaneng Qingdao	121,304,296	-	2,005,525	-	-	-	-	123,309,821
Dongjiakou IMC Logistics	67,853,696	-	(101,171)	-	-	-	-	67,752,525
QDOT	666,884,338	-	(6,469,884)	-	-	101,299	810,593	661,326,346
Dongjiakou Sinotrans								
Logistics	51,635,470	-	75,471	-	-	-	-	51,710,941
PetroChina Storage	147,703,852	-	17,519,972	-	-	75,332	-	165,299,156
	<u>9,756,336,537</u>	<u>(202,855,065)</u>	<u>1,212,315,498</u>	<u>(40,766,887)</u>	<u>(861,203)</u>	<u>307,383</u>	<u>5,498,516</u>	<u>10,729,974,779</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

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

##### (c) Associates

	31 December 2021	Movements for the current year				31 December 2022
		Increase in investments	Transfer from subsidiaries	Share of net profit/(loss) under equity method	Movements of other comprehensive income	
GSBN	6,490,400	6,459,600	-	-	-	12,950,000
Port Engineering	154,135,710	-	-	10,900,229	-	165,035,939
Technology Company	40,806,043	-	-	3,714,581	-	44,520,624
Qingyin Financial Leasing	127,442,082	-	-	15,566,313	-	143,008,395
Overseas Development	4,924,793	-	-	47,794	-	4,972,587
Shandong Port Finance	-	-	1,522,280,000	44,462,942	(4,633,200)	1,562,109,742
Equipment Manufacturing	-	-	70,163,714	-	-	70,163,714
Shandong Port Land and Sea Jinan	-	40,000,000	-	39,874	-	40,039,874
	<u>333,799,028</u>	<u>46,459,600</u>	<u>1,592,443,714</u>	<u>74,731,733</u>	<u>(4,633,200)</u>	<u>2,042,800,875</u>

As stated in Note 2(2), 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.

#### (7) Investment properties

	Buildings	Land use rights	Total
<b>Cost</b>			
31 December 2021	267,633,057	1,416,040,729	1,683,673,786
Transfer from intangible assets	-	(31,653,329)	(31,653,329)
31 December 2022	<u>267,633,057</u>	<u>1,384,387,400</u>	<u>1,652,020,457</u>
<b>Accumulated depreciation</b>			
31 December 2021	(84,140,886)	(273,061,789)	(357,202,675)
Increase in the current year	(10,672,244)	(34,055,001)	(44,727,245)
Transfer from intangible assets	-	7,791,528	7,791,528
31 December 2022	<u>(94,813,130)</u>	<u>(299,325,262)</u>	<u>(394,138,392)</u>
<b>Net book value</b>			
31 December 2022	<u>172,819,927</u>	<u>1,085,062,138</u>	<u>1,257,882,065</u>
31 December 2021	<u>183,492,171</u>	<u>1,142,978,940</u>	<u>1,326,471,111</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (7) Investment properties (Continued)

	Buildings	Land use rights	Total
<b>Cost</b>			
31 December 2020	267,633,057	1,422,259,931	1,689,892,988
Transfer from fixed assets	—	(6,219,202)	(6,219,202)
	<u>267,633,057</u>	<u>1,416,040,729</u>	<u>1,683,673,786</u>
31 December 2021	<u>267,633,057</u>	<u>1,416,040,729</u>	<u>1,683,673,786</u>
<b>Accumulated depreciation</b>			
31 December 2020	(73,516,863)	(239,456,987)	(312,973,850)
Increase in the current year	(10,624,023)	(34,142,669)	(44,766,692)
Transfer to intangible assets	—	537,867	537,867
	<u>(84,140,886)</u>	<u>(273,061,789)</u>	<u>(357,202,675)</u>
31 December 2021	<u>(84,140,886)</u>	<u>(273,061,789)</u>	<u>(357,202,675)</u>
<b>Net book value</b>			
31 December 2021	<u>183,492,171</u>	<u>1,142,978,940</u>	<u>1,326,471,111</u>
31 December 2020	<u>194,116,194</u>	<u>1,182,802,944</u>	<u>1,376,919,138</u>

As at 31 December 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 31 December 2022 and as at 31 December 2021, no investment properties are without certificates

