



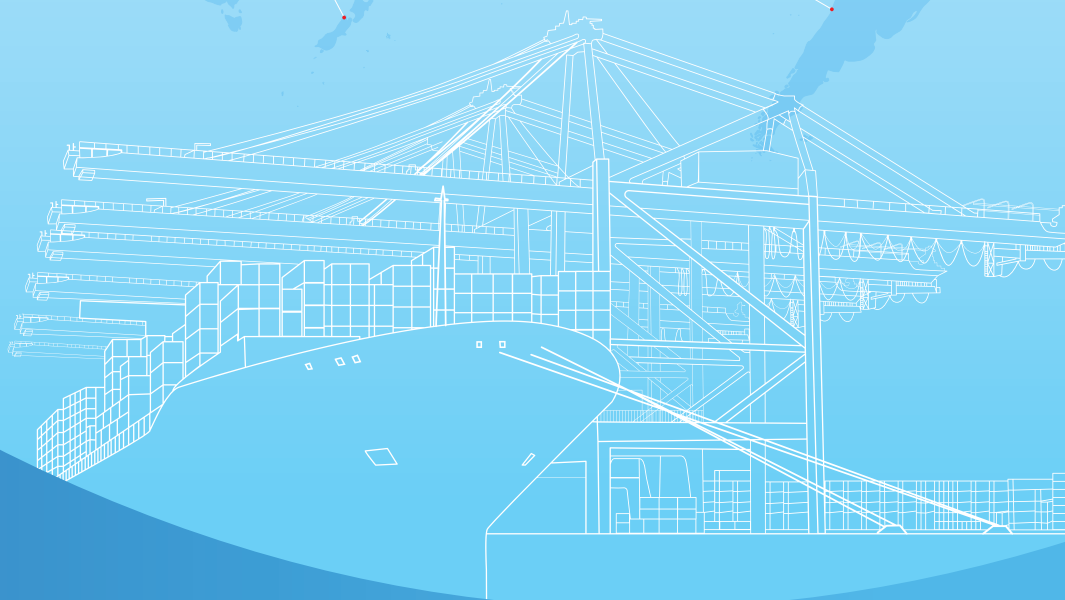
青岛港国际股份有限公司

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

2024 INTERIM REPORT



CONTENTS

2	DEFINITIONS
8	CORPORATE INFORMATION
10	COMPANY PROFILE
11	MANAGEMENT DISCUSSION AND ANALYSIS
27	OTHER INFORMATION
34	CONSOLIDATED BALANCE SHEET (UNAUDITED)
36	COMPANY BALANCE SHEET (UNAUDITED)
38	CONSOLIDATED INCOME STATEMENT (UNAUDITED)
40	COMPANY INCOME STATEMENT (UNAUDITED)
41	CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
43	COMPANY CASH FLOW STATEMENT (UNAUDITED)
45	CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
47	COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
49	NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
231	SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

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

“A share(s)”	share(s) with a nominal value of RMB1.00 each issued by the Company, which are listed on the main board of the Shanghai Stock Exchange and traded in RMB (stock code: 601298)
“A Share Offering”	the Company’s public offering 454,376,000 A shares, which are listed on the main board of the Shanghai Stock Exchange
“Asset Purchase Agreement I”	Agreement on the Acquisition of Equity Interests in Rizhao Port Oil Terminal Co., Ltd.* (日照港油品碼頭有限公司) by Qingdao Port International Co., Ltd.* (青島港國際股份有限公司) from Shandong Port Rizhao Port Group Co., Ltd.* (山東港口日照港集團有限公司) by way of Issuance of Shares and Cash Payment and Agreement on the Acquisition of Equity Interests in Rizhao Shihua Crude Oil Terminal Co., Ltd.* (日照實華原油碼頭有限公司) by Qingdao Port International Co., Ltd. from Shandong Port Rizhao Port Group Co., Ltd. by way of Issuance of Shares and Cash Payment, entered between the Company and Rizhao Port Group, both dated 12 July 2024
“Asset Purchase Agreement II”	Agreement on the Acquisition of Equity Interests in Shandong United Energy Pipeline Transportation Co., Ltd.* (山東聯合能源管道輸送有限公司) by Qingdao Port International Co., Ltd. from Shandong Port Yantai Port Group Co., Ltd.* (山東港口煙台港集團有限公司) by way of Issuance of Shares and Cash Payment and Agreement on the Acquisition of Equity Interests in Shandong Gangyuan Pipeline Logistics Co., Ltd.* (山東港源管道物流有限公司) by Qingdao Port International Co., Ltd. from Shandong Port Yantai Port Group Co., Ltd. by way of Issuance of Shares and Cash Payment, entered between the Company and Yantai Port Group, both dated 12 July 2024
“Board”	the board of Directors
“CFS”	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refers to the location designated by carriers for de-vanning of containerized cargo
“China Shipping Terminal Development”	China Shipping Terminal Development Co., Ltd.* (中海碼頭發展有限公司), a company established in March 2001 in the PRC with limited liability and a wholly-owned subsidiary of COSCO Shipping Ports Development Co., Ltd.* (中遠海運港口發展有限公司)
“Company” 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 November 2013 in the PRC with limited liability

DEFINITIONS

“Consideration Shares”	new A shares to be issued by the Company to Yantai Port Group under the Asset Purchase Agreement II and the Measures for the Administration of the Material Asset Restructurings of Listed Companies of CSRC and other relevant laws and regulations as part of the total consideration of the Target Assets
“Consolidated Group Companies”	the Company’s subsidiaries (including its branches) which are consolidated into the consolidated financial statements of the Company
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
“COSCO SHIPPING Group”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), a company established in February 2016 in the PRC with limited liability and the ultimate controlling shareholder of COSCO SHIPPING Ports and Shanghai China Shipping Terminal, indirectly holding approximately 21% equity interests in the Company as at 30 June 2024
“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), indirectly holding approximately 20% equity interests in the Company as at 30 June 2024
“CSRC”	China Securities Regulatory Commission* (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“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 May 2011 in the PRC with limited liability and a subsidiary in which the Company holds 70% equity interests, which is mainly engaged in the business of terminal stevedoring and warehousing services of liquid bulk
“Group”	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associated companies 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 Hong Kong 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 August 2011 in the PRC with limited liability and a joint venture in which the Company holds 35% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“MSC”	Mediterranean Shipping Company S.A.
“Original Target Assets”	100% equity interests in Rizhao Port Oil Terminal Co., Ltd.* (日照港油品碼頭有限公司), 50.00% equity interests in Rizhao Shihua Crude Oil Terminal Co., Ltd.* (日照實華原油碼頭有限公司), 100% equity interests in Rizhao Gangrong Port Co., Ltd.* (日照港融港口服務有限公司) held by Rizhao Port Group, and 67.56% equity interests in Yantai Port Co., Ltd.* (煙台港股份有限公司), 60.00% equity interests in Yantai Port Group Laizhou Port Co., Ltd.* (煙台港集團萊州港有限公司), 53.88% equity interests in Shandong United Energy Pipeline Transportation Co., Ltd.* (山東聯合能源管道輸送有限公司), 64.91% equity interests in Yantai Ganghang Investment Development Co., Ltd.* (煙台港航投資發展有限公司) and 100% equity interests in Yantai Port Operation Guarantee Co., Ltd.* (煙台港運營保障有限公司) held by Yantai Port Group
“PRC” or “China”	the People’s Republic of China, and for the purpose of this report, excluding Hong Kong, Macau and Taiwan
“Proposed Restructuring”	the purchase of the Target Assets by the Company by way of issuance of Consideration Shares and cash payments under the Asset Purchase Agreement I and the Asset Purchase Agreement II, pursuant the Measures for the Administration of the Material Asset Restructurings of Listed Companies of CSRC and other relevant laws and regulations
“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 January 2014 in the PRC with limited liability and a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services

DEFINITIONS

“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 May 1992 in the PRC with limited liability and an associated company in which the Company holds 49% equity interests, which is mainly engaged in the business of construction engineering, architectural decoration and engineering design services, etc.
“Qingdao Port Equipment”	Qingdao Port Equipment Manufacturing Co., Ltd.* (青島港口裝備製造有限公司), a company established in the PRC with limited liability in November 2020 and an associated company in which the Company holds 49% equity interests, which is mainly engaged in port equipment manufacturing, engineering construction, maintenance and repair and other business
“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 August 1988 in the PRC with limited liability, the controlling shareholder of the Company, holding approximately 55.77% equity interests in the Company as at 30 June 2024
“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 February 2006 in the PRC with limited liability and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“QQCT”	Qingdao Qianwan Container Terminal Co., Ltd.* (青島前灣集裝箱碼頭有限責任公司), a company established in May 2000 in the PRC with limited liability and a joint venture in which the Company holds 51% equity interests, 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 in 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 in 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 Agreement
“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 February 2004 in the PRC with limited liability 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 and other businesses at the port of Rizhao

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Free Trade Zone”	China (Shandong) Pilot Free Trade Zone
“Shandong Port Finance Company”	Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司), a company established in the PRC with limited liability in July 2014 and an associated company in which the Company holds 34.63% equity interests, which is mainly engaged in the business of the depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services, trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company established in August 2019 in the PRC with limited liability with Shandong SASAC as the de facto controller, holding 100% equity interests in Qingdao Port Group
“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 December 2015 in the PRC with limited liability and a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“Shandong SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shandong Province* (山東省人民政府國有資產監督管理委員會), which is the de facto 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 February 2008 in the PRC with limited liability and a wholly-owned subsidiary of China Shipping Terminal Development, holding approximately 15.64% equity interests in the Company as at 30 June 2024
“Shanghai Cooperation Demonstration Zone”	China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Target Assets”	100% equity interests in Rizhao Port Oil Terminal Co., Ltd.* (日照港油品碼頭有限公司) and 50.00% equity interests in Rizhao Shihua Crude Oil Terminal Co., Ltd.* (日照實華原油碼頭有限公司) held by Rizhao Port Group, and 53.88% equity interests in Shandong United Energy Pipeline Transportation Co., Ltd.* (山東聯合能源管道輸送有限公司) and 51.00% equity interests in Shandong Gangyuan Pipeline Logistics Co., Ltd.* (山東港源管道物流有限公司) held by Yantai Port Group

DEFINITIONS

“TEU”	an abbreviation of Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of 20 feet, a width of 8 feet and a height of 8 feet and 6 inches, also known as the international unit of standard container
“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 June 2010 in the PRC with limited liability and a joint venture in which the Company holds 51% equity interests, which is mainly engaged in the business of dry bulk cargo and break bulk cargo handling and ancillary services
“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 the PRC with limited liability in November 1984 and a wholly-owned subsidiary of Shandong Port Group, which is mainly engaged in the business of 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 (H shares)
21 January 2019 (A shares)

PLACES OF LISTING

Main board of the Hong Kong Stock Exchange (H shares)
Main board of the Shanghai Stock Exchange (A shares)

ABBREVIATED CHINESE STOCK NAME

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

ABBREVIATED ENGLISH STOCK NAME

Qingdao Port (only applied to H shares)

STOCK CODES

06198 (H shares)
601298 (A shares)

TELEPHONE

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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
Mr. CUI Liang
Ms. WANG Fuling

(3) Independent Non-executive Directors

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

CORPORATE INFORMATION

SUPERVISORY COMMITTEE

Mr. YUAN Qing (*Chairman*)
Mr. WANG Yaping
Mr. YANG Qiulin
Mr. LIU Shuiguo
Mr. LOU Gang
Ms. YAO Junjun

COMPANY SECRETARY

Ms. SUN Hongmei

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
Mr. CUI Liang
Ms. WANG Fuling
Mr. JIANG Min

(2) Audit Committee

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

(3) Nomination Committee

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

(4) Remuneration Committee

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

H SHARE REGISTRAR

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

LEGAL ADVISERS

(1) As to Hong Kong law

Zhong Lun Law Firm
4/F, Jardine House
1 Connaught Place
Central, Hong Kong

(2) As to PRC law

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

PRINCIPAL BANKERS

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

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

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

The Group is the primary operator of the Port of Qingdao and operates five port areas, including Qianwan Port Area, Huangdao Oil Port Area, Dongjiakou Port Area, Dagang Port Area and Weihai Port Area. It mainly provides stevedoring and ancillary services for containers, metal ore, coal, crude oil and other cargoes, logistics and port value-added services, port ancillary services and other services.

As of 30 June 2024, the Group operated 112 berths, which included 70 special berths dedicated to handling a single type of cargo and 42 general berths capable of handling metal ore, coal and other general cargo.

Leveraging on the natural deep-water capacity and industry-leading facilities and equipment, services and management, the Group can accommodate the world's largest container vessels, iron ore vessels and oil tankers. The Group possesses world-leading stevedoring efficiency, the fully automatic container terminal made the world record of 60.2 TEUs per hour as the single-machine average operating rate, for the tenth time to set a new world record for handling efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERNATIONAL AND DOMESTIC SITUATION

1. General Situation

So far this year, with the increasing adverse effects of external environmental changes and the challenge of insufficient domestic effective demand, PRC has strengthened macroeconomic regulation and effectively responded to risks and challenges, and the operation of economy remained stable overall while at the same time securing progress, and continued to keep a recovery and upturn momentum. In the first half of 2024, the gross domestic product (GDP) of PRC increased by 5% as compared to the same period in the prior year, the total value of imports and exports of cargo increased by 6.1% as compared to the same period in the prior year, of which exports increased by 6.9% as compared to the same period in the prior year, and imports increased by 5.2% as compared to the same period in the prior year, and the trade structure optimized continuously (source: National Bureau of Statistics).

2. Operation of the Port Industry

In the first half of 2024, cargo throughput of the coastal ports in China increased by 4.4% as compared to the same period in the prior year, among which, the container throughput increased by 8.6% as compared to the same period in the prior year (source: Ministry of Transport of the PRC). In the first half of 2024, the cargo throughput and container throughput of the port of Qingdao both ranked fourth among the national coastal ports in China, and continued to rank second among the coastal ports in China and first among northern ports in China in terms of foreign trade throughput (source: Ministry of Transport of the PRC).

II. REVIEW OF BUSINESS AND FINANCIAL RESULTS OF THE GROUP

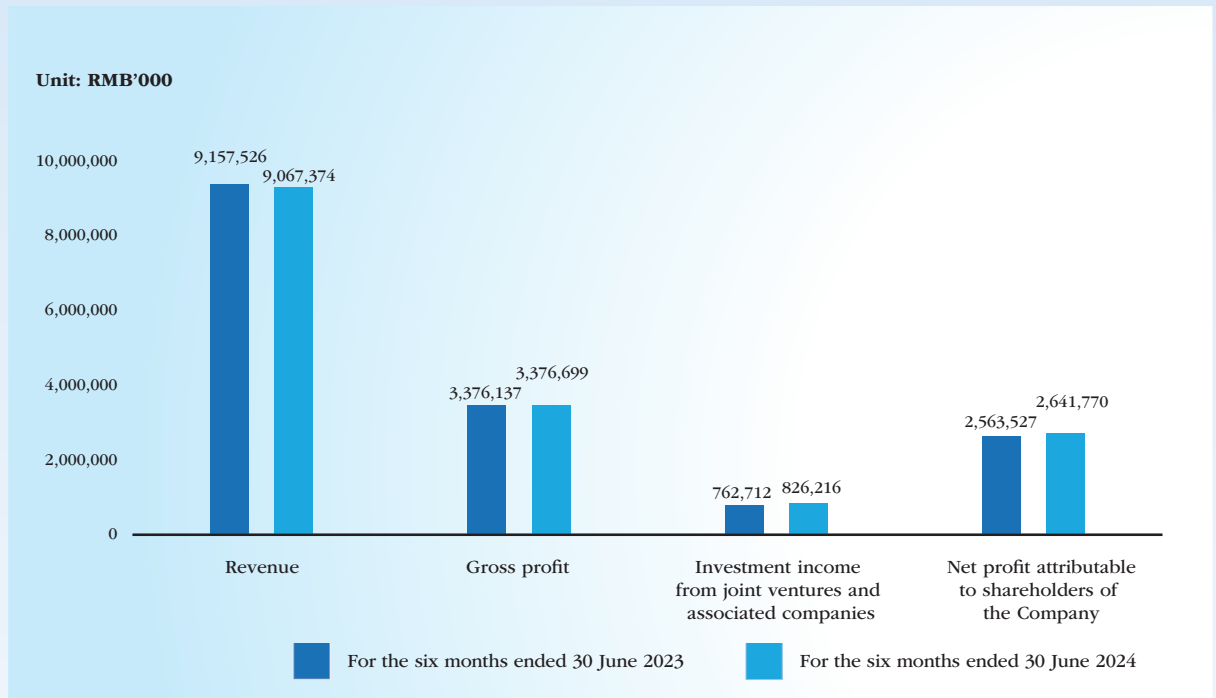
1. Overall Review

So far this year, in the face of the severe and complex external situation, the Group has adhered to the construction of a comprehensive supply chain service system as the main line, given full play to the advantages of the port, seized the opportunity of policies such as the Shandong Free Trade Zone, the Shanghai Cooperation Demonstration Zone and the RCEP pilot demonstration zone, continued to open shipping routes, expand the shipping space and promote transshipment services seawards and to open more freight trains, construct inland ports and expand cargo source landwards, maintained steady growth in operating performance and further improved the port's radiation capacity, and the Group's position as the "estuary" of the Yellow River basin and a "bridgehead" in opening up has been further cemented and its hub status has been further enhanced.

For the six months ended 30 June 2024, the cargo throughput of the Group (without taking into account the respective shareholding percentages held by the Company in its joint ventures and associated companies) reached 354.44 million tons, representing an increase of 6.7% as compared to the same period in the prior year; among which, the container throughput reached 15.82 million TEUs, representing an increase of 9.0% as compared to the same period in the prior year.

The details of major operating indicators were as follows:

Comparison of Major Operating Results Indicators



For the six months ended 30 June 2024, the Group recorded a revenue of RMB9,067 million, representing a decrease of RMB90 million, or 0.98%, as compared to the same period in the prior year.

For the six months ended 30 June 2024, the Group recorded a cost of sales of RMB5,691 million, representing a decrease of RMB91 million, or 1.57%, as compared to the same period in the prior year.

For the six months ended 30 June 2024, the Group recorded a gross profit of RMB3,377 million, remaining basically unchanged as compared to the same period in the prior year.

For the six months ended 30 June 2024, the Group's investment income from joint ventures and associated companies amounted to RMB826 million, representing an increase of RMB64 million, or 8.33%, as compared to the same period in the prior year, mainly due to the increase in the investment income from the container handling and ancillary services segment.

For the six months ended 30 June 2024, the financial expenses of the Group amounted to RMB24 million, representing a decrease of RMB29 million, or 55.27%, as compared to the same period in the prior year, mainly due to a decrease in interest charges arising from reducing the scale of interest-bearing liabilities and lowering borrowing rates.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2024, the Group recorded a net profit attributable to shareholders of the Company of RMB2,642 million, representing an increase of RMB78 million, or 3.05%, as compared to the same period in the prior year, mainly due to the increase in the profit from the container handling and ancillary services segment.

2. Segment Review

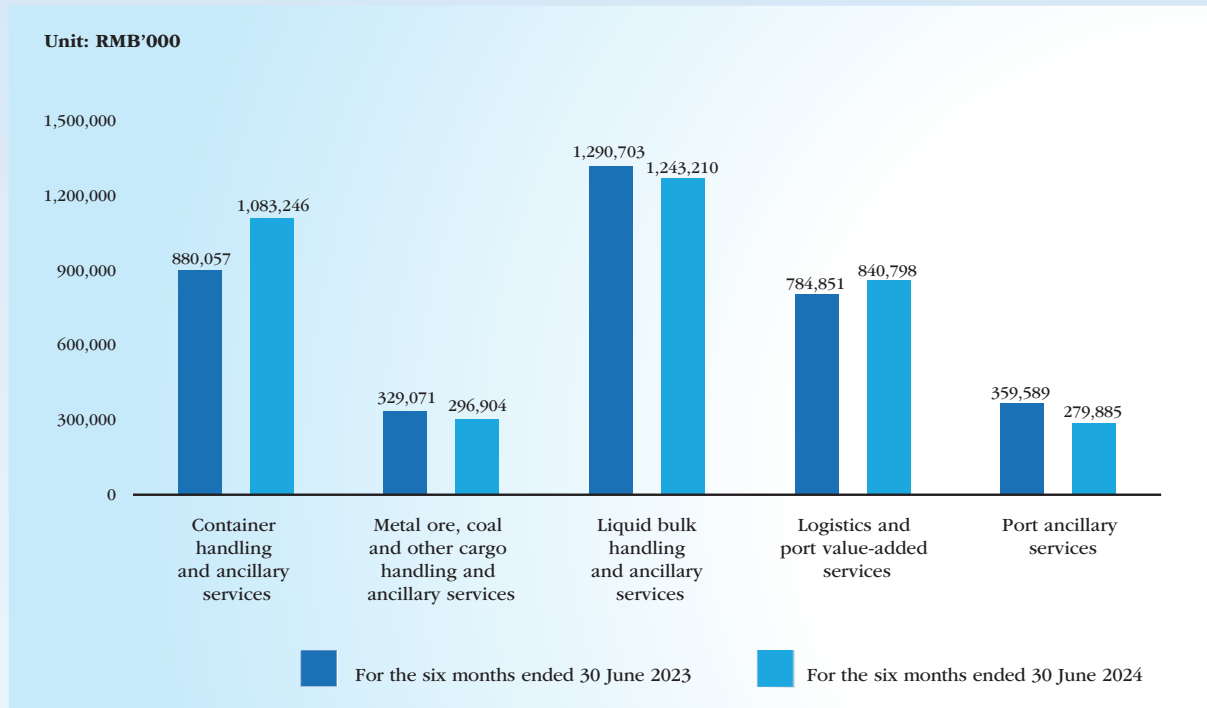
The business segment results (total profit) of the Group were listed as follows:

Proportion of Each Business Segment Results

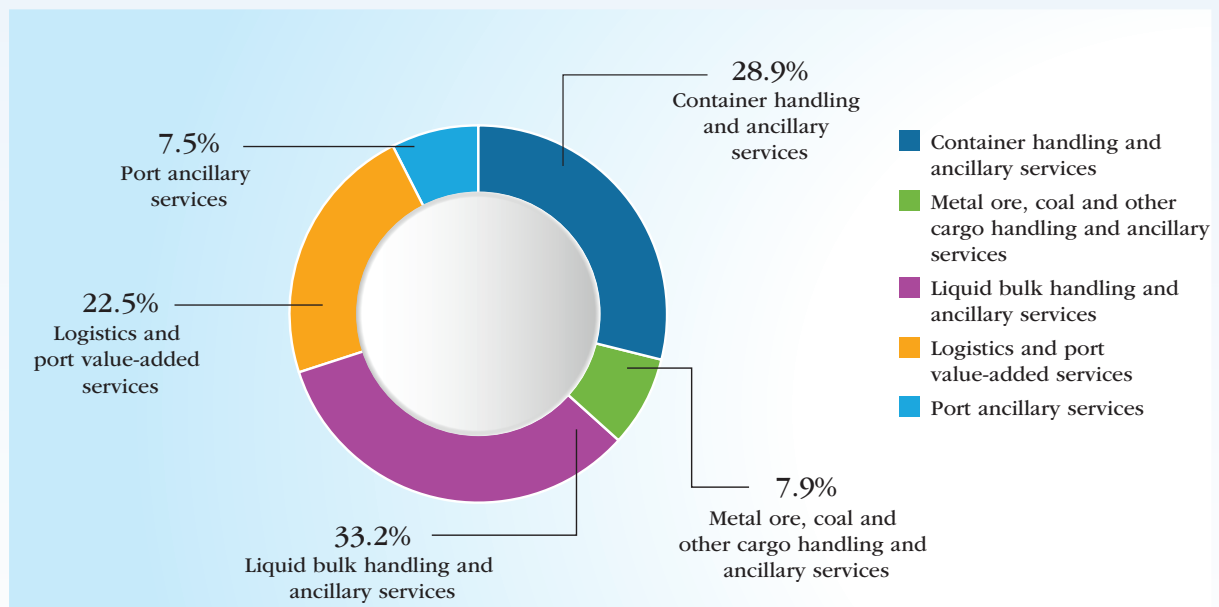
Unit: RMB'000

Business Segments	For the six months ended 30 June 2024		2023		Percentage Changed
	Amount	Proportion	Amount	Proportion	
Container handling and ancillary services	1,083,246	28.9%	880,057	24.2%	23.1%
Metal ore, coal and other cargo handling and ancillary services	296,904	7.9%	329,071	9.0%	-9.8%
Liquid bulk handling and ancillary services	1,243,210	33.2%	1,290,703	35.4%	-3.7%
Logistics and port value-added services	840,798	22.5%	784,851	21.5%	7.1%
Port ancillary services	279,885	7.5%	359,589	9.9%	-22.2%
Total results before inter-segment elimination	<u>3,744,043</u>	<u>100.0%</u>	<u>3,644,271</u>	<u>100.0%</u>	2.7%

Comparison of Each Business Segment Results



Breakdown of each business segment for the six months ended 30 June 2024



MANAGEMENT DISCUSSION AND ANALYSIS

The business segment results were specifically as follows:

(1) Container handling and ancillary services

Unit: RMB'000

	For the six months			
	ended 30 June			
Item	2024	2023	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	755,807	601,136	154,671	25.7%
Cost of sales	157,736	125,772	31,964	25.4%
Gross profit	598,071	475,364	122,707	25.8%
Profit of Consolidated Group Companies	539,391	401,223	138,168	34.4%
A Joint Venture and An Associated Company				
Revenue	2,909,629	2,642,999	266,630	10.1%
Cost of sales	1,062,817	1,026,294	36,523	3.6%
Investment Income from A Joint Venture and An Associated Company	543,855	478,834	65,021	13.6%
Segment Result	1,083,246	880,057	203,189	23.1%

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

For the six months ended 30 June 2024, the Group adhered to the land-sea linkage, seawards, to open shipping routes and promote transshipment services; landwards, to open more freight trains and expand cargo categories, accelerating the construction of “International Shipping Hub in Northeast Asia” with full efforts. The main breakthroughs achieved were as follows:

- a. the Group continued to promote the expansion of seawards market, cooperated with shipping companies to expand the route network, newly opened 8 container shipping routes and recorded an increase of 14.2% as compared to the same period in the prior year in transshipment volume, accelerating to build an international hub port. In response to the shortage of shipping space and other conditions caused by the Red Sea crisis and other factors, the Group coordinated with shipping companies to increase more than 450 additional voyages to meet the shipment needs of foreign trade enterprises; and
- b. the Group leveraged on the advantages of land-sea linkage, continued to expand land channels, added up 9 inland ports, opened 6 sea-rail intermodal trains to accomplish sea-rail intermodal containers of 1.31 million TEUs with an increase of 13.4% as compared to the same period in the prior year in the first half of 2024, and the inland radiation service capability continuously enhanced.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2024, the revenue of container handling and ancillary services was RMB756 million, representing an increase of RMB155 million, or 25.7%, as compared with the same period in the prior year; the segment results recorded RMB1,083 million, representing an increase of RMB203 million, or 23.1%, as compared with the same period in the prior year, mainly due to the increase in revenue and profit benefiting from the increase of container volume. The investment income from the joint venture and the associated company amounted to RMB544 million, representing an increase of RMB65 million, or 13.6%, as compared with the same period in the prior year, mainly due to the increase of container handling volume and the optimization of container type structure.

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

Unit: RMB'000

Item	QQCT		Amount Changed	Percentage Changed
	For the six months			
	ended 30 June 2024	2023		
Revenue	2,878,953	2,611,102	267,851	10.3%
Cost of sales	1,037,101	1,000,224	36,877	3.7%
Investment income	78,949	60,181	18,768	31.2%
Total profit	1,417,170	1,255,039	162,131	12.9%
Income tax expenses	303,718	292,619	11,099	3.8%
Net profit attributable to shareholders of the joint venture	1,096,129	947,561	148,568	15.7%
Shareholding percentage held by the Company	51%	51%	–	–
Investment income of the Group	558,836	481,553	77,283	16.1%

MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB'000

	For the six months			
	ended 30 June		Amount	Percentage
Item	2024	2023	Changed	Changed
Consolidated Group Companies				
Revenue	2,092,589	2,137,402	-44,813	-2.1%
Cost of sales	1,648,525	1,624,189	24,336	1.5%
Gross profit	444,064	513,213	-69,149	-13.5%
Profit of Consolidated Group Companies	281,541	314,529	-32,988	-10.5%
Joint Ventures				
Revenue	1,123,967	1,059,854	64,113	6.0%
Cost of sales	954,317	883,667	70,650	8.0%
Investment Income from Joint Ventures	15,363	14,542	821	5.6%
Segment Result	296,904	329,071	-32,167	-9.8%

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

For the six months ended 30 June 2024, the Group actively responded to changes in the macro situation, innovated marketing, deepened strategic cooperation with key customers, proactively expanded new hinterland markets and conducted value-added services. The main breakthroughs achieved were as follows:

- the Group leveraged on joint marketing to expand the customer group of dry bulk cargo, and developed a total of 11 new customers in the first half of 2024, achieving an increase of cargo source of more than 1.40 million tons;
- the Group guided by personalized mining needs of customers, focused on attracting traders to land non-mainstream mines to the port, with an increase of nearly 3 million tons as compared to the same period in the prior year in supply volume; and
- the Group vigorously expanded the markets in Shaanxi and Shanxi province, and opened five new logistics channels transported by the railway in the first half of 2024, with a cumulative shipment of approximately 1.20 million tons of bauxite, and continuing to increase the markets share over the hinterland.

For the six months ended 30 June 2024, the revenue of metal ore, coal and other cargo handling and ancillary services amounted to RMB2,093 million, representing a decrease of RMB45 million, or 2.1%, as compared with the same period in the prior year; the segment results recorded RMB297 million, representing a decrease of RMB32 million, or 9.8%, as compared with the same period in the prior year, mainly due to a decrease in revenue and profit arising from the increase in the proportion of low rate business volume.

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

	For the six months			
	ended 30 June			
Item	2024	2023	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	1,953,257	2,031,383	-78,126	-3.8%
Cost of sales	726,051	767,003	-40,952	-5.3%
Gross profit	1,227,206	1,264,380	-37,174	-2.9%
Profit of Consolidated Group Companies	1,136,439	1,151,323	-14,884	-1.3%
Joint Ventures				
Revenue	622,266	819,647	-197,381	-24.1%
Cost of sales	322,548	391,664	-69,116	-17.6%
Investment Income from Joint Ventures	106,771	139,380	-32,609	-23.4%
Segment Result	1,243,210	1,290,703	-47,493	-3.7%

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

For the six months ended 30 June 2024, the Group continued to increase the efficiency of terminals, storage tanks and oil pipelines and other resources, continuously enriching business formats. The main breakthroughs achieved were as follows:

- the Group fully utilized the crude oil futures delivery warehouse with a new approved storage capacity of 800,000 cubic meters. In the first half of 2024, the Group completed warehousing and delivery of 2.84 million barrels (approximately 400,000 tons) of future crude oil, achieving the increase in volume and profits of future warehousing business; and
- the market outside Shandong province, such as Hebei, Shaanxi and other provinces in China, has achieved significant breakthroughs. By relying on the whole process logistics services of sea transportation and railway transshipment, the cargo throughput increased 2.6 million tons.

For the six months ended 30 June 2024, the revenue of liquid bulk handling and ancillary services business amounted to RMB1,953 million, representing a decrease of RMB78 million, or 3.8%, as compared with the same period in the prior year; the segment results recorded RMB1,243 million, representing a decrease of RMB47 million, or 3.7%, as compared with the same period in the prior year, mainly due to the decrease of revenue and profit affected by the factors including new crude oil terminals put into operation from the neighboring ports and the decrease of production in refinery. The investment income from joint ventures amounted to RMB107 million, representing a decrease of RMB33 million, or 23.4%, as compared with the same period in the prior year, mainly due to the profit decrease in joint ventures resulting from the decrease in business volume.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB'000

Item	Qingdao Shihua			Dongjiakou Oil			Shandong Port Lianhua		
	For the six months		Percentage Changed	For the six months		Percentage Changed	For the six months		Percentage Changed
	ended 30 June 2024	2023		ended 30 June 2024	2023		ended 30 June 2024	2023	
Revenue	562,661	738,140	-23.8%	309,531	461,775	-32.97%	660,560	749,350	-11.8%
Cost of sales	271,414	347,501	-21.9%	143,416	158,106	-9.29%	231,581	295,534	-21.6%
Net profit	214,041	258,990	-17.4%	118,020	239,478	-50.72%	301,128	314,899	-4.4%
Shareholding percentage held by the Company	50%	50%	-	70%	70%	-	51%	51%	-
Investment income of the Group	109,248	131,723	-17.1%	-	-	-	-	-	-

(4) Logistics and port value-added services

Unit: RMB'000

	For the six months			
	ended 30 June			
Item	2024	2023	Amount Changed	Percentage Changed
Consolidated Group Companies				
Revenue	3,537,703	3,599,820	-62,117	-1.7%
Cost of sales	2,642,204	2,735,697	-93,493	-3.4%
Gross profit	895,499	864,123	31,376	3.6%
Profit of Consolidated Group Companies	773,935	741,239	32,696	4.4%
Joint Ventures and Associated Companies				
Revenue	478,678	397,713	80,965	20.4%
Cost of sales	334,252	280,740	53,512	19.1%
Investment Income from Joint Ventures and Associated Companies	66,863	43,612	23,251	53.3%
Segment Result	840,798	784,851	55,947	7.1%

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

For the six months ended 30 June 2024, the Group vigorously developed its modern logistics business and achieved breakthroughs in market development, project achievement, and business innovation:

- the Group continued to strengthen cooperation with major shipping companies and consolidated its market share. In the first half of 2024, the export operation volume of CFS business amounted to 2.13 million TEUs, with an increase of 8.6% as compared to the same period in the prior year;

- b. the Group accelerated to expand the market, successfully developed more than 40 new customers, added bauxite, manganese ore and other goods, and completed 22.91 million tons of freight forwarding business; and
- c. the Group has actively visited shipping companies, increased 6 new shipping routes such as east coast of the United States service of Maersk and South America of MSC, and achieved 94 additional shipping agency business and shipping space agency of 170 voyages in total.

For the six months ended 30 June 2024, the revenue of logistics and port value-added services business amounted to RMB3,538 million, representing a decrease of RMB62 million, or 1.7%, as compared with the same period in the prior year, mainly due to the decrease of revenue by using net method to account arising from the change in business models of the transportation and distribution business. The investment income from joint ventures and associated companies amounted to RMB67 million, representing an increase of RMB23 million, or 53.3%, as compared with the same period in the prior year, mainly due to the profit increase arising from the investment income from equity disposal of an associated company. The segment results recorded RMB841 million, representing an increase of RMB56 million, or 7.1%, as compared with the same period in the prior year, mainly due to the increase in volume and profit from CFS business.

(5) Port ancillary services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2024	2023		
Consolidated Group Companies				
Revenue	728,018	787,785	-59,767	-7.6%
Cost of sales	516,160	528,729	-12,569	-2.4%
Gross profit	211,858	259,056	-47,198	-18.2%
Profit of Consolidated Group Companies	193,734	264,323	-70,589	-26.7%
Joint Ventures and Associated Companies				
Revenue	2,303,065	2,395,341	-92,276	-3.9%
Cost of sales	1,529,116	1,668,592	-139,476	-8.4%
Investment Income from Joint Ventures and Associated Companies				
	86,151	95,266	-9,115	-9.6%
Segment Result	279,885	359,589	-79,704	-22.2%

Note: Amounts of revenue and cost of sales of the joint ventures and associated companies represent the amount of those in the financial statement of Qingdao Port Equipment, Qingdao Port Engineering, Shandong Port Finance Company, Qingdao Qingyin Financial Leasing Co., Ltd.* (青島青銀金融租賃有限公司) and other joint ventures and associated companies of the Company, without taking into account of the respective shareholding percentages held by the Company in these joint ventures and associated companies.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2024, the revenue of port ancillary services amounted to RMB728 million, representing a decrease of RMB60 million, or 7.6%, as compared with the same period in the prior year, mainly due to a decrease of revenue arising from the decrease of certain ancillary service business. The investment income from joint ventures and associated companies amounted to RMB86 million, representing a decrease of RMB9 million, or 9.6%, as compared with the same period in the prior year, mainly due to the decrease of profit in the associated company which is engaged in project construction service. The segment results recorded RMB280 million, representing a decrease of RMB80 million, or 22.2%, as compared with the same period in the prior year, mainly resulting from reversal of credit impairment loss due to recovery of port equipment construction payments in the same period of last year.

3. Financial Position Analysis

Unit: RMB'000

Item	As at 30 June 2024	As at 31 December 2023	Amount Changed	Percentage Changed
Financial assets held for trading	84,824	284,562	-199,738	-70.2%
Advances to suppliers	231,044	126,612	104,432	82.5%
Other receivables	899,122	668,059	231,063	34.6%
Contract assets	176,731	89,441	87,290	97.6%
Held for sale assets	–	84,926	-84,926	-100.0%
Other current assets	351,929	197,410	154,519	78.3%
Notes payable	441,602	917,624	-476,022	-51.9%
Other payables	5,866,927	3,815,970	2,050,957	53.7%

As at 30 June 2024, the Group's financial assets held for trading decreased by RMB200 million, or 70.2%, as compared to the beginning of this year, mainly due to the redemption of structured deposit at maturity.

As at 30 June 2024, the Group's advances to suppliers increased by RMB104 million, or 82.5%, as compared to the beginning of this year, mainly due to the increase of prepaid transportation fees.

As at 30 June 2024, the Group's other receivables increased by RMB231 million, or 34.6%, as compared to the beginning of this year, mainly due to the increase of receivable transportation agency fees.

As at 30 June 2024, the Group's contract assets increased by RMB87 million, or 97.6%, as compared to the beginning of this year, mainly due to the increase of the amount of receivables in power supply engineering projects which do not meet the collection conditions.

As at 30 June 2024, the Group's held for sale assets decreased by RMB85 million, or 100%, as compared to the beginning of this year, mainly due to that the assets held for sale at the end of last year have been sold in this period.

As at 30 June 2024, the Group's other current assets increased by RMB155 million, or 78.3%, as compared to the beginning of this year, mainly due to the increase in input tax to be deducted from value-added tax in this period.

As at 30 June 2024, the Group's notes payable decreased by RMB476 million, or 51.9%, as compared to the beginning of this year, mainly due to the payment of notes at maturity.

As at 30 June 2024, the Group's other payables increased by RMB2,051 million, or 53.7%, as compared to the beginning of this year, and the main increase is the cash dividends declared by the Company but not yet be paid.

4. Cash Flow Analysis

For the six months ended 30 June 2024, the Group's net cash inflow amounted to RMB844 million, among which:

- (1) the net cash inflow from operating activities amounted to RMB1,717 million, which was mainly derived from the net cash inflow from the operating activities of the Consolidated Group Companies;
- (2) the net cash outflow from investing activities amounted to RMB536 million, which mainly comprised of the net inflow of RMB465 million arising from the redemption of the structured deposit and the fixed deposit with more than three months purchased at maturity, the payment of RMB87 million from investments, financing and other dividend income, and the payment of RMB1,208 million arising from the purchase of fixed assets and construction in progress; and
- (3) the net cash outflow from financing activities amounted to RMB337 million, which mainly comprised of receiving borrowings of RMB427 million, the repayment of borrowings of RMB263 million, the repayment of debt interests of RMB50 million, and the payment of RMB359 million for distribution of dividends by subsidiaries.

5. Working Capital and Financial Resources

As at 30 June 2024, the Group's cash at bank and on hand amounted to RMB11,478 million, the structured deposit amounted to RMB80 million. The Group's total interest-bearing liabilities amounted to RMB2,565 million, among which, liabilities bearing interest at floating rates amounted to RMB1,681 million.

6. Capital Structure

As at 30 June 2024, the total shareholders' equity of the Group amounted to RMB45,105 million, representing an increase of RMB567 million as compared to the beginning of this year, among which, the equity interests attributable to the shareholders of the Company increased by RMB759 million and the equity interests of minority shareholders decreased by RMB193 million. The increase in the equity interests attributable to the shareholders of the Company was mainly due to the increase of RMB2,642 million in operating profit during the reporting period and the decrease of RMB1,900 million in the Company's declared dividends to distribute for the year 2023; and the decrease in the equity interests of minority shareholders was mainly due to the increase of RMB285 million in operating profit during the reporting period and the decrease of RMB480 million in declared dividends of the subsidiaries of the Company to distribute for the year 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Company had issued 6,491,100,000 shares, comprising of 5,392,075,000 A shares and 1,099,025,000 H shares, representing 83.07% and 16.93% of the total issued shares of the Company, respectively. The A share market capitalization and H share market capitalization of the Company were RMB51,548 million and HKD6,550 million, respectively (which were calculated based on the closing price of RMB9.56 per share on the Shanghai Stock Exchange and the closing price of HKD5.96 per share on the Hong Kong Stock Exchange as at 28 June 2024).

7. Gearing Ratio

As at 30 June 2024, the Group's cash at bank and on hand exceeded interest-bearing liabilities.

8. Interest Rate and Exchange Rate Risks

As at 30 June 2024, the Group did not have cash at bank and on hand and receivables with floating interest rate, the amount payable with floating interest rates was RMB1,681 million. The Group assessed the interest rate risk and anticipated that interest rate fluctuation would have no material impact on the Group.

