



青島港國際股份有限公司

QINGDAO PORT INTERNATIONAL CO., LTD.

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

Stock Code: 06198

2016

Sustainability Report



CONTENTS

REPORT DESCRIPTION	1
CHAIRMAN'S STATEMENT	2
I. ABOUT US	4
(I) COMPANY PROFILE	4
(II) OPERATION CONCEPT	5
(III) COMMUNICATION WITH STAKEHOLDERS	6
(IV) FOCUS 2016	8
II. REGULATED GOVERNANCE	11
(I) GOVERNANCE STRUCTURE	11
(II) INTERNAL CONTROL MANAGEMENT	14
(III) INFORMATION DISCLOSURE	15
(IV) INVESTOR RELATIONS	16
III. SCIENTIFIC DEVELOPMENT	17
(I) BUSINESS PERFORMANCE	17
(II) DEVELOPMENT STRATEGIES	19
(III) SCIENTIFIC AND TECHNOLOGICAL INNOVATION	19
IV. COMPLIANCE OPERATION	22
(I) INCORRUPTIBLE EMPLOYMENT	22
(II) FAIR COMPETITION AND HONEST OPERATION	23
(III) FACTORY AFFAIR OPENING AND DEMOCRATIC MANAGEMENT	24
V. GREEN DEVELOPMENT	26
(I) ENVIRONMENTAL PROTECTION	26
(II) RESOURCE CONSERVATION	29
VI. SAFETY IN PRODUCTION	32
(I) SAFETY PRODUCTION PERFORMANCE	32
(II) SAFETY PRODUCTION MEASURES	34
(III) OCCUPATIONAL HEALTH OF THE STAFF	35
VII. CUSTOMER SERVICES	36
(I) SERVICE ASSURANCE	36
(II) COMPLAINT HANDLING	40

VIII. WIN-WIN COOPERATION	41
(I) JOINT VENTURE COOPERATION	41
(II) SUPPLIER RELATIONSHIPS	42
(III) PROMOTE INDUSTRIAL DEVELOPMENT	43
IX. PEOPLE-ORIENTED CONCEPT	44
(I) EMPLOYEE PROFILE	44
(II) PROTECT THE LEGITIMATE RIGHTS AND INTERESTS OF EMPLOYEES	44
(III) BUILD A HARMONIOUS LABOR RELATIONSHIP	46
(IV) BUILD THE PLATFORM FOR DEVELOPMENT	51
X. SOCIAL WELFARE	53
(I) CONTRIBUTING TO THE DEVELOPMENT OF A HARMONIOUS COMMUNITY	53
(II) INVESTING IN THE SOCIAL WELFARE UNDERTAKINGS	55
XI. APPENDIX	57
(I) CORPORATE INFORMATION	57
(II) ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX	58
(III) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX	60
(IV) FEEDBACK	64

REPORT DESCRIPTION

1 Report Introduction

This report is the first Sustainability Report issued by Qingdao Port International Co., Ltd. (the "Company" or "We"), which highlights the concepts, practices and performance of sustainable development of the Company's environmental, social and governance.

2 Reporting Period

From 1 January to 31 December 2016, some of the statements and information are traced back to earlier years.

3 Reporting Coverage

This report covers the Company and its subsidiaries, affiliates, some joint ventures and associates.

4 Publication Cycle

This report is an annual report published annually.

5 Data Source

The financial data disclosed in this report are sourced from the Company's Annual Report (the "Annual Report") and other data from internal statistics or manual sorting. Unless otherwise stated, the amount of currency involved in this report is measured in Renminbi("RMB").

6 Reference Standard

This report refers to the Guidelines for Environmental, Social and Governance Report of the Stock Exchange of Hong Kong Limited (the "SEHK") and the core program of the Sustainability Report Preparation Guide 4.0 (the "G4.0") of the Global Reporting Initiative, which are based on the industry background, highlighting the characteristics of the enterprise.

7 Access to the Report

This report is available in electronic form and you can download this report at the website of the SEHK (<http://www.hkexnews.hk/>) or the Company's website (<http://www.qingdao-port.com/>).

8 Related Instructions

The Group refers to the Company and its branches and subsidiaries. Unless the otherwise stated, the words and terms in this report are the same as those of the definitions in the Annual Report of the Company.

The interpretation of this report is owned by the board of directors of the Company.

CHAIRMAN'S STATEMENT

In 2016, the start year of the "13th Five-year Plan" period , facing difficulties we united together to tackle difficulties and vigorously promoted the transformation and upgrading. As a result the Company maintained a sustained and sound development. .

The Company adhered to innovative, coordinative, green, open and shared development principle, vigorously advocated the business philosophy of "intensive and efficient, green environmental protection, multi-drive, and win-win cooperation", promoted the construction of ecological civilization and green low-carbon port, provided cleaner products and better quality services to the society, and strived to build a world-class resource-saving and environment-friendly enterprise.