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (8) Fixed assets

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office equipment and others	Total
<b>Cost</b>										
31 December 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 year										
Purchase in the current year	902,554	3,527,998	331,517	72,891,369	20,660,842	86,685,219	3,622,152	19,885,163	4,426,467	212,933,281
Transfers from construction in progress	5,650,058	382,846,057	1,503,048,067	252,649,369	23,032,733	-	367,459	7,582,371	169,047	2,175,345,161
Transfer from right-of-use assets	-	30,740,177	-	1,698,276	-	91,439,655	-	-	-	123,878,108
Decrease in the current year										
Disposal and scrapping	-	-	-	(32,176,286)	(15,274,153)	(13,155,324)	(735,594)	(1,014,092)	(348,759)	(62,704,208)
Disposal of subsidiaries	(1,192,318)	(34,818,198)	-	-	(2,073,713)	(876,244,632)	(1,519,313)	(3,201,871)	(1,686,269)	(920,736,314)
31 December 2022	436,019,217	6,424,432,942	4,806,250,202	1,388,366,567	260,747,544	114,744,198	55,160,471	166,361,259	26,419,165	13,678,501,565
<b>Accumulated depreciation</b>										
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 year										
Provision	(18,482,186)	(168,785,487)	(116,831,219)	(60,800,697)	(22,205,755)	(28,259,858)	(3,667,399)	(14,984,310)	(1,475,653)	(435,492,564)
Transfer from right-of-use assets	-	(5,732,974)	-	(489,103)	-	(17,293,101)	-	-	-	(23,515,178)
Decrease in the current year										
Disposal and scrapping	-	-	-	28,072,541	15,021,780	12,497,558	711,213	959,755	333,243	57,596,090
Disposal of subsidiaries	195,084	7,028,448	-	-	1,348,593	434,804,927	792,205	1,823,721	720,603	446,713,581
31 December 2022	(118,839,071)	(1,409,823,318)	(607,747,450)	(862,754,283)	(148,842,594)	(13,537,847)	(38,406,093)	(90,805,806)	(17,573,843)	(3,308,330,305)
<b>Net book value</b>										
31 December 2022	317,180,146	5,014,609,624	4,198,502,752	525,612,284	111,904,950	101,206,351	16,754,378	75,555,453	8,845,322	10,370,171,260
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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

## 16 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
<b>Cost</b>										
31 December 2020	382,949,798	5,801,053,795	2,253,837,284	1,011,017,370	245,698,576	829,407,402	61,303,863	108,605,276	22,885,453	10,716,758,817
Increase in the current year										
Purchase in the current year	866,972	-	-	28,880,171	18,855,734	-	2,085,729	30,001,437	1,619,886	82,309,929
Transfers from construction in progress	46,842,153	241,083,113	1,049,033,334	65,481,567	12,559,833	-	-	4,502,975	-	1,419,502,975
Transfer from right-of-use assets	-	-	-	4,470,085	-	-	-	-	-	4,470,085
Decrease in the current year										
Disposal and scrapping	-	-	-	(3,800,022)	(2,828,618)	(3,388,122)	(1,246,962)	-	(27,065)	(11,290,789)
Disposal of subsidiaries	-	-	-	(12,745,332)	(39,883,690)	-	(8,716,863)	-	(619,595)	(61,965,480)
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
<b>Accumulated depreciation</b>										
31 December 2020	(84,642,646)	(1,086,760,707)	(424,839,581)	(796,920,662)	(144,747,210)	(372,313,843)	(37,840,620)	(66,077,734)	(16,155,664)	(3,030,298,667)
Increase in the current year										
Provision	(15,909,323)	(155,572,598)	(66,076,650)	(44,314,785)	(24,581,498)	(46,192,246)	(4,216,626)	(12,527,238)	(1,403,357)	(370,794,321)
Transfer from right-of-use assets	-	-	-	(808,567)	-	-	-	-	-	(808,567)
Decrease in the current year										
Disposal and scrapping	-	-	-	3,611,361	2,712,680	3,218,716	1,026,639	-	25,983	10,595,379
Disposal of subsidiaries	-	-	-	8,895,629	23,608,816	-	4,788,495	-	381,002	37,673,942
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)
<b>Net book value</b>										
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
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 year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (8) Fixed assets (Continued)

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

For the year ended 31 December 2022, the amounts of depreciation expenses were RMB435,492,564 (For the year ended 31 December 2021: RMB370,794,321) including charged to cost of sales, general and administrative expenses and research and development expenditure were RMB419,809,392, RMB15,670,897 and RMB12,275 respectively (For the year ended 31 December 2021: RMB361,412,781, RMB9,259,885 and RMB121,655).