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

The Group will continue to closely monitor interest rate and exchange rate risks. The Group did not enter into any hedging arrangements to hedge against exposures to interest rate and exchange rate risks for the six months ended 30 June 2024.

9. Financial Indicators

Indicators	For the six months ended 30 June		
	2024	2023	Change (+/-)
Return on total assets	4.79%	4.87%	- 0.08 percentage point
Weighted average return on net assets	6.50%	6.63%	- 0.13 percentage point
Interest coverage ratio	59.56	44.84	+14.72 times
Current ratio	1.66	1.42	+0.24

For the six months ended 30 June 2024, the return on total assets of the Group was 4.79%, representing a decrease of 0.08 percentage point as compared to the same period in the prior year; the weighted average return on net assets was 6.50%, representing a decrease of 0.13 percentage point as compared to the same period in the prior year, mainly due to that the crude oil reserves and other projects which were newly put into production last year did not fully released productivity. The interest coverage ratio of the Group was 59.56 times, representing an increase of 14.72 times as compared to the same period in the prior year, mainly due to the increase in profit before interest and tax and the decrease of interest charges. The current ratio of the Group was 1.66, representing an increase of 0.24 as compared to the same period in the previous year, mainly due to that the cash and cash equivalents and other current assets at the end of the reporting period was more than those at the end of the same period of the prior year.

III. CAPITAL INVESTMENT

For the six months ended 30 June 2024, the significant capital investment of the Group was RMB448 million, mainly invested in the general-use terminal grain silo phase III project, liquid chemical terminal tank area project in Dongjiakou port area and other projects.

IV. SIGNIFICANT ENTRUSTED WEALTH MANAGEMENT

For the six months ended 30 June 2024, the Group did not have the entrusted wealth management with a single investment amount more than RMB200 million.

V. SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

For the six months ended 30 June 2024, the Group did not have any significant acquisition and disposal of subsidiaries, joint ventures and associated companies.

VI. MORTGAGE AND PLEDGE OF ASSETS

As at 30 June 2024, none of the Group's assets was mortgaged or pledged.

VII. CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

VIII. EMPLOYEES

As at 30 June 2024, the Company engaged 3,019 employees, and the Company's principal subsidiaries engaged 6,340 employees. The employees' remunerations of the Group include basic salaries and performance incentives. The growth of employees' remunerations is determined by their working performance, economic environment, and supply and demand conditions of human resource market, under the "two matches" principle to match the employees' income growth with the growth of the Company's results and the increase of production rate. Meanwhile, the Group's remuneration policy is reviewed on a regular basis as well. Adhering to its "people-centered" philosophy and safeguarding the legitimate rights and interests of employees, the Group contributes social insurances, enterprise annuity and supplementary medical insurance as required by the relevant regulations of the PRC to provide extra welfare scheme to its employees. The Company provides regular trainings for employees to keep them abreast of the latest news and developments in the industry, in the form of both internal trainings and external trainings.

IX. DESCRIPTION OF OTHER OPERATING MATTERS

As the Company plans to construct an international port for cruise liners by transforming and upgrade, the business of Dagang Port Area will be gradually relocated to Dongjiakou Port Area and Qianwan Port Area. In March 2020, Qingdao international home port for cruise liners started construction and the construction was gradually carried on as planned. As at 30 June 2024, the construction of international port for cruise liners had no effect on the main business of Dagang Port Area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area and operations of certain clients around Huangdao Oil Port Area to Dongjiakou Port Area. As at 30 June 2024, the Group did not receive any relocation plan or relevant notice, and did not obtain any information in relation to such relocation of clients and businesses to Dongjiakou Port Area, hence the operation of Huangdao Oil Port Area was not affected.

X. SUBSEQUENT EVENTS

On 30 June 2023, the Company entered into original asset purchase agreements with Rizhao Port Group and Yantai Port Group, respectively, to acquire Original Target Assets. Due to the scope adjustment of the Original Target Assets involved in the above transaction, on 12 July 2024, the Company entered into (i) the Asset Purchase Agreement I with Rizhao Port Group, pursuant to which, the Company conditionally agreed to purchase 100% equity interests in Rizhao Port Oil Terminal Co., Ltd.* (日照港油品碼頭有限公司) and 50.00% equity interests in Rizhao Shihua Crude Oil Terminal Co., Ltd.* (日照實華原油碼頭有限公司) held by Rizhao Port Group; and (ii) the Asset Purchase Agreement II with Yantai Port Group, pursuant to which, the Company conditionally agreed to purchase 53.88% equity interests in Shandong United Energy Pipeline Transportation Co., Ltd.* (山東聯合能源管道輸送有限公司) and 51.00% equity interests in Shandong Gangyuan Pipeline Logistics Co., Ltd.* (山東港源管道物流有限公司) held by Yantai Port Group. Please refer to the Company's announcements dated 27 June 2023, 30 June 2023, 27 December 2023, 9 July 2024 and 12 July 2024 and the circular dated 15 August 2024 for details. As at the date of the report, the transactions above have not been completed.

Save as disclosed above, there is no material subsequent event of the Group after 30 June 2024.

XI. OUTLOOK FOR THE SECOND HALF OF 2024

In the second half of 2024, the global economic situation is complex and complicated, and the external environment is unstable and uncertain, but the economy of China bears great tenacity, potential and vitality, and its long-term positive fundamentals have not changed. At present, the Group is in a situation where business development opportunities and challenges coexist, it will take advantage of the opportunity of integrated reform of Shandong Port to build an international shipping hub in Northeast Asia as its goal, seize policy benefits, continue to deepen reform, focus on performance, and create greater value for the shareholders of the Company and the society.

Firstly, the Group will focus more on the upgrading of the hub energy level. We will set the goals to construct the world-class marine port group and build the great international logistic channel, grasp the good momentum of the development of container business, increase shipping routes, expand shipping space, and make every effort to cement the unassailable position of an international container hub in Northeast Asia. We will construct inland ports, open trains, and create the most important, most economical and most convenient outlet to the sea along the Yellow River Basin, and the volume of sea-rail intermodal containers will remain the first among the industry. We will concentrate on the upgrading of port facilities and accelerate the operation of key engineering projects early.

Secondly, the Group will focus more on the construction of new quality productive forces. We will accelerate the intelligent and green port construction, and build the industry's first digital and intelligent integration platform. We will accelerate the promotion and application of the intelligent management and control system for the fully automated container terminal, and lead the fully automated container terminal in the world. We will make every effort to build a "zero-carbon" terminal and take the lead in launching "carbon footprint" services among other ports in the country. We will strive to become the first container "Five-star Green Port Area" and one of the first batch of "Four-star Green Ports" in terms of break bulk cargo terminals in China.

Thirdly, the Group will focus more on the upgrading of management efficiency. We will optimize the internal control operation system, improve the risk prevention and control mechanism, and raise the quality of intrinsic safety management. We will improve the modern enterprise governance system, deepen the quality-first concept, and promote advanced quality management concepts and methods. We will innovate people-oriented management, expand the career development channels for employees, strengthen staff training, and make every effort to build our core team and talents with strong comprehensive ability.

OTHER INFORMATION

I. CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules for the six months ended 30 June 2024.

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

The Company has adopted the Model Code of Appendix C3 to the Hong Kong Listing Rules as its own code of conduct for securities transactions by Directors and Supervisors. Specific enquiry has been made to all the Directors and Supervisors and each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code for the six months ended 30 June 2024.

III. 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 six months ended 30 June 2024.

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

On 6 June 2024, the Company held the 2023 annual general meeting to elect Mr. CUI Liang as non-executive Director of the fourth session of the Board and elect Mr. YUAN Qing and Mr. LOU Gang as non-employee representative Supervisors of the fourth session of the Supervisory Committee, all with a term of office commencing from 6 June 2024 and ending on the date of the expiration in the fourth session of the Board and the fourth session of the Supervisory Committee. On the same day, Mr. CUI Liang was elected as a member of strategy and development committee of the fourth session of the Board and Mr. YUAN Qing was elected as the chairman of the fourth session of the Supervisory Committee, all with a term of office commencing from 6 June 2024 and ending on the date of the expiration in the fourth session of the Board and the fourth session of the Supervisory Committee. On 28 March 2024, due to the work adjustment, Mr. XUE Baolong resigned as a non-executive Director and Mr. XIE Chunhu resigned as a Supervisor. For further details, please refer to the announcements of the Company dated 28 March 2024 and 6 June 2024.

On 21 June 2024, Mr. ZHU Tao was appointed as a deputy general manager of COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601919; a company listed on the Hong Kong Stock Exchange, stock code: 01919).

On 26 June 2024, Mr. ZHU Tao was appointed as the chairman of the board of COSCO SHIPPING Ports (a company listed on the Hong Kong Stock Exchange, stock code: 01199).

On 26 June 2024, Mr. WANG Yaping resigned as 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).

Save as disclosed above, there were no changes to the Directors', Supervisors' and chief executive's information as required to be disclosed in this report pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules for the six months ended 30 June 2024.

V. REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2024.

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

No purchase, sale or redemption of any listed securities of the Company was made by the Company or any of its subsidiaries for the six months ended 30 June 2024 (including sale of the treasury shares).

As at 30 June 2024, there were no treasury shares held by the Company.

VII. ISSUANCE OF NEW A SHARES

The Company intends to issue new A shares to no more than 35 (including 35) qualified and specified investors for the purpose of raising ancillary funds for the Proposed Restructuring. The Company will disclose the issue price per share, net price per share available, number of issues and total par value of the new A shares in due course.

Please refer to the Company's announcements dated 27 June 2023, 30 June 2023, 27 December 2023, 9 July 2024, 12 July 2024 and 13 September 2024 and the circular dated 15 August 2024 for details and the definitions of the above new A share issuance.

VIII. USE OF PROCEEDS

The net proceeds from the H Shares Placing of the Company in 2017 were approximately HKD1,035 million, equivalent to approximately RMB912 million. As at 31 December 2023, approximately HKD508 million (which was calculated based on the exchange rate of 31 December 2023, including accumulated interest income) was carried over to this year. For the six months ended 30 June 2024, the Company had invested the proceeds of approximately HKD206.9702 million (which was calculated based on the exchange rate of 28 June 2024) 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 remaining proceeds were HKD302.5273 million (which was calculated based on the exchange rate of 28 June 2024, including accumulated interest income). 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 in the second half of 2024.

OTHER INFORMATION

As of 30 June 2024, the use of proceeds from the Company's H Shares Placing is set out below:

Unit: HKD0'000

	Payment for equity acquisition of COSCO SHIPPING Ports (Abu Dhabi) Limited	Engineering construction investment	Among which, (a) Dongjiakou port area terminal construction project	(b) Dongjiakou port area oil storage construction project	(c) Other construction projects
Intended investment amount	46,045.00	61,649.50	18,649.50	38,000.00	5,000.00
Used amount during the years of 2017-2019	–	–	–	–	–
Used amount during the year of 2020	46,045.00	–	–	–	–
Used amount during the year of 2021	–	–	–	–	–
Used amount during the year of 2022	–	–	–	–	–
Used amount during the year of 2023	–	10,875.57	4,556.18	2,843.29	3,476.10
Used amount during the first half of 2024 ^{Note 1}	–	20,697.02	7,165.05	12,809.79	722.18
Unused amount as at 30 June 2024 (including interest income)	–	30,252.73 ^{Note 2}	7,104.08 ^{Note 2}	22,346.92	801.72
Expected completion time of the use of proceeds	–	the year of 2024	the year of 2024	the year of 2024	the year of 2024

Note 1: the amount used in the reporting period was calculated based on the exchange rate of 28 June 2024.

Note 2: the data includes interest income.

The net proceeds from the initial public offering of A shares of the Company were approximately RMB1,979 million. As at 31 December 2023, approximately RMB353 million (including accumulated interest income) was carried over to this year. For the six months ended 30 June 2024, approximately RMB63 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 and the Datang terminal phase II project in Dongjiakou port area. The Company shall use the remaining proceeds in accordance with the payment progress of the investment projects and business development, which are expected to be used up in the second half of 2024.

As of 30 June 2024, the use of proceeds from the Company's A shares is set out below:

Unit: RMB0'000

	Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area	Qingdao Port Intelligent Port Area Upgrading Project	Qingdao Port Area Equipment Procurement Project	Datang Terminal Phase II Project in Dongjiakou Port Area	Supplementing working capital
Intended investment amount	31,283.00	20,000.00	48,210.00	68,717.00	29,682.98
Used amount during the year of 2019	19,358.43	8,308.62	18,569.02	–	29,682.98
Used amount during the year of 2020	3,429.46	4,193.94	1,661.26	–	–
Used amount during the year of 2021	1,065.30	8,223.67	8,203.30	9,474.34	–
Used amount during the year of 2022	5,832.07	436.07	18,985.80	22,993.50	–
Used amount during the year of 2023	246.29	–	3,575.44	13,757.34	–
Used amount during the first half of 2024	2,090.61	–	–	4,247.93	–
Unused amount as at 30 June 2024 (including interest income)	8,159.21	–	–	21,174.80	–
Expected completion time of the use of proceeds	the year of 2024	–	–	the year of 2024	–

IX. DIVIDENDS

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2024.

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

So far as the Directors are aware, as at 30 June 2024, none of the Directors, Supervisors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

As at 30 June 2024, so far as the Directors are aware, the following persons (other than the Directors, Supervisors and chief executive of the Company) will be taken or deemed to have interests and short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

Name	Class of Shares	Capacity/Nature of interest	Number of shares held ⁽¹⁾	Approximate percentage of shareholding in the registered capital of the Company	Approximate percentage of shareholding in the total number of issued A shares of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company
Qingdao Port Group	A share	Beneficial owner ⁽²⁾	3,522,179,000 (L)	54.26%	65.32%	–
	H share	Beneficial owner ⁽²⁾	84,185,000 (L)	1.30%	–	7.66%
	H share	Interest in a controlled corporation ⁽²⁾	13,739,000 (L)	0.21%	–	1.25%
Shandong Port Group	A share	Interest in a controlled corporation ⁽²⁾	3,522,179,000 (L)	54.26%	65.32%	–
	H share	Interest in a controlled corporation ⁽²⁾	97,924,000 (L)	1.51%	–	8.91%
COSCO SHIPPING Ports Development Co., Ltd.	H share	Beneficial owner ⁽⁵⁾	173,313,000 (L)	2.67%	–	15.77%
Shanghai China Shipping Terminal	A share	Beneficial owner ⁽³⁾	1,015,520,000 (L)	15.64%	18.83%	–
COSCO SHIPPING Ports	A share	Interest in a controlled corporation ⁽³⁾	1,111,520,000 (L)	17.12%	20.61%	–
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	–	15.77%
China COSCO (Hong Kong) Limited	A share	Interest in a controlled corporation ⁽³⁾	1,111,520,000 (L)	17.12%	20.61%	–
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	–	15.77%
COSCO SHIPPING Holdings Co., Ltd.	A share	Interest in a controlled corporation ⁽³⁾	1,111,520,000 (L)	17.12%	20.61%	–
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	–	15.77%
China Ocean Shipping Co., Ltd.	A share	Interest in a controlled corporation ⁽⁴⁾	1,207,520,000 (L)	18.60%	22.39%	–
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	–	15.77%
COSCO SHIPPING Group	A share	Interest in a controlled corporation ⁽⁴⁾	1,207,520,000 (L)	18.60%	22.39%	–
	H share	Interest in a controlled corporation ⁽⁵⁾	173,313,000 (L)	2.67%	–	15.77%

Name	Class of Shares	Capacity/Nature of interest	Number of shares held ⁽¹⁾	Approximate percentage of shareholding in the registered capital of the Company	Approximate percentage of shareholding in the total number of issued A shares of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company
China Life Insurance (Group) Company	H share	Beneficial owner	180,000,000 (L)	2.77%	–	16.38%
China Life Franklin Asset Management Co., Limited	H share	Investment manager	180,000,000 (L)	2.77%	–	16.38%
FMR LLC	H share	Interest in a controlled corporation	91,049,687 (L)	1.40%	–	8.28%
FIL Limited	H share	Interest in a controlled corporation ⁽⁶⁾	87,941,702 (L)	1.35%	–	8.00%
Pandanus Associates Inc.	H share	Interest in a controlled corporation ⁽⁶⁾	87,941,702 (L)	1.35%	–	8.00%
Pandanus Partners L.P.	H share	Interest in a controlled corporation ⁽⁶⁾	87,941,702 (L)	1.35%	–	8.00%

Notes:

- (1) The letter “L” denotes long position in such securities.
- (2) As at 30 June 2024, Qingdao Port Group was wholly-owned by Shandong Port Group. The Company was informed that as at 30 June 2024, Qingdao Port Group directly and indirectly held 97,924,000 H shares of the Company, representing approximately 8.91% of the total number of issued H shares of the Company. As at the date of holding the H shares of the Company by Qingdao Port Group and as at the date of this report, based on publicly available information and so far as the Directors are aware, the Company had sufficient public float and the issued shares of the Company held by the public is no less than 16.62%, and is therefore in compliance with the Hong Kong Listing Rules.
- (3) 96,000,000 A shares and 1,015,520,000 A shares of the Company are directly held by China Shipping Terminal Development and Shanghai China Shipping Terminal, respectively. Shanghai China Shipping Terminal is wholly-owned by China Shipping Terminal Development. China Shipping Terminal Development 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 71.21% interests (in which 7.06% interests was held by its wholly-owned subsidiary) in COSCO SHIPPING Ports. COSCO SHIPPING Holdings Co., Ltd. is 4.42% owned by COSCO SHIPPING Group and 39.51% owned by China Ocean Shipping Co., Ltd., and China Ocean Shipping Co., Ltd. is wholly-owned by COSCO SHIPPING Group. As such, each of COSCO SHIPPING Ports, China COSCO (Hong Kong) Limited, COSCO SHIPPING Holdings Co., Ltd., China Ocean Shipping Co., Ltd. and COSCO SHIPPING Group is deemed to be interested in 1,111,520,000 A shares of the Company.
- (4) In addition to the 96,000,000 A shares and 1,015,520,000 A shares of the Company directly held by China Shipping Terminal Development and Shanghai China Shipping Terminal, respectively, there are 96,000,000 A shares of the Company directly held by COSCO Shipping (Qingdao) Co., Ltd., which is wholly-owned by COSCO SHIPPING Group. As such, COSCO SHIPPING Group is deemed to be interested in 96,000,000 A shares of the Company and deemed to be interested in 1,207,520,000 A shares of the Company in total.

OTHER INFORMATION

- (5) 173,313,000 H shares of the Company are directly held by COSCO SHIPPING Ports Development Co., Ltd., which is wholly-owned by COSCO SHIPPING Ports. Based on the shareholding relationships set out under note (3) above, each of COSCO SHIPPING Ports, China COSCO (Hong Kong) Limited, COSCO SHIPPING Holdings Co., Ltd., China Ocean Shipping Co., Ltd. and COSCO SHIPPING Group is deemed to be interested in 173,313,000 H shares of the Company.
- (6) FIL Limited is deemed to be interested in 87,941,702 H shares of the Company indirectly held by its controlled entities/corporations. Pandanus Partners L.P. indirectly held 40.44% 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 87,941,702 H shares of the Company.

Save as disclosed above, as at 30 June 2024, none of the persons had interest or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company.

CONSOLIDATED BALANCE SHEET

As at 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note IV	30 June 2024 (Unaudited)	31 December 2023
Current assets			
Cash at bank and on hand	(1)	11,478,409,180	10,934,026,950
Financial assets held for trading	(2)	84,823,593	284,562,083
Notes receivable	(3)	70,628,832	83,814,533
Accounts receivable	(4)	2,203,129,128	1,952,312,395
Financing receivables	(5)	321,386,207	314,538,178
Advances to suppliers	(6)	231,043,793	126,611,960
Other receivables	(7)	899,121,675	668,058,871
Inventories	(8)	51,276,103	51,604,817
Contract assets	(9)	176,730,736	89,441,090
Held for sale assets		–	84,925,902
Current portion of non-current assets	(11)	1,834,409	4,184,479
Other current assets	(10)	351,928,802	197,410,270
Total current assets		15,870,312,458	14,791,491,528
Non-current assets			
Long-term receivables	(11)	32,454,127	31,217,303
Long-term equity investments	(12)	14,844,022,240	14,045,730,100
Other non-current financial assets	(13)	393,840,402	393,840,402
Investment properties	(14)	280,056,319	208,311,370
Fixed assets	(15)	23,196,073,587	23,728,480,297
Construction in progress	(16)	2,161,550,031	1,757,339,288
Right-of-use assets	(17)	505,026,182	555,717,415
Intangible assets	(18)	3,009,435,536	3,070,313,078
Including: Data resources		229,794	–
Development costs	(19)	43,835,139	42,279,529
Goodwill	(20)	28,014,688	28,014,688
Long-term prepaid expenses		54,319,478	61,493,616
Deferred tax assets	(21)	921,185,360	910,182,364
Other non-current assets	(22)	604,668,429	621,449,665
Total non-current assets		46,074,481,518	45,454,369,115
TOTAL ASSETS		61,944,793,976	60,245,860,643

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note IV	30 June 2024 (Unaudited)	31 December 2023
Current liabilities			
Short-term borrowings	(23)	95,318,731	126,411,604
Notes payable	(24)	441,601,886	917,624,305
Accounts payable	(25)	1,377,210,351	1,870,122,136
Advances from customers		38,345,605	5,482,745
Contract liabilities	(26)	324,376,928	315,410,460
Employee benefits payable	(27)	622,891,310	669,288,869
Taxes payable	(28)	384,432,353	353,882,889
Other payables	(29)	5,866,926,731	3,815,970,467
Current portion of non-current liabilities	(30)	376,901,910	452,224,323
Other current liabilities		28,918,791	27,621,665
Total current liabilities		9,556,924,596	8,554,039,463
Non-current liabilities			
Long-term borrowings	(31)	1,959,064,697	1,791,983,620
Lease liabilities	(32)	283,132,363	289,111,936
Long-term payables	(33)	286,276,025	205,376,025
Provisions			
Deferred income	(34)	329,252,110	336,794,453
Long-term employee benefits payable	(35)	2,389,927,630	2,394,130,000
Deferred tax liabilities	(21)	55,202,553	55,371,959
Other non-current liabilities	(36)	1,979,815,159	2,080,390,497
Total non-current liabilities		7,282,670,537	7,153,158,490
Total liabilities		16,839,595,133	15,707,197,953
Shareholders' equity			
Share capital	(37)	6,491,100,000	6,491,100,000
Capital surplus	(38)	11,736,551,621	11,734,763,579
Other comprehensive income	(39)	(182,778,137)	(185,948,952)
Specific reserve		21,020,458	8,474,502
Surplus reserve	(40)	2,802,635,193	2,802,635,193
Undistributed profits	(41)	20,167,857,887	19,426,032,436
Total equity attributable to shareholders of the Company		41,036,387,022	40,277,056,758
Minority interests		4,068,811,821	4,261,605,932
Total Shareholders' equity		45,105,198,843	44,538,662,690
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		61,944,793,976	60,245,860,643

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY BALANCE SHEET

As at 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note XIII	30 June 2024 (Unaudited)	31 December 2023
Current assets			
Cash at bank and on hand		6,627,521,766	4,726,185,712
Financial assets held for trading		80,443,836	120,292,242
Notes receivable		35,559,736	22,050,000
Accounts receivable	(1)	639,551,147	365,245,127
Financing receivables		169,385,969	113,506,237
Advances to suppliers		78,345,067	57,439,852
Other receivables	(2)	959,984,075	812,769,094
Inventories		8,400,915	9,030,768
Held for sale assets		–	84,925,902
Current portion of non-current assets		380,269,444	430,224,584
Other current assets		182,158,371	23,712,218
Total current assets		9,161,620,326	6,765,381,736
Non-current assets			
Long term receivables		1,342,000,000	1,442,000,000
Long-term equity investments	(3)	22,836,953,947	22,085,817,743
Other non-current financial assets		393,840,402	393,840,402
Investment properties		870,822,648	829,481,663
Fixed assets		11,202,926,859	11,459,076,752
Construction in progress		791,629,241	763,444,879
Right-of-use assets		57,084,763	77,607,742
Intangible assets		1,958,128,251	1,981,583,006
Including: Data resources		229,794	–
Development costs		30,621,600	32,128,091
Long-term prepaid expenses		452,539	507,683
Deferred tax assets		44,205,205	34,880,134
Other non-current assets		283,176,095	290,145,704
Total non-current assets		39,811,841,550	39,390,513,799
TOTAL ASSETS		48,973,461,876	46,155,895,535

COMPANY BALANCE SHEET (Continued)

As at 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIII	30 June 2024 (Unaudited)	31 December 2023
Current liabilities			
Short-term borrowings		–	–
Notes payable		61,163,031	218,431,938
Accounts payable		434,202,625	346,541,429
Advances from customers		43,800,499	5,301,756
Contract liabilities		124,380,344	84,189,876
Employee benefits payable		368,566,644	405,575,432
Taxes payable		39,318,918	17,133,637
Other payables		3,804,790,566	2,083,609,612
Current portion of non-current liabilities		35,675,028	36,132,015
Other current liabilities		10,679,783	5,382,918
Total current liabilities		4,922,577,438	3,202,298,613
Non-current liabilities			
Lease liabilities		17,575,968	36,229,802
Long-term payables		29,676,025	29,676,025
Deferred income		135,817,373	136,000,535
Long-term employee benefits payable		1,509,320,806	1,471,570,000
Other non-current liabilities		1,979,815,159	2,080,390,497
Total non-current liabilities		3,672,205,331	3,753,866,859
Total liabilities		8,594,782,769	6,956,165,472
Shareholders' equity			
Share capital		6,491,100,000	6,491,100,000
Capital surplus		16,015,311,042	16,013,523,000
Other comprehensive income		(45,770,762)	(48,941,577)
Surplus reserve		2,802,635,193	2,802,635,193
Undistributed profits		15,115,403,634	13,941,413,447
Total shareholders' equity		40,378,679,107	39,199,730,063
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		48,973,461,876	46,155,895,535

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
1. Revenue	(42)	9,067,374,436	9,157,526,190
Less: Cost of sales	(42), (46)	(5,690,675,883)	(5,781,389,194)
Taxes and surcharges	(43)	(85,331,243)	(79,789,217)
Selling and distribution expenses	(46)	(35,360,697)	(69,072,948)
General and administrative expenses	(44), (46)	(478,754,706)	(496,909,039)
Research and development expenses	(19), (46)	(66,769,524)	(50,752,626)
Financial expenses	(45)	(23,600,716)	(52,767,006)
Including: Interest expenses		(59,239,223)	(79,019,717)
Interest income		68,971,646	59,101,367
Add: Other income	(47)	62,119,654	58,991,626
Investment income	(48)	839,607,507	782,224,533
Including: Investment income from associates and joint ventures		826,215,526	762,711,885
Gains on changes in fair value		482,738	(1,018,336)
Credit impairment reversals/(losses)	(49)	(22,379,662)	57,780,724
Asset impairment losses	(50)	(217,453)	912,911
Gains on disposal of assets	(51)	21,849,533	4,906,263
2. Operating profit		3,588,343,984	3,530,643,881
Add: Non-operating income		1,492,272	2,023,367
Less: Non-operating expenses		(114,318)	(270,718)
3. Total profit		3,589,721,938	3,532,396,530
Less: Income tax expenses	(52)	(662,469,599)	(664,890,289)
4. Net profit		2,927,252,339	2,867,506,241
Including: Net profit of the acquiree in a business combination under common control before the combination date		-	-
Classified by continuity of operations			
Net profit from continuing operations		2,927,252,339	2,867,506,241
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Minority interests		285,481,918	303,979,117
Attributable to shareholders of the Company		2,641,770,421	2,563,527,124

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
5. Other comprehensive income, net of tax	(39)	3,170,815	(90,050,693)
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		—	(95,392,832)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		—	—
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		—	—
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		3,170,815	8,109,307
Attributable to minority shareholders, net of tax		—	(2,767,168)
6. Total comprehensive income		2,930,423,154	2,777,455,548
Attributable to shareholders of the Company		2,644,941,236	2,476,243,599
Attributable to minority interests		285,481,918	301,211,949
7. Earnings per share			
Basic earnings per share (RMB)	(53)(a)	0.41	0.39
Diluted earnings per share (RMB)	(53)(b)	0.41	0.39

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY INCOME STATEMENT

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIII	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
1. Revenue	(4)	2,725,677,139	2,698,823,550
Less: Cost of sales	(4)	(2,097,450,920)	(1,962,733,532)
Taxes and surcharges		(40,774,466)	(40,648,849)
Selling and distribution expenses		(13,206,674)	(13,937,636)
General and administrative expenses		(243,023,131)	(268,254,565)
Research and development expenses		(27,597,949)	(20,731,460)
Financial expenses		14,017,801	(12,760,495)
Including: Interest expenses		(1,802,072)	(4,020,269)
Interest income		36,286,727	22,412,149
Add: Other income		3,263,718	15,347,479
Investment income	(5)	2,838,917,930	1,902,303,599
Including: Investment income from associates and joint ventures		773,537,347	749,674,253
Credit impairment reversals/(losses)		(4,822,958)	78,810,571
Gains on disposal of assets		19,681,280	2,400,589
2. Operating profit		3,174,681,770	2,378,619,251
Add: Non-operating income		694,670	197,356
Less: Non-operating expenses		(107,936)	(96,568)
3. Total profit		3,175,268,504	2,378,720,039
Less: Income tax expenses		(101,333,347)	(131,617,475)
4. Net profit		3,073,935,157	2,247,102,564
Classified by continuity of operations			
Net profit from continuing operations		3,073,935,157	2,247,102,564
Net profit from discontinued operations		-	-
5. Other comprehensive income, net of tax		3,170,815	(54,180,693)
Other comprehensive income items that will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		-	(62,290,000)
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		3,170,815	8,109,307
6. Total comprehensive income		3,077,105,972	2,192,921,871

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
1. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		8,780,778,850	9,373,378,107
Refund of taxes and surcharges		56,463,060	69,939,528
Cash received relating to other operating activities	(54)(a)	355,034,259	303,329,428
Sub-total of cash inflows		<u>9,192,276,169</u>	<u>9,746,647,063</u>
Cash paid for goods and services		(4,393,975,253)	(3,985,497,751)
Cash paid to and on behalf of employees		(1,676,409,043)	(1,651,517,411)
Payments of taxes and surcharges		(1,120,950,520)	(811,264,479)
Cash paid relating to other operating activities	(54)(b)	(284,246,889)	(258,184,122)
Sub-total of cash outflows		<u>(7,475,581,705)</u>	<u>(6,706,463,763)</u>
Net cash flows from operating activities		<u>1,716,694,464</u>	<u>3,040,183,300</u>
2. Cash flows from investing activities			
Cash received from disposal of investments		1,086,500,000	1,661,131,000
Cash received from returns on investments		87,450,984	81,948,551
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		119,589,121	13,171,816
Net cash received from disposal of subsidiaries and other business units		—	106,283,051
Cash received relating to other investing activities	(54)(c)	—	8,832,711
Sub-total of cash inflows		<u>1,293,540,105</u>	<u>1,871,367,129</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,207,804,939)	(1,479,036,252)
Cash paid to acquire investments		(621,661,977)	(1,769,988,000)
Cash paid relating to other investing activities		—	—
Sub-total of cash outflows		<u>(1,829,466,916)</u>	<u>(3,249,024,252)</u>
Net cash flows used in investing activities		<u>(535,926,811)</u>	<u>(1,377,657,123)</u>

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
3. Cash flows from financing activities			
Cash received from capital contributions		–	111,080,009
Including: Cash received from capital contributions by minority shareholders of subsidiaries		–	111,080,009
Cash received from borrowings		426,736,046	624,755,723
Cash received relating to other financing activities	(54)(d)	<u>120,000,000</u>	<u>307,000,000</u>
Sub-total of cash inflows		<u>546,736,046</u>	<u>1,042,835,732</u>
Cash repayments of borrowings		(262,855,040)	(383,681,111)
Cash payments for distribution of dividends, profits or interest expenses		(410,134,520)	(669,282,381)
Including: Cash payments for distribution of profit to minority shareholders of subsidiaries		(359,499,816)	(586,652,690)
Cash paid relating to other financing activities	(54)(e)	<u>(211,219,330)</u>	<u>(322,574,688)</u>
Sub-total of cash outflows		<u>(884,208,890)</u>	<u>(1,375,538,180)</u>
Net cash flows used in financing activities		<u>(337,472,844)</u>	<u>(332,702,448)</u>
4. Effect of foreign exchange rate changes on cash		<u>1,130,635</u>	<u>11,577,383</u>
5. Net increase/(decrease) in cash	(55)(a)	844,425,444	1,341,401,112
Add: Cash at the beginning of the year		<u>10,132,048,600</u>	<u>9,021,244,964</u>
6. Cash at the end of the year	(55)(a)	<u><u>10,976,474,044</u></u>	<u><u>10,362,646,076</u></u>

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,868,282,963	2,151,206,813
Refund of taxes and surcharges	281,907	45,612,017
Cash received relating to other operating activities	404,362,867	204,737,743
Sub-total of cash inflows	2,272,927,737	2,401,556,573
Cash paid for goods and services	(923,318,331)	(797,714,256)
Cash paid to and on behalf of employees	(700,587,628)	(705,085,250)
Payments of taxes and surcharges	(348,518,597)	(163,583,425)
Cash paid relating to other operating activities	(119,816,733)	(59,773,501)
Sub-total of cash outflows	(2,092,241,289)	(1,726,156,432)
Net cash flows from operating activities	180,686,448	675,400,141
2. Cash flows from investing activities		
Cash received from disposal of investments	199,000,000	1,310,623,445
Cash received from returns on investments	2,015,750,424	1,357,448,799
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	115,467,089	19,636,068
Net cash received from disposal of subsidiaries and other business units	4,471,633	1
Cash received relating to other investing activities	406,000,000	871,425,883
Sub-total of cash inflows	2,740,689,146	3,559,134,196
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(433,743,592)	(759,701,180)
Cash paid to acquire investments	(160,000,000)	(1,595,877,060)
Cash paid relating to other investing activities	(406,000,000)	(548,000,000)
Sub-total of cash outflows	(999,743,592)	(2,903,578,240)
Net cash flows from investing activities	1,740,945,554	655,555,956

COMPANY CASH FLOW STATEMENT (Continued)

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
3. Cash flows from financing activities		
Cash received from borrowings	—	—
Sub-total of cash inflows	—	—
Cash repayments of borrowings	—	(10,000,000)
Cash payments for distribution of dividends, profits or interest expenses	—	(4,176,961)
Cash paid relating to other financing activities	(26,506,953)	(18,409,474)
Sub-total of cash outflows	(26,506,953)	(32,586,435)
Net cash flows used in financing activities	(26,506,953)	(32,586,435)
4. Effect of foreign exchange rate changes on cash	50,815	(5,247,413)
5. Net increase/(decrease) in cash	1,895,175,864	1,293,122,249
Add: Cash at the beginning of the year	4,721,853,744	3,297,928,530
6. Cash at the end of the year	6,617,029,608	4,591,050,779

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

									Minority interests	Total shareholders' equity
Attributable to shareholders of the Company										
Item	Note IV	Share capital	Capital surplus	Other comprehensive income		Surplus reserve	General risk reserve	Undistributed profits		
Balance at 31 December 2022		6,491,100,000	11,878,388,652	(43,501,228)	12,449,939	2,419,818,733		16,641,280,437	3,877,363,962	41,276,900,495
Changes in accounting policies		—	—	—	—	—	—	—	—	—
Balance at 1 January 2023		6,491,100,000	11,878,388,652	(43,501,228)	12,449,939	2,419,818,733		16,641,280,437	3,877,363,962	41,276,900,495
Movements for the six months ended										
30 June 2023 (Unaudited)										
Total comprehensive income										
Net profit		—	—	—	—	—	—	2,563,527,124	303,979,117	2,867,506,241
Other comprehensive income	(39)	—	—	(87,283,525)	—	—	—	—	(2,767,168)	(90,050,693)
Total comprehensive income for the year		—	—	(87,283,525)	—	—	—	2,563,527,124	301,211,949	2,777,455,548
Capital contribution and withdrawal by										
shareholders		—	7,737,484	—	—	—	—	—	—	7,737,484
Capital contribution by minority shareholders in subsidiaries		—	—	—	—	—	—	—	90,596,934	90,596,934
Business combination under common control	(38)	—	—	—	—	—	—	—	—	—
Profit distribution		—	—	—	—	—	—	—	—	—
Profit distribution to shareholders	(41)	—	—	—	—	—	—	(1,748,053,230)	(390,586,829)	(21,3864,0059)
Specific reserve										
Appropriation to safety fund		—	—	—	51,213,671	—	—	—	15,255,425	66,469,096
Utilization of safety fund		—	—	—	(38,228,387)	—	—	—	(8,770,866)	(46,999,253)
Recognition of other changes in other reserves										
of associates and joint ventures	(38)	—	3,354,771	—	—	—	—	—	—	3,354,771
Balance at 30 June 2023 (Unaudited)		6,491,100,000	11,889,480,907	(130,784,753)	25,435,223	2,419,818,733	—	17,456,754,331	3,885,070,575	42,036,875,016

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	Attributable to shareholders of the Company						Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve		
Balance at 1 January 2024		6,491,100,000	11,734,763,579	(185,948,952)	8,474,502	2,802,635,193	19,426,032,436	4,261,605,932	44,538,662,690
Movements for the six months ended									
30 June 2024 (Unaudited)									
Total comprehensive income									
Net profit		-	-	-	-	-	2,641,770,421	285,481,918	2,927,252,339
Other comprehensive income	(39)	-	-	3,170,815	-	-	-		3,170,815
Total comprehensive income for the year		-	-	3,170,815	-	-	2,641,770,421	285,481,918	2,930,423,154
Capital contribution and withdrawal by shareholders									
Capital contribution by minority shareholders in subsidiaries		-	-	-	-	-	-	(2,940,000)	(2,940,000)
Acquisition of minority interests	(38)	-	-	-	-	-	-	-	-
Profit distribution									
Profit distribution to shareholders	(41)	-	-	-	-	-	(1,899,944,970)	(480,154,513)	(2,380,099,483)
Specific reserve									
Appropriation to safety fund		-	-	-	38,088,634	-	-	15,177,578	53,266,212
Utilization of safety fund		-	-	-	(25,542,678)	-	-	(10,359,094)	(35,901,772)
Recognition of other changes in other reserves of associates and joint ventures	(38)	-	1,788,042	-	-	-	-	-	1,788,042
Balance at 30 June 2024 (Unaudited)		6,491,100,000	11,736,551,621	(182,778,137)	21,020,458	2,802,635,193	20,167,857,887	4,068,811,821	45,105,198,843

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIII	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total equity
Balance at 31 December 2022		6,491,100,000	16,024,844,086	21,733,193	-	2,419,818,733	12,244,118,537	37,201,614,549
Changes in accounting policies		-	-	-	-	-	-	-
Balance at 1 January 2023		6,491,100,000	16,024,844,086	21,733,193	-	2,419,818,733	12,244,118,537	37,201,614,549
Movements for the six months ended								
30 June 2023 (Unaudited)								
Total comprehensive income								
Net profit		-	-	-	-	-	2,247,102,564	2,247,102,564
Other comprehensive income		-	-	(54,180,693)	-	-	-	(54,180,693)
Total comprehensive income for the year		-	-	(54,180,693)	-	-	2,247,102,564	2,192,921,871
Consideration difference of business combinations under common control		-	-	-	-	-	-	-
Profit distribution								
Profit distribution to shareholders		-	-	-	-	-	(1,748,053,230)	(1,748,053,230)
Specific reserve								
Appropriation to safety fund		-	-	-	15,889,376	-	-	15,889,376
Utilization of safety fund		-	-	-	(15,889,376)	-	-	(15,889,376)
Recognition of other changes in other reserves of associates and joint ventures		-	3,354,771	-	-	-	-	3,354,771
Other		-	-	-	-	-	-	-
Balance at 30 June 2023 (Unaudited)		<u>6,491,100,000</u>	<u>16,028,198,857</u>	<u>(32,447,500)</u>	<u>-</u>	<u>2,419,818,733</u>	<u>12,743,167,871</u>	<u>37,649,837,961</u>

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the six months ended 30 June 2024
(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIII	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total equity
Balance at 1 January 2024		<u>6,491,100,000</u>	<u>16,013,523,000</u>	<u>(48,941,577)</u>	-	<u>2,802,635,193</u>	<u>13,941,413,447</u>	<u>39,199,730,063</u>
Movements for the six months ended								
30 June 2024 (Unaudited)								
Total comprehensive income								
Net profit		-	-	-	-	-	3,073,935,157	3,073,935,157
Other comprehensive income		-	-	3,170,815	-	-	-	3,170,815
Total comprehensive income for the year		-	-	3,170,815	-	-	3,073,935,157	3,077,105,972
Profit distribution								
Profit distribution to shareholders		-	-	-	-	-	(1,899,944,970)	(1,899,944,970)
Specific reserve								
Appropriation to safety fund		-	-	-	16,266,641	-	-	16,266,641
Utilization of safety fund		-	-	-	(16,266,641)	-	-	(16,266,641)
Recognition of other changes in other reserves of associates and joint ventures		-	1,788,042	-	-	-	-	1,788,042
Balance at 30 June 2024 (Unaudited)		<u>6,491,100,000</u>	<u>16,015,311,042</u>	<u>(45,770,762)</u>	-	<u>2,802,635,193</u>	<u>15,115,403,634</u>	<u>40,378,679,107</u>

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

I. 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. The address of the head office is Qingdao City, Shandong Province, the 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 the over-allotment option on 2 July 2014 and issued an additional 72,404,000 foreign-listed H shares overseas. The issuing price per share was HKD3.76 (approximately RMB2.99). The amount raised in the over-allotment was RMB216,167,727, including a share capital of RMB72,404,000 (72,404,000 shares, par value at RMB1) and a 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

I. 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 a private placement of 1,015,520,000 Domestic Shares to 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 the Shanghai Stock Exchange with a par value of RMB1.00 per share at the issuing price of RMB4.61 per share. After the completion of the issuance of A shares, the number of total issued shares of the Company increased to 6,491,100,000 shares.