We focused on the economic benefits and adhered to the quality development. As the economic downward pressure continued to intensify, we strived to strengthen the traditional port business, vigorously developed the full-process logistics, expanded financial services scales, accelerated the construction of intelligent ports, explored overseas development space by taking advantage of the opportunities from the "Belt and Road" initiative, and comprehensively deepened the transformation and upgrading, so that the business performance achieved a steady growth.

We speeded up industrial upgrading and technological innovation and implemented environmental protection and energy conservation measures. We continued to increase environmental protection investment and promoted the application of new technologies, new materials, and new process for the port production to reduce the impact of enterprise development on the environment. We strengthened energy management, promoted the use of green energy, energy saving and environmental protection equipment, and improved the employees' awareness of energy conservation and environmental protection to further promote the green port construction.



We adhered to the governance by law and strictly abided by laws and regulations, listing rules and governance system. We strengthened the risk management and internal control, constantly improved the management system, enhanced the work process, established comprehensive internal control mechanism in respect of legal compliance, financial supervision, internal audit and others to achieve full coverage of risk management and further enhance the Company's compliance operations.

We actively assumed social responsibility and fulfilled our corporate citizenship obligations. We adhered to creating benefit for employees, protected the legitimate rights and interests of employees, and continued to enhance employee satisfaction. We enhanced communication with customers, partners and suppliers, respected their reasonable appeal for equality and mutual benefit and sincere treatment and enhanced the cooperation and win-win situation. We strengthened contact with local communities, supported community building, and helped local regional economic development. We actively participated in public welfare undertakings to deliver the positive energy of the enterprise and promote the harmonious development of enterprise and society.

Nowadays, the coordinated development of enterprises together with the environment and society has become the focus of global attention. As a responsible enterprise, we adhered to the implementation of corporate economic responsibility, environmental responsibility and social responsibility, and strived to achieve the unity between the speed of development and quality and efficiency, and coordination between the economic development and resources and environment. We are also deeply aware that the goal of achieving sustainable development of enterprise has a long way to go and is endless, and we need constant efforts to a higher level.

In 2017, while strengthening the traditional port business, we will continue to promote the "Three Strategies" of finance, internationalization, and Internet, and proactively expand the new business, improve the modern logistics industry chain, build the financial service industry ecological system, promote the international development pace, explore overseas development space, and speed up the construction of intelligent ports to maintain the sustained and steady development of the Company. At the same time, we will take social responsibility as an important content for building the Qingdao Port into a world-class strong port, optimize the social responsibility management system, adhere to the intelligent development, green development, and safe development, and work together with partners and stakeholders to build a beautiful port home with "blue sky, green land, and clear water"!

ZHENG Minghui
Chairman

March 2017

I. ABOUT US

(I) Company profile

The Port of Qingdao commenced operations in 1892. Located between the Bohai Rim port region and the Yangtze River Delta port region in the PRC and occupying a central position among ports in Northeast Asia, it is an important hub of international trade in the West Pacific and one of the world's largest comprehensive ports.



The Company was established on 15 November 2013 and was listed on the Main Board of the Hong Kong Stock Exchange on 6 June 2014. The Company is a primary operator of the Port of Qingdao and operates four port areas in Qingdao, including Qianwan Port Area, Huangdao Oil Port Area, Dongjiakou Port Area and Dagang Port Area. It is mainly engaged in the handling of different types of cargoes such as containers, metal ore, coal and oil and the provision of ancillary services, logistics and port value-added services, port ancillary services and financial services.

As of 31 December 2016, the Group operated 81 berths at the Port of Qingdao, which included 51 berths dedicated to handling a single type of cargo and 30 berths capable of handling metal ore, coal and other general cargo. Leveraging natural deep-water capacity and industry-leading facilities and equipment, the Company can accommodate the world's largest container vessels, iron ore vessels and oil tankers. The Group took full advantages of its port resources, reasonably planned its investment portfolio, and established a diversified enterprise group covering terminal, logistics and financial businesses.



81 berths
Number of operating
berths



RMB 2.186 billion
Net profit attributable to
shareholders of the Company



RMB 8.684 billion
Revenue



12,146 employees
Total number including
subsidiaries and joint ventures



HKD 17.632 billion
Market capitalization



443 million tons
Cargo throughput

Data of the Company stated above are up to 31 December 2016

(II) Operation concept

1 Corporate Mission >>

Serving Motherland with Excellence
Giving Back to Community
Fulfilling Employees

2 Corporate Vision >>

Strive to become a world-class port, build up a harmonious home

3 Corporate Spirit >>

Each generation should make their respective achievements, contributions and sacrifices.