For the year ended 31 December 2022, the costs of fixed assets transferred from construction in progress amount to RMB2,175,345,161 (For the year ended 31 December 2021: RMB1,419,502,975).

As at 31 December 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 31 December 2022, properties with book values of RMB178,313,294 (Cost: RMB191,499,331) (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 (15).

#### (9) Construction in progress

	31 December 2022			31 December 2021		
	carrying amount	impairment provision	Net book value	carrying amount	impairment provision	Net book value
Dongjiakou Crude Oil Commercial Reserve Project	287,123,994	-	287,123,994	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	722,386,091	-	722,386,091	514,875,779	-	514,875,779
Other projects	400,074,278	-	400,074,278	248,783,782	-	248,783,782
	<u>1,916,030,925</u>	<u>-</u>	<u>1,916,030,925</u>	<u>2,066,259,985</u>	<u>-</u>	<u>2,066,259,985</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 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 year	Transfer to fixed assets	31 December 2022	% of project investment among budget	Progress of the project	Sources of capital
Dongjiakou bulk cargo berths and storage yard project	5,798,646,000	514,875,779	729,323,323	(521,813,011)	722,386,091	31%	31%	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 Crude Oil Commercial Reserve Project	4,480,000,000	796,153,862	975,924,329	(1,484,954,197)	287,123,994	69%	69%	Internal capital
Other projects	-	248,783,782	319,868,449	(168,577,953)	400,074,278			Internal capital
		<u>2,066,259,985</u>	<u>2,025,116,101</u>	<u>(2,175,345,161)</u>	<u>1,916,030,925</u>			

Project name	Budget	31 December 2020	Increase in the current year	Transfer to fixed assets	31 December 2021	% 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	1,066,137,074	(1,330,883,472)	796,153,862	47%	47%	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	183,192,677	-	514,875,779	82%	82%	Internal capital
Other projects		146,748,504	190,654,781	(88,619,503)	248,783,782			Internal capital
		<u>2,045,778,428</u>	<u>1,439,984,532</u>	<u>(1,419,502,975)</u>	<u>2,066,259,985</u>			

As at 31 December 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.

In 2022 and 2021, the company had no capitalized borrowing costs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (10) Intangible assets

	Land use rights	Software	Sea area use rights	Others	Total
<b>Cost</b>					
31 December 2021	2,300,133,334	106,524,652	49,391,000	32,290,966	2,488,339,952
Increase in the current year					
Purchase	17,851,643	-	-	-	17,851,643
Internal research and development	-	24,499,695	-	-	24,499,695
Transfer from investment properties	31,653,329	-	-	-	31,653,329
Decrease in the current year					
Disposal of subsidiaries	-	(6,674,412)	-	-	(6,674,412)
31 December 2022	2,349,638,306	124,349,935	49,391,000	32,290,966	2,555,670,207
<b>Accumulated amortization</b>					
31 December 2021	(304,815,986)	(55,025,203)	(576,233)	(26,383,518)	(386,800,940)
Increase in the current year					
Provision	(47,518,503)	(18,824,996)	(987,820)	(3,019,258)	(70,350,577)
Transfer from investment properties	(7,791,528)	-	-	-	(7,791,528)
Decrease in the current year					
Disposal of subsidiaries	-	2,868,306	-	-	2,868,306
31 December 2022	(360,126,017)	(70,981,893)	(1,564,053)	(29,402,776)	(462,074,739)
<b>Net book value</b>					
31 December 2022	1,989,512,289	53,368,042	47,826,947	2,888,190	2,093,595,468
31 December 2021	1,995,317,348	51,499,449	48,814,767	5,907,448	2,101,539,012

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (10) Intangible assets (Continued)

	Land use rights	Software	Sea area use rights	Others	Total
<b>Cost</b>					
31 December 2020	2,293,914,132	116,341,461	1,362,580	32,269,286	2,443,887,459
Increase in the current year					
Purchase	-	491,909	49,391,000	21,680	49,904,589
Transfer from investment properties	6,219,202	-	-	-	6,219,202
Decrease in the current year					
Disposal and scrapping	-	(9,902,795)	(1,362,580)	-	(11,265,375)
Disposal of subsidiaries	-	(405,923)	-	-	(405,923)
31 December 2021	2,300,133,334	106,524,652	49,391,000	32,290,966	2,488,339,952