As at 30 June 2024, the total share capital of the Company is 6,491,100,000 shares with a 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. The ultimate parent company of the Company is Shandong Port Group.

The main 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 and other kinds of imported and exported cargo, as well as port supporting business such as barging and ocean shipping tallying.

These financial statements have been approved for issuance by the Company’s Board of Directors on 29 August 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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 II.(9), depreciation of fixed assets, amortization of intangible assets Note II.(13), (16), provision of supplementary retirement benefits Note II.(19), and recognition and measurement of revenue Note II.(22), etc.

The Group's critical judgements applied in determining significant accounting policies, critical accounting estimations and key assumptions are as follows Note II.(29).

(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 disclosure regulations under 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 Group has assessed the ability to continue as a going concern for the six months from 30 June 2024 and has not identified any matters or circumstances that raise significant doubt as to its ability to continue as a going concern. 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 State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government (“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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(1) Preparation basis of financial statements (Continued)

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

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

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

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

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

The financial statements of the Company for the six months ended 30 June 2024 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Consolidated and the Company's financial position as at 30 June 2024 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(5) Methodology for determining materiality criteria and basis for selection

The Group follows the principle of materiality in the preparation and disclosure of its financial statements. The disclosures in the notes to the financial statements that involve materiality judgments and the methodology for determining and selecting the materiality criteria are as follows:

Disclosures involving the judgment of materiality criteria	Methodology for determining materiality criteria and basis for selection
Significant transactions	Accounts aged more than one year and the proportion of the balance of individual transactions to the closing balance of the account exceeds 10% and the amount of individual transactions exceeds RMB50 million.
Recovery or reversal of significant provision for bad debts for receivables	The amount of provision for bad debts for receivables recovered or reversed individually exceeds RMB50 million
Significant minority interest subsidiaries and non-wholly owned subsidiaries	Minority interests exceed 10% of consolidated shareholders' equity or 20% of consolidated net income.
Significant joint ventures/significant associates	Book value as a proportion of consolidated total assets exceeds 5% or income from long-term equity investments accounted for under the equity method exceeds 5% of consolidated net income
Significant capitalized research and development projects	National and provincial key research and development projects
Significant outsourced in-process research projects	Total investment in a single project exceeds RMB50 million
Significant construction in progress projects	Single construction in progress balance or additions of more than RMB100 million
Significant commitments	Single contract value of more than RMB10 million

(6) 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 a contractor 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Business combination (Continued)

(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.

(c) Preparation of consolidated financial statements

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Business combination (Continued)

(c) Preparation of consolidated financial statements (Continued)

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 recognized 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.

(7) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(8) Foreign currency translation

In the initial confirmation of the group's foreign currency transactions, Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions. On the balance sheet date, a foreign currency project is converted into an accounting standard currency by using the spot rate on the balance sheet date, the resulting conversion difference is directly included in the current return, except that the conversion difference arising from specialized borrowing in foreign currencies for the purpose of acquiring, constructing or producing capitalized assets is treated on a capitalized basis.

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. The balance of exchange arising from specialized borrowing in foreign currencies for the purpose of acquiring assets eligible for the capitalization of borrowing costs is capitalized during the capitalization period; other exchange balances are directly included in the current return. 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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 recognizes 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 recognized. Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized.

For financial instruments with low credit risk at the balance sheet date, the Group assumes the credit risk of such financial instruments does not increase significantly after the initial recognition, the Group determines them as the financial instruments in Stage 1, and measures loss provision based on 12-month ECL.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment (Continued)

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).

The credit risk characteristics of various financial assets whose expected credit losses are calculated on the individual basis are significantly different from those of other financial assets in this class. 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 bank acceptance notes	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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment (Continued)

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)
Agency business and receivables combinations	Agency business and receivables combinations from companies outside the scope of consolidation
Deposit combinations	Deposit combinations from companies outside the scope of consolidation
Dividend receivable combinations	Dividend receivable combinations from companies outside the scope of consolidation
Other combinations	Other combinations from companies outside the scope of consolidation

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Derecognition

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

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

(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.

The financial liabilities are 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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. For inventories sold in the same region and with the same or similar end uses, the Group determines the provision for decline in value on an aggregate basis.

(d) The Group adopts the perpetual inventory system.

(11) Long-term equity investments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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 II. (18)).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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:

	Estimated useful lives	Estimated net residual values	Annual depreciation/ amortization rates
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 II. (18)).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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 – 20 years	4%	4.8% – 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%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(13) Fixed assets (Continued)

(b) Depreciation methods of fixed assets (Continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(15) Borrowing costs (Continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(16) Intangible assets (Continued)

(e) Research and development

Expenditures on internal research and development projects are divided into research expenditures and development expenditures based on their nature and intangible assets formed whether there is a large degree of uncertainty in research and development activities.

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 II. (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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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.

(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. Among them, non-monetary benefits are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Employee benefits (Continued)

(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.

Supplemental retirement benefits

Pursuant to the Minutes of the 29th Executive Meeting of the 14th People's Government of Qingdao City issued by the General Office of Qingdao Municipal Government on 19 August 2013, the Group, besides the pension plan specified by the State, offers supplemental retirement benefits to employees retired or to be retired prior to 31 December 2015 and the surviving family members involved, which is under defined benefit plans. Pursuant to the Interim Measures for Supplementary Medical Insurance Management of Qingdao Port International Co., Ltd. (Qing Gang Guo Ji Ren Zi [2020] No. 104), the Group provides supplementary medical benefit and other supplemental benefits to employees retired or to be retired in the future. The above supplemental retirement benefits belong to defined benefit plan. The supplemental retirement benefits borne by the Group are recognized as liabilities, actuarially evaluated using projected unit credit method, and presented as the present value of expected future cash outflow. Actuarial gains and losses are included in other comprehensive income in the period when incurred, and past service cost is recognized in the period when incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Employee benefits (Continued)

(b) Post-employment benefits (Continued)

Supplemental retirement benefits (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(21) Provisions

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

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

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

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

(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 II. (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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Revenue (Continued)

(a) Rendering of services (Continued)

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 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 recognized 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 recognized, the amount of the Group's costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

The Group assesses whether it is the principal or an agent in the transactions regarding whether the Group has the control of goods or services 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 recognize revenue for the gross amount of consideration received or receivable; otherwise it is the agent and should recognize revenue at the amount of commissions and fees to which the Group expects to be entitled.

(b) Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(23) Government grants

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

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

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

Government grants related to acquisition of long-term assets are recorded as deferred income and recognized in profit or loss on a reasonable and systemic basis over the useful lives of the assets.

Government grants related to income for supporting the Group's business development and contributing to talents and scientific research, which compensate the 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(25) Leases (Continued)

The Group as a lessee: (Continued)

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, except that the contract changes are accounted for by applying the practical expedient as stipulated by the Ministry of Finance, 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 recognizes 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.

For eligible rent concessions agreed on existing lease contracts, the Group applies the practical expedient and records the undiscounted concessions in profit or loss when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.

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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. 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 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) Specific reserve

In accordance with the provisions of the Ministry of Finance, the Ministry of Emergency Management and local government, the Group appropriates special reserve for production safety based on revenue from businesses related to storage of dangerous goods, pipeline transportation and common cargo transportation in the previous year.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(28) 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.

(29) 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 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(29) Critical accounting estimates and judgements (Continued)

(a) 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 the probability of default and the loss given default or Aging matrix. 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.

III. TAXATION

(1) The main categories and rates of taxes

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 income Actual area of the land in use	3% and 5% RMB3.2-11.2 yuan per square meter per year
Property tax	For ad valorem levy, 1.2% of the residual value of the property after deducting 30% of the original value of the property at one time; for rent-based levy, 12% of the rental income.	1.2%/12%
City maintenance and construction tax	Value-added tax paid	7%
Educational surcharge	Value-added tax paid	3%
Local education surcharge	Value-added tax paid	2%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

III. TAXATION (Continued)

(1) The main categories and rates of taxes (Continued)

Different enterprise income tax rate tax main body explanation:

Name of the taxpayer	Tax rate of Enterprise income tax
Ark Intelligent Port and Navigation Port Services (Qingdao) Co., Ltd. ("Ark Intelligent")	20%
Qingdao Ocean Shipping Repair Co., Ltd. ("Ocean Shipping Repair")	20%
Qingdao Port Culture & Media Co., Ltd. ("Cultural & Media")	20%
Qingdao Port Construction & Management Centre Co., Ltd. ("Construction & Management Centre")	20%
China Ocean Shipping Tally Weihai Co., Ltd. ("China Ocean Shipping Tally Weihai")	20%
Qingdao Port Yuntai Logistics Co., Ltd. ("Yuntai Logistics")	20%
Qingdao Shengshi International Logistics Co., Ltd. ("Shengshi Logistics")	20%
China Weihai Shipping Agency Co., Ltd. ("Shipping Agency")	20%
Qingdao Port Eimskip Coldchain Logistics Co., Ltd. ("Eimskip Coldchain")	20%
Qingdao Port Land Port (Jiaozhou) International Logistics Co., Ltd. ("Land Port Logistics")	20%
Qingdao Port Properties Management Co., Ltd. ("Qingdao Port Properties")	20%

(a) Enterprise income tax

According to relevant provisions of the Announcement on Policies of Deducting Corporate Income Tax for Equipment and Apparatus (Cai Shui [2023] No. 37) issued by the Ministry of Finance and the State Taxation Administration, the newly purchased equipment and apparatus by the Group with a value of no more than RMB5 million during the period between 1 January 2024 and 31 December 2027, are allowed to be included in the current period's expenses and deducted in calculating taxable income, and depreciation will no longer be calculated annually.

(b) Value-added tax ("VAT")

During the six-month period ended 30 June 2024, in addition to sales and commodity trading of fuel oil, mechanical and electrical equipment, 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, 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 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 estates such as docks, storage yards, land use rights, and the lease of real estate services is 9%; the transfer or lease of real estate acquired before 30 April 2016 is taxed pursuant to the simplified taxation method, and the applicable tax rate is 5%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

III. TAXATION (Continued)

(2) Tax incentives

(a) Enterprise income tax

In accordance with Cai Shui [2008] No. 116 and Cai Shui [2008] No. 46, subsidiaries of the Group, Qingdao Port Haiye Dongjiakou Oil Products Co., Ltd. ("Dongjiakou Oil Products"), Qingdao Port Dongjiakou Liquid Chemical Terminal Co., Ltd. ("Liquid Chemical Terminal"), Qingdao Port Multi-purpose Terminal Co., Ltd. ("QMT") engaged in public infrastructure projects specially supported by the state, so the corresponding Tang Phase II terminal berth loading and unloading business to Dongjiakou Oil Products and Liquid Chemical Terminal 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. 2024 is the first year of income tax reduced by half. The corresponding terminal loading and unloading business to QMT would be exempted from enterprise income tax for three years starting from 2022, and eligible for a 50% tax reduction for the next three years. 2024 is the third year of income tax exemption. The corresponding terminal loading and unloading business to QMT would be exempted from enterprise income tax for three years starting from 2022, and eligible for a 50% tax reduction for the next three years. 2024 is the third year of income tax exemption.

According to the first provision in the Announcement on Further Improving the Pre-tax Additional Deduction Policy for R&D Expenses (Announcement [2023] No. 7 of the Ministry of Finance and the State Taxation Administration), if the actual R&D expenses incurred by the Group in carrying out R&D activities did not form intangible assets and are included in the profit or loss of the current period, on the basis of the actual deduction according to the regulations, from 1 January 2023, 100% of the actual amount will be additionally deducted before tax; If an intangible asset was formed, from 1 January 2023, the expenses are amortized before tax at 200% of the cost of the intangible asset.

As at 30 June 2024, According to the State Administration of Taxation Announcement [2023] No. 6, Ark Intelligent, Ocean Shipping Repair, Cultural & Media, Construction Management Centre, China Ocean Shipping Tally Weihai, Yuntai Logistics, Shengshi Logistics, Eimskip Coldchain, Shipping Agency, Qingdao Port Properties, Land Port Logistics, subsidiaries of the Company, were all small low-profit enterprises. The portion of the annual taxable income of less than RMB3 million shall be deducted from the taxable income by 25%, and the enterprise income tax shall be prepaid at the rate of 20%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

III. TAXATION (Continued)

(2) Tax incentives (Continued)

(b) Value-added tax ("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 and Announcement on Clarifying the Reduction of Value-Added Tax for Small-Scale Taxpayers and Other Related Policies (Cai Shui [2023] No.1, 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. And 10% additional VAT deduction based on deductible input VAT in the current period from 1 January 2023 to 31 December 2023. Additionally, Qingdao Port Logistics, Qingdao Port Lianjie International Logistics Co., Ltd. ("Lianjie Logistics"), QMT and Dongjiakou Oil Products, 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. And 5% additional VAT deduction based on deductible input VAT in the current period from 1 January 2023 to 31 December 2023.

Pursuant to the relevant provisions of the Notice on Comprehensively Promoting the Pilot Project of Replacing Business Tax with VAT (No. 36 [2016] of the State Administration of Taxation of the Ministry of Finance) issued by the Ministry of Finance and the State Taxation Administration, Shandong Gang Lianhua and Qingdao Gangjia Logistics Co., Ltd. ("Gangjia Logistics"), subsidiaries 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. QDP Logistics, Qingdao Ganglianshun Shipping Co., Ltd. ("GLS Shipping"), Shipping Agency, Qingdao Port E-Link International Logistics Co., Ltd. ("Qingdao Port E-Link"), Shangang Luhai Quantai (Qingdao) Supply Chain Co., Ltd. ("Luhai Quantai"), Qingdao Port Jieyuntong Logistics Co., Ltd. ("Jieyuntong Logistics"), Qingdao Port Qianwangang Bonded Logistics Center Co., Ltd. ("Bonded Logistics Center"), Qingdao Port Dongjiakou Bulk Cargo Center Co., Ltd. ("Dongjiakou Bulk Cargo"), Land Port Logistics, and Qingdao Ocean Shipping Tally Co., Ltd. ("Ocean Shipping Tally"), subsidiaries of the Company, as a taxpayer of international goods transportation agency services, are exempted from value-added tax ("VAT") on the direct or indirect international goods transportation agency services.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

III. TAXATION (Continued)

(2) Tax incentives (Continued)

(c) Land use tax for terminal land

On 30 June 2024, 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 [2023] No. 5) issued by the Ministry of Finance and the State Taxation Administration, the Group's warehousing area owned (for self-using and leasing) or leased 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.

(d) Surcharges

On 30 June 2024, according to Ministry of Finance General Administration of Taxation Announcement on Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Cai Shui [2023] No. 12), from 1 January 2023 to 31 December 2027, small-scale value-added taxpayers, small and micro-profit enterprises and individual industrial and commercial households can enjoy a 50% reduction on resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), arable land occupation tax and education surcharge, and local education surcharge. Ark Intelligent, Ocean Shipping Repair, Cultural & Media, Construction & Management Centre, China Ocean Shipping Tally Weihai, Yuntai Logistics, Shengshi Logistics, Eimskip Coldchain, Shipping Agency, Land Port Logistics, Qingdao Port Properties, subsidiaries of the Company, were all small and micro-profit enterprises and qualified for a 50% reduction in surcharge for the current period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2024 (Unaudited)	31 December 2023
Cash on hand	700	–
Cash at bank	691,534,800	1,340,826,676
Deposits of Shandong Port Finance	10,742,600,521	9,514,721,924
Other cash balances	16,538,521	58,275,997
Interest receivable	27,734,638	20,202,353
	<u>11,478,409,180</u>	<u>10,934,026,950</u>
Including: Total amount deposited abroad	<u>33,594,197</u>	<u>34,100,161</u>

As at 30 June 2024, other cash balances include deposits for the issuance of bank acceptance notes amounted to RMB4,817,858, and deposits for the issuance of letter of guarantee and other guarantees amounted to RMB11,720,663. (Note IV. (55). (a))

As at 31 December 2023, other cash balances include deposits for the issuance of bank acceptance notes amounted to RMB3,602,104, and deposits for the issuance of letter of guarantee and other guarantees amounted to RMB27,573,893, and litigation frozen capital amounted to RMB27,100,000 (Note IV. (55). (a)).

(2) Financial assets held for trading

	30 June 2024 (Unaudited)	31 December 2023
Structured deposit	80,443,836	280,665,064
Stock investments	4,379,757	3,897,019
	<u>84,823,593</u>	<u>284,562,083</u>

(3) Notes receivable

	30 June 2024 (Unaudited)	31 December 2023
Bank acceptance notes	56,208,254	59,644,058
Trade acceptance notes	14,830,290	24,961,095
Less: Bad debt provision	(409,712)	(790,620)
	<u>70,628,832</u>	<u>83,814,533</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3) Notes receivable (Continued)

- (a) As at 30 June 2024, the Group had no pledged acceptance notes (as at December 31, 2023: nil).
- (b) As at 30 June 2024, the Company's bank acceptance notes and trade acceptance notes endorsed or discounted but not matured amounted to RMB36,721,022 (31 December 2023: RMB29,595,430).
- (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 June 30, 2024, no provision for bad debts has been made on individual basis for the Group's notes receivable.

Provisions for bad debts of notes receivable are analysed by category as follows:

Categories	30 June 2024 (Unaudited)				31 December 2023			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	% of total		% of total		% of total		% of total	
	Amount	balance	Amount	balance	Amount	balance	Amount	balance
Provision for bad debts on the individual basis	-	-	-	-	-	-	-	-
Provision for bad debts on the grouping basis	<u>71,038,544</u>	<u>100.00</u>	<u>(409,712)</u>	<u>0.58</u>	<u>84,605,153</u>	<u>100.00</u>	<u>(790,620)</u>	<u>0.93</u>
	<u>71,038,544</u>	<u>100.00</u>	<u>(409,712)</u>	<u>0.58</u>	<u>84,605,153</u>	<u>100.00</u>	<u>(790,620)</u>	<u>0.93</u>

The provision for bad debts was RMB409,712 and there were no significant reversals of bad debt provisions, and there were no written-off notes receivable for the current period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(4) Accounts receivable

	30 June 2024 (Unaudited)	31 December 2023
Accounts receivable	2,368,297,357	2,103,632,270
Less: Bad debt provision	(165,168,229)	(151,319,875)
	<u>2,203,129,128</u>	<u>1,952,312,395</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 Aging of accounts receivables based on their recording dates is analyzed as follows:

	30 June 2024 (Unaudited)	31 December 2023
Within 1 year	2,154,552,144	1,909,996,335
1 to 2 years	110,378,713	127,824,667
2 to 3 years	46,720,169	36,175,845
Over 3 years	56,646,331	29,635,423
	<u>2,368,297,357</u>	<u>2,103,632,270</u>

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

(b) As at 30 June 2024, the total amount of top five accounts receivable and contract assets are analyzed as follows:

	Amount of accounts receivable	Amount of contract assets	Amount of accounts receivable and contract assets	Accounts receivable and contract assets accounted for Proportion of total balance (%)	Bad debt provision amount
Total accounts receivable and contract assets of the top five balances	<u>484,373,880</u>	<u>55,569,881</u>	<u>539,943,761</u>	<u>21.18</u>	<u>(38,277,476)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(4) Accounts receivable (Continued)

(c) During the six-month period ending June 30, 2024, the Group has no accounts receivable that have been derecognized due to the transfer of financial assets (For the 6 months ended 30 June 2023: nil).

(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) 30 June 2024, 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 Qianyu 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 listed as defaulting executioner for involvement of several litigations, thus a full provision for bad debts is made by the Group.

(ii) Provisions for bad debts of accounts receivable on the grouping basis are analyzed as follows:

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

30 June 2024 (Unaudited)			
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	52,646,383	3.02%	(1,587,314)
1 to 2 years	79,900,626	10.00%	(7,990,063)
2 to 3 years	44,630,836	10.24%	(4,571,159)
Over 3 years	27,767,622	72.48%	(20,125,169)
	<u>204,945,467</u>		<u>(34,273,705)</u>
31 December 2023			
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	170,793,774	4.48%	(7,643,817)
1 to 2 years	9,251,327	12.96%	(1,198,963)
2 to 3 years	32,971,597	40.62%	(13,391,473)
Over 3 years	756,947	100.00%	(756,947)
	<u>213,773,645</u>		<u>(22,991,200)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(4) Accounts receivable (Continued)

(d) Bad debt provision (Continued)

- (ii) Provisions for bad debts of accounts receivable on the grouping basis are analyzed as follows (Continued):

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

	30 June 2024 (Unaudited)		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	2,103,112,975	4.53%	(95,197,220)
1 to 2 years	29,392,836	16.50%	(4,851,225)
Over 2 years	9,883,641	100.00%	(9,883,641)
	<u>2,142,389,452</u>		<u>(109,932,086)</u>
31 December 2023			
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	1,739,202,561	3.13%	(54,356,958)
1 to 2 years	118,573,340	35.33%	(41,888,993)
Over 2 years	11,120,286	100.00%	(11,120,286)
	<u>1,868,896,187</u>		<u>(107,366,237)</u>

- (iii) There were no bad debt provisions reversed during this period.

- (e) As of June 30, 2024, the Group had no pledged accounts receivable (as of December 31, 2023: nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(5) Financing receivables

	30 June 2024 (Unaudited)	31 December 2023
Bank acceptance notes	<u>321,386,207</u>	<u>314,538,178</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 30 June 2024, the Group measures the provision of accounts receivable based on the lifetime ECL. As the credit risk characteristics of these bank acceptance notes were similar, no provision for impairment was made individually. The Group expected that there was no significant credit risk associated with its bank acceptance notes and did not expect that there would be any significant losses from non-performance by these banks.
- (b) As at 30 June 2024 and 31 December 2023, the Group had no pledged bank acceptance notes.
- (c) As at 30 June 2024, the bank acceptance notes that the Group has endorsed or discounted but have not yet expired amounted to RMB321,830,702 (31 December 2023: RMB279,617,030) and has been derecognized.

(6) Advances to suppliers

- (a) Aging of advances to suppliers

	30 June 2024 (Unaudited)		31 December 2023	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	231,029,731	99.99%	126,611,960	100.00%
1-2 years	14,062	0.01%	–	–
	<u>231,043,793</u>	<u>100.00%</u>	<u>126,611,960</u>	<u>100.00%</u>

- (b) As at 30 June 2024, the total amount of top five advances to suppliers is analyzed as follows:

	Amount	% of advances to suppliers total balance
Total amount of top five advances to suppliers	<u>103,353,020</u>	<u>44.73%</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(7) Other receivables

	30 June 2024 (Unaudited)	31 December 2023
Dividend receivable	20,431,394	33,615,186
Other receivables	878,690,281	634,443,685
	<u>899,121,675</u>	<u>668,058,871</u>

The classification of dividend receivable is as follows:

	30 June 2024 (Unaudited)	31 December 2023
Qingdao Port Equipment	13,006,994	13,006,994
Sinopec Qingdao Liquefied Natural Gas Co., Ltd. ("Sinopec Qingdao Liquefied")	7,424,400	7,424,400
Qingdao Shenzhouxing International Freight Forwarding Co., Ltd. ("Shenzhouxing Freight Forwarding")	–	13,164,292
Yalong Development Company Limited Co., Ltd.	–	19,500
	<u>20,431,394</u>	<u>33,615,186</u>

The analysis of other receivables by nature of payment is as follows:

	30 June 2024 (Unaudited)	31 December 2023
Receivables and advances of agent business (i)	725,259,916	497,519,933
Advance payment for targeted procurement business (ii)	64,041,529	64,731,923
Deposits and guarantees	51,462,671	51,364,460
Supplementary medical insurance pooling funds (iii)	30,891,901	49,513,858
Advances for land use rights receivable (iv)	14,622,074	14,622,074
Others	85,934,160	41,301,190
	<u>972,212,251</u>	<u>719,053,438</u>
Less: Provision for bad debts	<u>(93,521,970)</u>	<u>(84,609,753)</u>
	<u>878,690,281</u>	<u>634,443,685</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(7) Other receivables (Continued)

- (i) Receivables from agency business are mainly payments made by the Group on behalf of the shipowners for handling the necessary formalities for the vessels' entry and exit from the ports.
- (ii) The advance payment for targeted procurement refers to the advances made by the Group for customers' targeted procurement of goods.
- (iii) 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.
- (iv) 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 previous years 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.

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

	30 June 2024 (Unaudited)	31 December 2023
Within 1 year	827,825,104	577,875,234
1 to 2 years	31,621,427	36,949,592
2 to 3 years	21,138,105	19,557,803
Over 3 years	91,627,615	84,670,809
	<u>972,212,251</u>	<u>719,053,438</u>

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

	Stage 1			Stage 3		
	ECL over the next 12 months (on the grouping basis)		ECL over the next 12 months (on the individual basis)	Lifetime ECL (credit impaired) (on the individual basis)		
	Amount	Provision for bad debts	Amount	Provision for bad debts	Amount	Provision for bad debts
31 December 2023	632,699,441	(19,877,830)	21,622,074	-	64,731,923	(64,731,923)
Increase in the current year (Unaudited)	253,849,207	(9,833,839)	-	-		
Decrease in the current year (Unaudited)		231,228	-	-	(690,394)	690,394
30 June 2024 (Unaudited)	<u>886,548,648</u>	<u>(29,480,441)</u>	<u>21,622,074</u>	<u>-</u>	<u>64,041,529</u>	<u>(64,041,529)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(7) Other receivables (Continued)

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

As at June 30, 2024, the Group does not have any other receivables in stage 2 (as at December 31, 2023: nil). The analyses of other receivables in the stage 1 and stage 3 are as follows:

- (i) As at 30 June 2024, other receivables for which the related provision for bad debts was made on the individual basis are analysed as follows:

	Amount	ECL over the next 12 months	Provision for bad debts	Reason
Stage 1				
Land compensation receivable	7,000,000	–	–	i)
Advances for land use rights receivable	14,622,074	–	–	Note IV (7)(iv)
	<u>21,622,074</u>		<u>–</u>	
	Amount	Lifetime ECL	Provision for bad debts	Reason
Stage 3				
Receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd.	62,695,253	100%	(62,695,253)	ii)
Receivables from Qingdao Huamin Shichuang International Trade Co., Ltd.	1,346,276	100%	(1,346,276)	iii)
	<u>64,041,529</u>		<u>(64,041,529)</u>	

- i) Land compensation receivable is the receivable of RMB7,000,000 from Weihai International Port Economic and Technological Development District Bureau of Finance to Logistics Park Development, a subsidiary of the Group. The amount is a compensation for a part of logistics land from Logistics Park Development used by Weihai Lingang District to plan the railway. The Group expects to fully recover the amount.
- ii) As at 30 June 2024, receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd. were RMB62,695,253. The above company ceased the business operation and got involved in several litigations with its bank accounts frozen. The Group has made provisions for bad debts for the remaining amount that is expected to be unrecoverable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(7) Other receivables (Continued)

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

- iii) As at 30 June 2024, receivables from Qingdao Huamin Shichuang International Trade Co., Ltd. amounted to RMB1,346,276. 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.
- (ii) As at 31 December 2023, 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
Stage 1				
Land compensation receivable	7,000,000	–	–	Note IV(7) (b)(i)
Advances for land use rights receivable	14,622,074	–	–	Note IV(7) (iv)
	<u>21,622,074</u>		<u>–</u>	
	Amount	Lifetime ECL	Provision for bad debts	Reason
Stage 3				
Receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd.	63,379,156	100%	(63,379,156)	Note IV(7) (b)(i)
Receivables from Qingdao Huamin Shichuang International Trade Co., Ltd.	1,352,767	100%	(1,352,767)	Note IV(7) (b)(i)
	<u>64,731,923</u>		<u>(64,731,923)</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(7) Other receivables (Continued)

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

(iii) As at 30 June 2024 and 31 December 2023, 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:

	30 June 2024 (Unaudited)			31 December 2023		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Agency business and receivables combinations	718,259,916	(23,107,142)	3.22%	490,519,933	(16,275,997)	3.32%
Deposits and guarantees combinations	51,462,671	(504,310)	0.98%	51,364,460	(735,538)	1.43%
Other combinations	116,826,061	(5,868,989)	5.02%	90,815,048	(2,866,295)	3.16%
	<u>886,548,648</u>	<u>(29,480,441)</u>		<u>632,699,441</u>	<u>(19,877,830)</u>	

(c) The provision for bad debts during this period amounted to RMB9,602,611, and the newly added individual provision for bad debts is RMB (690,394).

(d) As at 30 June 2024, top five other receivables are analyzed as follows:

	Nature	Amount	Aging	% of total	Provision for bad debts
Qingdao port Equipment	Receivables and advances of agency business	68,636,100	Within 1 year 3-4 years	7.06%	(3,763,013)
Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd.	Advance payment for targeted procurement business	62,695,253	Over 3 years	6.45%	(62,695,253)
Wallem Shipping (China) Co., Ltd.	Receivables and advances of agency business	35,674,574	Within 1 year	3.67%	(1,110,237)
Qingdao Heli Yongchang International Trade Co., Ltd	Receivables and advances of agency business	34,117,358	Within 1 year	3.51%	(1,023,521)
Shandong Branch of Ping An Annuity Insurance Company of China, Ltd.	Supplementary medical insurance pooling funds	33,756,150	Within 1 year	3.47%	(1,012,685)
		<u>234,879,435</u>		<u>24.16 %</u>	<u>(69,604,709)</u>

(e) As at 30 June 2024 and 31 December 2023, the Group did not recognize government grants at amounts receivable.

(f) As at 30 June 2024 and 31 December 2023, the Group had no other receivables pledged.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(8) Inventories

(a) Inventories are summarized by categories as follows:

	30 June 2024 (Unaudited)			31 December 2023		
	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	29,080,258	-	29,080,258	24,582,831	-	24,582,831
Fuel	8,511,467	-	8,511,467	9,445,023	-	9,445,023
Spare parts	2,461,962	-	2,461,962	2,129,064	-	2,129,064
Others	11,222,416	-	11,222,416	15,447,899	-	15,447,899
	<u>51,276,103</u>	<u>-</u>	<u>51,276,103</u>	<u>51,604,817</u>	<u>-</u>	<u>51,604,817</u>

(b) The analysis of the current year change of inventory balance is as follows:

	31 December 2023	Increase in current period (Unaudited)	Decrease in current period (Unaudited)	30 June 2024 (Unaudited)
Materials and finished goods	24,582,831	445,595,091	(441,097,664)	29,080,258
Fuel	9,445,023	346,120,312	(347,053,868)	8,511,467
Spare parts	2,129,064	8,771,893	(8,438,995)	2,461,962
Others	15,447,899	277,341,679	(281,567,162)	11,222,416
	<u>51,604,817</u>	<u>1,077,828,975</u>	<u>(1,078,157,689)</u>	<u>51,276,103</u>

(c) As at 30 June 2024 and 31 December 2023, the management of the Group considered that there is no indication that the inventories may be impaired, therefore no provision for impairment is recorded.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(9) Contract assets

	30 June 2024 (Unaudited)	31 December 2023
Contract assets	181,595,737	94,088,638
Less: provision for contract assets	<u>(4,865,001)</u>	<u>(4,647,548)</u>
	<u>176,730,736</u>	<u>89,441,090</u>

The Group measures the provision for contract assets based on the lifetime ECL regardless of whether there exists a significant financing component. As at 30 June 2024 and 31 December 2023, the Group's contract assets were not overdue, and had no contract assets with provision for impairment on individual basis.

(10) Other current assets

	30 June 2024 (Unaudited)	31 December 2023
VAT input to be deducted	<u>351,928,802</u>	<u>197,410,270</u>

(11) Long-term receivables

	30 June 2024 (Unaudited)	31 December 2023
Receivables from Hunan Ccoop Commercial Management Co., Ltd ("Hunan Ccoop") i)	34,288,536	35,401,782
Less: Current portion	<u>(1,834,409)</u>	<u>(4,184,479)</u>
	32,454,127	31,217,303
Provision for bad debts	<u>-</u>	<u>-</u>
	<u>32,454,127</u>	<u>31,217,303</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(11) Long-term receivables (Continued)

(a) Statement of Loss Provision and Changes in Book Balance

	Stage 3		
	Lifetime ECL (Credit impairment has occurred)		Total
	Book balance	Provision for bad debts	Provision for bad debts
31 December 2023	31,217,303	—	—
New additions to the current period's accounts (unaudited)	3,039,831	—	—
Decreases in the current period's accounts (unaudited)	(1,803,007)	—	—
30 June 2024	<u>32,454,127</u>	<u>—</u>	<u>—</u>

- i) As at 30 June 2024, The Group does not have long-term receivables at Stage 1 and Stage 2 (31 December 2023: nil), The receivable at Stage 3 of RMB34,288,536 from Hunan Ccoop (31 December 2023: RMB35,401,782), due to its poor performance, Hunan Kupu was unable to pay the amount, and therefore provided 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 installments within 10 years. RMB2,875,346 was repaid for the six-month period ended 30 June 2024. The Group believed that the recovery risk is relatively low and therefore no provision for bad debts was made.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(11) Long-term receivables (Continued)

(b) As at June 30, 2024, and December 31, 2023, the Group had no long-term receivables in stage 1 and stage 2. The analysis of long-term receivables in stage 3 is as follows:

(i) As at June 30, 2024, provision for bad debts for long-term receivables on the individual basis are analysed as follows:

Stage 3	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Receivables from Hunan Ccoop	<u>32,454,127</u>	<u>-</u>	<u>-</u>	Note IV(11)(a)

As of December 31, 2023, the analysis of long-term receivables provided for individually for bad debts is as follows:

Stage 3	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Receivables from Hunan Ccoop	<u>31,217,303</u>	<u>-</u>	<u>-</u>	Note IV(11)(a)

(12) Long-term equity investments

	30 June 2024 (Unaudited)	31 December 2023
Joint ventures (a)	11,218,189,780	10,536,478,054
Associates (b)	<u>3,625,832,460</u>	<u>3,509,252,046</u>
	<u>14,844,022,240</u>	<u>14,045,730,100</u>

As at 30 June 2024 and 31 December 2023, the Group's management considered that there was no indication that the long-term equity investments may be impaired, therefore no provision for impairment is recorded.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures

Investment in joint ventures are set out below:

		Movement in the current period (Unaudited)					
	31 December 2023	Transfer to subsidiaries	Share of net profit/(loss) under equity method	Movements in other equities	Cash dividends/ profit declared	Intra-group unrealized profit	30 June 2024
Qingdao Shihua	1,222,838,426	-	107,020,458	880,354	-	2,228,406	1,332,967,644
West United	431,591,467	-	9,091,027	-	(15,300,000)	872,231	426,254,725
Huaneng Qingdao Port Co., Ltd. ("Huaneng Qingdao")	126,038,667	-	1,935,554	58,097	-	-	128,032,318
Qingdao Port Dongjiakou Wanbang Logistics Co., Ltd. ("Dongjiakou Wanbang Logistics")	67,593,224	-	(106,858)	-	-	-	67,486,366
QDOT	664,200,714	-	4,336,046	-	-	538,303	669,075,063
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd. ("Dongjiakou Sinotrans Logistics")	52,037,632	-	101,091	-	-	-	52,138,723
Qingdao PetroChina Storage Co., Ltd. ("PetroChina Storage")	169,656,519	-	(1,178,374)	410,161	-	-	168,888,306
QQCT	7,603,178,693	-	555,294,895	1,245,476	-	3,541,234	8,163,260,298
Qingdao Port (Linyi) High-speed Logistics Co., Ltd. ("Linyi Expressway")	3,212,472	-	(25,643)	-	-	-	3,186,829
Qingdao United International Shipping Agency Co., Ltd. ("United Shipping Agency")	30,290,752	-	1,828,615	-	-	-	32,119,367
Shenzhouxing Freight Forwarding	16,595,756	-	7,240,353	-	-	-	23,836,109
Qingdao China Shipping Agency Co., Ltd. ("China Shipping Agency")	11,890,181	-	651,191	-	-	-	12,541,372
Qingdao Evergreen Container Storage & Transportation Co., Ltd. ("Evergreen Container")	55,348,057	-	14,371,355	-	(24,049,848)	-	45,669,564
Qingdao Donggang International Container Storage & Transportation Co., Ltd. ("Donggang Container")	47,429,512	-	5,376,443	-	-	-	52,805,955
Qingdao Ganglianrong International Logistics Co., Ltd. ("Ganglianrong Logistics")	11,539,403	-	2,707,123	-	-	-	14,246,526
Qingdao Ganglianhai International Logistics Co., Ltd. ("Ganglianhai Logistics")	19,134,547	-	2,191,436	-	-	-	21,325,983
Hailu International Port Operation Management Co., Ltd. ("Hailu International")	3,902,032	-	452,600	-	-	-	4,354,632
	<u>10,536,478,054</u>	<u>-</u>	<u>711,287,312</u>	<u>2,594,088</u>	<u>(39,349,848)</u>	<u>7,180,174</u>	<u>11,218,189,780</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF 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 sent 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 sent 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 relating to equity in joint ventures are set out in Note VI. (2).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(12) Long-term equity investments (Continued)

(b) Associates

Investment in joint ventures are set out below:

	31 December 2023	Movement in the current period (Unaudited)					30 June 2024
		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	
Haiwan Liquid Chemical	111,734,541	852,856	-	-	-	-	112,587,397
Shangang Luhai International Logistics (Jinan) Co., Ltd. ("Shangang Luhai Jinan")	40,348,331	845,694	-	-	-	-	41,194,025
Qingdao Qingyin Financial Leasing Co., Ltd. ("Qingyin Financial Leasing")	161,067,668	13,967,831	-	(1,223,628)	(9,000,000)	-	164,811,871
Shandong Port Overseas Development Group Qingdao Co., Ltd. ("Overseas Development Qingdao")	6,124,274	2,147,740	-	-	-	-	8,272,014
Qingdao Engineering	285,520,980	6,485,677	-	-	-	33,458	292,040,115
Shandong Port Science and Technology Group Qingdao Co., Ltd. ("Technology Company")	59,464,926	3,143,839	-	-	-	-	62,608,765
Global Shipping Business Network Limited ("GSBN")	8,963,521	287,369	-	-	-	-	9,250,890
Qingdao Port Equipment	120,371,490	13,689,203	-	417,582	-	-	134,478,275
Shandong Port Finance	1,653,772,493	71,763,208	3,170,815	-	-	-	1,728,706,516
Shandong Zhenhua Petroleum Energy Storage Co., Ltd. ("Zhenhua Petroleum Storage")	480,200,000	75,708	-	-	-	-	480,275,708
Shangang Energy Development (Qingdao) Co., Ltd. ("Shangang Energy Development")	4,900,000	-	-	-	-	-	4,900,000
China Union Express Holdings Group Co., Ltd. ("China Union Express")	152,024,991	23,558,924	-	-	(11,203,798)	-	164,380,117
Qingdao Qianwan Xinhe International Supply Chain Service Co., Ltd. ("Qianwan Xinhe supply chain")	7,710,870	(101,184)	-	-	-	-	7,609,686
Qingdao Port International Trade Logistics Co., Ltd. ("ITG Logistics")	92,027,281	7,936,980	-	-	-	-	99,964,261
Xishuangbanna Natural Rubber Storage and Transportation Center Co., Ltd. ("Natural Rubber Storage and Transportation")	34,000,000	-	-	-	-	-	34,000,000
Weihai Hailian Container Co., Ltd. ("Hailian Container")	7,435,234	571,013	-	-	-	-	8,006,247
Shandong Port Energy Co., Ltd. ("Shandong Port Energy")	14,477,810	1,172,374	-	-	-	-	15,650,184
COSCO Shipping Ports (Abu Dhabi) Co., Ltd ("COSCO Abu Dhabi")	269,107,636	(12,011,247)	-	-	-	-	257,096,389
	<u>3,509,252,046</u>	<u>134,385,985</u>	<u>3,170,815</u>	<u>(806,046)</u>	<u>(20,203,798)</u>	<u>33,458</u>	<u>3,625,832,460</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(13) Other non-current financial assets

	30 June 2024 (Unaudited)	31 December 2023
Investments in financial assets at fair value through profit or loss	<u>393,840,402</u>	<u>393,840,402</u>

Other non-current financial assets represent the Group's investment in equity of unlisted companies, which are Shandong Harbor Construction Group, Shandong Binhai Hongrun Pipeline Stock Limited, Shandong Port Shipping, Sinopec Qingdao Liquefied Natural Gas Co., Ltd., Yalong Development Co., Ltd. and Shandong Port Equipment Group with shareholding of 9.29%, 10%, 2.58%, 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. During the 6-month period ending on June 30, 2024, the Group received cash dividends of RMB11,000,000 and RMB19,500 from Sinopec Qingdao and Yalong Development Co., Ltd. respectively.