4 Corporate Brand >>

Cheng Na Si Hai (Sincerely receive customers from all over the world),
Zhenchao Efficiency(Actively promote efficiency)

5 Corporate Strategies >>

Strategies of finance, internationalization and internet

6 Management Concept >>

Determine goals and get positioned, benchmark and orient ourselves, set goals by quantity,
set deadline for achieving goals, hit records and assign responsibilities

7 Operation Concept >>

Achieve a healthy and sustainable development with economic profit as the center

8 Safety Concept>>

Integration of human and safety

9 Service Concept >>

100% satisfaction among 100% of our clients

10 Innovation Concept >>

Fully innovative, start businesses across the Port and encourage all employees to explore potential clients

11 Team Concept >>

One heart and one mind, handle the work independently

12 People-centered Concept >>

When there is a will to learn, there is an opportunity;
When there is a will to play, there is a platform; and
When there is a will to win, there is a bright future.

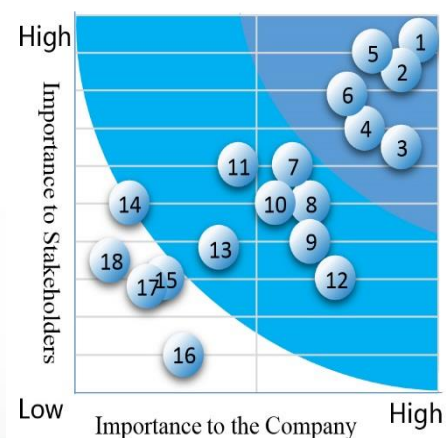
(III) Communication with stakeholders

The Company attached importance to contact and communication with stakeholders and actively creates relationship mutual respect and win-win cooperation. Our stakeholders were government, shareholders/investors, clients, employees, suppliers, communities, port industry, the public, etc.



We listened to the voices coming from the society without delay, responded to social concerns and passed our corporate concept through company website, official microblog, WeChat official account, president's email and customer service hotline. To be more targeted and responsive in this report, we understood stakeholders' demands and expectations by means of visits and communication, survey by questionnaires and industry benchmarking, analyzed the importance of different social responsibility subjects for stakeholders and sustainable development of the Company, identified and screened out highly substantial subjects to be disclosed.

High substantial subjects	Medium substantial subjects	Low substantial subjects
<ul style="list-style-type: none"> ① Operation performance ② Employees' rights and interests ③ Corporate governance ④ Green and low-carbon ⑤ Technological innovation ⑥ Safety in production 	<ul style="list-style-type: none"> ⑦ Customer service ⑧ Win-win cooperation ⑨ Employee training ⑩ Compliance operation ⑪ Supply chain management ⑫ Incorruptible practice ⑬ Ecological environmental protection 	<ul style="list-style-type: none"> ⑭ Volunteer activities ⑮ Fair competition ⑯ Industry association ⑰ Openness of factory affairs ⑱ Public charity



Stake-holders	Concerns	Communication mechanism	Performance of communication
The government and regulators	Execution and implementation of the laws, regulations and policies Give momentum to regional economic development Corporate governance and compliance operation	Issuance of laws, regulations and policies Daily communication and report Meetings and special researches	Comply with the laws, regulations and the <i>Listing Rules</i> Operate in accordance with the laws and in good faith and accept to be supervised and administered Creating jobs, paying taxes etc.
Shareholders investors	The safety, preservation and appreciation of assets Protect shareholder interests Earnings and returns Information disclosure in a timely and accurate manner	Information disclosure including regular reports Shareholders' meetings Investor conferences Road show activities , results release etc.	Carry out standard corporate governance to guarantee asset safety Intensify risk management and internal control Good development prospects and profitability Timely and accurate information disclosure
Clients	High-quality products and effective services Legal rights and interest of clients Be treated in a just and fair manner Complaints to be dealt with without delay	Client service hotline Website, Microblog, WeChat etc. President's mailbox	Continue to improve service quality Safeguard the legal rights of clients Ensure just and fair treatment Handle client complaints without delay
Employees	Legal rights and interests of employees Remuneration incentive and welfare Sound working environment Opportunities for training and development	Workers' Congress Official microblog, WeChat etc. Incentive mechanism for employee evaluation Regular trainings President's mailbox	Protect employees' legal rights and interests Stick to the openness of factory affairs and democratic management Create a safe and harmonious working environment Offer good training opportunities Provide a solid platform for development
Suppliers	Honesty and credibility Payment in time Transparency in information Equal opportunities	Sunlight procurement website Bidding activities President's mailbox	Honest, credible, just and clean Mutual beneficial and win-win cooperation Open and transparent, fair competition and equal opportunities Adhere to contracts and act faithfully
Communities	Community development Community charity	Community activities Mass media Website, Microblog, WeChat etc.	Maintain a close relationship with the communities Support community development Organize activities for community charity
Port industry	Industry development win-win cooperation fair competition	Participation in industry associations Learn from and exchange with other companies Synergy and contact mechanism	Strengthen exchanges and achieve win-win cooperation Respect business ethics and compete fairly Push forward with the development and progress of the industry together
The public	Performance of social responsibilities Resources conservation Environmental protection	Website, Microblog, WeChat etc. Press and media President's mailbox	Provide high-quality products and services Support activities for social welfare Preserve resources and protect the environment