#### Accumulated amortization

31 December 2020	(256,904,408)	(44,961,517)	(190,766)	(23,372,932)	(325,429,623)
Increase in the current year					
Provision	(47,373,711)	(20,141,898)	(1,748,047)	(3,010,586)	(72,274,242)
Transfer from investment properties	(537,867)	-	-	-	(537,867)
Decrease in the current year					
Disposal and scrapping	-	9,902,796	1,362,580	-	11,265,376
Disposal of subsidiaries	-	175,416	-	-	175,416
31 December 2021	(304,815,986)	(55,025,203)	(576,233)	(26,383,518)	(386,800,940)

#### Net book value

31 December 2021	1,995,317,348	51,499,449	48,814,767	5,907,448	2,101,539,012
31 December 2020	2,037,009,724	71,379,944	1,171,814	8,896,354	2,118,457,836

For the year ended 31 December 2022, the amortization of intangible assets amounted to RMB70,350,577 (For the year ended 31 December 2021: RMB72,274,242).

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

As at 31 December 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (10) Intangible assets (Continued)

The Company's development expenses are as follows:

	31 December 2021	Increase in the current year	Decrease in the current year		31 December 2022
			Recorded in profit and loss	Recognized as intangible assets	
Information system maintenance and software	<u>22,421,207</u>	<u>68,580,284</u>	<u>(36,865,550)</u>	<u>(24,499,695)</u>	<u>29,636,246</u>

In 2022, the Company's research and development expenditures totalled RMB68,580,284 (2021: RMB63,446,138), of which RMB36,865,550 (2021: RMB41,024,931) was recognised in profit or loss for the current period; RMB24,499,695 (2021: there was no ending balance of research and development expenditures) were recognised as intangible assets in the current period. As at 31 December 2022, the intangible assets developed by the Company accounted for 1.80% (31 December 2021: the intangible assets developed by the Company accounted for 2.04 %) of the book value of intangible assets.

#### (11) Provision for asset impairment

	31 December 2021	Increase in the current year	Decrease in the current year		31 December 2022
			Reversal	Write-off	
Provision for bad debts of accounts receivable	52,231,277	46,348,022	-	-	98,579,299
Including: Provision for bad debts on the individual basis	-	-	-	-	-
Provision for bad debts on the grouping basis	52,231,277	46,348,022	-	-	98,579,299
Provision for bad debts of other receivables	5,353,628	480,342	-	-	5,833,970
Including: Provision for bad debts on the individual basis	-	-	-	-	-
Provision for bad debts on the grouping basis	5,353,628	480,342	-	-	5,833,970
	<u>57,584,905</u>	<u>46,828,364</u>	<u>-</u>	<u>-</u>	<u>104,413,269</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (12) Capital surplus

	31 December 2021	Increase in the current year	Decrease in the current year	<b>31 December 2022</b>
Share premium (Note 4(38)) –				
Capital premium contributed				
by Qingdao Port Group	7,052,279,474	–	–	<b>7,052,279,474</b>
Capital premium contributed				
by Other Promoters	783,586,608	–	–	<b>783,586,608</b>
Issue of new shares	8,652,856,972	–	–	<b>8,652,856,972</b>
Shares issue expenses	(242,175,098)	–	–	<b>(242,175,098)</b>
Business combination				
involving enterprises				
under common control	(31,531,719)	–	(362,343,303)	<b>(393,875,022)</b>
Subsidiary minority				
shareholders paid				
a premium	15,245,576	–	–	<b>15,245,576</b>
Other capital surplus –				
Share of changes in equity				
other than comprehensive				
income and profit				
distribution of investees				
under the equity method	12,193,294	307,383	–	<b>12,500,677</b>
Impact of disposal of				
subsidiaries	–	144,424,899	–	<b>144,424,899</b>
	<u>16,242,455,107</u>	<u>144,732,282</u>	<u>(362,343,303)</u>	<b><u>16,024,844,086</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (12) Capital surplus (Continued)

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Share premium (Note 4(38))				
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	–	(5,016,457)	12,193,294
	<u>16,247,471,564</u>	<u>–</u>	<u>(5,016,457)</u>	<u>16,242,455,107</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (13) Other comprehensive income