(14) Investment properties

	Houses and buildings	Land use rights	Total
Original book value			
31 December 2023	106,753,453	166,748,735	273,502,188
Transfer from fixed assets (Unaudited)	15,799,359		15,799,359
Transfer from intangible assets (Unaudited)		81,617,344	81,617,344
30 June 2024 (Unaudited)	<u>122,552,812</u>	<u>248,366,079</u>	<u>370,918,891</u>
Accumulated depreciation and amortization			
31 December 2023	(36,059,076)	(29,131,742)	(65,190,818)
Accrual or amortization (Unaudited)	(1,801,559)	(994,333)	(2,795,892)
Transfer from fixed assets (Unaudited)	(4,700,251)	–	(4,700,251)
Transfer from intangible assets (Unaudited)	–	(18,175,611)	(18,175,611)
30 June 2024 (Unaudited)	<u>(42,560,886)</u>	<u>(48,301,686)</u>	<u>(90,862,572)</u>
Book value			
30 June 2024 (Unaudited)	<u>79,991,926</u>	<u>200,064,393</u>	<u>280,056,319</u>
31 December 2023	<u>70,694,377</u>	<u>137,616,993</u>	<u>208,311,370</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(14) Investment properties (Continued)

	Houses and buildings	Land use rights	Total
Original book value			
31 December 2022	68,187,971	114,799,758	182,987,729
Transfer to fixed assets (Unaudited)	(11,764,350)	–	(11,764,350)
30 June 2023 (Unaudited)	56,423,621	114,799,758	171,223,379
Accumulated depreciation and amortization			
31 December 2022	(18,501,246)	(18,820,102)	(37,321,348)
Accrual or amortization (Unaudited)	(1,271,588)	(1,157,604)	(2,429,192)
Transfer to fixed assets (Unaudited)	4,930,062	–	4,930,062
30 June 2023 (Unaudited)	(14,842,772)	(19,977,706)	(34,820,478)
Book value			
30 June 2023 (Unaudited)	41,580,849	94,822,052	136,402,901
31 December 2022	49,686,725	95,979,656	145,666,381

As at 30 June 2024, 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 (31 December 2023: nil).

For the 6 months ended 30 June 2024, no interest expenses were capitalized in investment properties by the Group (For the 6 months ended 30 June 2023: nil).

As at 30 June 2024, there are no properties or Land tenure in the group without warrants. (31 December 2023: nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(15) Fixed assets

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication equipment	Office equipment and other equipment	Total
Original book value										
31 December 2023	1,268,166,633	14,505,729,626	11,674,958,983	4,257,050,821	1,468,173,803	1,885,141,345	190,416,066	373,846,053	97,914,603	35,721,397,933
Increase in current period										
(Unaudited)										
Purchase	127,403	38,881	2,007,313	14,315,482	24,730,227	-	7,199,730	14,439,054	729,120	63,587,210
Transfer from construction in progress	5,834,266	6,444,616	659,511	3,021,242	16,615,978	-	375,457	2,934,147	70,818	35,956,035
Reclassification and adjustments	633,390	4,257,764	-	-	7,962,221	-	-	-	17,875	12,871,250
Decrease in current period										
(Unaudited)										
Disposal or scrapping	-	(264,109)	(87,985)	(53,931,532)	(6,500,409)	-	(9,157,311)	(1,333,577)	(945,600)	(72,220,523)
Transfer to investment properties	(15,799,359)	-	-	-	-	-	-	-	-	(15,799,359)
Reclassification and adjustments	(4,257,764)	-	(633,390)	-	-	-	-	(5,894,942)	(2,085,154)	(12,871,250)
Others	-	(22,167,485)	(41,975,779)	-	-	-	-	(2,924,528)	(7,584)	(67,075,376)
30 June 2024 (Unaudited)	1,254,704,569	14,494,039,293	11,634,928,653	4,220,456,013	1,510,981,820	1,885,141,345	188,833,942	381,066,207	95,694,078	35,665,845,920
Accumulated depreciation										
31 December 2023	(393,133,864)	(3,943,744,446)	(2,173,308,003)	(3,014,530,067)	(1,010,755,931)	(1,029,471,699)	(112,477,851)	(232,132,327)	(60,981,078)	(11,970,535,266)
Increase in current period										
(Unaudited)										
Accrual	(22,981,109)	(166,873,207)	(187,291,097)	(49,092,317)	(57,338,867)	(38,658,627)	(5,102,463)	(23,126,374)	(2,435,334)	(552,899,395)
Reclassification and adjustments	-	-	(11,920)	-	(1,453,080)	-	-	(282,957)	-	(1,747,957)
Decrease in current period										
(Unaudited)										
Disposal or scrapping	-	133,996	23,932	52,410,504	6,004,747	-	8,453,117	1,316,020	901,054	69,243,370
Transfer to investment properties	4,700,251	-	-	-	-	-	-	-	-	4,700,251
Reclassification and adjustments	11,920	-	-	-	282,099	-	-	-	1,453,938	1,747,957
Others	-	-	-	-	3,280	-	-	748,679	-	751,959
30 June 2024 (Unaudited)	(411,402,802)	(4,110,483,657)	(2,360,587,088)	(3,011,211,880)	(1,063,257,752)	(1,068,130,326)	(109,127,197)	(253,476,959)	(61,061,420)	(12,448,739,081)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(15) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication equipment	Office equipment and other equipment	Total
Provision for impairment										
31 December 2023	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Accrual (Unaudited)	-	-	-	-	-	-	-	-	-	-
30 June 2024 (Unaudited)	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)

Book value

30 June 2024 (Unaudited)	818,413,920	10,383,555,636	9,274,341,565	1,209,244,133	447,724,068	817,011,019	79,706,745	127,589,248	34,632,658	23,192,218,992
31 December 2023	850,144,922	10,561,985,180	9,501,650,980	1,242,520,754	457,417,872	855,669,646	77,938,215	141,713,726	36,933,525	23,725,974,820

Original book value

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
Increase in current period (Unaudited)										
Purchase	2,621,687	1,133,576	-	4,716,710	10,110,313	-	4,034,382	6,212,696	1,021,818	29,851,182
Transfer from construction in progress	80,361,872	33,420,652	940,242,653	136,371,139	49,682,182	35,893,805	10,761,310	37,274,899	54,345	1,324,062,857
Transfer from Investment property	-	-	11,764,350	-	-	-	-	-	-	11,764,350
Business combinations not under common control	-	-	24,662	-	19,759	-	90,240	442,245	24,205	601,111
Decrease in current period (Unaudited)										
Disposal or scrapping	-	(58,804)	-	(27,028,192)	(6,346,339)	-	(1,720,056)	(194,031)	(53,506)	(35,400,928)
Disposal of subsidiaries	-	-	-	-	(371,884)	-	(722,913)	(19,306)	(245,278)	(1,359,381)
30 June 2023 (Unaudited)	1,254,738,581	14,312,344,176	10,869,016,172	4,192,606,934	1,396,834,387	1,827,247,539	188,751,608	320,023,942	97,460,321	34,459,023,660

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)

(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(15) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication equipment	Office equipment and other equipment	Total
Accumulated depreciation										
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)
Increase in current period (Unaudited)										
Accrual	(19,674,417)	(194,906,322)	(190,516,332)	(71,340,643)	(54,782,632)	(37,355,919)	(5,970,794)	(20,343,368)	(2,878,440)	(597,768,867)
Transfer from										
Investment property	-	-	(4,930,062)	-	-	-	-	-	-	(4,930,062)
Decrease in current period (Unaudited)										
Disposal or scrapping	-	56,452	-	21,166,931	5,611,313	-	1,520,599	186,313	51,324	28,592,932
Disposal of subsidiaries	-	-	-	-	209,653	-	319,149	12,740	161,618	703,160
30 June 2023 (Unaudited)	(372,464,208)	(3,764,609,682)	(1,995,358,924)	(3,005,979,299)	(973,914,303)	(994,491,331)	(110,692,537)	(216,665,840)	(60,182,122)	(11,494,358,246)
Provision for impairment										
31 December 2022	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Accrual (Unaudited)	-	-	-	-	-	-	-	-	-	-
30 June 2023 (Unaudited)	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Book value										
30 June 2023 (Unaudited)	857,386,526	10,547,734,494	8,873,657,248	1,186,627,635	422,920,084	832,756,208	78,059,071	103,358,102	37,278,199	22,939,777,567
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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF 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
Original book value							
31 December 2023	33,940,133	2,231,001,397	924,917,845	28,155,136	-	-	3,218,014,511
Increase in current period (Unaudited)	-	-	17,276,808	-	-	-	17,276,808
Decrease in current period (Unaudited)	-	-	-	-	-	-	-
30 June 2024 (Unaudited)	33,940,133	2,231,001,397	942,194,653	28,155,136	-	-	3,235,291,319

Accumulated depreciation

31 December 2023	(14,270,446)	(588,701,797)	(225,752,678)	(15,813,954)	-	-	(844,538,875)
Accrual (Unaudited)	(690,227)	(35,967,150)	(13,203,958)	(1,024,821)	-	-	(50,886,156)
Increase in current period (Unaudited)	-	-	(6,697,738)	-	-	-	(6,697,738)
Decrease in current period (Unaudited)	-	-	-	-	-	-	-
30 June 2024 (Unaudited)	(14,960,673)	(624,668,947)	(245,654,374)	(16,838,775)	-	-	(902,122,769)

Book value

30 June 2024 (Unaudited)	18,979,460	1,606,332,450	696,540,279	11,316,361	-	-	2,333,168,550
31 December 2023	19,669,687	1,642,299,600	699,165,167	12,341,182	-	-	2,373,475,636

There are no residual value guarantee clauses in the leasing contracts for buildings, port facilities, storage facilities, loading equipment, machinery and equipment, and other equipment entered into by the Group as lessor.

Depreciation charged on fixed assets for the six-month period ended 30 June 2024 amounted to RMB552,899,395 (for the six months ended 30 June 2023: RMB597,768,867), of which depreciation expense recorded in operating costs, general and administrative expenses, and research and development expenses amounted to RMB533,324,227, RMB18,910,429 and RMB169,317 (six-month period ended June 30, 2023: RMB581,538,612, RMB14,117,939 and RMB2,112,316), and RMB495,423 capitalized in construction in progress (six-month period ended June 30, 2023: RMB0).

For the six months ended 30 June 2024, the original value transferred from construction in progress to fixed assets was RMB35,956,035 (six-month period ended 30 June 2023: RMB1,324,062,857).

(a) As at 30 June 2024, the amount of provision for the impairment of fixed assets of the Group's subsidiary, Logistics Park Development, was RMB24,887,847 (RMB24,887,847 on 31 December 2023).

(b) As at 30 June 2024, The group has no fixed assets temporarily idle (31 December 2023: nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(15) Fixed assets (Continued)

(c) Fixed assets without the certificate of ownership:

Item	Book value (Unaudited)	Reasons for no certificate of ownership
Buildings		The financial accounts for the completion of the works have not yet been finalized or the necessary formalities prior to the issuance of the certificate of ownership have not been completed
	<u>237,730,138</u>	

(16) Construction in progress

	30 June 2024 (Unaudited)	31 December 2023
Construction in progress (a)	<u>2,159,646,085</u>	1,754,938,891
Construction materials	<u>1,903,946</u>	<u>2,400,397</u>
	<u><u>2,161,550,031</u></u>	<u><u>1,757,339,288</u></u>

(a) Construction in progress

	30 June 2024 (Unaudited)			31 December 2023		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Qilu Fuhai crude oil depot project	509,977,114	-	509,977,114	508,336,752	-	508,336,752
Dongjiakou Port Oil Products Phase I, Phase II, and Phase III Project	455,355,556	-	455,355,556	455,355,556	-	455,355,556
Dongjiakou General Wharf Grain Silo Phase III Project	480,378,036	-	480,378,036	241,347,147	-	241,347,147
Liquid Chemical Terminal Tank Farm Project	303,633,897	-	303,633,897	160,775,158	-	160,775,158
Other projects	<u>410,301,482</u>	-	<u>410,301,482</u>	<u>389,124,278</u>	-	<u>389,124,278</u>
	<u><u>2,159,646,085</u></u>	<u>-</u>	<u><u>2,159,646,085</u></u>	<u><u>1,754,938,891</u></u>	<u>-</u>	<u><u>1,754,938,891</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Construction in progress (Continued)

(a) Construction in progress (Continued)

(i) Changes in significant construction in progress

Project name	Budget	31 December 2023	Increase in the current year (Unaudited)	Transfer to fixed assets (Unaudited)	Other decreases in the current year (Unaudited)	30 June 2024 (Unaudited)	Percentage of project investment to the 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
Qilu Fuhai crude oil depot project	678,650,000	508,336,752	17,819,746	(16,179,384)	-	509,977,114	79%	79%	758,418	466,999	3.20%	Internal capital, borrowings from banks
Dongjiakou Port Oil Products Phase I, Phase II, and Phase III Project	825,755,775	455,355,556	-	-	-	455,355,556	56%	56%	-	-	-	Internal capital
Dongjiakou General Wharf Grain Silo Phase III Project	1,132,850,000	241,347,147	239,030,889	-	-	480,378,036	44%	44%	2,147,012	1,556,328	2.68%	Internal capital, borrowings from banks, borrowings from Shandong Port Finance
Liquid Chemical Terminal Tank Farm Project	1,886,900,000	160,775,158	143,026,982	-	(168,243)	303,633,897	43%	43%	-	-	-	Internal capital
Other projects	-	389,124,278	48,033,349	(19,776,651)	(7,079,494)	410,301,482	-	-	-	-	-	Internal capital
		1,754,938,891	447,910,966	(35,956,035)	(7,247,737)	2,159,646,085			2,905,430	2,023,327		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)

(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Construction in progress (Continued)

(a) Construction in progress (Continued)

(i) Changes in significant construction in progress (Continued)

Project name	Budget	31 December 2022	Increase in the current year (Unaudited)	Transfer to fixed assets (Unaudited)	30 June 2023 (Unaudited)	Percentage of project investment to the budget	Progress of the project	Accumulative amount of capitalized borrowing costs	Including: Borrowing costs capitalized in the current year	Capitalization rate in the Sources of capital
Dongjiakou liquid bulk cargo handling, storage and transportation project	3,230,529,000	844,235,682	500,835,573	(529,705,560)	815,365,695	24%	24%	1,655,585	1,523,942	4% Internal capital, borrowings from financial companies, Internal capital,
Dongjiakou bulk cargo berth and storage yard project	4,931,551,000	812,763,354	307,832,001	(471,859,738)	648,735,617	28%	28%	-	-	- Internal capital,
Dongjiakou crude oil commercial reserve project	4,480,000,000	276,859,626	198,104,836	(6,349,558)	468,614,904	73%	73%	-	-	- Internal capital,
Dongjiakou Port Oil Products Phase III Project	1,132,850,000	-	51,126,446	-	51,126,446	5%	5%	-	-	- Internal capital,
Other projects	-	556,080,338	73,666,999	(316,148,001)	313,599,336	-	-	-	-	- Internal capital,
		<u>2,489,939,000</u>	<u>1,131,565,855</u>	<u>(1,324,062,857)</u>	<u>2,297,441,998</u>			<u>1,655,585</u>	<u>1,523,942</u>	

As at 30 June 2024 and 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 (31 December 2023:nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(17) Right-of-use assets

	Buildings	Port facilities	Storage facilities	Machinery and equipments	Transportation equipments	Totals
Original book value						
31 December 2023	235,069,683	96,187,617	497,650,884	47,567,533	–	876,475,717
Increase in the current period (Unaudited)						
New lease contracts	–	–	27,157,895	–	1,074,937	28,232,832
Lease change	855,957	–	871,388	32,997,298	–	34,724,643
Decrease in the current period (Unaudited)						
Lease change	(23,495,568)	–	(19,058,093)	(497,516)	–	(43,051,177)
Expiration of lease	–	–	(29,027,968)	–	–	(29,027,968)
30 June 2024 (Unaudited)	212,430,072	96,187,617	477,594,106	80,067,315	1,074,937	867,354,047
Accumulated depreciation						
31 December 2023	(120,575,450)	(14,268,973)	(167,201,027)	(18,712,852)	–	(320,758,302)
Increase in the current period (Unaudited)						
Provision	(24,479,934)	(1,734,055)	(44,319,405)	(8,125,091)	(68,997)	(78,727,482)
Lease change	–	–	–	(6,859,157)	–	(6,859,157)
Decrease in the current period (Unaudited)						
Lease change	8,831,035	–	5,242,569	915,504	–	14,989,108
Expiration of lease	–	–	29,027,968	–	–	29,027,968
30 June 2024 (Unaudited)	(136,224,349)	(16,003,028)	(177,249,895)	(32,781,596)	(68,997)	(362,327,865)
Net book value						
30 June 2024 (Unaudited)	76,205,723	80,184,589	300,344,211	47,285,719	1,005,940	505,026,182
31 December 2023	114,494,233	81,918,644	330,449,857	28,854,681	–	555,717,415

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

	Buildings	Port facilities	Storage facilities	Machinery and equipments	Totals
Original book value					
31 December 2022	220,436,764	96,187,617	475,132,180	47,567,533	839,324,094
Increase in the current year (Unaudited)					
New lease contracts	8,841,288	–	24,894,184	–	33,735,472
Decrease in the current year (Unaudited)					
Lease change	(1,524,990)	–	(12,556,395)	–	(14,081,385)
Expiration of lease	–	–	(34,357,773)	–	(34,357,773)
30 June 2023 (Unaudited)	227,753,062	96,187,617	453,112,196	47,567,533	824,620,408
Accumulated depreciation					
31 December 2022	(67,540,702)	(10,352,312)	(118,465,534)	(13,361,111)	(209,719,659)
Increase in the current period (Unaudited)					
Provision	(26,301,621)	(2,070,469)	(44,022,897)	(2,675,870)	(75,070,857)
Decrease in the current period (Unaudited)					
Lease change	304,998	–	9,092,272	–	9,397,270
Expiration of lease	–	–	34,357,773	–	34,357,773
30 June 2023 (Unaudited)	(93,537,325)	(12,422,781)	(119,038,386)	(16,036,981)	(241,035,473)
Net book value					
30 June 2023 (Unaudited)	134,215,737	83,764,836	334,073,810	31,530,552	583,584,935
31 December 2022	152,896,062	85,835,305	356,666,646	34,206,422	629,604,435

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(18) Intangible assets

	Land use rights	Softwares	Sea area use rights	Others	Self-developed data resource intangibles	Totals
Original book value						
31 December 2023	3,361,157,236	260,890,694	82,059,560	48,228,848	–	3,752,336,338
Increase in the current period (Unaudited)						
Purchase	16,518,611	15,054,416	–	–	–	31,573,027
Internal research and development	–	35,927,178	–	–	258,518	36,185,696
Transfer from construction in progress	5,606,413	–	–	–	–	5,606,413
Others	–	–	–	2,924,528	–	2,924,528
Decrease in current period (Unaudited)						
Disposal	–	–	(12,994,800)	–	–	(12,994,800)
Transfer to investment properties	(81,617,344)	–	–	–	–	(81,617,344)
30 June 2024 (Unaudited)	3,301,664,916	311,872,288	69,064,760	51,153,376	258,518	3,734,013,858
Accumulated depreciation						
31 December 2023	(476,166,481)	(150,441,374)	(8,290,600)	(47,124,805)	–	(682,023,260)
Increase in the current period (Unaudited)						
Accrual	(35,537,012)	(23,155,063)	(717,445)	(543,750)	(28,724)	(59,981,994)
Others	–	–	–	(748,679)	–	(748,679)
Decrease in current period (Unaudited)						
Transfer to investment properties	18,175,611	–	–	–	–	18,175,611
30 June 2024 (Unaudited)	(493,527,882)	(173,596,437)	(9,008,045)	(48,417,234)	(28,724)	(724,578,322)
Net book value						
30 June 2024 (Unaudited)	2,808,137,034	138,275,851	60,056,715	2,736,142	229,794	3,009,435,536
31 December 2023	2,884,990,755	110,449,320	73,768,960	1,104,043	–	3,070,313,078

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(18) Intangible assets (Continued)

	Land use rights	Softwares	Sea area use rights	Others	Totals
Original book value					
31 December 2022	3,423,123,141	193,626,780	124,577,210	50,307,510	3,791,634,641
Increase in the current period (Unaudited)					
Purchase	–	6,120,851	–	–	6,120,851
Internal research and development	–	27,334,240	–	–	27,334,240
Decrease in current period (Unaudited)					
Disposal of subsidiaries	–	(53,356)	–	–	(53,356)
30 June 2023 (Unaudited)	3,423,123,141	227,028,515	124,577,210	50,307,510	3,825,036,376
Accumulated depreciation					
31 December 2022	(416,636,454)	(115,573,408)	(9,934,899)	(47,312,152)	(589,456,913)
Increase in the current period (Unaudited)					
Accrual	(35,563,075)	(18,156,349)	(717,445)	(1,347,565)	(55,784,434)
Decrease in current period (Unaudited)					
Disposal of subsidiaries	–	28,786	–	–	28,786
30 June 2023 (Unaudited)	(452,199,529)	(133,700,971)	(10,652,344)	(48,659,717)	(645,212,561)
Net book value					
30 June 2023 (Unaudited)	2,970,923,612	93,327,544	113,924,866	1,647,793	3,179,823,815
31 December 2022	3,006,486,687	78,053,372	114,642,311	2,995,358	3,202,177,728

Amortization charged on intangible assets for the six months ended 30 June 2024 amounted to RMB59,981,994 (For the six months ended 30 June 2023: RMB55,784,434), of which amortization charged to land use rights in construction in progress amounted to RMB2,308,286 (For the six months ended 30 June 2023: RMB2,486,837).

As at 30 June 2024, the group has no land that is still in the process of certificate application (As at 31 December 2023: nil).

As at 30 June 2024, the Group had no pledged intangible assets (31 December 2023: nil).

As at 30 June 2024, the management of the Group considered that there is no indication that the intangible assets may be impaired, therefore no provision for impairment is recorded (31 December 2023: nil).

Data resources: the Dry Bulk Terminal Cargo Transshipment Analysis Dataset has a useful life of 3 years and is amortized on an annual average basis with no residual value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(18) Intangible assets (Continued)

The development expenses are listed as follows:

	31 December 2023	Increase in the current year (Unaudited)	Decrease in current period		30 June 2024 (Unaudited)
			Recognize in profit or loss (Unaudited)	Recognized as intangible asset (Unaudited)	
Information System					
Maintenance and software	<u>42,279,529</u>	<u>104,510,830</u>	<u>(66,769,524)</u>	<u>(35,927,178)</u>	<u>43,835,139</u>

As at 30 June 2024, the Group total expenditure on research and development RMB104,510,830 (for the six months ended 30 June 2023: RMB85,864,856). For the six month period ended 30 June 2024, RMB66,769,524 Gains and losses are recorded (for the six months ended 30 June 2023: RMB50,752,626). For the six month period ended 30 June 2024, RMB35,927,178 was recognized as intangible asset (six-month period ended 30 June 2023: RMB27,334,240). The proportion of intangible assets generated from internal research and development of the Company to the balance of intangible assets at the end of the period is 3.27% (31 December 2023: 2.88%).

(19) Development costs

During the six-month period ending June 30, 2024, the total expenditure on research and development activities of the Group are listed by nature as follows:

	For the period ended 30 June 2024		
	Research and development expenses (Unaudited)	Development costs (Unaudited)	Total (Unaudited)
Consumed materials	5,993,098	–	5,993,098
Employee benefits	54,914,601	1,296,254	56,210,855
Depreciation and amortization	2,089,607	–	2,089,607
Design expenses	–	–	–
Technical services	3,495,283	36,445,052	39,940,335
Others	<u>276,935</u>	<u>–</u>	<u>276,935</u>
	<u>66,769,524</u>	<u>37,741,306</u>	<u>104,510,830</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(19) Development costs (Continued)

During the six-month period ending June 30, 2023, the total expenditure on research and development activities of the Group is listed by nature as follows:

	For the period ended 30 June 2023		
	Research and development expenses (Unaudited)	Development costs (Unaudited)	Total (Unaudited)
Consumed materials	1,936,002	1,433,962	3,369,964
Employee benefits	40,255,169	189,917	40,445,086
Depreciation and amortization	2,112,316	–	2,112,316
Design expenses	–	566,038	566,038
Technical services	6,152,899	31,960,049	38,112,948
Others	296,240	962,264	1,258,504
	<u>50,752,626</u>	<u>35,112,230</u>	<u>85,864,856</u>

(a) In 2024, changes in development costs eligible for capitalisation of the Group were analysed as follows:

	31 December 2023	Increase in the current period	Transfer to intangible assets in the current period	Confirmed as a data resource in the current period	30 June 2024
Integration and Demonstration of Key Technologies in Hydrogen Port project (i)	10,444,248	–	–	–	10,444,248
Research and Application of Intelligent Synergy Key Technology and Equipment for Vessel, Marine and Shore Integration project (ii)	1,981,132	–	–	–	1,981,132
Research and Application of Intelligent Control Technologies for Large Dry Bulk Terminals project (iii)	1,769,369	5,668,348	(2,830,189)	–	4,607,528
Others	<u>28,084,780</u>	<u>32,072,958</u>	<u>(33,096,989)</u>	<u>(258,518)</u>	<u>26,802,231</u>
	<u>42,279,529</u>	<u>37,741,306</u>	<u>(35,927,178)</u>	<u>(258,518)</u>	<u>43,835,139</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(19) Development costs (Continued)

The criteria for the Group's important capitalized R&D projects are national and provincial key R&D projects, which are listed as follows:

- (i) The key technology Integration and Demonstration of Key Technologies in Hydrogen Port project, at present, the construction of the first hydrogen refueling station in a national port has been completed, and the construction plan for hydrogen energy rail cranes is being optimized. The starting point for project capitalization is the acceptance of the project. After the project is completed, it is expected to create a fully landscaped hydrogen energy port, accelerate the green and low-carbon transformation of the port, and complete the project acceptance by Late 2025.
- (ii) The research and application of intelligent synergy key technology and equipment for vessel, marine and shore integration project has been carried out. Currently, the research has been commenced on intelligent inspection of customs and port coordination, and intelligent planning and scheduling of inbound and outbound business. The starting point of project capitalization is the acceptance of the project, and the intelligent inspection system will improve the efficiency and level of port services. The expected completion time of the project is Late 2024.
- (iii) The research and application project of Intelligent Control Technologies for Large Dry Bulk Terminals project has completed the automation transformation of gantry cranes and platform development, and is currently carrying out the automation transformation of ship unloaders. The capitalization of the project starts from the acceptance of the Shandong Provincial Department of Science and Technology, and the construction of a data-driven operation process full process automation operation to create an unmanned dry bulk cargo terminal demonstration zone. It is expected that the overall construction of the project will be completed and put into use by the end of 2024.

As at 30 June 2024, there was no impairment for the Group's development costs items (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(20) Goodwill

	31 December 2023	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2024 (Unaudited)
Goodwill –				
Red Star Logistics	27,996,716	–	–	27,996,716
Mercurial Logistics	10,129,085	–	–	10,129,085
QMT	8,706,923	–	–	8,706,923
Yuntai Logistics	4,686,830	–	–	4,686,830
Liquid Chemical Terminal	1,850,485	–	–	1,850,485
	<u>53,370,039</u>	<u>–</u>	<u>–</u>	<u>53,370,039</u>
Less: Provision for impairment of goodwill				
Yuntai Logistics	(4,686,830)	–	–	(4,686,830)
Red Star Logistics	(20,668,521)	–	–	(20,668,521)
	<u>(25,355,351)</u>	<u>–</u>	<u>–</u>	<u>(25,355,351)</u>
	<u>28,014,688</u>	<u>–</u>	<u>–</u>	<u>28,014,688</u>

All of the Group's goodwill has been allocated to the relevant asset group or portfolio of asset groups at the date of purchase and there has been no change in the allocation of goodwill during the six-month period ended June 30, 2024, which is summarized based on the smallest asset group as follows:

	30 June 2024 (Unaudited)	31 December 2023
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 handling		
– 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 portfolios of asset groups (including goodwill) with their recoverable amount. If the recoverable amount is lower than the carrying amount, the difference shall be recognized in profit or loss for the current year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(21) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	30 June 2024 (Unaudited)		31 December 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets revaluation surplus	2,493,453,115	623,363,279	2,537,879,396	634,469,849
Unrealized gains or losses on intra-group sales	737,399,538	184,349,884	708,974,776	177,243,694
Lease liabilities	192,791,212	48,197,803	211,334,632	52,833,658
Accrued expenses	191,367,353	47,841,838	177,479,680	44,369,920
Provision for asset impairment	173,862,915	43,465,729	155,673,435	38,918,359
Early retirement benefits	110,017,835	27,504,459	111,600,000	27,900,000
Deductible losses	86,948,204	21,737,051	86,948,204	21,737,051
Government grants	61,301,692	15,325,423	66,375,240	16,593,810
	<u>4,047,141,864</u>	<u>1,011,785,466</u>	<u>4,056,265,363</u>	<u>1,014,066,341</u>
Including:				
Expected to be recovered within one year		97,268,115		116,653,499
Expected to be recovered after one year		<u>914,517,351</u>		<u>897,412,842</u>
		<u>1,011,785,466</u>		<u>1,014,066,341</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(b) Deferred tax liabilities before offsetting

	30 June 2024 (Unaudited)		31 December 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets	201,861,553	50,465,388	214,715,584	53,678,896
Business combinations not under common control	196,065,573	49,016,393	199,055,116	49,763,779
Right-of-use assets	185,283,511	46,320,878	221,587,980	55,396,995
Changes in fair value of wealth management products	—	—	1,665,064	416,266
	<u>583,210,637</u>	<u>145,802,659</u>	<u>637,023,744</u>	<u>159,255,936</u>
Including:				
Expected to be recovered within one year		31,076,887		51,861,290
Expected to be recovered after one year		<u>114,725,772</u>		<u>107,394,646</u>
		<u>145,802,659</u>		<u>159,255,936</u>

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

	30 June 2024 (Unaudited)	31 December 2023
Deductible temporary differences	114,989,844	110,582,208
Deductible losses	<u>68,900,002</u>	<u>83,597,406</u>
	<u>183,889,846</u>	<u>194,179,614</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

	30 June 2024 (Unaudited)	31 December 2023
2024	–	14,697,404
2025	40,757,992	40,757,992
2026	7,649,149	7,649,149
2027	20,492,861	20,492,861
	<u>68,900,002</u>	<u>83,597,406</u>

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

	30 June 2024 (Unaudited)		31 December 2023	
	Offsetting amount	Amount after offsetting	Offsetting amount	Amount after offsetting
Deferred tax assets	(90,600,106)	921,185,360	(103,883,977)	910,182,364
Deferred tax liabilities	(90,600,106)	55,202,553	(103,883,977)	55,371,959

(22) Other non-current assets

	30 June 2024 (Unaudited)	31 December 2023
Foundation oil (i)	290,316,583	290,316,583
Taxes for advance receipt of port facilities rental payments (ii)	113,187,565	118,930,072
Construction and equipment expenditures prepaid	201,164,281	212,203,010
	<u>604,668,429</u>	<u>621,449,665</u>

- (i) The Company and its subsidiaries, Weifang Port Lianhua Storage Co., Ltd. (“Weifang Port Lianhua”), Dongjiakou Oil Products and Dongying Port Lianhua Pipeline Oil Transportation 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) Taxes for advance receipt of port facilities rental payments mainly represented the prepaid taxes related to the rents received in full for the lease of the Group’s assets such as land use rights, port facilities, and storage facilities (collectively “Port Facilities”) in the 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 recognized the taxes paid in relation to port facilities rental payments as other non-current assets and amortized the amount of taxes paid to the item of taxes and surcharges based on the rental income recognized in each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(23) Short-term borrowings

	Currency	30 June 2024 (Unaudited)	31 December 2023
Unsecured borrowings	RMB	95,250,000	126,250,000
Interest payable	RMB	68,731	161,604
		<u>95,318,731</u>	<u>126,411,604</u>

As at 30 June 2024, the short-term borrowings with interest rates ranging from 2.05% to 3.85% (31 December 2023: 2.7% to 3.95%).

(24) Notes payable

	30 June 2024 (Unaudited)	31 December 2023
Trade acceptance notes	428,258,434	901,775,760
Bank acceptance notes	13,343,452	15,848,545
	<u>441,601,886</u>	<u>917,624,305</u>

As at 30 June of the 2024, the Group did not have any notes payable due and unpaid (31 December 2023: nil).

(25) Accounts payable

	30 June 2024 (Unaudited)	31 December 2023
Subcontract handling expenses payable	379,710,836	731,135,637
Subcontract agency fee payable	165,312,298	223,852,316
Material expenditure payable	170,228,116	136,915,940
Transportation expenses payable	203,665,538	254,000,724
Repair expenses payable	207,491,301	218,940,240
Subcontract costs payable	118,061,558	94,346,218
Rental expenses payable	48,806,958	36,712,204
Warehousing expenses payable	9,182,600	111,725,076
Others	74,751,146	62,493,781
	<u>1,377,210,351</u>	<u>1,870,122,136</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(25) Accounts payable (Continued)

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

	30 June 2024 (Unaudited)	31 December 2023
Within 1 year	1,175,622,898	1,638,349,762
Over 1 year	<u>201,587,453</u>	<u>231,772,374</u>
	<u>1,377,210,351</u>	<u>1,870,122,136</u>

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

As at 30 June 2024, accounts payable with aging over one year amounted to RMB201,587,453 (31 December 2023: RMB231,772,374), which were mainly the subcontracted handling expenses and subcontract costs for works for which final settlement has not yet been made, owing to the fact that the amount has not reached the agreed payment period or the final settlement of the works has not yet been carried out.

(26) Contract liabilities

	30 June 2024 (Unaudited)	31 December 2023
Loading fee received in advance	247,817,999	278,867,025
Subcontract agency fee received in advance	26,478,666	23,491,929
Material and equipment fees received in advance	1,293,683	8,625,213
Construction fee received in advance	169,717	713,547
Others	<u>48,616,863</u>	<u>3,712,746</u>
	<u>324,376,928</u>	<u>315,410,460</u>

Including RMB315,410,460 of contractual liabilities in the December 31, 2023 carrying value that were fully transferred to operating revenues for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB273,592,129).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(27) Employee benefits payable

	30 June 2024 (Unaudited)	31 December 2023
Short-term employee benefits (a)	464,630,647	509,823,035
Post-employment benefits – defined contribution plans (b)	11,715,663	7,915,834
Termination benefits (c)	25,005,000	30,250,000
Defined benefit plans payable (d)	121,540,000	121,300,000
	<u>622,891,310</u>	<u>669,288,869</u>

(a) Short-term employee benefits

	31 December 2023	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2024 (Unaudited)
Wages and salaries, bonuses, allowances, and subsidies	425,441,351	877,541,918	(918,911,377)	384,071,892
Employee welfare	570,372	66,330,231	(64,177,307)	2,723,296
Social security contributions	2,556	91,517,612	(84,712,113)	6,808,055
Including: Medical insurance	2,492	84,083,671	(77,278,108)	6,808,055
Work injury insurance	64	7,433,941	(7,434,005)	–
Housing fund	–	84,635,389	(84,635,389)	–
Labor union funds and employee education funds	12,732,047	25,161,577	(24,048,308)	13,845,316
Outsourcing costs	70,396,745	344,542,942	(357,757,599)	57,182,088
Other employee benefits	679,964	(511,686)	(168,278)	–
	<u>509,823,035</u>	<u>1,489,217,983</u>	<u>(1,534,410,371)</u>	<u>464,630,647</u>

(b) Defined contribution plans

	31 December 2023	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2024 (Unaudited)
Basic pensions	3,989	120,447,290	(120,451,279)	–
Unemployment insurance	124	5,268,217	(5,268,341)	–
Enterprise annuity	7,911,721	64,532,918	(60,728,976)	11,715,663
	<u>7,915,834</u>	<u>190,248,425</u>	<u>(186,448,596)</u>	<u>11,715,663</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(27) Employee benefits payable (Continued)

(b) Defined contribution plans (Continued)

The Group pays monthly contributions for pension insurance and unemployment insurance to the relevant authorities on the basis and at the rate stipulated by the local labor and social security authorities, and the contributions cannot be used to offset the Group's payables on behalf of its employees in future periods.

(c) Termination benefits

	30 June 2024 (Unaudited)	31 December 2023
Early retirement benefits payable (Current portion)	<u>25,005,000</u>	<u>30,250,000</u>

Early retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note IV(35)), the current portion of which is presented as employee benefits payable.

(d) Defined benefit plans payable

	30 June 2024 (Unaudited)	31 December 2023
Supplemental retirement benefits (Current portion)	<u>121,540,000</u>	<u>121,300,000</u>

Early retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note IV(35)), the current portion of which is presented as employee benefits payable.

(28) Taxes payable

	30 June 2024 (Unaudited)	31 December 2023
Enterprise income tax payable	281,860,170	274,473,179
Unpaid VAT	69,798,290	46,973,513
Land use tax payable	17,889,638	17,889,685
Property tax payable	4,770,387	3,997,678
Stamp duty payable	1,917,662	3,967,851
Individual income tax payable	1,485,998	2,600,933
Other taxes	<u>6,710,208</u>	<u>3,980,050</u>
	<u>384,432,353</u>	<u>353,882,889</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(29) Other payables

	30 June 2024 (Unaudited)	31 December 2023
Construction and equipment expenditures payable (i)	2,525,538,262	2,786,706,343
Dividends Payable	2,063,275,820	42,676,147
Payables and advances from agent business (ii)	830,000,500	515,612,658
Supplemental retirement benefits payable to related parties	196,977,807	202,238,504
Guarantees and deposits payable	43,144,563	144,307,793
Others	207,989,779	124,429,022
	<u>5,866,926,731</u>	<u>3,815,970,467</u>

- (i) Accounts payable for engineering equipment mainly relate to amounts due for construction projects. Since the payment period has not yet arrived or the related projects have not been finally settled and accepted, these amounts have not been settled.
- (ii) Payables and receipts from agency business mainly represent amounts received by the Group on behalf of the shipowners for handling the necessary formalities for the ship's entry and exit from the ports, etc.
- (iii) Supplemental retirement benefits payable to related parties mainly represent supplemental retirement benefits paid by the related parties on behalf of the Group, which should be paid to related parties. Such amount has not been paid yet.
- (a) As at June 30, 2024, other accounts payable with an age over one year amounted to RMB1,188,853,275 (December 31, 2023: RMB1,429,458,027), primarily consisting of amounts payable for engineering equipment, which have not yet reached the payment period or for which the related projects have not been finally settled and accepted, and thus these amounts remain outstanding.

(30) Non-current liabilities due within one year

	30 June 2024 (Unaudited)	31 December 2023
Long-term borrowings due within one year (Note IV (31))	205,996,087	179,900,758
Long-term payables due within one year (Note IV (33))	51,632,788	142,921,940
Lease liabilities due within one year (Note IV (32))	119,273,035	129,401,625
	<u>376,901,910</u>	<u>452,224,323</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(31) Long-term borrowings

	Currency	30 June 2024 (Unaudited)	31 December 2023
Unsecured borrowings	RMB	2,164,158,585	1,969,277,579
Interest payable	RMB	902,199	2,606,799
Less: current portion (Note IV (30))	RMB	(205,996,087)	(179,900,758)
		<u>1,959,064,697</u>	<u>1,791,983,620</u>

As at 30 June 2024, the interest rates ranging from 2.7% to 4.9% (31 December 2023: 2.9% to 4.9%)

(32) Lease liabilities

	30 June 2024 (Unaudited)	31 December 2023
Lease liabilities	402,405,398	418,513,561
Less: Current portion (Note IV (30))	(119,273,035)	(129,401,625)
	<u>283,132,363</u>	<u>289,111,936</u>

As at 30 June 2024, there was no variable lease payment based on certain percentage of sales and no lease payments related to signed but not yet started lease contracts.

As at 30 June 2024, the future minimum lease payments of short-term leases and low-value asset leases adopting the practical expedient are RMB2,089,976 (31 December 2023: RMB1,691,008), which should be paid within one year.

(33) Long-term payables

	30 June 2024 (Unaudited)	31 December 2023
Sale-leaseback payables	120,572,284	120,870,833
Less: Reclassified into current portion (Note IV (30))	(572,284)	(120,870,833)
Entrusted borrowings	186,026,529	196,117,132
Less: Reclassified into current portion (Note IV (30))	(49,426,529)	(20,417,132)
Payment of welfare expenses	31,310,000	31,310,000
Less: Reclassified into current portion (Note IV (30))	(1,633,975)	(1,633,975)
	<u>286,276,025</u>	<u>205,376,025</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(34) Deferred income

	31 December 2023	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2024 (Unaudited)	Reason for formation
Government grants (a)	<u>336,794,453</u>	<u>2,950,560</u>	<u>(10,492,903)</u>	<u>329,252,110</u>	Funds earmarked for external waterways, etc.

(a) Government grants

	31 December 2023	Increase in the current period (Unaudited)	Recorded in other income in the current year (Unaudited)	Other decrease (Unaudited)	30 June 2024 (Unaudited)	Asset-related/ Income-related
Funds earmarked for external waterways (i)	111,789,255	-	(1,957,222)	-	109,832,033	Asset-related
Special subsidy for food security (ii)	98,761,481	-	(749,556)	-	98,011,925	Asset-related
Infrastructure supporting subsidy for the Logistics Center Project in Weihai Port (iii)	40,155,392	-	(903,516)	-	39,251,876	Asset-related
Supporting funds for projects in the Jimo Port area	40,705,962	-	(5,389,610)	-	35,316,352	Asset-related
Fiscal Subsidy for the Datang Shoreline Reconstruction Project	19,713,083	-	(516,500)	-	19,196,583	Asset-related
Integration and Demonstration of Key Technologies in Hydrogen Port	10,100,000	-	-	-	10,100,000	Asset-related
Research and Application Demonstration of Key Technologies of Intelligent Air Train Collecting and Distributing System	1,740,000	1,200,000	-	-	2,940,000	Asset-related
Other government grants	<u>13,829,280</u>	<u>1,750,560</u>	<u>(976,499)</u>	<u>-</u>	<u>14,603,341</u>	Asset-related/ Income-related
	<u>336,794,453</u>	<u>2,950,560</u>	<u>(10,492,903)</u>	<u>-</u>	<u>329,252,110</u>	

- (i) The Outer Channel Special Fund is the amount received by the Group from the Ministry of Transport and the Ministry of Finance to subsidize the Outer Channel expansion works and is recognized in profit or loss on average over the useful life of the asset.
- (ii) The special fund subsidy for food security is the project support fund received by Dongjiakou General Terminal from the National Food and Strategic Reserves Administration for the second phase of the grain silo project, and will be averaged into the current profit and loss during the service life after the completion of the asset construction and transfer to fixed assets.
- (iii) The infrastructure subsidy for the Weihai Port Logistics Centre Project is the government land compensation received by logistics park development, which is recognized in the profit and loss of the current period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(35) Long-term employee benefits payable

	June 30, 2024 (Unaudited)	31 December 2023
Early retirement benefits payable (a)	110,017,835	111,600,000
Supplemental retirement benefits payable (b)	2,426,454,795	2,434,080,000
Less: Current portion	(146,545,000)	(151,550,000)
	<u>2,389,927,630</u>	<u>2,394,130,000</u>

Early retirement benefits payable represent the liabilities recognized by the Group for salaries and social security contributions to be paid for the period from the date an employee ceases to provide services to the normal retirement date. Supplemental retirement benefits payable represents the liabilities recognized by the Group through the actuarial valuation of the benefits to be assumed in the future and by discounting the expected future cash outflows using the interest rate of treasury bonds with the same terms as that of the supplemental retirement benefits.

Early retirement benefits payable and supplemental retirement benefits payable that will be paid within one year are presented as employee benefits payable (Note IV (27)).

(a) Early retirement benefit liabilities of the Group

	30 June 2024 (Unaudited)	31 December 2023
Early retirement benefit liabilities	110,017,835	111,600,000
Less: Current portion	(25,005,000)	(30,250,000)
	<u>85,012,835</u>	<u>81,350,000</u>

(b) Supplemental retirement benefit liabilities of the Group

	30 June 2024 (Unaudited)	31 December 2023
Supplemental retirement benefit liabilities	2,426,454,795	2,434,080,000
Less: Current portion	(121,540,000)	(121,300,000)
	<u>2,304,914,795</u>	<u>2,312,780,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(c) Changes in early retirement benefits of the Group:

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Opening balance	111,600,000	117,490,000
Amount recognized in the current profit or loss		
— Service cost	11,000,000	9,350,000
— Net interest on the net liabilities	1,200,687	1,248,000
— Remeasurement amount		(60,000)
Personnel transfer-out upon disposal of subsidiaries		(2,270,000)
Payment of benefits	(13,782,852)	(22,750,000)
Closing balance	110,017,835	103,008,000

The key assumptions adopted by the Group for the early retirement benefits payable at the balance sheet date are as follows:

	30 June 2024 (Unaudited)	31 December 2023
Discount rate – early retirement benefits	2.25%	2.25%

Early retirement benefits included in the current profit or loss:

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
General and administrative expenses	11,000,000	9,290,000
Financial expenses	1,200,687	1,248,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(d) Changes in supplemental retirement benefits of the Group:

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Opening balance	2,434,080,000	2,472,890,000
Cost of defined benefits included in profits or loss		
— Current service cost	18,720,000	15,240,000
— Net interest on the net liabilities	32,249,663	36,132,000
Remeasured amount		
— Current actuarial loss		98,160,000
Personnel transfer-out upon disposal of subsidiaries		(47,790,000)
Benefits paid	(58,594,868)	(57,480,000)
Closing balance	2,426,454,795	2,517,152,000

(e) The Group's supplemental retirement benefit liabilities payable as at the balance sheet date are calculated using the projected unit credit method. The key actuarial assumptions used to assess the liabilities are as follows:

	30 June 2024 (Unaudited)	31 December 2023
Discount rate of supplemental retirement benefits	2.75%	2.75%
Medical benefit growth rate (elderly care, etc.)	0-5%	0-5%

The supplemental retirement benefits expose the Group to various risks, among which the main risk is the risk of interest rate fluctuations of treasury bonds. A fall in interest rates of treasury bonds will lead to an increase in liabilities.

For the six months ended 30 June 2024 and the six months ended 30 June 2023, the assumption for future mortality rate is based on the statistics of the China Life Insurance Mortality Table (2010-2013) translated forward by three years. The related actuarial assumptions are as follows:

	30 June 2024	31 December 2023
Supplemental retirement benefits –		
Average age	52.16	51.66
Expected future average remaining life expectancy	31.02	31.52

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

- (f) The significant actuarial assumptions of the defined benefit plans and the sensitivity analysis are 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	3.57% down	3.81% up
Medical benefit growth rate	100 basis points	5.17% up	3.89% down

The above sensitivity analysis is based on a change in an assumption while holding other assumptions constant. In practice, however, all assumptions are usually correlated. When calculating the present value of the defined benefit obligation in the sensitivity analysis, the projected unit credit method has been applied.

- (g) As at 30 June 2024, the maturity analysis of undiscounted defined benefit obligations is as follows:

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Supplemental retirement benefits	<u>121,540,000</u>	<u>121,500,000</u>	<u>360,265,000</u>	<u>5,543,330,000</u>	<u>6,146,635,000</u>

- (h) Supplemental retirement benefits included in the current profit or loss:

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
General and administrative expenses	18,720,000	15,240,000
Financial expenses	32,249,663	36,132,000

(36) Other non-current liabilities

	30 June 2024 (Unaudited)	31 December 2023
Lease payments collected in advance	<u>1,979,815,159</u>	<u>2,080,390,497</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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(37) Share capital

	31 December 2023	Movements for the current period (Unaudited)	30 June 2024 (Unaudited)
Foreign shares issued overseas	1,099,025,000	–	1,099,025,000
RMB denominated common stock	5,392,075,000	–	5,392,075,000
	<u>6,491,100,000</u>	<u>–</u>	<u>6,491,100,000</u>

	31 December 2022	Movements for the current period (Unaudited)	30 June 2023 (Unaudited)
Foreign shares issued overseas	1,099,025,000	–	1,099,025,000
RMB denominated common stock	5,392,075,000	–	5,392,075,000
	<u>6,491,100,000</u>	<u>–</u>	<u>6,491,100,000</u>

The Company completed the first issue of 705,800,000 overseas issuance of foreign shares to foreign investors on 6 June 2014. For the work of H-shares, the issue price per share was HKD3.76 (approximately RMB2.98), and the share capital increased to 4,705,800,000 shares after the issue.

On 2 July 2014, the Company exercised the over-allotment option and completed the issuance of 72,404,000 shares of foreign-invested H-shares issued overseas. The issue price per share was HKD3.76 (approximately RMB2.99), and the excess was exercised. After the placement option, the share capital increased to 4,778,204,000 shares. 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 ShineWing Certified Public Accountants LLP 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 Pricewaterhouse Coopers Zhong Tian LLP with capital verification report of PwC ZT Yan Zi (2017) No. 526 issued accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF 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 on 21 January 2019. 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 2023	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2024 (Unaudited)
Share premium				
Capital premium contributed by Qingdao Port Group (a)	7,052,279,474	–	–	7,052,279,474
Capital premium contributed by Other Promoters (a)	783,586,608	–	–	783,586,608
Issue of new shares (b)	8,652,856,972	–	–	8,652,856,972
Shares issue expenses (b)	(242,175,098)	–	–	(242,175,098)
Write-off of revaluation appreciation effect from business combination 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 under common control	(416,942,220)	–	–	(416,942,220)
Subsidiary minority shareholders paid a premium	15,245,576	–	–	15,245,576
Acquisition of minority interests	(181,192,815)	–	–	(181,192,815)
Other capital surplus				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	13,330,798	1,788,042	–	15,118,840
	<u>11,734,763,579</u>	<u>1,788,042</u>	<u>–</u>	<u>11,736,551,621</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(38) Capital surplus (Continued)

	31 December 2022	Increase in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2023 (Unaudited)
Share premium				
Capital premium contributed by Qingdao Port Group (a)	7,052,279,474	–	–	7,052,279,474
Capital premium contributed by Other Promoters (a)	783,586,608	–	–	783,586,608
Issue of new shares (b)	8,652,856,972	–	–	8,652,856,972
Shares issue expenses (b)	(242,175,098)	–	–	(242,175,098)
Reversal of revaluation appreciation effect from business combination 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 under common control	(416,942,220)	–	–	(416,942,220)
Subsidiary minority shareholders paid a premium	15,245,576	–	–	15,245,576
Acquisition of minority interests	(36,737,621)	7,737,484	–	(29,000,137)
Other capital surplus				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	12,500,677	3,354,771	–	15,855,448
	<u>11,878,388,652</u>	<u>11,092,255</u>	<u>–</u>	<u>11,889,480,907</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 yuan) and capital surplus of RMB7,835,866,082.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF 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 the targeted issue 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.

Changes in capital surplus during the period represent equity changes in long-term equity investments accounted for under the equity method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF 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 period ended 30 June 2024			
	31 December 2023	Attributable to the parent company after tax (Unaudited)	30 June 2024 (Unaudited)	Amount incurred before income tax for the current period (Unaudited)	Less: Income tax expenses (Unaudited)	Attributable to the parent company after tax (Unaudited)	Attributable to minority interests, net of tax (Unaudited)
Other comprehensive income items which will not be reclassified to profit or loss							
Amount changes arising from remeasurement of defined benefit plans	(181,184,718)	-	(181,184,718)	-	-	-	-
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method	(4,901,998)	-	(4,901,998)	-	-	-	-
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	137,764	3,170,815	3,308,579	3,170,815	-	3,170,815	-
	<u>(185,948,952)</u>	<u>3,170,815</u>	<u>(182,778,137)</u>	<u>3,170,815</u>	<u>-</u>	<u>3,170,815</u>	<u>-</u>

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the period ended 30 June 2023			
	31 December 2022	Attributable to the parent company after tax (Unaudited)	30 June 2023 (Unaudited)	Amount incurred before income tax for the current period (Unaudited)	Less: Income tax expenses (Unaudited)	Attributable to the parent company after tax (Unaudited)	Attributable to minority interests, net of tax (Unaudited)
Other comprehensive income items which will not be reclassified to profit or loss							
Amount changes arising from remeasurement of defined benefit plans	(40,551,764)	(95,392,832)	(135,944,596)	(98,160,000)	-	(95,392,832)	(2,767,168)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method	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	(4,633,200)	8,109,307	3,476,107	8,109,307	-	8,109,307	-
	<u>(43,501,228)</u>	<u>(87,283,525)</u>	<u>(130,784,753)</u>	<u>(90,050,693)</u>	<u>-</u>	<u>(87,283,525)</u>	<u>(2,767,168)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(40) Surplus reserve

	31 December 2023	Appropriation in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2024 (Unaudited)
Statutory surplus reserve	<u>2,802,635,193</u>	<u>-</u>	<u>-</u>	<u>2,802,635,193</u>
	31 December 2022	Appropriation in the current period (Unaudited)	Decrease in the current period (Unaudited)	30 June 2023 (Unaudited)
Statutory surplus reserve	<u>2,419,818,733</u>	<u>-</u>	<u>-</u>	<u>2,419,818,733</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.

(41) Undistributed profits

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Undistributed profits at beginning of year	19,426,032,436	16,641,280,437
Business combination under common control	-	-
Changes in accounting policies	-	-
Undistributed profits at the beginning of the year	19,426,032,436	16,641,280,437
Add: Net profit attributable to shareholders of the Company	2,641,770,421	4,923,321,689
Dividend payable on ordinary shares (a)	<u>(1,899,944,970)</u>	<u>(1,748,053,230)</u>
Undistributed profits at the end of the year	<u>20,167,857,887</u>	<u>19,426,032,436</u>

- (a) In accordance with the resolution at the Board of Directors' meeting dated 28 March 2024, the Board of Directors proposed a cash dividend for the year 2023 to all shareholders at RMB2.927 per 10 shares (including tax), amounting to RMB1,899,944,970 calculated by 6,491,100,000 issued shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(42) Revenue and cost of sales

	For the six months end 30 June 2024 (Unaudited)	For the six months end 30 June 2023 (Unaudited)
Revenue from main operations	8,425,545,587	8,452,159,742
Revenue from other operations	<u>641,828,849</u>	<u>705,366,448</u>
	<u>9,067,374,436</u>	<u>9,157,526,190</u>
	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Cost of sales from main operations	(5,251,685,719)	(5,324,551,784)
Cost of sales from other operations	<u>(438,990,164)</u>	<u>(456,837,410)</u>
	<u>(5,690,675,883)</u>	<u>(5,781,389,194)</u>

(a) Revenue and cost of sales from main operations

	January-June 2024 (Unaudited)		January-June 2023 (Unaudited)	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Container handling and ancillary services	755,806,915	(157,735,756)	601,136,120	(125,771,534)
Metal ore, coal and other cargo handling and ancillary services	2,092,589,030	(1,648,524,875)	2,137,401,727	(1,624,188,854)
Liquid bulk cargo handling and ancillary services	1,953,257,124	(726,050,994)	2,031,383,431	(767,002,965)
Logistics and port value-added services	3,537,703,358	(2,642,203,947)	3,599,819,866	(2,735,696,585)
Port ancillary services – engineering and other labor services	<u>86,189,160</u>	<u>(77,170,147)</u>	<u>82,418,598</u>	<u>(71,891,846)</u>
	<u>8,425,545,587</u>	<u>(5,251,685,719)</u>	<u>8,452,159,742</u>	<u>(5,324,551,784)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(42) Revenue and cost of sales (Continued)

(b) Revenue and cost of sales from other operations

	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Lease revenue (i)	197,749,764	(96,596,268)	190,866,352	(99,286,454)
Sales of fuel, electricity and others	444,079,085	(342,393,896)	514,500,096	(357,550,956)
	<u>641,828,849</u>	<u>(438,990,164)</u>	<u>705,366,448</u>	<u>(456,837,410)</u>

- (i) The Group's rental income is from leasing port facilities, storage facilities, buildings, and other equipment. For the six months ended 30 June 2024, there's no variable rental income recognized based on a certain percentage of the lessee's sales amount. For the six months ended 30 June 2024, the Group has no material lease modifications (six months ended 30 June 2023: nil).

For the six months ended 30 June 2024, revenue from sales of fuel, electricity and others is recognized when corresponding performance obligations are satisfied at a point in time, and revenue from other services is recognized when corresponding performance obligations are satisfied over time.

For the six months ended 30 June 2024, the amount of revenue corresponding to performance obligations that have been contracted for but not yet completely satisfied was RMB324,376,928 (As at 31 December 2023 RMB315,410,460), all of which is expected to be recognized by the Group as revenue in 2024.

(43) Taxes and surcharges

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)	Calculation and payment standard
Land use tax	35,375,642	36,237,725	3.2-11.2 yuan/ Square meter/ year
City maintenance and construction tax	14,776,375	12,157,840	7%
Property tax	11,360,797	11,656,247	Levied on prices and values
Educational surcharge	10,554,553	8,684,171	3%
Stamp duty	3,489,864	4,410,383	Proportional tax rate, norm quota tax rate
Other taxes	<u>9,774,012</u>	<u>6,642,851</u>	
	<u>85,331,243</u>	<u>79,789,217</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(44) General and administrative expenses

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Employee benefits	316,449,037	354,918,015
Office expenses and entertainment expenses	25,510,998	23,231,372
Depreciation of right-of-use assets	19,069,953	17,841,569
Depreciation of fixed assets	18,774,287	14,117,939
Amortisation of intangible assets	17,919,097	16,487,803
Intermediary service fees	8,050,126	12,286,769
Consumption of other raw materials	6,927,442	2,612,081
Rental expenses	4,861,422	7,699,517
Fuel and utility fees	2,530,317	4,660,388
Repair expenses	1,089,156	4,827,175
Others	57,572,871	38,226,411
	<u>478,754,706</u>	<u>496,909,039</u>

(45) Financial expenses

	For the six-month period ended June 30, 2024 (Unaudited)	For the six-month period ended June 30, 2023 (Unaudited)
Borrowings and other interest expenses	50,571,407	66,142,190
Add: Interest expense on lease liabilities	10,691,143	14,401,469
Less: Capitalized interest	<u>(2,023,327)</u>	<u>(1,523,942)</u>
Interest expenses	59,239,223	79,019,717
Less: Interest income	(68,971,646)	(59,101,367)
Effect of actuarial calculation of employee benefits	33,450,350	37,380,000
Exchange gains or losses	(1,130,635)	(5,559,504)
Other expenses	<u>1,013,424</u>	<u>1,028,160</u>
	<u>23,600,716</u>	<u>52,767,006</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(46) Expenses by nature

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

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Subcontract cost	1,909,789,125	1,890,213,499
Employee benefits	1,673,527,645	1,689,154,491
Cost of outsourcing transportation	911,288,035	1,058,662,861
Depreciation of fixed assets	552,403,972	597,768,867
Cost of sales for purchasing fuel and electricity	320,119,371	292,917,321
Fuel and utility fees	213,951,216	222,064,011
Consumption of other materials	169,842,345	193,076,616
Rental expenses (i)	88,735,892	61,575,468
Depreciation of right-of-use assets	78,727,482	75,070,857
Repair expenses (ii)	72,529,703	83,868,813
Amortisation of intangible assets	57,673,708	53,297,597
Consumed materials for construction contracts	56,232,137	40,374,990
Property service fees	33,791,469	18,840,719
Security service fees	14,699,052	1,305,408
Auditor's fee	5,177,435	4,764,151
– Audit services for listed companies	3,748,334	4,754,717
– Other audit services within the group	1,429,101	–
– Non-audit services	–	9,434
Depreciation of investment properties	2,795,892	2,429,192
Consulting fee	1,306,632	7,567,361
Sales service fees	41,248	34,387,576
Others	108,928,451	70,784,009
	6,271,560,810	6,398,123,807

- (i) As stated in Note II.25, the Group's lease expense incurred by short-term lease and low-value lease is recorded in profit or loss. For the period ended on 30 June 2024, the amount is RMB88,735,892 (For the period ended on 30 June 2023: RMB61,575,468).
- (ii) For the daily maintenance and repair expenses of fixed assets that do not meet the criteria of capitalisation, the Group recorded the costs related to the production and processing of inventories in the costs of inventories and recognized as cost of sale accordingly, and included the costs related to the research and development department, the administrative department and the sale department in research and development expenses, general and administrative expenses and selling and distribution expenses, respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(47) Other income

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
VAT refunds	21,706,562	14,740,771
Additional deduction of input VAT	93,383	26,853,390
Government Grants:		
– Income-related	27,268,388	5,675,056
– Asset-related	10,492,903	10,058,070
Including: Funds earmarked for external waterways	1,957,222	1,957,222
– Employment stabilization subsidies	2,031,496	115,676
– Other government grants	526,922	1,548,663
	<u>62,119,654</u>	<u>58,991,626</u>

For the six months ended 30 June 2024, other income was included in the non-recurring profit or loss of the year except for VAT refunded as soon as collected.

(48) Investment income

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Investment income from long-term equity investments under equity method	826,215,526	762,681,468
Investment income from holding of financial assets held for trading	13,492,319	14,184,229
Investment income from the disposal of long-term equity investments	–	5,358,836
Interest income from holding of other debt investment	–	–
Losses on discount of financing receivables qualifying for derecognition	(100,338)	–
	<u>839,607,507</u>	<u>782,224,533</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(49) Credit impairment losses

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
(Reversal of)/Provision for losses on bad debts of notes receivable	(380,909)	412,159
(Reversal of)/Provision for bad debts of accounts Receivable	13,848,354	(78,229,774)
Provision for/(Reversal of) bad debts of other receivables	8,912,217	20,036,891
	<u>22,379,662</u>	<u>(57,780,724)</u>

(50) Asset impairment losses

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Losses on impairment of contract assets	217,453	–
Others	–	(912,911)
	<u>217,453</u>	<u>(912,911)</u>

(51) Gains on disposal of assets

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Gains on disposal of held-for-sale disposal groups	18,147,779	–
Gains on disposal of non-current assets		
Including: Gains on disposal of fixed assets	3,710,867	5,057,441
Gains on disposal of right-of-use assets	(9,113)	–
Gains on disposal of other non-current assets	–	(151,178)
	<u>21,849,533</u>	<u>4,906,263</u>

In July 2023, Qingdao Port International Co., Ltd. entered into an asset transfer agreement with Qingdao Port (Group) Engineering Co., Ltd., and the underlying asset was the phase I project asset of comprehensive logistics yard in the Dongjiakou port area held by Qingdao Port International Co., Ltd. Pursuant to the asset appraisal report (China United Appraisal Report [2023] No. 915) dated 12 June 2023 and issued by China United Assets Appraisal Group Co., Ltd., the price of the transferred underlying asset was RMB103,073,700 (exclusive of VAT), which was confirmed by both parties through negotiation. As at 30 June 2024, the disposal of fixed assets and intangible assets transferred to held for sale had been completed, and a gain on disposal of assets of RMB18,147,779 was recognized based on the transfer price of the underlying asset and the book value of the assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(52) Income tax expense

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Current income tax calculated based on tax law and related regulation	673,642,001	615,773,722
Deferred income tax	(11,172,402)	49,116,567
	<u>662,469,599</u>	<u>664,890,289</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:

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Total profit	<u>3,589,721,938</u>	<u>3,532,396,530</u>
Income tax expenses calculated at applicable tax rates	897,430,485	883,099,133
The effect of preferential tax rates	(13,113,180)	(51,133,593)
Effect of adjusting income taxes of prior periods	1,447,299	
Effect of non-taxable income	(216,531,192)	(190,677,971)
Additional deduction of employee benefits of the disabled		(473,739)
Effect of non-deductible costs, expenses, and losses	2,208,610	19,942,532
Effect of deductible losses not recognized as deferred tax assets in the current year		3,787,930
Effect of using deductible losses not recognized as deferred tax assets in prior periods	(9,096,464)	(1,804,262)
Effect of deductible temporary differences not recognized as deferred tax assets in the current year	<u>124,041</u>	<u>2,150,259</u>
Income tax expense	<u>662,469,599</u>	<u>664,890,289</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(53) Earnings per share

(a) Basic earnings per share

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

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the Company	2,641,770,421	2,563,527,124
Weighted average number of ordinary shares outstanding	6,491,100,000	6,491,100,000
Basic earnings per share	0.41	0.39
Including:		
– Basic earnings per share from continuing operations	0.41	0.39
– Basic earnings per share from discontinued operations	–	–

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the year ended 30 June 2024 (for the year ended 31 December 2023: nil), diluted earnings per share equal to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(54) Cash flow statement items

(a) Cash received relating to other operating activities

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Lease payments received	122,123,436	39,751,745
Payments for logistics business collected on behalf	92,128,465	111,332,042
Interest from cash at the bank	61,439,360	65,911,922
Government grants	11,543,072	8,849,325
Railway freight collected on behalf	–	53,049,709
Payments received for targeted purchases	690,393	–
Others	67,109,533	24,434,685
	<u>355,034,259</u>	<u>303,329,428</u>

The company's logistics business such as collection and payment of payments on behalf of customers to receive or pay cash, cash flows are shown in net amounts.

(b) Cash paid relating to other operating activities

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Payment of deposit and guarantee	101,261,442	99,373,853
Payment for retirees	58,594,868	57,480,000
Office expenses and entertainment expenses	37,800,968	27,074,138
Payment of property management fees and heating cost	30,948,437	–
Railway freight paid on behalf	8,480,605	–
Intermediary service fees	7,761,747	12,286,769
Bank service charges	1,013,425	1,028,160
Payment of sales service fees	41,248	20,457,576
Payments made for targeted purchases	–	20,216,772
Others	38,344,149	20,266,854
	<u>284,246,889</u>	<u>258,184,122</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(54) Cash flow statement items (Continued)

(c) Cash received relating to other investing activities

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Cash and cash equivalents held by subsidiaries at the date of consolidation	—	8,832,711
	<u>—</u>	<u>8,832,711</u>

(d) Cash received relating to other financing activities

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Receipt of the principal of borrowings under finance leases	120,000,000	—
Receipt of entrusted borrowings	—	307,000,000
	<u>120,000,000</u>	<u>307,000,000</u>

(e) Cash paid relating to other financing activities

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Repayment of the principal of borrowings under finance leases	120,000,000	—
Repayment of lease liabilities	78,078,992	64,624,946
Repayment of entrusted borrowings from Qingdao Port Group	10,100,000	245,258,658
Refund of capital contributions to minority interests due to the cancellation of Zhonghang Industry	2,940,000	—
Interest in discounting notes receivable	100,338	—
Payment for acquisition of minority interests in Dongjiakou Oil Products	—	12,691,084
	<u>211,219,330</u>	<u>322,574,688</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(54) Cash flow statement items (Continued)

(e) Cash paid relating to other financing activities (Continued)

Description of the cash paid relating to other financing activities: For the six months ended 30 June 2024, the total lease-related cash outflow paid by the Group was RMB197,155,798 (for the six months ended 30 June 2023: RMB190,923,996). Except for the amount paid for repayment of lease liabilities included in the financing activities, the remaining cash outflows were included in operating activities.

(55) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Net profit	2,927,252,339	2,867,506,241
Add/Less: Asset impairment losses	217,453	(912,911)
Credit impairment losses	22,379,662	(57,780,724)
Depreciation of right-of-use assets	78,727,482	75,070,857
Depreciation of fixed assets and investment properties	555,199,864	600,198,059
Amortisation of intangible assets	57,673,708	53,297,597
Amortization of long-term prepaid expenses	12,338,450	12,759,539
Losses on disposal of fixed assets, intangible assets, and other long-term assets	(21,849,533)	(4,906,263)
Deferred income amortization	(10,492,903)	(10,058,070)
Losses on scrapping of fixed assets	(13,310)	(572,518)
Losses on changes in fair value	(482,738)	1,018,336
Financial expenses	91,558,938	104,822,334
Decrease/(increase) in Investment losses	(839,607,507)	(782,224,533)
Decrease/(increase) in deferred tax assets	(11,172,402)	49,116,567
Decrease/(increase) in inventories	328,714	13,229,214
Decrease/(increase) in operating receivables	(676,044,394)	(314,884,039)
Increase/(decrease) in operating payables	(528,421,274)	434,503,614
Others	59,101,915	—
Net cash flows from operating activities	1,716,694,464	3,040,183,300

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

Significant investing activities and financing activities that do not involve cash receipts and payments

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Goods and services purchased by endorsement of notes receivable	360,868,091	483,953,821
Long-term assets acquired by the endorsement of notes receivable	7,404,289	5,070,096
Increase of right-of-use assets in the current period	28,232,832	33,735,472
Net increase/ (decrease) in cash		
	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Cash at the end of the year	10,976,474,044	10,362,646,076
Less: Cash at the beginning of the year	(10,132,048,600)	(9,021,244,964)
Net increase in cash	<u>844,425,444</u>	<u>1,341,401,112</u>
Cash and cash equivalents		
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Cash at bank and on hand (Note IV(1))	11,478,409,180	10,630,778,312
Less: Term deposits with initial term of over 3 months	(457,661,977)	(225,000,000)
Other restricted cash balance	(16,538,521)	(24,899,500)
Interest receivable	<u>(27,734,638)</u>	<u>(18,232,736)</u>
Cash at the end of the year	<u>10,976,474,044</u>	<u>10,362,646,076</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

(b) Acquisition or disposal of subsidiaries and other entities

Disposal of subsidiaries and other entities

	for the six months ended 30 June 2024 (Unaudited)	for the six months ended 30 June 2023 (Unaudited)
Cash received from disposal of subsidiaries in the current year	-	122,314,641
Including: Tongan Security	-	1
Vado Investment	-	107,782,194
QDP CTC	-	14,532,446
Less: Cash held by subsidiaries at the date when control is lost	-	(16,031,590)
Including: Tongan Security	-	(16,031,590)
Net cash received from disposal of subsidiaries	-	106,283,051

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IV. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(56) Monetary items denominated in foreign currencies

	30 June 2024 (Unaudited)		
	Foreign currencies balance	Conversion rate	RMB balance
Cash at bank and on hand –			
USD	31,926,165	7.1268	227,531,391
EUR	4,371,110	7.6617	33,490,133
HKD	5,739	0.9126	5,238
			<u>261,026,762</u>
Accounts receivable –			
USD	30,992,498	7.1268	220,877,333
EUR	12,959	7.6617	99,290
JPY	44,500	0.0447	1,990
			<u>220,978,613</u>
Other receivables –			
USD	30,143,147	7.1268	214,824,177
Accounts payable –			
USD	(17,325,928)	7.1268	(123,478,423)
JPY	(238,502)	0.0447	(10,668)
			<u>(123,489,091)</u>
Other payables –			
USD	(26,851,804)	7.1268	(191,367,438)

The above mentioned foreign currency refer to all currencies except RMB.

V. CHANGES IN THE SCOPE OF CONSOLIDATION

(1) Changes in the Scope of Consolidation for other reasons

The subsidiary of the company, Qingdao Zhonghang Industrial Operation Service Co., Ltd. (“Zhonghang operations”), wrote-off on February 22, 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. 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	Services	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Qingdao Port International Oil Port Co., Ltd. ("International Oil Port")	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	10,000	100	-	Set-up or investment
QDP Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Integrated Logistics	50,000	100	-	Set-up or investment
Jieyuntong Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	2,000	-	51	Set-up or investment
Qingdao Port E-Link	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	1,000	-	65	Set-up or investment
Lianjie Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Depot business	5,000	-	58	Set-up or investment
Luhai Quantai	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	4,000	-	54	Set-up or investment
GLS Shipping	Limited Liability Company	Qingdao, China	Qingdao, China	Shipping agency	2,250	-	100	Set-up or investment
Bonded Logistics Center	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	5,000	-	100	Business combinations involving enterprises not under common control
Qingdao Port Lianxin International Logistics Co., Ltd ("Lianxin International Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Depot business	2,000	-	58	Set-up or investment
Shandong Port Lianhua	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel storage	86,600	51	-	Set-up or investment
Dongying Port Lianhua	Limited Liability Company	Dongying, China	Dongying, China	Fuel storage	38,000	-	70	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 Power Supply Co., Ltd ("Qinggang Power Supply")	Limited Liability Company	Qingdao, China	Qingdao, China	Electricity, heat production, and supply	15,000	100	-	Set-up or investment
Dongjiakou Oil Products	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	41,479	70	-	Business combinations involving enterprises not under common control

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. 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	Services	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Shandong Weihai Port Development Co., Ltd ("Weihai Port Development")	Limited Liability Company	Weihai, China	Weihai, China	Loading and unloading, storage, logistics	10,035	51	-	Business combination under common control
Qingdao Port Barge Co., Ltd. ("Barge Limited")	Limited Liability Company	Qingdao, China	Qingdao, China	Ship towing services	4,500	100	-	Set-up or investment
Qingdao Port International Container Development Co., Ltd ("Container Development Co")	Limited Liability Company	Qingdao, China	Qingdao, China	Container cargo forwarder	3,000	100	-	Set-up or investment
Qingdao Qinggang Tongda Energy Co., Ltd ("Tongda Energy")	Limited Liability Company	Qingdao, China	Qingdao, China	Liquefied natural gas operations	14,250	100	-	Set-up or investment
Qingdao OST	Limited Liability Company	Qingdao, China	Qingdao, China	Qingdao OST	199	84	-	Set-up or investment
Qingdao Port Dongjiakou General Terminal Co., Ltd ("Dongjiakou General Terminal")	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling	110,000	80	-	Set-up or investment
Shandong Qingdong Pipeline Co., Ltd ("Qingdong Pipeline")	Limited Liability Company	Qingdao, China	Qingdao, China	Pipeline oil transportation	50,000	51	-	Set-up or investment
Logistics Park Development	Limited Liability Company	Weihai, China	Weihai, China	Logistics and warehousing	10,000	-	100	Business combination under common control
Weihai Qingwei Container Terminal Co., Ltd ("Qingwei Container")	Limited Liability Company	Weihai, China	Weihai, China	Stevedore, unloading, handling and warehousing	14,000	51	49	Business combination under common control
QMT	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling	131,020	100	-	Business combinations involving enterprises not under common control
Qingdao Port Jiefeng International Logistics Co., Ltd ("Jiefeng International Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Depot business	1,500	-	51	Set-up or investment
Qingdao Port Pulp Logistics Co., Ltd ("Pulp Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	1,000	-	55	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. 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	Services	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Zhonglin Qinggang Supply Chain Co., Ltd ("Qinggang Supply Chain")	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	5,000	-	65	Set-up or investment
Qingdao Haiye Mercuria Logistics Co., Ltd ("Mercuria Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling	USD4,930	62	-	Business combinations involving enterprises not under common control
Liquid Chemical Terminal	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling	71,000	51	-	Business combinations involving enterprises not under common control
Qingdao Qianwan Nangang Oil and Gas Co., Ltd ("Nangang Oil & Gas")	Limited Liability Company	Qingdao, China	Qingdao, China	Liquefied natural gas operations	7,900	55	-	Set-up or investment
Yantai Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	5,200	-	100	Business combinations involving enterprises not under common control
Qingdao Port Lianhua International Logistics Co., Ltd ("Lianhua International Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	2,000	-	60	Set-up or investment
Qingdao Port Properties	Limited Liability Company	Qingdao, China	Qingdao, China	Property management	800	100	-	Set-up or investment
Qingdao Port Emergency Rescue Co., Ltd ("Emergency Rescue")	Limited Liability Company	Qingdao, China	Qingdao, China	Emergency rescue services	5,000	100	-	Set-up or investment
Qingdao Port Shiweice Tugboat Co., Ltd ("Schweitzer Tug")	Limited Liability Company	Qingdao, China	Qingdao, China	Tug lighter	21,000	55	-	Set-up or investment
Qingdao Zhenhua Oil Storage Co., Ltd ("Zhenhua Petroleum Storage")	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel storage	29,200	51	-	Set-up or investment
Land Port Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	500	-	100	Set-up or investment
Qingdao Red Star Logistics Industry Co., Ltd ("Red Star Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel handling	21,566	90	-	Business combinations involving enterprises not under common control
Eimskip Coldchain	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics and transportation	2,000	-	70	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. 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	Services	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Construction & Management Centre	Limited Liability Company	Qingdao, China	Qingdao, China	Engineering management	1,000	100	-	Set-up or investment
Jimo Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	15,000	-	60	Set-up or investment
Shandong Qingzi Logistics Co., Ltd ("Qingzi Logistics")	Limited Liability Company	Qingdao, China	Zibo, China	Logistics services and pipeline transportation	20,000	100	-	Set-up or investment
Ark intelligence	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	2,000	100	-	Set-up or investment
Dongjiakou Bulk Cargo	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	10,000	-	51	Set-up or investment
Shengshi Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	1,000	-	58	Set-up or investment
Ocean Shipping Repair	Limited Liability Company	Qingdao, China	Qingdao, China	Shipping repair services	285	100	-	Set-up or investment
Qingdao Ganghai International Logistics Co., Ltd ("Ganghai Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Depot business	260	-	100	Business combinations involving enterprises not under common control
Qingdao Port Tongze Trading Co., Ltd ("Tongze Trading")	Limited Liability Company	Qingdao, China	Qingdao, China	Merchandising	1,000	100	-	Set-up or investment
Cultural & Media	Limited Liability Company	Qingdao, China	Qingdao, China	Promotional design	300	100	-	Set-up or investment
Weihai Gangfeng Ship Agency Co., Ltd ("Gangfeng Shipping Agency")	Limited Liability Company	Weihai, China	Weihai, China	Shipping agency	50	-	100	Business combination under common control
Gangjia Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics and transportation	500	51	-	Set-up or investment
China Ocean Shipping Tally Weihai	Limited Liability Company	Weihai, China	Weihai, China	Tallying	130	51	33	Business combination under common control
Shipping Agency	Limited Liability Company	Weihai, China	Weihai, China	Shipping agency	500	-	55	Business combination under common control
Qingdao Port International Shipping Agency Co., Ltd ("International Shipping Agency")	Limited Liability Company	Qingdao, China	Qingdao, China	Shipping agency	1,500	-	99	Business combinations involving enterprises not under common control

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. 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	Services	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Qingdao Port International Development (Hong Kong) Co., Ltd ("International Development")	Limited Liability Company	Hong Kong, China	Hong Kong, China	Investment management	4,043	100	-	Business combination under common control
Qingdao Port Dongjiakou Petroleum Storage Co., Ltd ("Dongjiakou Oil Storage")	Limited Liability Company	Qingdao, China	Qingdao, China	Stevedore, unloading, handling and warehousing	25,000	60	-	Set-up or investment

The shareholding ratio in the subsidiary is different from the ratio of voting rights as follows:

The company's shareholding in Mercuria Logistics is 62%. Decisions on Mercuria logistics-related business activities are made by the board of directors, and decisions of the board of directors shall be approved by at least half of the directors present at the board meeting, Mercuria Logistics Board of directors a total of 5, the company has the right to send 3 directors, the company has the voting rights of 60%.

The company owns 70% of Eimskip Coldchain. The decision on the Eimskip Coldchain related business activities shall be made by the board of directors, and the resolution of the Board of directors shall be approved by at least half of the directors present at the board meeting, Eimskip Coldchain Board of directors a total of 5, the company has the right to send 3 directors, the company has a voting rights ratio of 60%.

The actual holding ratio of the company to Dongjiakou General Terminal is 80%. The decision-making on the relevant business activities of the Dongjiakou General Terminal shall be made by the board of directors, the resolution of the Board of directors shall be approved by at least half of the directors present at the meeting of the board of directors. There shall be a total of six directors on the board of directors of the Dongjiakou General Terminal, and the company shall have the right to send four directors, therefore, the company has 67% of the voting rights.

The company's actual shareholding in Schweitzer Tug is 55%. Decisions on Schweitzer Tug related business activities are made by the board of directors, and decisions of the board of directors must be approved by at least a majority of the directors present at the board meeting, Schweitzer Tug has five board members and the company has the right to send three of them. Therefore, the voting rights of the company are 60%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. EQUITY INTEREST IN OTHER ENTITIES (Continued)

(1) Equity interest in subsidiaries (Continued)

(a) Constitution of the enterprise group (Continued)

The actual holding ratio of the company to the Liquid Chemical Terminal is 51%, and the decision-making on the related business activities of the Liquid Chemical Terminal shall be made by the board of directors, the resolution of the board of directors shall be adopted with the consent of at least half of the directors present at the meeting of the board of directors. There shall be a total of five directors on the board of directors of the Liquid Chemical Terminal, and the company shall have the right to send three directors, therefore, the company on the Liquid Chemical Terminal has a voting rights ratio of 60%.

As at 30 June 2024, the subsidiaries of the company are non-listed enterprises, not issued shares or bonds.