	Other comprehensive income in balance sheet		
	Year ended 31 December 2021	Amount in the current year	Year ended 31 December 2022
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Remeasurement of movements of defined benefit plans	31,210,000	(12,790,000)	<b>18,420,000</b>
Share of other comprehensive income of the investee accounted for using equity method which will not be reclassified to profit or loss	–	1,629,835	<b>1,629,835</b>
Other comprehensive income that can be reclassified to profit or loss	–	1,683,358	<b>1,683,358</b>
	<u>31,210,000</u>	<u>(9,476,807)</u>	<u><b>21,733,193</b></u>
	Other comprehensive income in balance sheet		
	Year ended 31 December 2020	Amount in the current year	Year ended 31 December 2021
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	(260,020,000)	31,210,000
	<u>291,230,000</u>	<u>(260,020,000)</u>	<u>31,210,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (14) Undistributed profits

	Year ended 31 December 2021	Year ended 31 December 2020
Undistributed profits at the beginning of year	10,153,943,606	8,386,455,914
Add: Net profit for the current year	4,006,708,491	3,749,804,530
The impact of transferring subsidiaries to associate	164,598,805	105,144,483
Less: appropriation of statutory surplus reserve	(417,130,730)	(385,494,901)
Profit distribution to shareholders (Note 4(42))	<u>(1,664,318,040)</u>	<u>(1,701,966,420)</u>
Undistributed profits at the end of the year	<u>12,243,802,132</u>	<u>10,153,943,606</u>

#### (15) Revenue and cost of sales

	Year ended 31 December 2022	Year ended 31 December 2021
Revenue from main operations	4,750,061,733	5,080,544,886
Revenue from other operations	<u>937,636,214</u>	<u>797,163,158</u>
	<u>5,687,697,947</u>	<u>5,877,708,044</u>
	Year ended 31 December 2022	Year ended 31 December 2021
Cost of sales from main operations	(3,616,821,067)	(3,663,151,098)
Cost of sales from other operations	<u>(683,245,294)</u>	<u>(563,562,434)</u>
	<u>(4,300,066,361)</u>	<u>(4,226,713,532)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

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

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

	Year ended 31 December 2022		Year ended 31 December 2021	
	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	348,685,524	(83,133,854)	362,549,435	(103,217,194)
Metal ore, coal and other cargo handling and ancillary services	3,733,150,324	(3,233,620,837)	3,424,691,021	(2,776,635,403)
Liquid bulk cargo handling and ancillary services	172,732,458	(19,482,589)	191,636,294	(17,972,661)
Logistics and port value-added services	495,493,427	(280,583,787)	744,818,630	(443,875,145)
Port ancillary services – construction, labor and sales of port machinery	-	-	356,849,506	(321,450,695)
	<u>4,750,061,733</u>	<u>(3,616,821,067)</u>	<u>5,080,544,886</u>	<u>(3,663,151,098)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

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

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

	<u>Year ended 31 December 2022</u>		Year ended 31 December 2021	
	<u>Revenue from other operations</u>	<u>Cost of sales from other operations</u>	Revenue from other operations	Cost of sales from other operations
Rental income	447,627,252	(237,050,709)	323,706,899	(167,441,190)
Port ancillary service – sales of fuel, electricity and others	490,008,962	(446,194,585)	473,456,259	(396,121,244)
	<u>937,636,214</u>	<u>(683,245,294)</u>	<u>797,163,158</u>	<u>(563,562,434)</u>

For the year ended 31 December 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 31 December 2022, the Company's contracted but unfulfilled or unfulfilled performance obligations correspond to revenues of RMB107,993,812 (31 December 2021: RMB124,586,007), of which the Company expects all will be recognized in 2023.

#### (16) Financial expenses

	<u>Year ended 31 December 2022</u>	Year ended 31 December 2021
Interest costs	2,484,315	34,502,442
Add: Interest expense on lease liabilities	7,641,082	3,692,118
Interest expenses	10,125,397	38,194,560
Less: Interest income	(64,476,372)	(56,351,760)
Effect of actuarial calculation of employee benefits	53,480,000	63,540,000
Exchange gains or losses	(32,847,961)	14,773,530
Others	309,199	719,411
	<u>(33,409,737)</u>	<u>60,875,741</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 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:

	Year ended 31 December 2022	Year ended 31 December 2021
Employee benefits	1,549,998,452	1,549,571,849
Cost for outsourcing transportation	1,166,766,341	1,098,950,411
Subcontract cost	455,626,564	476,815,123
Depreciation of fixed assets	435,492,564	370,794,321
Procurement cost of fuel and utility fees	291,229,057	227,391,740
Cost of sales for fuel and electricity	236,144,674	224,215,368
Consumption of other raw materials	174,190,697	206,312,491
Repair expenses	123,264,402	105,791,516
Rental expenses (i)	74,231,189	91,429,334
Amortisation of intangible assets	70,350,577	72,274,242
Depreciation of investment property	44,727,245	44,766,692
Depreciation of right-of-use assets	38,664,183	32,457,386
Property management fees	26,868,754	24,020,569
Consulting fee	14,717,282	19,006,130
Auditor's fee	7,221,331	6,808,378
Consumption of raw materials in construction contract	-	154,544,825
Others	122,176,081	90,345,480
	<u>4,831,669,393</u>	<u>4,795,495,855</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 year ended 31 December 2022, the amount is RMB74,231,189 (2021: RMB91,429,334).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

### 16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

#### (18) Investment income

	Year ended 31 December 2022	Year ended 31 December 2021
Investment income from long-term equity investment under equity method	1,292,545,747	1,251,646,244
Investment income from long-term equity investments under cost method	1,437,394,331	1,479,783,056
Investment income from disposal of long-term equity investments	594,047,725	199,010,103
Interest income from holding of debt investments	124,049,647	127,383,457
Investment income from holding of financial assets held for trading	27,048,897	30,983,260
Discount loss on financing of receivables	<u>(1,695,934)</u>	<u>(1,254,946)</u>
	<u>3,473,390,413</u>	<u>3,087,551,174</u>

#### (19) Income expenses

	Year ended 31 December 2022	Year ended 31 December 2021
Current income tax calculated based on tax law and related regulations	263,552,585	362,017,234
Deferred income tax	<u>13,235,529</u>	<u>(10,299,471)</u>
	<u>276,788,114</u>	<u>351,717,763</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:

	Year ended 31 December 2022	Year ended 31 December 2021
Total profit	<u>4,283,496,605</u>	<u>4,101,522,293</u>
Income tax expenses calculated at applicable tax rates	1,070,874,151	1,025,380,573
Investment income not subject to tax	(818,374,770)	(682,857,325)
Additional deduction of employee benefits of the disabled	(947,478)	(1,013,495)
Costs, expenses and losses not deductible for tax purposes	<u>25,236,211</u>	<u>10,208,010</u>
Income tax expenses	<u>276,788,114</u>	<u>351,717,763</u>

# SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(All amounts in RMB Yuan unless otherwise stated)

## 1 STATEMENT OF NON-RECURRING PROFIT OR LOSS

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Government grants recognised in profit or loss for the current period	155,580,971	149,112,486
Gains or losses on changes in fair value arising from holding of trading financial assets and investment income from disposal of trading financial assets in addition to the effective hedging business related to the normal operation of the Company	30,061,423	57,192,067
Gains or losses on disposal of non-current assets	15,201,237	21,236,734
Reversal of provision for impairment of accounts receivable that has been separately tested for impairment	318,952	1,384,483
Gains or losses on disposal of long-term equity investment	85,230,721	128,876,471
Net profit or loss of the subsidiary generated from the business combination under common control from the beginning of the period to the combination date	(5,675,058)	36,383,256
Other non-operating income and expenses except for the above-mentioned items	(8,320,866)	726,608
Other items within the definition of non-recurring profit or loss	<u>23,379,518</u>	<u>13,942,164</u>
Subtotal	295,776,898	408,854,269
Less: Income tax effect	(67,961,826)	(89,632,212)
Less: Non-recurring gains and losses attributable to minority shareholders	<u>(34,748,003)</u>	<u>(44,501,231)</u>
Non-recurring gains and losses attributable to shareholders of the parent company	<u><u>193,067,069</u></u>	<u><u>274,720,826</u></u>

### 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.

## 2 RETURN ON EQUITY AND EPS

	Weighted average return on equity (%)		EPS			
			Basic EPS		Diluted EPS	
	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Net profit attributable to ordinary shareholders of the company	12.43%	11.51%	0.70	0.61	0.70	0.61
Net profit attributable to ordinary shareholders of the company after deducting non-recurring profit or loss	11.90%	10.72%	0.67	0.57	0.67	0.57



青島港國際股份有限公司  
QINGDAO PORT INTERNATIONAL CO.,LTD.