(b) Subsidiary with significant minority interests

Name of subsidiary	Shareholding of minority shareholders	Gains and losses attributable to minority interests for the period ended 30 June 2024 (Unaudited)	Dividends declared to minority interests for the period ended 30 June 2024 (Unaudited)	30 June 2024 Minority interests (Unaudited)
Weihai Port Development Company	49%	10,123,409	–	782,712,342
Shandong Port Lianhua (i)	49%	152,525,441	(302,599,731)	1,102,188,954
Liquid Chemical Terminal	49%	6,919,425	(16,611,284)	382,486,289

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. 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:

	30 June 2024 (Unaudited)		
	Weihai Port Development Company	Shandong Port Lianhua	Liquid Chemical Terminal
Current assets	156,699,758	796,682,303	54,457,829
Non-current assets	1,722,057,226	2,680,412,466	1,087,348,631
Total assets	1,878,756,984	3,477,094,769	1,141,806,460
Current liabilities	(196,823,801)	(554,805,809)	(314,923,726)
Non-current liabilities	(84,561,056)	(813,360,556)	(45,085,904)
Total liabilities	(281,384,857)	(1,368,166,365)	(360,009,630)
	31 December 2023		
	Weihai Port Development Company	Shandong Port Lianhua	Liquid Chemical Terminal
Current assets	151,458,262	882,149,596	92,152,039
Non-current assets	1,731,045,186	2,725,350,817	956,453,001
Total assets	1,882,503,448	3,607,500,413	1,048,605,040
Current liabilities	(187,246,630)	(572,152,484)	(245,234,045)
Non-current liabilities	(119,293,862)	(611,570,000)	(1,830,000)
Total liabilities	(306,540,492)	(1,183,722,484)	(247,064,045)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. EQUITY INTEREST IN OTHER ENTITIES (Continued)

(1) Equity interest in subsidiaries (Continued)

(b) Subsidiary with significant minority interests (Continued)

	For the six months ended 30 June 2024 (Unaudited)		
	Weihai Port Development Company	Shandong Port Lianhua	Liquid Chemical Terminal
Revenue	184,709,070	660,560,090	43,259,927
Net profit	20,660,018	306,100,523	14,121,276
Total comprehensive income	20,660,018	306,100,523	14,121,276
Cash flows from operating activities	48,027,027	301,753,729	37,357,170

	For the six months ended 30 June 2023 (Unaudited)		
	Weihai Port Development Company	Shandong Port Lianhua	Liquid Chemical Terminal
Revenue	441,442,737	749,349,824	46,117,862
Net profit	16,301,411	314,899,404	22,874,667
Total comprehensive income	16,301,411	314,899,404	22,874,667
Cash flows from operating activities	(11,066,802)	569,927,741	42,443,584

(2) Interests in joint ventures or associates

(a) General information of significant joint ventures

	Major business location	Place of registration	Services	Whether strategic to the Group's activities	Shareholding	
					Direct	Indirect
QQCT	Qingdao, China	Qingdao, China	Container handling and storage	Yes	51%	–
Qingdao Shihua	Qingdao, China	Qingdao, China	Handling and storage of liquid bulk cargoes	Yes	50%	–

The group adopts the equity method of accounting for the above-mentioned equity investments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

(b) Summarised financial information for material associates:

	30 June 2024 (Unaudited)		31 December 2023	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	937,102,793	5,296,100,570	1,526,411,348	4,024,751,793
Including: Cash and cash equivalents	547,547,414	5,073,308,568	635,867,526	3,786,568,739
Non-current assets	2,159,826,337	12,169,518,731	2,243,228,367	12,395,665,436
Total assets	3,096,929,130	17,465,619,301	3,769,639,715	16,420,417,229
Current liabilities	(309,429,084)	(2,337,183,315)	(1,202,897,377)	(2,245,510,040)
Non-current liabilities	(24,081,320)	(2,011,096,712)	(17,580,000)	(2,174,966,516)
Total liabilities	(333,510,404)	(4,348,280,027)	(1,220,477,377)	(4,420,476,556)
Including: Minority interests	–	302,667,544	–	285,225,048
Equity attributable to shareholders of the Parent Company	2,763,418,726	12,814,671,730	2,549,162,338	11,714,715,625

After considering the fair value impact of assets and liabilities that can be identified at the time of obtaining investments (i):

	30 June 2024 (Unaudited)		31 December 2023	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	937,102,793	5,296,100,570	1,526,411,348	4,024,751,793
Including: Cash and cash equivalents	547,547,414	5,073,308,568	635,867,526	3,786,568,739
Non-current assets	2,159,826,337	12,431,311,440	2,243,228,367	2,532,737,778
Total assets	3,096,929,130	17,727,412,010	3,769,639,715	6,557,489,571
Current liabilities	(309,429,084)	(2,337,183,315)	(1,202,897,377)	(2,245,510,040)
Non-current liabilities	(24,081,320)	(2,076,544,890)	(17,580,000)	(2,247,343,869)
Total liabilities	(333,510,404)	(4,413,728,205)	(1,220,477,377)	(4,492,853,909)
Including: Minority interests	–	309,257,581	–	291,815,086
Equity attributable to shareholders of the Parent Company	2,763,418,726	13,004,426,224	2,549,162,338	1,772,820,576

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

(b) Summarised financial information for material associates: (Continued)

	30 June 2024 (Unaudited)		31 December 2023	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Shares of net assets in proportion (i)	1,381,709,363	6,535,482,582	1,274,581,169	6,016,613,374
Adjustments				
– Goodwill	–	1,672,785,426	–	1,672,785,426
– Unrealized profits in internal transactions	(48,741,720)	(45,007,711)	(51,742,743)	(86,220,107)
Book value of equity investments in associates	<u>1,332,967,644</u>	<u>8,163,260,298</u>	<u>1,222,838,426</u>	<u>7,603,178,693</u>
	Period ended 30 June 2024 (Unaudited)		Period ended 30 June 2023 (Unaudited)	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Revenue	562,660,530	2,878,953,100	738,139,538	2,611,102,465
Financial expenses	2,455,341	(22,547,444)	(7,760,876)	26,504,161
Income tax expenses	(68,011,793)	(303,718,035)	(92,377,434)	(292,618,938)
Net profit	214,040,916	1,113,451,901	258,990,002	962,420,536
Net profit attributable to the Company	214,040,916	1,096,129,307	258,990,002	947,560,874
Other comprehensive income	–	–	–	–
Total comprehensive income	<u>214,040,916</u>	<u>1,096,129,307</u>	<u>258,990,002</u>	<u>947,560,874</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

(b) Summarised financial information for material associates: (Continued)

After considering the fair value impact of assets and liabilities that can be identified at the time of obtaining investments (i):

	Period ended 30 June 2024 (Unaudited)		Period ended 30 June 2023 (Unaudited)	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Net profit	214,040,916	1,092,664,374	258,990,002	936,194,890
Net profit attributable to the Company	214,040,916	1,075,341,781	258,990,002	921,335,228
Other comprehensive income	–	–	–	–
Total comprehensive income	<u>214,040,916</u>	<u>1,075,341,781</u>	<u>258,990,002</u>	<u>921,335,228</u>
Dividends received from associates for the period	–	–	–	–

- (i) The Group calculates the corresponding share of net assets based on the amount attributable to the parent company in the consolidated financial statements of joint ventures. The amount in the consolidated financial statements of the joint venture takes into account the fair value of the identifiable assets and liabilities of the joint venture at the time of acquisition of the investment and the impact of the unified accounting policy. The assets involved in the transactions between the Group and the joint ventures do not constitute business.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. EQUITY INTEREST IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures or 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

	30 June 2024 (Unaudited)	31 December 2023
	Shandong Port Finance	Shandong Port Finance
Current assets	19,706,287,608	19,252,231,517
Including: Cash	13,227,516,268	10,012,018,818
Non-current assets	10,707,756,279	10,700,951,674
Total assets	30,414,043,887	29,953,183,191
Current liabilities	(25,613,806,665)	(25,375,424,982)
Non-current liabilities	(78,192,355)	(72,096,917)
Total liabilities	(25,691,999,020)	(25,447,521,899)
Minority interests	–	–
Attributable to shareholders of the Company	4,722,044,867	4,505,661,292
	30 June 2024 (Unaudited)	31 December 2023
	Shandong Port Finance	Shandong Port Finance
Shares of net assets in proportion	1,635,244,529	1,560,310,506
Adjustments		
– Goodwill	93,461,987	93,461,987
Carrying amount of investments in associates	1,728,706,516	1,653,772,493

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VI. EQUITY INTEREST IN OTHER ENTITIES (Continued)

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

(d) Summarised financial information for material associates (Continued)

	Period ended 30 June 2024 (Unaudited)	Period ended 30 June 2023 (Unaudited)
	Shandong Port Finance	Shandong Port Finance
Revenue	337,813,257	325,267,311
Financial expenses	375,360	2,437,434
Income tax expenses	(68,328,724)	(65,974,386)
Net profit	207,228,438	197,669,400
Net profit attributable to the Company	207,228,438	197,669,400
Other comprehensive income	9,155,137	23,417,000
Total comprehensive income	216,383,575	221,086,400

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

	Period ended 30 June 2024 (Unaudited)	Period ended 30 June 2023 (Unaudited)
Joint ventures:		
Aggregated carrying amount of investments	1,721,961,838	1,710,460,935
Aggregate of the following items in proportion		
Net profit (i)	48,971,959	50,236,003
Other comprehensive income (i)	-	-
Total comprehensive income	48,971,959	50,236,003
Associates:		
Aggregated carrying amount of investments	1,891,215,494	1,855,479,553
Aggregate of the following items in proportion		
Net profit (i)	56,712,325	47,663,831
Other comprehensive income (i)	-	-
Total comprehensive income	56,712,325	47,663,831

- (i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investment in joint ventures and associates and conformed to accounting policies of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VII. OTHER SIGNIFICANT EVENTS

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 resource allocation to these segments and to assess their performance.

The Group identified 5 reportable segments as follows:

- Container handling and ancillary services: loading, discharging, and storage of containers, and port management.
- Metal ore, coal, and other cargo handling and ancillary services: loading, discharging, and storage of metal ore, coal, grains, general cargo and other cargo, and port management.
- Liquid bulk cargo handling and ancillary services: loading, discharging, storage, and transport of crude oil and other liquid bulk cargo, and port management.
- Logistics and port value-added services: depot, logistics, freight forwarding, barging, tallying.
- Port ancillary services: electricity and fuel supply to the harbor area.

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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VII. OTHER SIGNIFICANT EVENTS (Continued)

(a) The information for the six-month period ending on June 30, 2024, as well as the segment information as of June 30, 2024, is presented as follows (unaudited):

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary services	Logistics and port value-added services	Port ancillary services	Unallocated	Elimination among segments	Total
Revenue from external customers	755,806,915	2,092,589,030	1,953,257,124	3,537,703,358	728,018,009	-	-	9,067,374,436
Revenue from Inter-segment revenue	121,524,942	131,987,701	1,312,155	26,684,757	532,206,074	-	(813,715,629)	-
External operating costs	(157,735,756)	(1,648,524,875)	(726,050,994)	(2,642,203,947)	(516,160,311)	-	-	(5,690,675,883)
Inter-segment transaction costs	(104,624,277)	(149,943,673)	(16,406,526)	(31,036,908)	(443,724,729)	-	745,736,113	-
Interest income	6,925,810	2,768,833	13,558,215	15,160,876	2,769,964	27,787,948	-	68,971,646
Interest expenses	(10,794,465)	(22,276,791)	(64,810,965)	(7,091,569)	(687,249)	(1,696,686)	48,118,502	(59,239,223)
Investment income from associates and joint ventures	543,854,661	15,362,627	106,770,648	66,862,889	86,151,068	-	7,213,633	826,215,526
Other investment income	1,487,826	-	-	(100,337)	-	53,412,152	(41,407,660)	13,391,981
Asset impairment losses	-	-	-	(217,453)	-	-	-	(217,453)
Credit impairment losses	(829,065)	(306,485)	1,566,543	(11,956,918)	(10,853,737)	-	-	(22,379,662)
Depreciation of right-of-use assets	(32,685)	(3,521,125)	(9,263,434)	(42,288,854)	(6,619,529)	(17,001,855)	-	(78,727,482)
Depreciation and amortization	(27,487,315)	(147,182,404)	(241,808,694)	(75,658,525)	(114,161,469)	(18,913,615)	-	(625,212,022)
Total profit	1,083,245,625	296,903,566	1,243,209,724	840,797,963	279,885,360	(118,567,079)	(35,753,221)	3,589,721,938
Income tax expense	(129,186,875)	(12,414,391)	(213,443,749)	(177,483,399)	(27,469,280)	(102,471,905)	-	(662,469,599)
Net profit	<u>954,058,750</u>	<u>284,489,175</u>	<u>1,029,765,975</u>	<u>663,314,564</u>	<u>252,416,080</u>	<u>(221,038,984)</u>	<u>(35,753,221)</u>	<u>2,927,252,339</u>
Total assets	<u>11,631,852,575</u>	<u>10,606,209,532</u>	<u>17,547,429,898</u>	<u>6,804,924,779</u>	<u>8,243,350,874</u>	<u>10,014,609,074</u>	<u>(2,903,582,756)</u>	<u>61,944,793,976</u>
Total liabilities	<u>828,483,106</u>	<u>2,700,775,894</u>	<u>4,946,019,110</u>	<u>2,174,932,104</u>	<u>4,886,542,657</u>	<u>4,155,862,594</u>	<u>(2,853,020,332)</u>	<u>16,839,595,133</u>
Non-cash expenses other than depreciation and amortization	<u>501,150</u>	<u>1,954,706</u>	<u>7,595,057</u>	<u>17,358,321</u>	<u>6,899,380</u>	<u>39,552,879</u>	<u>-</u>	<u>73,861,493</u>
Long-term equity investments in associates and joint ventures	<u>8,428,362,933</u>	<u>1,223,362,105</u>	<u>2,094,719,054</u>	<u>681,755,774</u>	<u>2,415,822,374</u>	<u>-</u>	<u>-</u>	<u>14,844,022,240</u>
Additions of non-current assets (i)	<u>3,785,868</u>	<u>280,223,249</u>	<u>189,042,206</u>	<u>69,167,209</u>	<u>98,288,229</u>	<u>8,935,302</u>	<u>(16,680,894)</u>	<u>632,761,169</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VII. OTHER SIGNIFICANT EVENTS (Continued)

(b) The segment information for the six-month period ending June 30, 2023 and December 31, 2023 is presented 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	Unallocated	Elimination among segments	Total
Revenue from external customers	601,136,120	2,137,401,727	2,031,383,431	3,599,819,866	787,785,046	-	-	9,157,526,190
Revenue from Inter-segment revenue	84,263,571	84,338,949	71,367,342	43,213,039	544,234,442	-	(827,417,343)	-
External operating costs	(125,771,534)	(1,624,188,854)	(767,002,965)	(2,735,696,585)	(528,729,256)	-	-	(5,781,389,194)
Inter-segment transaction costs	(84,263,571)	(93,136,518)	(85,461,397)	(42,167,081)	(493,917,516)	-	798,946,083	-
Interest income	3,568,518	3,285,495	12,170,105	15,232,420	5,187,954	19,656,875	-	59,101,367
Interest expenses	(12,207,793)	(35,238,952)	(70,740,086)	(10,870,410)	(543,558)	(3,279,641)	53,860,723	(79,019,717)
Investment income from associates and joint ventures	478,833,716	14,541,543	139,379,913	43,611,574	95,266,087	(15,392,498)	6,471,550	762,711,885
Other investment income	3,616,381	-	-	(73,305)	5,401,724	64,428,571	(53,860,723)	19,512,648
Asset impairment losses	-	-	192,558	-	720,353	-	-	912,911
Credit impairment losses	-	(529,001)	1,635,961	(18,010,682)	74,684,446	-	-	57,780,724
Depreciation of right-of-use assets	-	(2,380,851)	(10,445,911)	(42,811,934)	(1,752,885)	(17,679,276)	-	(75,070,857)
Depreciation and amortization	(33,234,706)	(155,266,848)	(267,423,244)	(67,078,020)	(115,604,019)	(27,648,358)	-	(666,255,195)
Total profit	880,056,629	329,071,422	1,290,702,639	784,851,383	359,589,178	(89,875,011)	(21,999,710)	3,532,396,530
Income tax expenses	(85,621,146)	(18,706,607)	(206,120,687)	(177,983,647)	(47,869,722)	(128,588,480)	-	(664,890,289)
Net profit	<u>794,435,483</u>	<u>310,364,815</u>	<u>1,084,581,952</u>	<u>606,867,736</u>	<u>311,719,456</u>	<u>(218,463,491)</u>	<u>(21,999,710)</u>	<u>2,867,506,241</u>
Total assets	<u>10,880,889,095</u>	<u>10,797,874,117</u>	<u>18,427,906,683</u>	<u>6,773,634,249</u>	<u>8,510,665,494</u>	<u>7,565,589,323</u>	<u>(2,710,698,318)</u>	<u>60,245,860,643</u>
Total liabilities	<u>773,717,021</u>	<u>2,517,017,537</u>	<u>5,721,313,002</u>	<u>2,031,147,339</u>	<u>4,736,310,838</u>	<u>2,691,813,178</u>	<u>(2,764,120,962)</u>	<u>15,707,197,953</u>
Non-cash expenses other than depreciation and amortization	<u>736,751</u>	<u>22,398,099</u>	<u>8,143,363</u>	<u>11,678,673</u>	<u>6,279,065</u>	<u>2,545,518</u>	<u>-</u>	<u>51,781,469</u>
Long-term equity investments in associates and joint ventures	<u>7,610,613,926</u>	<u>1,221,830,848</u>	<u>1,984,429,487</u>	<u>650,146,530</u>	<u>2,309,601,673</u>	<u>269,107,636</u>	<u>-</u>	<u>14,045,730,100</u>
Additions of non-current assets (i)	<u>1,262,758</u>	<u>460,233,507</u>	<u>1,465,590,485</u>	<u>164,266,288</u>	<u>291,779,646</u>	<u>17,775,074</u>	<u>(19,376,493)</u>	<u>2,381,531,265</u>

(i) Non-current assets exclude financial assets, long-term equity investments, and deferred tax assets.

The Group's total revenue from major external transactions and the Group's non-current assets, other than financial assets and deferred tax assets, are predominantly acquired or located in China.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company

(a) Information on the Company's 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 the Shandong Provincial State-owned Assets Supervision and Administration Commission.

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

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Qingdao Port Group	<u>1,860,000,000</u>	<u>–</u>	<u>–</u>	<u>1,860,000,000</u>

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	30 June 2024		31 December 2023	
	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 VI.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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 VI, joint ventures and associates with which the Group having related party transactions are as follows:

Name of joint ventures or associates	Relationship with the Company
Qingdao Shihua	Joint venture
West United	Joint venture
Huaneng Qingdao	Joint venture
Dongjiakou Wanbang Logistics	Joint venture
QDOT	Joint venture
Dongjiakou Sinotrans Logistics	Joint venture
PetroChina Storage	Joint venture
QQCT	Joint venture
Linyi Expressway	Joint venture
United Shipping Agency	Joint venture
Shenzhouxing Freight Forward	Joint venture
China Shipping Agency	Joint venture
Evergreen Containers	Joint venture
East Port Containers	Joint venture
Ganglianrong Logistics	Joint venture
Ganglianhai Logistics	Joint venture
Sea Route International	Joint venture
Gulf Liquid Chemical	Associates
Shangang Luhai Jinan	Associates
Qingyin Leasing	Associates
Overseas Development Qingdao	Associates
Qingdao Port Engineering	Associates
Technology Company	Associates
GSBN	Associates
Qingdao Port Equipment	Associates
Shandong Port Finance	Associates
Shandong Zhenhua Energy	Associates
China Unicom	Associates
Qianwan Xinhe Supply Chain	Associates
Qinggang International Trade Logistics	Associates
Hailian Container	Associates
Shandong Port Energy	Associates
COSCO Abu Dhabi	Associates

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties

Name of other related parties	Relationship with the Company
Qingdao Port Investment and Construction (Group) Co., Ltd. ("QDP Investment Group")	Controlled by the same parent company
Shandong Port Qinggang Shihua Energy Development Co., Ltd. ("Qinggang Shihua")	Controlled by the same parent company
Qingdao Cardiovascular Hospital Co., Ltd. ("Cardiovascular Hospital")	Controlled by the same parent company
Weihai Dingxin Construction Engineering Co., Ltd. ("Weihai Dingxin Construction")	Controlled by the same parent company
Weihai Gangtong Information Technology Co., Ltd. ("Weihai Gangtong Technology")	Controlled by the same parent company
Weihai Weigang Property Management Co., Ltd. ("Weigang Property")	Controlled by the same parent company
Qingdao Hongyu Catering Co., Ltd. ("Hongyu Catering")	Controlled by the same parent company
Qingdao Harbour Vocational And Technical College ("Harbour Vocational College")	Controlled by the same parent company
Weihai Port Union Logistics Co., Ltd. ("Weihai Port Union Logistics")	Controlled by the same parent company
Shandong Port Weihai Port Co., Ltd. ("Weihai Port Group")	Controlled by the same parent company
Qingdao International Cruise Line Co., Ltd. ("International Cruises")	Controlled by the same parent company
Weihai Gangsheng Shipping Co., Ltd. ("Weihai Gangsheng Shipping")	Controlled by the same parent company
Weihai Shichang Liquor Co., Ltd. ("Weihai Shichang Liquor")	Controlled by the same parent company
Qingdao Qinggang International Travel Service Co., Ltd. ("Qinggang Travel Service")	Controlled by the same parent company
Shandong Weihai Port International Passenger Transport Co., Ltd. ("Weihai Port International Passenger Transport")	Controlled by the same parent company
Shandong Weihai Port International Logistics Co., Ltd. ("Weihai Port International Logistics")	Controlled by the same parent company
Qingdao Port Financing Guarantee Co., Ltd. ("Financing Guarantee")	Controlled by the same parent company
Qingdao Port Investment Asset Management Co., Ltd. ("Qingdao Port Investment Asset Management")	Controlled by the same parent company
Qingdao Port Pilot Station Co., Ltd. ("Qingdao Port Pilot Station")	Controlled by the same parent company
Qingdao Wynn Insurance Agency Co., Ltd. ("Wynn Insurance")	Controlled by the same parent company
Weihai Jiaodong International Container Shipping Co., Ltd. ("Jiaodong International Container Shipping")	Controlled by the same parent company
Qingdao Huanhai Bay Development and Construction Co., Ltd. ("Huanhai Bay Development and Construction")	Controlled by the same parent company

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Qingdao International Cruise Port Development and Construction Co., Ltd. ("International Cruise Port Development and Construction")	Controlled by the same parent company
Shandong Gangxin Futures Co., Ltd. ("Shandong Gangxin Futures")	Controlled by the same parent company
Shandong Port Microfinance Co., Ltd. ("Microfinance")	Controlled by the same parent company
Shandong Port Investment Holding Co., Ltd. ("Shandong Port Investment")	Controlled by the same parent company
Shandong Port Insurance Brokers Co., Ltd. ("Shangang Insurance Brokers")	Controlled by the same parent company
Shandong Port Fund Management Co., Ltd. ("Shangang Fund Management")	Controlled by the same parent company
Shandong Port Group Ship Service Co., Ltd. ("Shandong Port Ship Service")	Controlled by the same parent company
Shandong Gangyun Digital Technology Co., Ltd. ("Shangangyun Digital Technology")	Controlled by the same parent company
Shandong Commodities Trading Center Co., Ltd. ("Shandong Commodities")	Controlled by the same parent company
Shandong Port Commercial Factoring Co., Ltd. ("Commercial Factoring")	Controlled by the same parent company
Qingdao Port International Financial Leasing Co., Ltd. ("Qinggang Leasing Company")	Controlled by the same parent company
Weihai Yufeng Energy Co., Ltd. ("Weihai Yufeng Energy")	Controlled by the same parent company
Shandong Port International Supply Chain Management Co., Ltd. ("Shandong Port International Supply Chain")	Controlled by the same parent company
Shandong Gangxin Capital Investment Co., Ltd. ("Gangxin Capital Investment")	Controlled by the same parent company
Yantai Gangrong Commercial Factoring Co., Ltd. ("Yantai Gangrong Commercial Factoring")	Controlled by the same parent company
Rizhao Commodity Supply Chain Management Co., Ltd. ("Rizhao Commodity Supply Chain")	Controlled by the same parent company
North Oil & Gas (Shandong) Industry Development Co., Ltd. ("North Oil & Gas")	Controlled by the same parent company
Rizhao Port Group Shanghai Commercial Factoring Co., Ltd. ("Rizhao Port Commercial Factoring")	Controlled by the same parent company
Qingdao Branch of Qinggang (Shenzhen) Commercial Factoring Co., Ltd. ("Qinggang Commercial Factoring")	Controlled by the same parent company
Beijing Zhonggang Jinyuan Financial Leasing Co., Ltd. ("Zhonggang Jinyuan")	Controlled by the same parent company

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
QQCTU	A joint venture of QQCTN with the same key management personnel as the Company
QQCTN	A subsidiary of QQCT
QQCTUA	A joint venture of QQCTU with the same key management personnel as the Company
Qingdao Port Group	Parent company
Qingdao Dongjiakou Railway Co., Ltd. ("Dongjiakou Railway")	An associate of the parent company
Qingdao Cruise Home Port China Duty Free Goods Co., Ltd. ("Cruise Home Port Duty Free Goods")	An associate of the parent company
Shandong Shangang Zhoudao Wubo Information Technology Co., Ltd. ("Shangang Zhoudao Wubo Information")	An associate of the parent company
Shandong Port Group Co., Ltd. ("Shandong Port Group")	Shareholder of Qingdao Port Group
Shenzhen Zoomlion International Shipping Agency Co., Ltd. ("Shenzhen Zoomlion International Shipping Agency")	A subsidiary of an associate of the Group
Qingdao Yigang Digital Intelligence Park Operation Management Co., Ltd. ("Yigang Digital Intelligence")	An associate of the Shandong Port Group
Qingdao New International Trade Comprehensive Service Co., Ltd. ("Qingdao New International Trade")	An associate of the Shandong Port Group
Rizhao Gangda Shipbuilding Heavy Industry Co., Ltd. ("Gangda Shipbuilding Heavy Industry")	A subsidiary of Shandong Port Group
Shangang Shanhai Property (Qingdao) Co., Ltd. ("Shanghai Property Qingdao")	A subsidiary of Shandong Port Group
Shangang Luhai Logistics Development Technology Company	A subsidiary of Shandong Port Group
Shandong Harbor Construction	A subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Liaocheng Co., Ltd. ("Shangang Luhai Liaocheng")	A subsidiary of Shandong Port Group
Shangang Shanhai Property (Weihai) Co., Ltd. ("Shanghai Property Weihai")	A subsidiary of Shandong Port Group
Shangang Shanhai Security (Shandong) Co., Ltd. ("Shangang Shanhai Security")	A subsidiary of Shandong Port Group
Shangang Ocean Shipping	A subsidiary of Shandong Port Group
Shangang Express (Qingdao) Shipping Co., Ltd. ("Shangang Express")	A subsidiary of Shandong Port Group
Shandong Port Group Service Development Group Co., Ltd. ("Shangang Service Development")	A subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Rizhao Co., Ltd. ("Luhai Logistics Rizhao")	A subsidiary of Shandong Port Group
Shandong Luhai Heavy Industry Co., Ltd. ("Luhai Heavy Industry")	A subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Shangang Luhai International Logistics (Zhengzhou) Co., Ltd. ("Shangang Luhai Zhengzhou")	A subsidiary of Shandong Port Group
Shandong Port Group Culture Media Co., Ltd. ("Shangang Culture Media")	A subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Yantai Co., Ltd. ("Shangang Overseas Development Yantai Company")	A subsidiary of Shandong Port Group
Shangang Shanhai Production Guarantee (Shandong) Co., Ltd. ("Shangang Production Guarantee")	A subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Co., Ltd. ("Shandong Port Overseas Development")	A subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Rizhao Co., Ltd. ("Shangang Overseas Development Rizhao Company")	A subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Xinjiang) Co., Ltd. ("Shangang Luhai Xinjiang")	A subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Group Co., Ltd. ("Luhai International Logistics")	A subsidiary of Shandong Port Group
Shandong Port Technology Group Co., Ltd. ("Shangang Technology Group")	A subsidiary of Shandong Port Group
Shandong Port Engineering Management Consulting Co., Ltd. ("Shandong Port Engineering Management")	A subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Bohai Bay Co., Ltd. ("Luhai Logistics Bohai Bay")	A subsidiary of Shandong Port Group
Shandong Port & Shipping Lianfa Shipping Co., Ltd. ("Port & Shipping Lianfa")	A subsidiary of Shandong Port Group
Rizhao Jinqiao Energy Saving Technology Co., Ltd. ("Jinqiao Energy Saving")	A subsidiary of Shandong Port Group
Rizhao Port Container Development Co., Ltd. ("Rizhao Port Container Development")	A subsidiary of Shandong Port Group
Shandong Port Group International Investment Development Co., Ltd. ("Shangang International Investment")	A subsidiary of Shandong Port Group
Shandong Port Sunshine Huicai Service Co., Ltd. ("Shangang Sunshine Huicai")	A subsidiary of Shandong Port Group
Shandong Port Medical Care and Health Management Group Co., Ltd. ("Shangang Medical Care")	A subsidiary of Shandong Port Group
Weifang Port Bulk Cargo Terminal Co., Ltd. ("Weifang Bulk Terminal")	A subsidiary of Shandong Port Group
Shandong Lujian Technology Co., Ltd. ("Shandong Lujian")	A subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Lanzhou) Co., Ltd. ("Shangang Luhai Lanzhou")	A subsidiary of Shandong Port Group
Shandong Port Shipping Group Yantai Container Shipping Co., Ltd. ("Shandong Port Shipping Yantai Container")	A subsidiary of Shandong Port Group
Yantai Port Ro-Ro Logistics Co., Ltd. ("Yantai Port Ro-Ro Logistics")	A subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Shandong Gangtong Engineering Management Consulting Co., Ltd. ("Shangangtong Engineering Management Consulting")	A subsidiary of Shandong Port Group
Zibo Inland Port Management and Operation Co., Ltd. ("Zibo Inland Port")	A subsidiary of Shandong Port Group
Shangang Overseas Supply Chain (Qingdao) Co., Ltd. ("Shangang Overseas Supply Chain")	A subsidiary of Shandong Port Group
Beijing Lugang Holding Development Group Co., Ltd. ("Lugang Holding Development")	A subsidiary of Shandong Port Group
Shandong Port Group Binzhou Port Co., Ltd. ("Shangang Group Binzhou Port")	A subsidiary of Shandong Port Group
Rizhao Lingang International Logistics Co., Ltd. ("Rizhao Lingang International Logistics")	A subsidiary of Shandong Port Group
Longkou Port Shipping Agency Co., Ltd. ("Longkou Port Shipping Agency")	A subsidiary of Shandong Port Group
Yantai Port Co., Ltd. ("Yantai Port Co., Ltd.")	A subsidiary of Shandong Port Group
Shangang Luhai (Jinan) Hotel Management Co., Ltd. ("Shangang Luhai Hotel Management")	A subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Hainan) Co., Ltd. ("Shangang Luhai Hainan")	A subsidiary of Shandong Port Group
Shandong Port Group Weifang Port Co., Ltd. ("Shandong Port Weifang Port")	A subsidiary of Shandong Port Group
Shandong Port Shipping Group Weihai Co., Ltd. ("Shangang Shipping Weihai")	A subsidiary of Shandong Port Group
Shangang Shanhai Car Rental (Shandong) Co., Ltd. ("Shanhai Car Rental")	A subsidiary of Shandong Port Group
Shandong Port Vocational Education Group Co., Ltd. ("Shangang Vocational Education")	A subsidiary of Shandong Port Group
Rizhao Harbor Engineering Testing Co., Ltd. ("Rizhao Harbor Engineering Testing")	A subsidiary of Shandong Port Group
Xinjiang Rizhao Port Logistics Park Co., Ltd. ("Xinjiang Rizhao Port Logistics Park")	A subsidiary of Shandong Port Group
Shandong Rizhao Bibo Tea Industry Co., Ltd. ("Rizhao Bibo Tea Industry")	A subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Yantai Co., Ltd. ("Luhai Logistics Yantai")	A subsidiary of Shandong Port Group
Shandong Port Rizhao Port Group Co., Ltd. Bibo Hotel ("Bibo Hotel")	A subsidiary of Shandong Port Group
Rizhao Port Information Technology Co., Ltd. ("Rizhao Information Technology")	A subsidiary of Shandong Port Group
Rizhao Port Co., Ltd. ("Rizhao Port Co., Ltd.")	A subsidiary of Shandong Port Group
Longkou Port Group Co., Ltd. ("Longkou Port Group")	A subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Rizhao Port Jifa Yuanda International Logistics Co., Ltd. ("Rizhao Port Jifa Yuanda")	A subsidiary of Shandong Port Group
Shangang Industry and Finance Industry Development (Rizhao) Co., Ltd. ("Shangang Industry and Finance Industry Development Rizhao")	A subsidiary of Shandong Port Group
Henan Rizhao Port Logistics Co., Ltd. ("Henan Rizhao Port Logistics")	A subsidiary of Shandong Port Group
Weihai Lujian Technology Service Co., Ltd. ("Weihai Lujian")	A subsidiary of Shandong Port Group
China Yantai Shipping Agency Co., Ltd. ("Yantai Shipping Agency")	A subsidiary of Shandong Port Group
Yantai Port International Shipping Agency Co., Ltd. ("Yantai Port International Shipping Agency")	A subsidiary of Shandong Port Group
Rizhao Port Machinery Engineering Co., Ltd. ("Rizhao Port Machinery Engineering")	A subsidiary of Shandong Port Group
Qingdao Shangang Creative Industry Co., Ltd. ("Shangang Creative")	A subsidiary of Shandong Port Group
Rizhao Port Lanshan Port Services Co., Ltd. ("Rizhao Port Lanshan Port")	A subsidiary of Shandong Port Group
Binzhou Gangtong Pipeline Co., Ltd. ("Binzhou Gangtong Pipeline")	A subsidiary of Shandong Port Group
Yantai Port Group Penglai Port Co., Ltd. ("Penglai Port")	A subsidiary of Shandong Port Group
Shandong Port Group Dongying Port Co., Ltd. ("Shandong Dongying Port")	A subsidiary of Shandong Port Group
Shandong United Energy Pipeline Transportation Co., Ltd. ("Shandong United Energy Pipeline")	A subsidiary of Shandong Port Group
Shandong Port Yantai Port Group Co., Ltd. ("Yantai Port Group")	A subsidiary of Shandong Port Group
Rizhao Gangshan Steel Terminal Co., Ltd. ("Rizhao Port Shangang Terminal")	A subsidiary of Shandong Port Group
Longkou Bingang Liquid Chemical Terminal Co., Ltd. ("Longkou Port Liquid Chemical")	A subsidiary of Shandong Port Group
Shandong Port Industry-City Integration Development Rizhao Co., Ltd. ("Shangang Industry-City Integration Rizhao Company")	A subsidiary of Shandong Port Group
Yantai Port Group Laizhou Port Co., Ltd. ("Yantai Port Laizhou Port")	A subsidiary of Shandong Port Group
Shandong Gangyuan Pipeline Logistics Co., Ltd. ("Shandong Gangyuan Pipeline")	A subsidiary of Shandong Port Group
Yantai Port Container Terminal Co., Ltd. ("Yantai Port Container Terminal")	A subsidiary of Shandong Port Group
Shandong Shanhai Longxiang Health Management Co., Ltd. ("Shanhai Longxiang Health")	A subsidiary of Shandong Port Group
Shandong Bohai Bay Port China Terminal Co., Ltd. ("Bohai Bay Port Ganghua")	A subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Rizhao Port Marine Machinery Industry Co., Ltd. ("Rizhao Port Marine Machinery")	A subsidiary of Shandong Port Group
Rizhao Shihua Crude Oil Terminal Co., Ltd. ("Rizhao Shihua")	A subsidiary of Shandong Port Group
Longkou Zhongli Outer Shipping Tally Co., Ltd. ("Longkou Outer Shipping Tally")	A subsidiary of Shandong Port Group
Shandong Port Engineering Senior Technical School Co., Ltd. ("Shangang Senior Technical School")	A subsidiary of Shandong Port Group
Longkou Port Group Railway Co., Ltd. ("Longkou Port Railway")	A subsidiary of Shandong Port Group
Rizhao Port Luda Construction Co., Ltd. ("Rizhao Port Luda")	A subsidiary of Shandong Port Group
Penglai Port Ferry Terminal Co., Ltd. ("Penglai Gang Ferry Terminal")	A subsidiary of Shandong Port Group
Longkou Xinggang Industrial Co., Ltd. ("Longkou Xinggang Industrial")	A subsidiary of Shandong Port Group
Shandong Port International Trade Group Rizhao Co., Ltd. ("Shangang International Trade Rizhao Company")	A subsidiary of Shandong Port Group
Yellow River Delta Construction Engineering Co., Ltd. ("Yellow River Delta Construction")	A subsidiary of Shandong Port Group
Shandong Port Industry-City Integration Development Bohai Bay Co., Ltd. ("Shangang Industry-City Integration Bohai Bay Company")	A subsidiary of Shandong Port Group
Shandong Port & Shipping Oil Transportation Co., Ltd. ("Port & Shipping Oil Transportation")	A subsidiary of Shandong Port Group
Rizhao Haitong Liner Co., Ltd. ("Haitong Liner")	A subsidiary of Shandong Port Group
Longkou Port Marine Fuel Supply Company Limited ("Longkou Port Marine Fuel")	A subsidiary of Shandong Port Group
Yantai Port Barge Co., Ltd. ("Yantai Port Barge")	A subsidiary of Shandong Port Group
Longkou Port Loading and Unloading Co., Ltd. ("Longkou Port Stevedoring")	A subsidiary of Shandong Port Group
Yantai Port & Shipping Investment & Development Co., Ltd. ("Yantai Port & Shipping Investment")	A subsidiary of Shandong Port Group
Shouguang Port Co., Ltd. ("Shouguang Port")	A subsidiary of Shandong Port Group
Shandong Port Cruise Development Group Co., Ltd. ("Shandong Port Cruise Development")	A subsidiary of Shandong Port Group
Yantai Port West Port Development Co., Ltd. ("Yantai Port West Port Development")	A subsidiary of Shandong Port Group
Shandong Bohai Bay Haixin Port Co., Ltd. ("Bohai Bay Haixin Port")	A subsidiary of Shandong Port Group
Shandong Port International Trade Group Co., Ltd. ("Shangang International Trade")	A subsidiary of Shandong Port Group
Yantai Port Energy Bulk Cargo Terminal Co., Ltd. ("Yantai Port Energy Bulk Cargo Terminal")	A subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
China Digital Technology (Qingdao) Co., Ltd. ("China Digital Technology")	A subsidiary of Shandong Port Group
Rizhao Port Phoenix Bay Development and Construction Co., Ltd. ("Phoenix Bay Development and Construction")	A subsidiary of Shandong Port Group
Binzhou Port Group Co., Ltd. ("Binzhou Port")	A subsidiary of Shandong Port Group
Yantai Port Operation Guarantee Co., Ltd. ("Yantai Port Operation Guarantee")	A subsidiary of Shandong Port Group
Gangxin Capital Management (Hong Kong) Limited ("Gangxin Capital Hong Kong")	A subsidiary of Shandong Port Group
Yantai International Container Terminal Co., Ltd. ("Yantai Container")	A subsidiary of Shandong Port Group
Shandong Port Group (Hainan) Co., Ltd. ("Shangang Group Hainan Company")	A subsidiary of Shandong Port Group
Yantai Huigang Stevedoring Co., Ltd. ("Huigang Stevedor")	A subsidiary of Shandong Port Group
Yantai Port International Logistics Co., Ltd. ("Yantai Port International Logistics")	A subsidiary of Shandong Port Group
Weihai Shanhai Cultural Tourism Development Co., Ltd. ("Shanhai Cultural Tourism Development")	A subsidiary of Shandong Port Group
Yantai Zhongli Outer Shipping Tally Co., Ltd. ("Yantai Outer Shipping Tally")	A subsidiary of Shandong Port Group
Shandong Port Industry-City Integration Development Group Co., Ltd. ("Shandong-Port Industry-City Integration Development")	A subsidiary of Shandong Port Group
Shandong Port Industry-City Integration Development Group Weihai Co., Ltd. ("Shangang Industry-City Integration Weihai")	A subsidiary of Shandong Port Group
Rongcheng Jiutai Tourism Development Co., Ltd. ("Jiutai Tourism")	A subsidiary of Shandong Port Group
Shandong Port International Trade Group Qingdao Co., Ltd. ("Shandong Port International Trade Qingdao Company")	A subsidiary of Shandong Port Group
Shandong Port International Trade Group Yantai Co., Ltd. ("Shangang International Trade Yantai Company")	A subsidiary of Shandong Port Group
Shandong Shanhai Post Hotel Management Co., Ltd. ("Shanhai Post Hotel")	A subsidiary of Shandong Port Group
Shandong Land-Sea Linkage Fund Management Co., Ltd. ("Land-Sea Linkage Fund Management")	A subsidiary of Shandong Port Group
Shandong Port Rizhao Port Group Co., Ltd. ("Rizhao Port Group")	A subsidiary of Shandong Port Group
Dongying Linghang Port Co., Ltd. ("Dongying Linghang Port")	A subsidiary of Shandong Port Group
Shandong Bohai Bay Port Barge Co., Ltd. ("Bohai Bay Barge")	A subsidiary of Shandong Port Group
Shandong Port Bohai Bay Port Group Co., Ltd. ("Bohai Bay Group")	A subsidiary of Shandong Port Group
Yantai Port Supply Chain Logistics Co., Ltd. ("Yantai Port Supply Chain")	A subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Yantai Port Group Zhoushan Shipping Co., Ltd. (“Yantai Port Zhoushan Shipping”)	A subsidiary of Shandong Port Group
Shandong Port & Shipping Energy Trading Co., Ltd. (“Port & Shipping Energy”)	A subsidiary of Shandong Port Group
Shandong Port Bibi Energy Trading Co., Ltd. (“Bibi Energy”)	A subsidiary of Shandong Port Group
Shandong Gangyi Commercial Development Co., Ltd. (“Shangangyi Commercial”)	A subsidiary of Shandong Port Group
Shandong Port Technology Group Rizhao Co., Ltd. (“Shangang Technology Rizhao Company”)	A subsidiary of Shandong Port Group
Shandong Port Equipment Group	A subsidiary of Shandong Port Group
Weifang Outer Shipping Tally Co., Ltd. (“Weifang Foreign Tally”)	A subsidiary of Shandong Port Group
Shandong Port & Shipping Changlong Shipping Co., Ltd. (“Port & Shipping Changlong”)	A subsidiary of Shandong Port Group
Qingdao Port Lianyun International Logistics Co., Ltd. (“Lianyun International Logistics”)	A subsidiary of Shandong Port Group
China COSCO Shipping Corporation Limited (“COSCO SHIPPING Group”)	Minority shareholders with significant influence over the Group
China Marine Fuel Qingdao Co., Ltd. (“CSSC Fuel Qingdao”)	A company controlled by COSCO Shipping Group
Qingdao COSCO SHIPPING Container Lines Co., Ltd. (“Qingdao COSCO SHIPPING Containers”)	A company controlled by COSCO Shipping Group
Orient Overseas Container Line (China) Co., Ltd. (“OOCL Containers”)	A company controlled by COSCO Shipping Group
China Ocean Shipping Agency Co., Ltd. (“China Ocean Shipping Agency”)	A company controlled by COSCO Shipping Group
Qingdao COSCO SHIPPING Engineering Logistics Co., Ltd. (“Qingdao COSCO SHIPPING Engineering Logistics”)	A company controlled by COSCO Shipping Group
Shanghai COSCO SHIPPING Port Investment Co., Ltd. (“Shanghai COSCO SHIPPING Port Investment”)	A company controlled by COSCO Shipping Group
Shanghai Pan Asia Shipping Co., Ltd. (“Shanghai Pan Asia Shipping”)	A company controlled by COSCO Shipping Group
Qingdao COSCO SHIPPING Air Freight Forwarding Co., Ltd. (“Qingdao COSCO SHIPPING Air Freight Forwarding”)	A company controlled by COSCO Shipping Group
Qingdao Sino-Ocean Daya Logistics Co., Ltd. (“Sino-Ocean Daya”)	A company controlled by COSCO Shipping Group
Qingdao COSCO SHIPPING Logistics Supply Chain Co., Ltd. (“COSCO SHIPPING Logistics Supply Chain”)	A company controlled by COSCO Shipping Group
Tianjin COSCO Shipping Container Lines Co., Ltd. (“Tianjin Shipping Containers”)	A company controlled by COSCO Shipping Group
Qingdao China Gas Industrial Co., Ltd. (“China Gas Industry”)	A company controlled by COSCO Shipping Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Guangzhou COSCO SHIPPING Container Lines Co., Ltd. ("Guangzhou Shipping Containers")	A company controlled by COSCO Shipping Group
Tianjin Waidai Freight Co., Ltd. ("Tianjin Waidai")	A company controlled by COSCO Shipping Group
Rizhao Zhongli Outer Shipping Tally Co., Ltd. ("Rizhao Zhongli Outer Shipping Tally")	A company controlled by COSCO Shipping Group
Henan COSCO SHIPPING Container Lines Co., Ltd. ("COSCO SHIPPING Containers")	A company controlled by COSCO Shipping Group
Orient Overseas Logistics (China) Co., Ltd. ("OOCL Logistics")	A company controlled by COSCO Shipping Group
Shanghai COSCO Weizhi Tank Logistics Co., Ltd. ("COSCO Weizhi Tank Container Logistics")	A company controlled by COSCO Shipping Group
Ningbo COSCO SHIPPING Xintuo International Freight Co., Ltd. ("Xintuo International Freight")	A company controlled by COSCO Shipping Group
China Lianyungang Shipping Agency Co., Ltd. ("Lianyungang Shipping Agency")	A company controlled by COSCO Shipping Group
China Rizhao Shipping Agency Co., Ltd. ("Rizhao Shipping Agency")	A company controlled by COSCO Shipping Group
China Qingdao Shipping Agency Co., Ltd. ("Qingdao Shipping Agency")	A company controlled by COSCO Shipping Group
Qingdao COSCO SHIPPING Navigation Technology Co., Ltd. ("COSCO SHIPPING Navigation Technology")	A company controlled by COSCO Shipping Group
Xiamen Yuanda International Freight Forwarding Co., Ltd. ("Xiamen Yuanda Cargo")	A company controlled by COSCO Shipping Group
Guangzhou Offshore Engineering Consulting Co., Ltd. ("Offshore Engineering Consulting")	A company controlled by COSCO Shipping Group
Shenzhen Yihaitong Global Supply Chain Management Co., Ltd. ("Yihaitong Global Supply Chain")	A company controlled by COSCO Shipping Group
COSCO SHIPPING Special Lines Co., Ltd. ("COSCO SHIPPING Special Lines")	A company controlled by COSCO Shipping Group
Xi'an COSCO SHIPPING Container Line Co., Ltd. ("Xi'an COSCO SHIPPING Containers")	A company controlled by COSCO Shipping Group
Qingdao COSCO SHIPPING Customs Brokerage Co., Ltd. ("COSCO SHIPPING Customs Brokerage")	A company controlled by COSCO Shipping Group
Hainan Haisheng Shipping Co., Ltd. ("Hainan Haisheng Shipping")	A company controlled by COSCO Shipping Group
Qingdao Sino-Ocean Daya Bonded Logistics Co., Ltd. ("Sino-Ocean Daya Bonded Logistics")	A company controlled by COSCO Shipping Group
Qingdao COSCO SHIPPING Lines International Logistics Co., Ltd. ("Qingdao COSCO Lines International Logistics")	A company controlled by COSCO Shipping Group
Qingdao Harbour International Logistics Co., Ltd. ("Harbour Logistics")	A company controlled by COSCO Shipping Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Tianjin Binhai COSCO Container Logistics Co., Ltd. ("Tianjin Container Logistics")	A company controlled by COSCO Shipping Group
COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Containers")	A company controlled by COSCO Shipping Group
Xin Sanli Container Service Co., Ltd. ("Xin Sanli Container")	A company controlled by COSCO Shipping Group
COSCO SHIPPING Bulk Lines Limited ("COSCO SHIPPING Bulk")	A company controlled by COSCO Shipping Group
COSCO SHIPPING Qingdao	A company controlled by COSCO Shipping Group
Tianjin Yuanchang Refrigerated Container Service Co., Ltd. ("Yuanchang Refrigerated Container")	A company controlled by COSCO Shipping Group
China Shipping Bulk Shipping Company Limited ("China Shipping Bulk")	A company controlled by COSCO Shipping Group
COSCO SHIPPING Logistics Supply Chain Co., Ltd. ("COSCO Logistics Supply Chain")	A company controlled by COSCO Shipping Group
COSCO Shipping (Hong Kong) Investment Development Co., Ltd. ("COSCO Shipping Investment Development")	A company controlled by COSCO Shipping Group
Qingdao COSCO SHIPPING Logistics Co., Ltd. ("COSCO SHIPPING Logistics")	A company controlled by COSCO Shipping Group
COSCO SHIPPING Passenger Transport Company Limited ("COSCO Passenger Transport")	A company controlled by COSCO Shipping Group
Jiangsu COSCO Supply Chain Management Co., Ltd. ("Jiangsu COSCO Supply Chain")	A company controlled by COSCO Shipping Group
Shanghai Puhai Shipping Co., Ltd. ("Shanghai Puhai Shipping")	A company controlled by COSCO Shipping Group
Xinxinhai Shipping Co., Ltd. ("Xinxinhai Shipping")	A company controlled by COSCO Shipping Group
Shanghai Beihai Shipping Co., Ltd. ("Shanghai Beihai Shipping")	A company controlled by COSCO Shipping Group
China Marine Fuel Lianyungang Co., Ltd. ("China Marine Fuel Lianyungang")	A company controlled by COSCO Shipping Group
COSCO Datang Shipping Co., Ltd. ("COSCO Datang Shipping")	A company controlled by COSCO Shipping Group
Nanjing COSCO SHIPPING Logistics Co., Ltd. ("COSCO Logistics Nanjing")	A company controlled by COSCO Shipping Group
Ningbo COSCO Shipping Agency Co., Ltd. ("Ningbo COSCO Shipping Agency")	A company controlled by COSCO Shipping Group
Guangzhou Ocean Special Transportation Co., Ltd. ("Ocean Special Transportation")	A company controlled by COSCO Shipping Group
Qingdao Ocean Shipping Supply Co., Ltd. ("Qingdao Ocean Shipping")	A company controlled by COSCO Shipping Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Dalian COSCO SHIPPING Logistics Supply Chain Co., Ltd. ("Dalian COSCO SHIPPING Logistics")	A company controlled by COSCO Shipping Group
Qingdao COSCO Hongchi Logistics Co., Ltd. ("COSCO Hongchi Logistics")	A company controlled by COSCO Shipping Group
Zhejiang Xinggang International Freight Forwarding Co., Ltd. ("Xinggang International Freight")	A company controlled by COSCO Shipping Group
Zhanjiang COSCO SHIPPING Logistics Co., Ltd. ("Zhanjiang COSCO Logistics")	A company controlled by COSCO Shipping Group
COSCO SHIPPING Lines Xiamen Co., Ltd. ("COSCO SHIPPING Containers Xiamen")	A company controlled by COSCO Shipping Group
Xiamen COSCO SHIPPING Logistics Co., Ltd. ("Xiamen COSCO SHIPPING Logistics")	A company controlled by COSCO Shipping Group
Shanghai Times Shipping Co., Ltd. ("Times Shipping")	A company controlled by COSCO Shipping Group
Lianyungang Ocean Fluid Handling Equipment Co., Ltd. ("Lianyungang Ocean Fluid")	A company controlled by COSCO Shipping Group
Tianjin Yuanhai Goldwind New Energy Co., Ltd. ("Tianjin Goldwind New Energy")	A company controlled by COSCO Shipping Group
(i) China COSCO SHIPPING Corporation Limited indirectly holds 21.27% of the Company's shares via Shanghai China Shipping Terminal, COSCO Shipping Qingdao, China Shipping Terminal Development and COSCO Shipping Port Development Co., Ltd., and COSCO Shipping Group has a significant influence on the company.	
(ii) The purchase, sale, rendering or acceptance of services between the group and the related parties shall be conducted in accordance with the pricing and settlement terms agreed with the other party in the course of general business. The deposit and loan interest rates with Shandong port finance are determined after consultation by both parties on the basis of reference to the benchmark interest rate of the people's Bank of China for the same period or the quoted interest rate in the loan market announced by the National inter-bank Lending Center.	

(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 rates for deposits and loans with Shandong Port Finance are determined after negotiation between both parties based on the benchmark interest rate of the People's Bank of China for the same period or the quoted market rate loans as released by the National Interbank Funding Centre.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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 related transactions	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Qingdao Shihua	Loading and unloading, logistics, and other services	215,847,194	311,820,541
Shangang Luhai Logistics Development	Loading and unloading, logistics, and other services	106,316,329	67,426,462
Qingdao Port Equipment	Procurement of engineering materials, engineering, and design services	89,484,168	78,151,961
Shandong Harbor Construction	Engineering, design services	87,556,266	1,671,229
Shanghai Property Qingdao	Property, catering, and other services	57,504,298	6,865,174
Technology Company	Software development, information operation, and maintenance services	55,852,255	40,631,774
Huaneng Qingdao	Loading and unloading, logistics, and other services	44,239,412	41,074,104
West United	Loading and unloading, logistics, and other services	41,286,365	57,405,853
Qingdao COSCO SHIPPING Containers	Loading and unloading, logistics, and other services	40,318,737	24,785,813
CSSC Fuel Qingdao	Procurement of fuel	36,697,478	42,354,404
Shangang Express	Loading and unloading, logistics, and other services	23,219,332	41,725,988
QDP Investment Group	Procurement of engineering materials, engineering labor, etc.	22,173,885	15,617,472
Shangang Zhoudao Information	Loading and unloading, logistics, and other services	20,390,533	–
Qianwan Xinhe Supply Chain	Loading and unloading, logistics, and other services	17,653,448	11,403,250
Shanghai Property Weihai	Property, catering, and other services	16,555,368	–
Shangang Shanghai Security	Security, property services	15,061,948	–
QQCTN	Loading and unloading, logistics, and other services	13,648,988	4,750,655
OOCL Containers	Loading and unloading, logistics, and other services	11,929,441	7,576,442
QQCTU	Loading and unloading, logistics, and other services	10,946,050	6,800,666
Shanghai Car Rental	Loading and unloading, logistics, and other services	10,618,659	–
Shangang Service Development	Procurement of materials, promotional services, etc.	9,842,898	–
Shangang Luhai Liaocheng	Loading and unloading, logistics, and other services	9,024,598	26,234,259
China Ocean Shipping Agency	Loading and unloading, logistics, and other services	9,024,188	5,911,800
Dongjiakou Railway	Loading and unloading, logistics, and other services	8,752,729	4,673,997

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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 related transactions	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Overseas Development Qingdao	Loading and unloading, logistics, and other services	8,432,899	30,392,524
Qingdao Port Engineering	Procurement of engineering materials, engineering, and design services	7,318,819	635,230,165
QDOT	Loading and unloading, logistics, and other services	6,264,948	2,823,996
Shandong Port Energy	Procurement of fuel	5,740,335	3,539,698
Shangang Ocean Shipping	Loading and unloading, logistics, and other services	4,746,303	6,309,560
Shangang Luhai Zhengzhou	Loading and unloading, logistics, and other services	4,576,297	–
Longkou Port Group	Loading and unloading, logistics, and other services	4,218,724	–
QQCT	Loading and unloading, logistics, and other services	3,961,922	4,353,680
Shangang Luhai Xinjiang	Loading and unloading, logistics, and other services	3,717,287	665,002
Weihai Gangtong Technology	Information operations and maintenance, technical services	3,414,410	–
Luhai Heavy Industry	Procurement of engineering materials, engineering, and design services	2,637,861	8,538,344
Shangang Production Guarantee	Procurement of materials, labor services	2,561,777	–
Shenzhouxing Freight Forward	Logistics, and other services	1,534,342	–
Cardiovascular Hospital	Medical services	1,334,687	2,581,924
Ganglianhai Logistics	Loading and unloading, logistics, and other services	1,091,847	–
Shandong Port Engineering Management	Engineering, design services	515,216	5,381,483
Luhai Logistics Bohai Bay	Loading and unloading, logistics, and other services	82,814	3,008,010
Hongyu Catering	Catering services	–	2,761,916
Gangda Shipbuilding Heavy Industry	Engineering, design services	–	44,973,805
Qinggang Shihua	Loading and unloading, logistics, and other services	–	4,480,165
Shangang Overseas Development Yantai Company	Loading and unloading, logistics, and other services	–	5,248,759
Weigang Property	Property catering and other services	–	4,752,644
Luhai International Logistics	Loading and unloading, logistics, and other services	–	2,923,431
Other related parties	Loading and unloading, logistics, training, tourism and other services	40,836,862	37,510,153
		<u>1,076,931,917</u>	<u>1,602,357,103</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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 related transactions	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
QQCT	Transportation, loading and unloading, maintenance, and other labor services	315,814,268	276,278,374
Shangang Luhai Logistics Development	Transportation, loading and unloading, maintenance, and other labor services	154,894,187	190,784,471
QQCTU	Transportation, loading and unloading, maintenance, and other labor services	130,056,614	63,592,037
QQCTN	Transportation, loading and unloading, maintenance, and other labor services	124,682,537	101,195,564
China Ocean Shipping Agency	Transportation, loading and unloading, maintenance, and other labor services	80,525,512	95,565,091
QDOT	Transportation, loading and unloading, maintenance, and other labor services	64,966,005	62,664,912
Qianwan Xinhe Supply Chain	Transportation, loading and unloading, maintenance, and other labor services	44,318,784	101,620
Qingdao Shihua	Transportation, loading and unloading, maintenance, and other labor services	41,573,112	72,293,910
QQCTUA	Transportation, loading and unloading, maintenance, and other labor services	41,288,042	20,075,937
COSCO SHIPPING Containers	Transportation, loading and unloading, maintenance, and other labor services	31,263,049	12,943,992
Shangang Express	O&M, property, communications and other labor services	23,396,868	28,407,877
Shenzhouxing Freight Forward	Transportation, loading and unloading, maintenance, and other labor services	20,435,118	30,468,915
Sino-Ocean Daya	O&M, property, communications and other labor services	19,749,446	23,976,460
Shanghai Pan Asia Shipping	Transportation, loading and unloading, maintenance, and other labor services	18,248,553	13,067,075
Overseas Development Qingdao	Transportation, loading and unloading, maintenance, and other labor services	17,232,914	28,530,426
Xinxinhai Shipping	Transportation, loading and unloading, maintenance, and other labor services	12,525,252	2,309,272
Jiaodong International Container Shipping	Transportation, loading and unloading, maintenance, and other labor services	11,920,724	13,219,408
Lianyun International Logistics	Transportation, loading and unloading, maintenance, and other labor services	8,645,925	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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 related transactions	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
COSCO SHIPPING Logistics	Transportation, loading and unloading, maintenance, and other labor services	7,266,758	2,352,927
Shangang Luhai Zhengzhou	Transportation, loading and unloading, maintenance, and other labor services	6,827,985	3,128,985
United Shipping Agency	Transportation, loading and unloading, maintenance, and other labor services	6,411,354	7,215,897
Shangang Shipping Weihai	Transportation, loading and unloading, maintenance, and other labor services	6,173,948	4,259,562
Dongjiakou Railway	Transportation, loading and unloading, maintenance, and other labor services	5,696,984	1,513,473
China Shipping Agency	Transportation, loading and unloading, maintenance, and other labor services	5,491,294	8,123,653
East Port Containers	Transportation, loading and unloading, maintenance, and other labor services	5,299,823	15,047,740
Shangang Shipping Group	Transportation, loading and unloading, maintenance, and other labor services	5,020,211	1,343,995
Luhai Logistics Bohai Bay	Transportation, loading and unloading, maintenance, and other labor services	4,850,362	46,577,255
Ganglianrong Logistics	Transportation, loading and unloading, maintenance, and other labor services	4,747,265	8,051,359
Qingdao Port Group	Operations and maintenance, property, communications, and other labor services	4,720,259	13,631,430
Luhai International Logistics	Transportation, loading and unloading, maintenance, and other labor services	4,376,796	7,027,949
Qinggang International Trade Logistics	Transportation, loading and unloading, maintenance, and other labor services	4,354,304	392,713
QDP Investment Group	Operations and maintenance, property, communications, and other labor services	4,073,469	11,617,117
Huaneng Qingdao	Transportation, loading and unloading, maintenance, and other labor services	4,024,191	9,920,331
Shangang Luhai Lanzhou	Transportation, loading and unloading, maintenance, and other labor services	3,756,200	207,285
COSCO Weizhi Tank Container Logistics	Transportation, loading and unloading, maintenance, and other labor services	3,672,910	2,999,527
Evergreen Containers	Transportation, loading and unloading, maintenance, and other labor services	3,656,214	19,771,346

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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 related transactions	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Ganglianhai Logistics	Transportation, loading and unloading, maintenance, and other labor services	3,650,640	9,387,710
Shangang International Trade	Transportation, loading and unloading, maintenance, and other labor services	3,457,771	72,014,278
Shandong Port International Trade Qingdao Company	Transportation, loading and unloading, maintenance, and other labor services	3,348,827	206,073
Shangang International Trade Rizhao Company	Transportation, loading and unloading, maintenance, and other labor services	2,987,405	324,356
Sea Route International	Transportation, loading and unloading, maintenance, and other labor services	2,800,800	2,936,416
Xinggang International Freight	Transportation, loading and unloading, maintenance, and other labor services	1,021,668	–
Rizhao Shipping Agency	Transportation, loading and unloading, maintenance, and other labor services	847,927	7,998,022
Shangang Luhai Liao Cheng	Transportation, loading and unloading, maintenance, and other labor services	433,924	9,768,394
Dongjiakou Wanbang Logistics	Transportation, loading and unloading, maintenance, and other labor services	424,996	425,103
Luhai Logistics Rizhao	Transportation, loading and unloading, maintenance, and other labor services	418,353	5,458,342
Harbor Vocational College	Transportation, loading and unloading, maintenance, and other labor services	15,549	3,150,994
Shandong Port International Supply Chain	Transportation, loading and unloading, maintenance, and other labor services	165	38,049
Weihai Port International Logistics	Transportation, loading and unloading, maintenance, and other labor services	–	4,705,663
Shangang Luhai Hotel Management	Transportation, loading and unloading, maintenance, and other labor services	–	3,446,561
Shangang Luhai Xinjiang	Transportation, loading and unloading, maintenance, and other labor services	–	5,386,552
Xiamen COSCO SHIPPING Logistics	Transportation, loading and unloading, maintenance, and other labor services	–	5,699,587
Qingdao Shipping Agency	Transportation, loading and unloading, maintenance, and other labor services	–	679,143
Qingdao COSCO SHIPPING Containers	Transportation, loading and unloading, maintenance, and other labor services	–	16,233,051

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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 related transactions	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Ganghai Logistics	Transportation, loading and unloading, maintenance, and other labor services	–	7,972,164
Other related parties	Transportation, loading and unloading, maintenance, and other labor services	<u>32,927,317</u>	<u>37,151,545</u>
		<u>1,304,292,579</u>	<u>1,391,639,888</u>
Shandong Harbor Construction	Provision of construction labor services	64,294,871	–
Qingdao Port Engineering	Provision of construction labor services	17,030,413	241,696
QDP Investment Group	Provision of construction labor services	3,228,925	760,728
QQCTU	Provision of construction labor services	351,335	308,769
Qingdao Port Group	Provision of construction labor services	179,688	–
QQCT	Provision of construction labor services	134,837	–
Other related parties	Provision of construction labor services	108,605	116,435
Shenzhouxing Freight Forward	Provision of construction labor services	80,692	–
Technology Company	Provision of construction labor services	68,606	356,302
Rizhao Port Machinery Engineering	Provision of construction labor services	–	4,128,440
Other related parties	Provision of construction labor services	<u>152,567</u>	<u>–</u>
		<u>85,630,539</u>	<u>5,912,370</u>
QDOT	Sales of water, electricity, steam, oil, etc.	90,858,293	89,347,458
QQCT	Sales of water, electricity, steam, oil, etc.	48,657,180	51,010,420
QQCTN	Sales of water, electricity, steam, oil, etc.	38,509,953	37,060,363
QQCTUA	Sales of water, electricity, steam, oil, etc.	9,371,788	5,971,474
Qingdao Shihua	Sales of water, electricity, steam, oil, etc.	5,207,060	6,277,712
QQCTU	Sales of water, electricity, steam, oil, etc.	5,199,659	4,726,971
West United	Sales of water, electricity, steam, oil, etc.	4,860,258	6,107,424
Binzhou Gangtong Pipeline	Sales of water, electricity, steam, oil, etc.	4,141,003	–
Qingdao Port Engineering	Sales of water, electricity, steam, oil, etc.	3,420,911	4,954,528
Evergreen Containers	Sales of water, electricity, steam, oil, etc.	3,173,933	3,268,067
Qingdao Port Equipment	Sales of water, electricity, steam, oil, etc.	2,740,308	2,396,057
Weifang Bulk Terminal	Sales of water, electricity, steam, oil, etc.	2,657,572	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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 related transactions	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
QDP Investment Group	Sales of water, electricity, steam, oil, etc.	2,229,114	2,918,386
Qingdao Port Group	Sales of water, electricity, steam, oil, etc.	1,892,072	2,020,608
East Port Containers	Sales of water, electricity, steam, oil, etc.	1,748,593	1,601,491
Shenzhouxing Freight Forward	Sales of water, electricity, steam, oil, etc.	1,460,324	2,407,050
Ganglianhai Logistics	Sales of water, electricity, steam, oil, etc.	1,417,431	1,377,709
Shanghai Property Qingdao	Sales of water, electricity, steam, oil, etc.	1,173,284	–
International Cruise	Sales of water, electricity, steam, oil, etc.	1,146,094	961,851
Technology Company	Sales of water, electricity, steam, oil, etc.	1,093,087	1,003,436
Ganglianrong Logistics	Sales of water, electricity, steam, oil, etc.	952,944	928,981
Shandong Harbor Construction	Sales of water, electricity, steam, oil, etc.	336,085	2,490,018
China Gas Industry	Sales of water, electricity, steam, oil, etc.	64,222	–
Rizhao Port Co., Ltd.	Sales of water, electricity, steam, oil, etc.	–	4,551,967
Yantai Port Co., Ltd.	Sales of water, electricity, steam, oil, etc.	–	2,208,831
Rizhao Port Lanshan Port	Sales of water, electricity, steam, oil, etc.	–	486,372
Longkou Port Group	Sales of water, electricity, steam, oil, etc.	–	363,013
Other related parties	Sales of water, electricity, steam, oil, etc.	4,037,443	11,506,354
		<u>236,348,611</u>	<u>245,946,541</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(b) Leases

(i) Lease income confirmed by the Group as a lessor

Name of lessee	Types of leased assets	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
QQCT	Buildings, storage facilities, port facilities, vehicles	111,600,423	113,846,882
QDOT	Storage facilities, vehicles	20,256,086	18,758,249
Qingdao Shihua	Buildings, storage facilities, machinery and equipment	19,400,413	55,008,192
QQCTN	Port facilities, vehicles	6,714,339	5,583,324
QQCTU	Buildings, port facilities, vehicles	5,387,500	4,732,562
Evergreen Containers	Buildings, storage facilities	5,263,021	5,093,960
East Port Containers	Buildings, storage facilities	4,006,594	4,004,607
Ganglianhai Logistics	Storage facilities, machinery, and equipment	3,739,224	3,482,714
Shanghai Property Qingdao	Buildings, storage facilities	3,445,607	–
Ganglianrong Logistics	Buildings, storage facilities	2,693,227	2,639,920
Shenzhouxing Freight Forward	Storage facilities, machinery, and equipment	1,255,036	–
Qingdao Port Engineering	Buildings, storage facilities	1,168,322	8,077,814
Other related parties	Buildings, storage facilities, machinery and equipment	7,774,723	11,108,236
		<u>192,704,515</u>	<u>232,336,460</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. 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:

Name of lessor	Type of leased assets	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
West Unite	Storage facilities	5,128,157	–
Shanghai Car Rental	Vehicles	1,074,937	–
QQCT	Buildings	–	1,115,212
QQCTU	Buildings, storage facilities	–	844,215
Shangang International Trade	Office space	–	2,709,691
		<u>6,203,094</u>	<u>4,669,118</u>

(iii) Interest expense from lease liabilities incurred by the Group as a lessee:

Name of lessor	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Qingdao Port Group	1,715,275	2,528,635
QDP Investment Group	613,363	–
Shandong Port Finance	–	8,685,885
QQCTU	165,170	388,902
Other related parties	117,647	254,189
	<u>2,611,455</u>	<u>11,857,611</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(b) Leases (Continued)

(iv) Other assets leased by the group as lessee for the current period

Name of lessor	Type of leased assets	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Qingdao Port Group	Buildings, land use rights, storage facilities, machinery and equipment, vehicles	44,239,366	37,205,247
QDP Investment Group	Buildings, port facilities, storage facilities, machinery and equipment, vehicles	26,822,026	17,211,890
Weihai Port Group	Buildings	2,720,654	1,607,936
West United	Storage facilities, land use rights	2,567,817	5,443,111
QQCTU	Buildings, land use rights	–	4,575,903
QDOT	Storage facilities	–	2,642,355
Dongjiakou Sinotrans Logistics	Storage facilities, port facilities	–	2,022,225
Dongjiakou Railway	Storage facilities	–	952,895
QQCT	Buildings, machinery, and equipment	–	504,453
Other related parties	Buildings, storage facilities, machinery and equipment	3,052,844	2,524,905
		<u>79,402,707</u>	<u>74,690,920</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Finance lease and capital loans

(i) Borrowings from Shandong Port Finance

	Amount	Starting date	Due Date
Shandong Port Finance	38,600,000	2024-01-18	2029-01-17
Shandong Port Finance	3,200,000	2024-01-19	2034-01-18
Shandong Port Finance	2,000,000	2024-01-26	2025-01-25
Shandong Port Finance	8,000,000	2024-01-30	2025-01-29
Shandong Port Finance	10,000,000	2024-02-07	2025-02-06
Shandong Port Finance	12,450,000	2024-03-06	2029-03-05
Shandong Port Finance	5,000,000	2024-03-08	2025-03-07
Shandong Port Finance	2,331,611	2024-03-25	2034-03-24
Shandong Port Finance	19,900,000	2024-03-27	2027-03-26
Shandong Port Finance	10,000,000	2024-04-02	2025-04-01
Shandong Port Finance	3,000,000	2024-04-22	2025-04-21
Shandong Port Finance	2,200,000	2024-04-28	2027-04-27
Shandong Port Finance	13,367,933	2024-04-29	2034-04-28
Shandong Port Finance	3,000,000	2024-04-29	2025-04-28
Shandong Port Finance	4,000,000	2024-05-20	2025-05-19
Shandong Port Finance	1,000,000	2024-05-21	2025-05-20
Shandong Port Finance	37,790,000	2024-05-23	2031-05-22
Shandong Port Finance	58,426,001	2024-05-24	2034-05-23
Shandong Port Finance	2,000,000	2024-05-27	2025-05-26
Shandong Port Finance	33,000,000	2024-06-11	2029-06-10
Shandong Port Finance	6,000,000	2024-06-13	2025-06-12
Shandong Port Finance	14,186,446	2024-06-13	2034-06-12
Shandong Port Finance	4,487,400	2024-06-24	2034-06-23
Shandong Port Finance	1,000,000	2024-06-24	2025-06-23
Shandong Port Finance	36,227,686	2024-06-26	2034-06-25
Shandong Port Finance	1,000,000	2024-06-26	2025-06-25
Shandong Port Finance	29,240,904	2024-06-27	2034-06-26
Shandong Port Finance	8,000,000	2024-06-27	2025-06-26
Shandong Port Finance	2,871,577	2024-06-28	2029-06-27
	<u>372,279,558</u>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Finance lease and capital loans (Continued)

(ii) Interest income

	for the six months ended 30 June 2024	for the six months ended 30 June 2023
Shandong Port Finance	52,223,741	46,490,832
Commercial Factoring	10,815	
	<u>52,234,556</u>	<u>46,490,832</u>

(iii) Interest expenses on related party borrowings

	for the six months ended 30 June 2024	for the six months ended 30 June 2023
Shandong Port Finance	39,220,505	54,233,492
Qingdao Port Group	2,877,116	4,670,013
	<u>42,097,621</u>	<u>58,903,505</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(d) Investment income

Related parties	for the six months ended 30 June 2024	for the six months ended 30 June 2023
QQCT	558,836,129	481,552,918
Qingdao Shihua	109,248,864	131,723,408
Shandong Port Finance	71,763,208	68,452,913
China Unicom	23,558,924	14,947,321
Evergreen Containers	14,371,355	10,929,762
Qingyin Leasing	13,967,829	13,379,976
West United	9,963,258	11,005,471
Qingdao Port Equipment	8,586,500	13,463,246
Qinggang International Trade Logistics	7,936,980	7,584,778
Shenzhouxing Freight Forwarder	7,240,353	5,096,771
East Port Containers	5,376,443	3,687,009
QDOT	4,874,349	2,370,990
Technology Company	3,143,839	2,654,064
Ganglianrong Logistics	2,707,123	1,894,463
Ganglianhai Logistics	2,191,436	1,350,579
Overseas Development Qingdao	2,147,740	1,834,713
Huaneng Qingdao	1,935,554	1,866,223
United Shipping Agency	1,828,615	1,461,709
Shandong Port Energy	1,172,374	902,944
Gulf Liquid Chemical	852,856	1,020,861
Shangang Luhai Jinan	845,694	26,571
China Shipping Agency	651,191	762,885
Hailian Containers	571,013	822,800
Sea Route International	452,600	637,000
GSBN	287,369	(3,347,566)
Dongjiakou Sinotrans Logistics	101,091	178,441
Shandong Zhenhua Energy	75,708	–
Shandong Harbor Construction	–	1,503,100
Ganghai Logistics	–	(73,305)
International Energy Exchange	–	(802,711)
Linyi Expressway	(25,643)	(127,797)
Qianwan Xinhe Supply Chain	(101,184)	30,634
Dongjiakou Wanbang Logistics	(106,858)	(61,275)
PetroChina Warehousing	(1,178,374)	8,864,052
COSCO Abu Dhabi	(12,011,247)	(15,392,498)
Qingdao Port Engineering	(15,049,563)	(6,058,769)
	<u>826,215,526</u>	<u>764,141,681</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(e) Remuneration of key management

	for the six months ended 30 June 2024	for the six months ended 30 June 2023
Remuneration of key management	<u>5,169,650</u>	<u>5,468,529</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

	for the six months ended 30 June 2024	for the six months ended 30 June 2023
Funds received under the entrustment of related parties –		
QQCT	2,370,545,576	2,204,874,801
QQCTN	967,217,847	835,456,587
QQCTU	781,010,405	696,344,522
QQCTUA	<u>248,121,735</u>	<u>204,236,128</u>
	<u>4,366,895,563</u>	<u>3,940,912,038</u>
Funds paid to related parties –		
QQCT	2,338,596,531	2,117,165,560
QQCTN	962,553,014	821,810,676
QQCTU	753,178,801	679,009,436
QQCTUA	<u>246,454,088</u>	<u>198,086,898</u>
	<u>4,300,782,434</u>	<u>3,816,072,570</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 and Container Development Co. 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(f) Other related party transactions (Continued)

(ii) Port charges, berthing fees and security fees collected by related parties on behalf of the Group

	for the six months ended 30 June 2024	for the six months ended 30 June 2023
Qingdao Shihua	39,093,765	40,859,228
QQCT	32,209,391	30,069,970
QQCTN	13,937,831	13,098,119
QQCTU	12,705,630	11,931,538
QDOT	11,717,601	18,059,769
QQCTUA	5,180,283	4,030,231
West United	3,865,615	3,546,343
	<u>118,710,116</u>	<u>121,595,198</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

	for the six months ended 30 June 2024	for the six months ended 30 June 2023
Qingdao Port Equipment	57,753,591	119,360,211
QDOT	33,120,796	52,420,916
Qingdao Port Engineering	30,599,930	44,097,741
QQCT	22,454,522	33,743,388
QQCTU	12,815,537	18,196,047
Qingdao Shihua	7,167,561	14,482,635
QQCTN	8,213,586	6,392,808
West United	6,844,815	7,059,443
Shanghai Property Qingdao	4,251,583	–
Qingdao Port Group	689,218	4,085,143
Cardiovascular Hospital	706,389	1,581,008
Evergreen Containers	879,854	1,104,173
Huaneng Qingdao	1,172,142	–
QDP Investment Group	97,916	–
Harbor Vocational College	1,576,291	–
Shangang Production Guarantee	300,980	–
Shenzhouxing Freight Forward	453,846	–
Other related parties	3,811,392	8,230,518
	<u>192,909,949</u>	<u>310,754,031</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances

(a) Cash at bank and on hand

	30 June 2024 (Unaudited)	31 December 2023
Shandong Port Finance – Cash at bank	10,742,600,521	9,514,721,924
Shandong Port Finance – Other cash balances	4,900,110	3,602,104
Shandong Port Finance – Accrued interest	27,305,769	17,134,426
	<u>10,774,806,400</u>	<u>9,535,458,454</u>

(b) Notes receivable

	30 June 2024 (Unaudited)		31 December 2023	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Qingdao Port Equipment	11,549,467	(318,765)	16,147,818	(511,468)
International Cruise	2,056,950	(56,772)	1,785,491	(56,554)
Qingdao Port Group	442,360	(12,209)	–	–
Qingdao Port Engineering	–	–	1,240,573	(39,294)
QDP Investment Group	–	–	901,288	(28,547)
	<u>14,048,777</u>	<u>(387,746)</u>	<u>20,075,170</u>	<u>(635,863)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(c) Accounts receivable

	30 June 2024 (Unaudited)		31 December 2023	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Qingdao Shihua	145,770,205	(9,869,692)	306,723,998	(48,490,461)
QDOT	92,388,281	(22,477,393)	96,787,090	(15,412,331)
Shandong Harbor Construction	60,659,101	(4,252,187)	47,466,929	(2,314,254)
Qingdao Port Engineering	48,240,514	(4,005,384)	51,769,694	(2,480,388)
Shangang Luhai Logistics Development	46,971,111	(2,127,791)	61,379,417	(1,918,350)
Overseas Development Qingdao	20,772,481	(940,993)	20,972,119	(655,462)
Rizhao Port Machinery Engineering	20,619,968	(1,328,404)	29,957,435	(1,340,735)
Shangang Express	20,541,086	(930,511)	3,998,526	(124,970)
QQCTN	17,702,840	(1,023,160)	11,752,152	(415,901)
QQCTU	13,889,366	(647,598)	16,038,505	(1,278,218)
Shenzhouxing Freight Forward	13,488,107	(611,011)	21,802,461	(681,413)
QQCT	11,514,068	(557,307)	11,248,785	(513,459)
Qingdao Port Group	9,797,732	(4,104,187)	7,967,405	(2,050,679)
QDP Investment Group	9,384,179	(522,616)	13,689,301	(1,869,108)
Shangang Service Development	8,063,024	(365,255)	3,588,419	(112,152)
Jiaodong International Container Shipping	7,341,473	(332,569)	4,519,765	(141,261)
Qingdao Port Equipment	7,256,461	(2,945,520)	7,201,954	(2,794,003)
Shangang Luhai Zhengzhou	7,149,489	(323,872)	247,054	(7,721)
Shandong Port Engineering	6,690,974	(1,681,126)	–	–
Sino-Ocean Daya	4,366,628	(197,808)	7,569,168	(236,566)
Qianwan Xinhe Supply Chain	4,122,240	(186,737)	1,776,744	(55,530)
Weifang Bulk Terminal	4,113,056	(186,321)	–	–
Shangang Luhai Lanzhou	3,985,708	(180,553)	1,896,235	(59,265)
Lianyung International Logistics	3,964,788	(179,605)	–	–
Shangang International Trade	3,688,322	(167,081)	17,858	(558)
Dongjiakou Railway	3,672,941	(166,384)	–	–
Dongjiakou Wanbang Logistics	3,541,578	(2,675,949)	3,538,275	(2,663,110)
COSCO SHIPPING Containers	3,490,922	(158,139)	1,137,726	(35,558)
East Port Containers	3,343,059	(151,441)	6,453,186	(201,688)
Luhai Logistics Rizhao	3,126,721	(141,640)	2,724,502	(85,151)
Shangang Shipping Weihai	2,725,682	(123,473)	1,603,250	(50,108)
Binzhou Gangtong Pipeline	2,496,666	(75,399)	4,817,333	(215,598)
Shanghai Property Qingdao	2,192,230	(78,741)	280,325	(8,761)
Shanghai Pan Asia Shipping	2,170,866	(98,340)	1,532,961	(47,911)
Shandong Port Weifang Port	2,055,000	(172,527)	1,530,000	(621,412)
Ganglianhai Logistics	1,538,838	(69,709)	3,419,383	(106,869)
Evergreen Containers	1,041,342	(47,173)	8,164,449	(255,171)
Ganglianrong Logistics	894,390	(40,516)	2,749,797	(85,942)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)

(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(c) Accounts receivable (Continued)

	<u>30 June 2024 (Unaudited)</u>		<u>31 December 2023</u>	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Luhai International Logistics	450,751	(20,419)	1,599,644	(49,995)
Luhai Logistics Bohai Bay	204,510	(9,264)	218,591	(6,832)
Qinggang International Trade Logistics	169,602	(7,683)	–	–
Shangang Luhai Liaocheng	109,372	(4,955)	13,993,865	(437,364)
Sea Route International	–	–	3,031,200	(94,737)
China Ocean Shipping Agency	–	–	2,215,626	(69,247)
Other related parties	20,073,603	(955,431)	21,276,266	(769,900)
	<u>645,779,275</u>	<u>(65,141,864)</u>	<u>808,657,393</u>	<u>(88,758,139)</u>

(d) Contract assets

	<u>30 June 2024 (Unaudited)</u>		<u>31 December 2023</u>	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Shandong Harbor Construction	59,174,657	(1,585,881)	2,601,972	(128,526)
Qingdao Port Engineering	16,946,289	(454,161)	13,137,523	(648,933)
QDP Investment Group	3,567,135	(95,599)	–	–
QQCT	266,031	(7,130)	732,570	(36,186)
QQCTN	–	–	550,000	(27,167)
Other related parties	–	–	336,558	(16,624)
	<u>79,954,112</u>	<u>(2,142,771)</u>	<u>17,358,623</u>	<u>(857,436)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(e) Prepayments

	30 June 2024 (Unaudited)	31 December 2023
Shangang Luhai Logistics Development Technology Company	14,107,832	94,887
QDP Investment Group	13,768,026	14,243,007
Shangang Zhoudao Wubo Information	5,240,403	19,000
Shangang Service Development	3,274,318	–
Qingdao Port Engineering	2,527,024	–
QQCTU	1,985,733	–
Shanghai Property Qingdao	1,882,594	3,304
West United	1,289,627	56,604
QQCTN	1,084,686	8,490,034
Qingdao Port Equipment	760,586	106,283
Port & Shipping Energy	624,956	20,670,000
Shanghai Car Rental	515,200	–
Dongjiakou Railway	35,177	660,000
Shanghai Pan Asia Shipping	30,770	1,596,640
Qingdao COSCO SHIPPING Containers	28,658	65,704
Shandong Port Equipment Group	6,725	689,169
Shangang International Trade	–	16,870,000
Weihai Yufeng Energy	–	1,868,865
Luhai Logistics Rizhao	–	1,087,500
China Ocean Shipping Agency	–	1,008,333
Weihai Lujian	–	829,491
Other related parties	–	741,060
	850,465	1,335,083
	<u>48,012,780</u>	<u>70,434,964</u>

(f) Other receivables

Dividend receivable -

	30 June 2024 (Unaudited)	31 December 2023
Shenzhouxing freight forwarder	–	13,164,292
Qingdao Port Equipment	–	13,006,994
	<u>–</u>	<u>26,171,286</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(f) Other receivables (Continued)

Other -

	30 June 2024 (Unaudited)		31 December 2023	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Qingdao Port Equipment	68,636,100	(3,283,062)	136,066,032	(4,462,984)
Qingdao Port Engineering	29,629,050	(877,025)	34,080,980	(1,115,023)
QDOT	27,115,332	(810,414)	12,373,870	(395,605)
West United	13,662,986	(451,224)	10,810,804	(302,407)
QQCTN	13,602,471	(402,633)	3,996,392	(130,739)
Sino-Ocean Daya	13,056,455	(386,471)	389,795	(12,752)
Shangang International Investment	11,500,000	(340,400)	-	-
Shangang Sunshine Huicai	11,011,161	(325,930)	1,775	(61)
QQCT	10,275,910	(313,527)	6,917,976	(215,347)
Shenzhouxing Freight Forward	10,026,517	(296,785)	452,592	(15,395)
Weihai Port International Passenger Transport	9,107,608	(269,741)	9,238,634	(315,580)
Qingdao Shihua	8,986,525	(266,001)	6,900,434	(225,791)
Evergreen Containers	8,035,482	(241,750)	1,361,276	(25,096)
Overseas Development Qingdao	6,700,000	(198,320)	-	-
East Port Containers	6,243,231	(184,800)	837,013	(14,414)
QQCTU	5,262,210	(155,761)	6,220,418	(203,496)
Shangang Luhai Logistics Development	4,685,768	(143,379)	342,995	(5,703)
Rizhao Port Container Development	4,462,920	(132,102)	-	-
China Ocean Shipping Agency	4,265,206	(126,250)	3,591,377	(73,490)
Qingdao Port Group	3,771,422	(162,962)	3,861,859	(129,434)
Sea Route International	3,000,000	(88,800)	-	-
Ganglianhai Logistics	2,531,866	(74,967)	32,026	(1,089)
Shangang Group Binzhou Port	2,174,115	(64,354)	-	-
Shanghai Property Qingdao	2,129,317	(63,028)	2,150,293	(70,946)
Lianyun International Logistics	1,708,596	(50,574)	-	-
Ganglianrong Logistics	1,615,498	(47,819)	213,655	(7,053)
Luhai Logistics Rizhao	1,566,609	(46,372)	-	-
China Unicom	1,403,513	(41,544)	1,403,513	(47,997)
Qingdao COSCO SHIPPING Containers	1,400,000	(65,275)	2,340,000	(33,509)
Rizhao Port Machinery Engineering	1,240,734	(36,726)	-	-
QQCTUA	1,066,560	(31,570)	264,824	(8,664)
QDP Investment Group	1,049,894	(31,077)	248,501	(4,451)
Huaneng Qingdao	985,847	(29,181)	209,373	(6,849)
OOCL Containers	892,665	(26,423)	2,087,708	(68,114)
Shangang Shipping Group	879,500	(32,273)	1,100,000	(24,949)
Shandong Harbor Construction	816,403	(24,166)	106,642	(3,512)
Shandong Zhenhua Energy	739,658	(21,894)	-	-
Other related parties	7,240,998	(244,355)	4,253,841	(129,899)
	<u>302,478,127</u>	<u>(10,388,935)</u>	<u>251,854,598</u>	<u>(8,050,349)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(g) Short-term borrowings

	30 June 2024 (Unaudited)	31 December 2023
Shandong Port Finance – Unsecured	95,250,000	76,250,000
Shandong Port Finance – Accrued interest	68,731	109,960
	<u>95,318,731</u>	<u>76,359,960</u>

(h) Notes payable

	30 June 2024 (Unaudited)	31 December 2023
Technology Company	14,730,000	6,576,290
QDP Investment Group	2,774,575	4,145,500
Qinggang International Trade Logistics	211,520	105,048
Shanghai Property Qingdao	116,557	–
Lianyungang Ocean Fluid	63,040	886,860
Qingdao Port Engineering	–	161,612,389
Shandong Harbor Construction	–	40,332,523
Luhai Heavy Industry	–	2,459,726
Qingdao Port Equipment	–	2,280,339
	<u>17,895,692</u>	<u>218,398,675</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(i) Accounts payable

	30 June 2024 (Unaudited)	31 December 2023
Qingdao Shihua	295,465,799	766,713,612
Qingdao Port Engineering	191,781,572	206,803,942
Shangang Luhai Logistics Development	41,729,589	17,034,316
Qingdao Port Equipment	35,765,342	29,735,876
QDP Investment Group	31,601,763	9,157,663
Shanghai Property Qingdao	17,711,781	12,830,390
Weihai Dingxin Construction	13,816,268	14,507,095
Huaneng Qingdao	6,296,265	9,077,358
Shangang Service Development	6,149,477	2,843,381
Qingdao Port Group	5,996,580	2,586,536
CSSC Fuel Qingdao	4,552,575	6,727,632
Qianwan Xinhe Supply Chain	4,478,393	1,922,473
Shangang International Investment	4,337,006	2,908,491
Dongjiakou Sinotrans Logistics	4,063,059	2,182,830
West United	4,052,135	32,006,359
QDOT	2,620,153	8,605,454
Technology Company	1,864,450	503,810
Shangang Luhai Liaocheng	1,857,800	17,147,754
Shandong Lujian	1,724,695	24,500
Shanghai Property Weihai	1,710,344	706,254
Luhai International Logistics	166,363	715,311
Luhai Logistics Bohai Bay	81,399	208,586
Cardiovascular Hospital	35,664	436,195
Luhai Logistics Rizhao	32,393	5,810,935
Other related parties	23,534,682	24,121,370
	<u>701,425,547</u>	<u>1,175,318,123</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(j) Advances from customers

	30 June 2024 (Unaudited)	31 December 2023
QQCT	13,444,202	–
Evergreen Containers	10,573,863	5,299,756
East Port Containers	4,191,381	–
Shanghai Property Qingdao	2,699,452	–
Ganglianrong Logistics	2,640,823	–
Technology Company	889,946	–
Shenzhouxing Freight Forward	25,612	180,989
Other related parties	1,783,825	–
	<u>36,249,104</u>	<u>5,480,745</u>

(k) Contract liabilities

	30 June 2024 (Unaudited)	31 December 2023
QQCTN	26,496,094	–
Qingdao COSCO SHIPPING Containers	8,737,828	431,775
Shangang International Trade Rizhao Company	4,578,719	281,035
Shanghai Pan Asia Shipping	4,472,598	43,254
COSCO SHIPPING Containers	4,301,650	–
Qingdao Port Group	2,376,579	2,376,579
Shandong Port International Trade Qingdao Company	2,307,145	–
Shangang Luhai Logistics Development	2,000,000	–
Sino-Ocean Daya	1,856,158	–
West United	729,300	–
QDP Investment Group	514,733	688,733
Dongjiakou Railway	365,758	365,758
Huaneng Qingdao	314,334	–
Qingdao Shipping Agency	108,790	108,790
Shangang Express	1,978	229,150
China Ocean Shipping Agency	285	371,063
Luhai Logistics Rizhao	–	1,564,945
Other related parties	925,407	382,420
	<u>60,087,356</u>	<u>6,843,502</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(l) Other payables

Others

	30 June 2024 (Unaudited)	31 December 2023
Qingdao Port Engineering	1,039,437,499	1,180,183,171
Qingdao Port Equipment	235,388,816	285,660,302
Shangang Luhai Logistics Development	124,733,909	180,364
Shanghai Property Qingdao	81,453,262	84,194,763
Shandong Harbor Construction	56,693,638	56,703,638
QQCT	51,324,558	22,978,988
QQCTU	46,602,632	19,185,578
Shangang Shanghai Security	45,217,353	45,699,469
QDP Investment Group	44,823,758	40,217,064
QQCTN	16,678,166	12,083,640
Technology Company	15,957,109	9,769,695
Shangangtong Engineering Management Consulting	13,503,349	13,519,937
Qingdao Port Group	13,095,250	21,670,618
Shanghai Property Weihai	6,283,585	1,380,000
QQCTUA	5,938,649	5,369,271
Shangang Express	5,116,288	–
Evergreen Containers	4,189,850	6,638,799
Qingdao COSCO SHIPPING Containers	151,890	5,253,821
COSCO SHIPPING Containers	–	7,379,830
Other related parties	22,302,963	38,705,969
	<u>1,828,892,524</u>	<u>1,856,774,917</u>

(m) Other non-current liabilities

	30 June 2024 (Unaudited)	31 December 2023
QQCT	1,927,375,996	2,026,086,683
QQCTN	39,043,570	40,303,040
QQCTU	9,481,153	10,086,333
	<u>1,975,900,719</u>	<u>2,076,476,056</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party receivable and payable balances (Continued)

(n) Long-term borrowings

	30 June 2024 (Unaudited)	31 December 2023
Shandong Port Finance – Unsecured	2,028,765,761	1,877,293,787
Shandong Port Finance – Accrued interest	784,145	2,526,119
	<u>2,029,549,906</u>	<u>1,879,819,906</u>

(o) Lease liabilities

	30 June 2024 (Unaudited)	31 December 2023
Shandong Port Finance	214,232,520	207,178,931
Qingdao Port Group	46,921,172	66,703,276
QDP Investment Group	21,226,950	29,597,646
QQCTU	4,810,414	9,719,955
Shanghai Car Rental	3,387,723	–
Shangang International Trade	1,738,696	1,349,960
QQCT	379,964	865,840
Dongjiakou Sinotrans Logistics	–	3,880,000
Qingdao Port Investment Asset Management	–	96,564
West United	–	19,519
	<u>292,697,439</u>	<u>319,411,691</u>

(p) Long-term payables

	30 June 2024 (Unaudited)	31 December 2023
Qingdao Port Group	186,006,530	196,117,132
Qinggang Leasing Company	120,572,284	120,870,833
	<u>306,578,814</u>	<u>316,987,965</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

IX. COMMITMENTS AND CONTINGENCIES

(1) Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

	30 June 2024 (Unaudited)	31 December 2023
Port facilities and others	<u>945,286,700</u>	<u>1,241,899,911</u>

X. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The above financial risks and the risk management policies adopted by the group to mitigate these risks are described below :

The Board is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of the risk management measures. The Group has developed risk management policies to identify and analyze the risks that the Group facing, which the risk management policy has specified the specific risks, covering the market risk, credit risk, liquidity risk management, and many other parties surface. The Group regularly evaluates the market environment and changes in the group's operating activities to determine whether to update the risk management policies and systems. The Group's risk management is carried out by the Risk Control Committee in accordance with policies approved by the Board. The Risk Control Committee adopted the work closely with other business units to identify, evaluate, and evade related risks. The Group's internal audit department controls the risk management system and procedures for periodic review, and the audit results are reported to the Group's audit committee.

(1) Market risk

(a) Foreign exchange risk

The Group's main operations are located in China and its main business is settled in RMB. Foreign exchange risks identified by the Group in foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are denominated primarily in USD and EUR). The Group continuously monitors the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimize its exposure to foreign exchange risk: as at 30 June 2024, the Group had no foreign currency borrowings, and the Group can achieve hedging of foreign exchange risk by entering into forward foreign exchange contracts or currency swap contracts. During the six months ended 30 June 2024, the Group did not enter into any forward foreign exchange contracts or currency swap contracts.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

As at 30 June 2024 and 31 December 2023, the amounts of foreign-currency financial assets and foreign-currency financial liabilities held by companies within the Group whose carrying currency is RMB are translated into RMB as follows:

	30 June 2024 (Unaudited)			
	USD	EUR	Others	Total
Foreign currency financial asset –				
Cash at bank and on hand	227,531,391	33,490,133	5,238	261,026,762
Accounts receivable	220,877,333	99,290	1,990	220,978,613
Other receivables	214,824,177	–	–	214,824,177
	<u>663,232,901</u>	<u>33,589,423</u>	<u>7,228</u>	<u>696,829,552</u>
Foreign currency financial liabilities –				
Accounts payable	(123,478,423)	–	(10,668)	(123,489,091)
Other payables	(191,367,438)	–	–	(191,367,438)
	<u>(314,845,861)</u>	<u>–</u>	<u>(10,668)</u>	<u>(314,856,529)</u>
31 December 2023				
	USD	EUR	Others	Total
Foreign currency financial asset –				
Cash at bank and on hand	248,182,617	34,164,540	5,799	282,352,956
Accounts receivable	164,933,503	101,847	–	165,035,350
Other receivables	97,947,749	–	–	97,947,749
	<u>511,063,869</u>	<u>34,266,387</u>	<u>5,799</u>	<u>545,336,055</u>
Foreign currency financial liabilities –				
Accounts payable	(165,887,387)	–	(8,260)	(165,895,647)
Other payables	(40,722,054)	–	–	(40,722,054)
	<u>(206,609,441)</u>	<u>–</u>	<u>(8,260)</u>	<u>(206,617,701)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

As at 30 June 2024, for all types of USD financial assets and USD financial liabilities of the Group with a carrying amount in RMB, if RMB had appreciated or depreciated by 4% against USD, with all other factors remaining unchanged, the Group would have decreased or increased its net profit by approximately RMB10,451,611 (31 December 2023: approximately RMB9,134,000), with no impact on other comprehensive income; as at 30 June 2024, for all types of EUR financial assets and EUR financial liabilities of the Group with a carrying amount in RMB, if RMB had appreciated or depreciated by 4% against EUR, with all other factors remaining unchanged, the Group would have decreased or increased its net profit by approximately RMB1,007,683 (31 December 2023: approximately RMB1,028,000), with no impact 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 30 June 2024, the Group's long-term interest-bearing liabilities consisted of principal amount of borrowings of RMB2,164,158,585 (Note IV.31. Long-term borrowings), of which RMB1,680,968,940 (31 December 2023: RMB1,211,687,971) bore interest at a floating rate, which is a variable rate contract referencing to LPRs over the same period, and the remaining portion bore interest at fixed rate of interest.

On 30 June 2024, the Group's long-term payables include RMB305,800,000 principal amount of sale-leaseback arrangements and entrusted borrowings treated as collateralized borrowings (Note IV.33 Long-term payables), all of which bear interest at fixed rates.

The Group continuously monitors the level of the Group's interest rates. Rising interest rates will increase the cost of new interest-bearing debt and interest expense on the Group's outstanding interest-bearing debt with floating interest rates and adversely affect the Group's financial results. The management will make timely adjustments based on the latest market conditions, and these adjustments may be made by entering into interest rate swap arrangements to reduce interest rate risk. During the six months ended 30 June 2024 and the six months ended 30 June 2023, the Group did not have interest rate swap arrangements.

As of 30 June 2024, if the interest rate on borrowings based on the floating rate LPR had increased or decreased by 50 basis points with all other factors held constant, the Group's net profit would have decreased or increased by approximately RMB6,303,634 (31 December 2023: RMB4,543,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (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 the risk of changes in the price of equity instruments.

As at 30 June 2024, 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 2023: approximately RMB29,538,000).

(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 instruments 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, Shandong Port Finance and other medium or large size listed banks with good reputations and a higher credit rating. The Group does not expect that there will be any significant credit risk, so there will be almost no significant losses from non-performance by these banks and Shandong Port Finance.

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 for its customers by taking into account their financial position, the availability of guarantees from third parties, their credit history, and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 30 June 2024 and 31 December 2023, the Group did not make provisions for bad debts regarding the long-term receivables due from Hunan Kupu disclosed in "Note IV.11. Long-term receivables" 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.

(3) Liquidity risk

Each subsidiary within the Group is responsible for its 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(3) Liquidity risk (Continued)

The financial liabilities of the Group at the balance sheet date are analyzed by their maturity date below at their undiscounted contractual cash flows:

	30 June 2024 (Unaudited)				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	97,163,780	-	-	-	97,163,780
Notes payable	441,601,886	-	-	-	441,601,886
Accounts payable	1,377,210,351	-	-	-	1,377,210,351
Other payables	5,866,926,731	-	-	-	5,866,926,731
Non-current liabilities due within one year	487,865,285	-	-	-	487,865,285
Long-term borrowings	-	551,507,174	613,030,090	1,105,687,975	2,270,225,239
Lease liabilities	-	113,395,976	99,248,010	109,677,583	322,321,569
Long-term payables	-	145,756,500	125,400,000	-	271,156,500
	<u>8,270,768,033</u>	<u>810,659,650</u>	<u>837,678,100</u>	<u>1,215,365,558</u>	<u>11,134,471,341</u>
	31 December 2023				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	128,580,631	-	-	-	128,580,631
Notes payable	917,624,305	-	-	-	917,624,305
Accounts payable	1,870,122,136	-	-	-	1,870,122,136
Other payables	3,815,970,467	-	-	-	3,815,970,467
Non-current liabilities due within one year	471,103,212	-	-	-	471,103,212
Long-term borrowings	-	485,050,772	717,742,831	857,186,622	2,059,980,225
Lease liabilities	-	147,498,606	128,232,943	76,789,760	352,521,309
Long-term payables	-	46,134,125	145,428,675	23,140,125	214,702,925
	<u>7,203,400,751</u>	<u>678,683,503</u>	<u>991,404,449</u>	<u>957,116,507</u>	<u>9,830,605,210</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(3) Liquidity risk (Continued)

The repayment period of bank borrowings and other borrowings is analysed as follows:

	30 June 2024 (Unaudited)			31 December 2023		
	Bank borrowings	Borrowings from Shandong Port Finance	Other borrowings	Bank borrowings	Borrowings from Shandong Port Finance	Other borrowings
Within 1 year	9,453,154	290,890,379	49,200,000	52,796,021	250,747,938	141,287,965
1 to 2 years	4,453,508	474,037,863	136,600,000	4,796,022	409,690,000	39,200,000
2 to 5 years	44,677,986	411,589,918	120,000,000	31,472,382	550,106,204	136,500,000
Over 5 years	76,808,176	947,497,601	–	52,919,367	742,999,645	–
	<u>135,392,824</u>	<u>2,124,015,761</u>	<u>305,800,000</u>	<u>141,983,792</u>	<u>1,953,543,787</u>	<u>316,987,965</u>

XI. FAIR VALUE ESTIMATES

The level of fair value measurement is determined by the lowest level of inputs which has significant impact on fair value management:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability

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

As at 30 June 2024, the assets measured at fair value on a continuing basis are listed below at the 3 levels above (Unaudited):

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading –				
Wealth management products	–	–	80,443,836	80,443,836
Equity investments	4,379,757	–	–	4,379,757
Financing receivables –				
Notes receivable	–	–	321,386,207	321,386,207
Other non-current financial assets –				
Equity investment	–	–	393,840,402	393,840,402
Total	<u>4,379,757</u>	<u>–</u>	<u>795,670,445</u>	<u>800,050,202</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XI. FAIR VALUE ESTIMATES (Continued)

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

As at 31 December 2023, 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
Financial assets				
Financial assets held for trading –				
Wealth management products		–	280,665,064	280,665,064
Equity investments	3,897,019	–	–	3,897,019
Financing receivables –				
Notes receivable	–	–	314,538,178	314,538,178
Other non-current financial assets –				
Equity investment	–	–	393,840,402	393,840,402
Total	<u>3,897,019</u>	<u>–</u>	<u>989,043,644</u>	<u>992,940,663</u>

The Group has no continuing liabilities measured at fair value.

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There are no transfers between levels for the current year.

For financial instruments traded in active markets, the Group determines their fair value with their active market quotations; for financial instruments not traded in active markets, the Group uses valuation techniques to determine their fair value. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of valuation technique mainly include risk-free interest rate, benchmark interest rate, expected yield, PE multiplier, PB multiplier, and liquidity discount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XI. 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 2023	purchase (Unaudited)	sale (Unaudited)	settle (Unaudited)	30 June 2024 (Unaudited)	The total profit of the current year included in the profit and loss (Unaudited)
Financial assets						
Financial assets held for trading –						
Wealth management products	280,665,064	280,000,000	–	(480,221,228)	80,443,836	2,492,319
Financing receivables –						
Notes receivable	314,538,178	712,293,062	(453,290,103)	(252,154,930)	321,386,207	(100,337)
Other non-current financial assets –						
Equity investment	393,840,402	–	–	–	393,840,402	11,000,000
Total	<u>989,043,644</u>	<u>992,293,062</u>	<u>(453,290,103)</u>	<u>(732,376,158)</u>	<u>795,670,445</u>	<u>13,391,982</u>

	31 December 2022	purchase (Unaudited)	sale (Unaudited)	settle (Unaudited)	30 June 2023 (Unaudited)	The total profit of the current year included in the profit and loss (Unaudited)
Financial assets						
Financial assets held for trading –						
Wealth management products	995,407,305	1,178,654,814	–	(1,572,602,974)	601,459,145	11,662,793
Financing receivables –						
Notes receivable	280,619,222	399,396,422	(297,395,202)	(45,253,669)	337,366,773	–
Other non-current financial assets –						
Equity investment	393,840,402	–	–	–	393,840,402	1,503,100
Total	<u>1,669,866,929</u>	<u>1,578,051,236</u>	<u>(297,395,202)</u>	<u>(1,617,856,643)</u>	<u>1,332,666,320</u>	<u>13,165,893</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XI. FAIR VALUE ESTIMATES (Continued)

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

- (a) The gains or losses included in the profit and loss of the current period are included in the income statement of the fair value changes in income, investment income and other items

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

	Fair value on 30 June 2024 (Unaudited)	Valuation techniques	Parameter	Inputs		
				Range/ Weighted average	The relationship of fair value	Observable/ Unobservable
Financial assets held for trading – Wealth management products	80,443,836	Discounted cash flow	Expected yield	1.4%-3.24%	Positive correlation	Unobservable
Financing receivables – Notes receivable	321,386,207	Discounted cash flow	Expected discount rate	0.76%-2.61%	Negative correlation	Unobservable
Other non-current financial assets – Equity investment	393,840,402	Marketing method	Comparable listed company PE multiplier, etc.	PE multiplier: 2.5-28.9 PB multiplier: 0.1-2.0 Lack of liquidity discount: 10%-20%	Positive correlation	Unobservable
	<u>795,670,445</u>					
	Fair value on 31 December 2023	Valuation techniques	Parameter	Inputs		
				Range/ Weighted average	The relationship of fair value	Observable/ Unobservable
Financial assets held for trading – Wealth management products	280,665,064	Discounted cash flow	Expected yield	1.4%-3.24%	Positive correlation	Unobservable
Financing receivables – Notes receivable	314,538,178	Discounted cash flow	Expected discount rate	0.76%-2.61%	Negative correlation	Unobservable
Other non-current financial assets – Equity investment	393,840,402	Marketing method	Comparable listed company PE multiplier, etc.	PE multiplier: 2.5-28.9 PB multiplier: 0.1-2.0 Lack of liquidity discount: 10%-20%	Positive correlation	Unobservable
	<u>989,043,644</u>					

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XI. 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.

XII. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group is not subject to external mandatory capital requirements and monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by interest bearing liabilities deducting cash and cash equivalents. Total capital is calculated by shareholder's equity presented in consolidated balance sheet plus net debt.

As at 30 June 2024 and 31 December 2023, the Group's gearing ratio is as follows:

	30 June 2024 (Unaudited)	31 December 2023
Principal on bank borrowings (Note IV. (23), (31))	2,259,408,585	2,095,527,579
Entrusted borrowings (Note IV. (33))	120,000,000	195,900,000
Sale-leaseback arrangement deemed as mortgage loan (Note IV. (33))	185,800,000	120,000,000
Less: Cash (Note IV. (55). (a))	(10,976,474,044)	(10,132,048,600)
Net assets	(8,411,265,459)	(7,720,621,021)
Shareholders' equity	45,105,198,843	44,538,662,690
Total capital	36,693,933,384	36,818,041,669
Gearing ratio	Not applicable	Not applicable

As at 30 June 2024, the Group's cash and cash equivalents exceeded interest-bearing liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(1) Accounts receivable

	30 June 2024 (Unaudited)	31 December 2023
Accounts receivable	663,027,729	384,749,809
Less: Provision for bad debts	(23,476,582)	(19,504,682)
	<u>639,551,147</u>	<u>365,245,127</u>

The Company's income is partially made by cash, advances from customers, bank acceptance notes and trade acceptance notes. The remains are settled mainly by providing credit terms of 30-90 days.

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

	30 June 2024 (Unaudited)	31 December 2023
Within 1 year	660,400,091	380,576,521
1 to 2 years	660,269	980,500
2 to 3 years	1,967,369	3,192,788
Over 3 years	—	—
	<u>663,027,729</u>	<u>384,749,809</u>

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

(b) As at 30 June 2024, the total amount of top five accounts receivable is analyzed as follows:

	Amount	Provision for bad debts	% of total accounts receivable balance
Total amount of top five accounts:	<u>272,293,545</u>	<u>(3,338,951)</u>	<u>41%</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) Accounts receivable (Continued)

(c) For the six months ended 30 June 2024, the Company had no accounts receivable derecognized due to transfer of financial assets (For the six months ended 30 June 2023: nil)

(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.

Analyses of provision for bad debts are as follows:

	30 June 2024 (Unaudited)			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Lifetime ECL rate
Provision for bad debts on the grouping basis (ii)				
Group A	195,068,605	29.42%	–	–
Group C	467,959,124	70.58%	(23,476,582)	5.02%
	<u>663,027,729</u>	<u>100.00%</u>	<u>(23,476,582)</u>	
31 December 2023				
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Lifetime ECL rate
Provision for bad debts on the grouping basis (ii)				
Group A	7,053,027	1.83%	–	–
Group C	377,696,782	98.17%	(19,504,682)	5.16%
	<u>384,749,809</u>	<u>100.00%</u>	<u>(19,504,682)</u>	

(i) As at 30 June 2024, the Company had no accounts receivable with provision for bad debts on the individual basis (31 December 2023: nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(1) 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 analysed as follows:

Group C of accounts receivable – Accounts receivable from companies outside the scope of consolidation other than engineering and construction businesses:

	30 June 2024 (Unaudited)		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	465,331,486	4.61%	(21,443,186)
1 to 2 years	660,269	10.00%	(66,027)
Over 2 years	1,967,369	100.00%	(1,967,369)
	<u>467,959,124</u>		<u>(23,476,582)</u>

	31 December 2023		
	Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Within 1 year	373,523,494	4.29%	(16,005,782)
1 to 2 years	980,500	31.22%	(306,112)
Over 2 years	3,192,788	100.00%	(3,192,788)
	<u>377,696,782</u>		<u>(19,504,682)</u>

- (iii) For the six months period ended 30 June 2024, the amount of bad debt provision reversed was RMB3,971,900 is made on the grouping basis. With no significant write-off of bad debt provision.

- (e) As at 30 June 2024, the Company has no pledge of accounts receivable (31 December 2023: nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables

	30 June 2024 (Unaudited)	31 December 2023
Interest receivable	–	–
Dividend receivable	452,049,636	435,195,411
Other receivables	507,934,439	377,573,683
	<u>959,984,075</u>	<u>812,769,094</u>

Dividend receivable:

Project (or investee)	30 June 2024 (Unaudited)	31 December 2023
Qingdao Port Logistics	238,102,501	306,721,685
Shandong Port Lianhua	110,950,741	–
Qinggang Power Supply	50,000,000	–
Mercurial Logistics	31,035,000	31,035,000
Qingdao Port Equipment	13,006,994	13,006,994
Sinopec Qingdao Liquefied Natural Gas	7,424,400	7,424,400
Gangjia Logistics	1,530,000	–
Dongjiakou Oil Products	–	76,987,832
Yalong Development Co., Ltd.	–	19,500
	<u>452,049,636</u>	<u>435,195,411</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

Classification of other receivables by nature of payment

	30 June 2024 (Unaudited)	31 December 2023
Entrusted loans to subsidiaries	406,490,583	256,340,267
Construction expenditures paid on behalf of subsidiaries	29,999,957	29,999,957
Receivables from equity transfers	14,616,772	14,616,772
Supplementary medical insurance pool	5,009,269	15,218,692
Deposit and guarantee	2,584,300	2,415,700
Agency business receivables	30,855,964	48,078,729
Others	22,490,750	14,165,664
	<u>512,047,595</u>	<u>380,835,781</u>
Less: Provision for bad debts	<u>(4,113,156)</u>	<u>(3,262,098)</u>
	<u>507,934,439</u>	<u>377,573,683</u>

(a) Other receivables presented by aging

	30 June 2024 (Unaudited)	31 December 2023
Within 1 year (including 1 year)	452,509,280	333,142,694
1-2 years	19,702,188	5,221,524
2-3 years	1,507,884	8,765,606
Over 3 years	38,328,243	33,705,957
	<u>512,047,595</u>	<u>380,835,781</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(b) Statement of provisions for losses and changes in their book balances

	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 2023	380,835,781	(3,262,098)	–	–	(3,262,098)
Increase in the current year	131,211,814	(851,058)	–	–	(851,058)
Decrease in the current year	–	–	–	–	–
30 June 2024 (Unaudited)	<u>512,047,595</u>	<u>(4,113,156)</u>	<u>–</u>	<u>–</u>	<u>(4,113,156)</u>

As at 30 June 2024 and 31 December 2023, the Group did not have any other receivables in stage 2 and stage 3. The other receivables in stage 1 are as follows:

- (i) As at 30 June 2024, the Company had no other receivables with provision for bad debts on the individual basis.
- (ii) As at 30 June 2024, other receivables for which the related provision for bad debts is recorded on the grouping basis are all in stage 1, the analysis is as follows:

	30 June 2024 (Unaudited)			31 December 2023		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	Amount
Internal company combinations	451,107,312	–	–	300,956,996	–	–
Agency business and receivables combinations	30,855,964	(1,496,524)	4.85%	48,078,729	(1,650,056)	3.43%
Deposit and guarantees combinations	2,584,300	(436,710)	16.90%	2,415,700	(92,796)	3.84%
Dividend receivable combinations	27,500,019	(2,179,922)	7.93%	29,384,356	(1,519,246)	5.17%
	<u>512,047,595</u>	<u>(4,113,156)</u>		<u>380,835,781</u>	<u>(3,262,098)</u>	

- (c) For the 6 months ended 30 June 2024, the amount of bad debt provision reversed during the year was RMB851,058, which was reversed for the amount of bad debt provision made on the grouping basis. For the 6 months ended 30 June 2024, the Company has no other receivables actually written off.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Other receivables (Continued)

(d) As at 30 June 2024, top five other receivables are analyzed as follows:

	Nature	Amount	Aging	% of total	Provision for bad debts
Qingdao Haiye Mercurial Logistics Co., Ltd.	Entrusted loans and construction expenditures paid on behalf	300,326,207	Within 1 year, 1 to 2 years	58.65	–
Qingdao Port Dongjiakou General Terminal Co., Ltd.	Entrusted loans	136,164,333	Within 1 year	26.59	–
China Railway Jinan Group Co., Ltd.	Agency business receivables, deposit, and guarantee	28,228,574	Within 1 year	5.51	–
Qingdao Port International Logistics Co., Ltd.	Receivables from equity transfers, deposits, guarantees, and other payments	14,741,679	Within 2 years	2.88	–
Qingdao Port Equipment	Other payments	8,522,031	Within 1 year, 1 to 2 years	1.66	(2,246,493)
		<u>487,982,824</u>		<u>95.29</u>	<u>(2,246,493)</u>

(e) As at 30 June 2024 and 31 December 2023, the Company did not have government grants recognized in accordance with the amount receivable.

(f) As at 30 June 2024 and 31 December 2023, other receivables were not pledged by the Company.

(3) Long-term equity investments

	30 June 2024 (Unaudited)	31 December 2023
Subsidiaries (a)	8,509,999,032	8,513,059,032
Joint ventures (b)	11,567,306,968	10,902,587,881
Associates (c)	<u>2,759,647,947</u>	<u>2,670,170,830</u>
	<u>22,836,953,947</u>	<u>22,085,817,743</u>

As at 30 June 2024 and 31 December 2023, 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 (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(a) Subsidiaries

	31 December	Movements in the current year		30 June
	2023	Increase in investment	Decrease in investment	2024
		(Unaudited)	(Unaudited)	(unaudited)
Container Development Co.	30,000,000	–	–	30,000,000
QDP Logistics	1,147,303,465	–	–	1,147,303,465
Ocean Shipping Repair	3,666,959	–	–	3,666,959
Qingdao OST	389,296,880	–	–	389,296,880
Gangjia Logistics	7,299,874	–	–	7,299,874
Ark intelligence	24,952,229	–	–	24,952,229
QMT	1,284,094,256	–	–	1,284,094,256
Mercuria Logistics	273,278,376	–	–	273,278,376
Dongjiakou Oil Products	300,368,260	–	–	300,368,260
Qingdao Port Properties	8,000,000	–	–	8,000,000
Culture Media	3,000,000	–	–	3,000,000
International Development	460,574,092	–	–	460,574,092
Dongjiakou General Terminal	880,000,000	–	–	880,000,000
Shandong Port Lianhua	441,660,000	–	–	441,660,000
Schweitzer Tug	115,500,000	–	–	115,500,000
Tongze Trading	10,000,000	–	–	10,000,000
Dongjiakou Liquid Chemical Industry	384,149,458	–	–	384,149,458
Qingdong Pipeline	255,000,000	–	–	255,000,000
Qingdao Qinggang Tongda Energy Co., Ltd.	142,500,000	–	–	142,500,000
Nangang Oil & Gas	43,450,000	–	–	43,450,000
China Ocean Shipping Tally Weihai	1,832,463	–	–	1,832,463
Qingzi Logistics	200,000,000	–	–	200,000,000
Zhenhua Petroleum Storage	148,920,000	–	–	148,920,000
Qilu Fuhai Warehousing	150,000,000	–	–	150,000,000
International Oil Port	20,000,000	–	–	20,000,000
Power Supply Company	134,195,060	–	–	134,195,060
Red Star Logistics	179,531,785	–	–	179,531,785
Construction & Management Centre	10,000,000	–	–	10,000,000
Emergency Rescue	40,000,000	–	–	40,000,000
Zhonghang Operation	3,060,000	–	(3,060,000)	–
Qinggang Barge	588,095,404	–	–	588,095,404
Weihai Port Development	622,103,297	–	–	622,103,297
Weihai Qingwei	211,227,174	–	–	211,227,174
	<u>8,513,059,032</u>	<u>–</u>	<u>(3,060,000)</u>	<u>8,509,999,032</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)

(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(b) Joint ventures

	31 December 2023	Movements in the current year					30 June 2024 (Unaudited)
		Increase or decrease in investments (Unaudited)	Share of net profit/(loss) under equity method (Unaudited)	Cash dividends or profits declared (Unaudited)	Changes in other equities (Unaudited)	Unrealized gains or losses on insider transactions (Unaudited)	
QQCT	7,851,115,478	-	554,956,880	-	1,245,476	2,198,047	8,409,515,881
Qingdao Shihua	1,429,312,184	-	105,621,868	-	880,354	100,236	1,535,914,642
West United	535,243,050	-	9,008,226	(15,300,000)	-	46,988	528,998,264
Huaneng Port	126,038,667	-	1,935,554	-	58,097	-	128,032,318
Dongjiakou Wanbang Logistics	67,593,223	-	(106,858)	-	-	-	67,486,365
QDOT	671,591,128	-	4,336,046	-	-	405,296	676,332,470
Dongjiakou Sinotrans Logistics	52,037,632	-	101,091	-	-	-	52,138,723
Petro China Storage	169,656,519	-	(1,178,375)	-	410,161	-	168,888,305
	<u>10,902,587,881</u>	<u>-</u>	<u>674,674,432</u>	<u>(15,300,000)</u>	<u>2,594,088</u>	<u>2,750,567</u>	<u>11,567,306,968</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Long-term equity investments (Continued)

(c) Associates

	31 December 2023	Movements for the current year					30 June 2024 (Unaudited)
		Increase in investments (Unaudited)	Cash dividends declared (Unaudited)	Share of net profit/(loss) under equity method (Unaudited)	Movements of other comprehensive income (Unaudited)	Changes in other equities (Unaudited)	
GSBN	8,963,521	-	-	287,369	-	-	9,250,890
Qingdao Port Engineering	172,836,850	-	-	(9,608,595)	-	-	163,228,255
Technology Company	49,500,969	-	-	3,143,839	-	-	52,644,808
Qingyin Financial Leasing	161,067,668	-	(9,000,000)	13,967,828	-	(1,223,627)	164,811,869
Overseas Development	111,734,541	-	-	852,856	-	-	112,587,397
Shandong Port Finance	6,124,274	-	-	2,147,740	-	-	8,272,014
Equipment Manufacturing	1,560,406,548	-	-	71,763,208	3,170,815	-	1,635,340,571
Zhenhua Petroleum							
Storage	78,988,128	-	-	12,636,701	-	417,581	92,042,410
Haiwan Liquid Chemical	480,200,000	-	-	75,708	-	-	480,275,708
Shandong Port Land and							
Sea Jinan	40,348,331	-	-	845,694	-	-	41,194,025
	<u>2,670,170,830</u>	<u>-</u>	<u>(9,000,000)</u>	<u>96,112,348</u>	<u>3,170,815</u>	<u>(806,046)</u>	<u>2,759,647,947</u>

As stated in Note II(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Revenue and cost of sales

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Revenue from main operations	2,201,295,846	2,244,872,045
Revenue from other operations	524,381,293	453,951,505
	<u>2,725,677,139</u>	<u>2,698,823,550</u>
	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Cost from main operations	(1,881,308,829)	(1,728,171,317)
Cost from other operations	(216,142,091)	(234,562,215)
	<u>(2,097,450,920)</u>	<u>(1,962,733,532)</u>

(a) Revenue from main operations and Cost from main operations

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	Revenue from main operations	Cost from main operations	Revenue from main operations	Cost from main operations
Container handling and ancillary service	152,629,077	(44,817,251)	147,034,943	(47,640,644)
Metal ores, coal and other cargo handling and ancillary services	1,967,406,214	(1,825,166,651)	2,007,909,447	(1,668,564,365)
Liquid bulk handling and ancillary services	75,664,858	(10,044,615)	76,373,212	(10,685,996)
Port ancillary services	5,595,697	(1,280,312)	13,554,443	(1,280,312)
	<u>2,201,295,846</u>	<u>(1,881,308,829)</u>	<u>2,244,872,045</u>	<u>(1,728,171,317)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

XIII. NOTES TO THE PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Revenue and cost of sales (Continued)

(b) Revenue from Other operations and Cost from other operations

	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	Revenue from other operations	Cost from other operations	Revenue from other operations	Cost from other operations
Rent	409,208,351	(132,473,385)	328,685,767	(136,155,477)
Sale of fuel, electricity, etc	115,172,942	(83,668,706)	125,265,738	(98,406,738)
	<u>524,381,293</u>	<u>(216,142,091)</u>	<u>453,951,505</u>	<u>(234,562,215)</u>

From January to June 2024, income from the sale of fuel, electricity, etc., is a performance obligation fulfilled at a point in time, and the other income from labor services is a performance obligation fulfilled within a certain period of time.

As at 30 June 2024, the amount of income corresponding to the Company's performance obligations that have been contracted for but not yet fulfilled or not yet completed is RMB: 124,380,344 (31 December 2023: RMB84,189,876), all of which is expected to be recognized by the Company in the year 2024.

(5) Investment income

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Income from long-term equity investments accounted for under the equity method	773,537,347	749,674,253
Income from long-term equity investments accounted for under the cost method	2,010,556,798	1,089,200,772
Interest income from debt investments during the holding period	41,407,660	53,860,723
Investment income during the holding period of financial assets held for trading	12,004,492	10,567,850
Investment income from the disposal of long-term equity investments	1,411,633	(999,999)
Discount loss on financing of receivables	<u>—</u>	<u>—</u>
	<u>2,838,917,930</u>	<u>1,902,303,599</u>

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

1. STATEMENT OF NON-RECURRING PROFIT AND LOSS

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Government grants included in profit or loss for the current period	39,825,415	44,250,855
Profits or losses on changes in the fair values of financial assets and financial liabilities held by non-financial enterprises and profits or losses on disposal of financial assets and financial liabilities, except for effective hedging operations related to the Company's normal business operations	2,975,057	11,662,793
Profits or losses on disposal of non-current assets	21,849,533	4,906,263
Gains or losses on disposal of long-term equity investment	–	5,358,836
Other non-operating income and expenses other than those mentioned above	1,377,954	1,752,649
Other profit or loss items which meet the definition of non-recurring profit or loss	5,002,713	3,614,007
Subtotal	71,030,672	71,545,403
Less: Income tax effect	(15,427,372)	(16,982,849)
Less: Non-recurring gains and losses attributable to minority shareholders	(4,277,009)	(12,404,228)
Non-recurring gains and losses attributable to shareholders of the parent company	51,326,291	42,158,326

Preparation basis of non-recurring profit and loss statement

According to the China Securities Regulatory Commission's explanatory notice No. 1-non-recurring gains and losses [2008] on corporate information disclosure of publicly issued securities, non-recurring profit and loss means that it is not directly related to the normal operation of the company, and although it is related to the normal operation of the company, profits and losses from transactions and events that affect the users correct judgment of the company's operating performance and profitability.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2024 (Unaudited)
(All amounts are expressed in RMB Yuan unless stated otherwise)

2. RETURN ON EQUITY AND EARNINGS PER SHARE

	Average		Earnings per share			
	Weighted average return		Basic earnings per share		Diluted earnings per share	
	on equity (%)					
	For the	For the	For the	For the	For the	For the
	six months	six months	six months	six months	six months	six months
	ended	ended	ended	ended	ended	ended
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit attributable to ordinary shareholders of the company	6.50%	6.63%	0.41	0.39	0.41	0.39
Net profit attributable to ordinary shareholders of the company after deducting non-recurring profit or loss	6.37%	6.52%	0.40	0.39	0.40	0.39