(IV) Focus 2016



On 5 January, Chairman Mr. ZHENG Minghui led a team to visit more than 20 clients in Shandong, Beijing and other places and conducted kind exchanges with senior management of our partners for cooperation and development in the upcoming year.



On 8 February, the first day of the Lunar Year, Chairman Mr. ZHENG Minghui, together with the Company's management, paid a site visit to front-line employees who were on duty during holidays and expressed their wishes for them in the New Year.



On 29 February, the Company's first talent reserve training class began, marking the opening of full-scale training in 2016. Vice Chairman Mr. CHENG Xinnong attended the opening ceremony and delivered a speech.



On 21 and 22 March, the Company convened the 2015 Annual Results Announcement Meetings in Hong Kong and Qingdao respectively.



On 22 April, in Xiaozhu Mountain, Huangdao District, 430 employees from different departments of the Company participated in a climbing contest hosted by labor union of the Company.



On 28 April, labor union of Company planned a group wedding ceremony themed “Love at the sea” for 12 newlyweds whose homes were miles away.



On 23 May, Chairman Mr. ZHENG Minghui visited the Vale of Brazil, jointly committed to deepening high level cooperation between both parties.



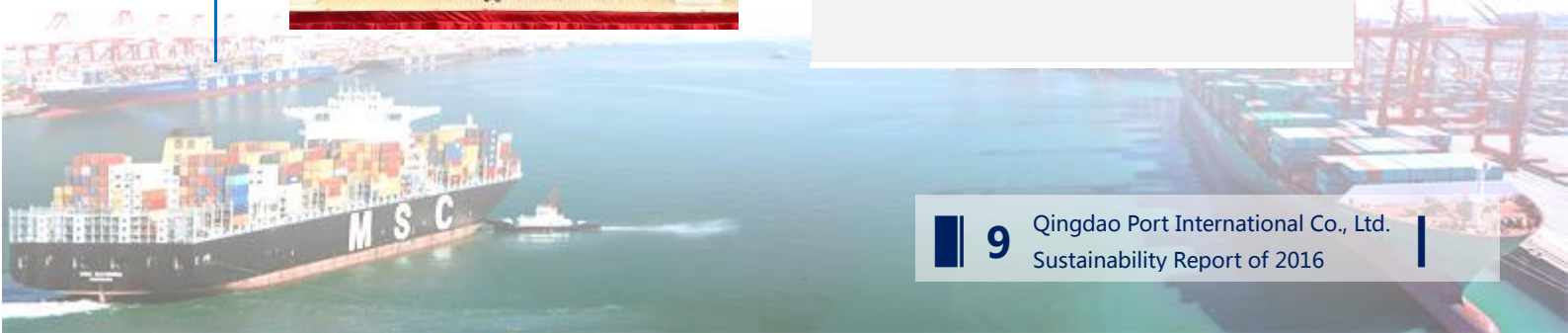
On 12 June, the Company carried out cooperation talks with Alibaba Group. The two sides agreed to cooperate in cloud platform, cross-border electronic commerce, online finance, materials procurement and other fields.



On 18 July, Dongjiakou Port was approved by the State Council to open up. Dongjiakou Port Area became a new engine in speeding up the transformation and upgrading of the Company and building up an international pivotal port in the Northeast Asia.



On 25 July, Chairman Mr. ZHENG Minghui, on behalf of Qingdao Port, signed an Agreement of Sister Ports with Port Kelang, Malaysia to move towards a deep and comprehensive cooperation between both parties.





On 23 December, the annual “Competition on Skills” was unveiled and more than 500 employees from different positions advanced to the final to compete with each other.



On 9 October, the Double Ninth Festival, labor unions at different levels invited retired employees to re-visit the Company for a gathering and celebration of the “Festival For the Elderly”.



On 10 October, activities for the “Employee Reception Day” were organized by the Company to respond to hotspot issues including remuneration policies, evaluation and engagement of professional titles and reimbursement system for employees and deal with their opinions and advices face-to-face.



On 29 November, the signing ceremony of the Bank-port Connect Information System for Commodity Trade Finance was hold in Qingdao. The Company signed Agreements of Regulatory Business Cooperation with 21 banks.



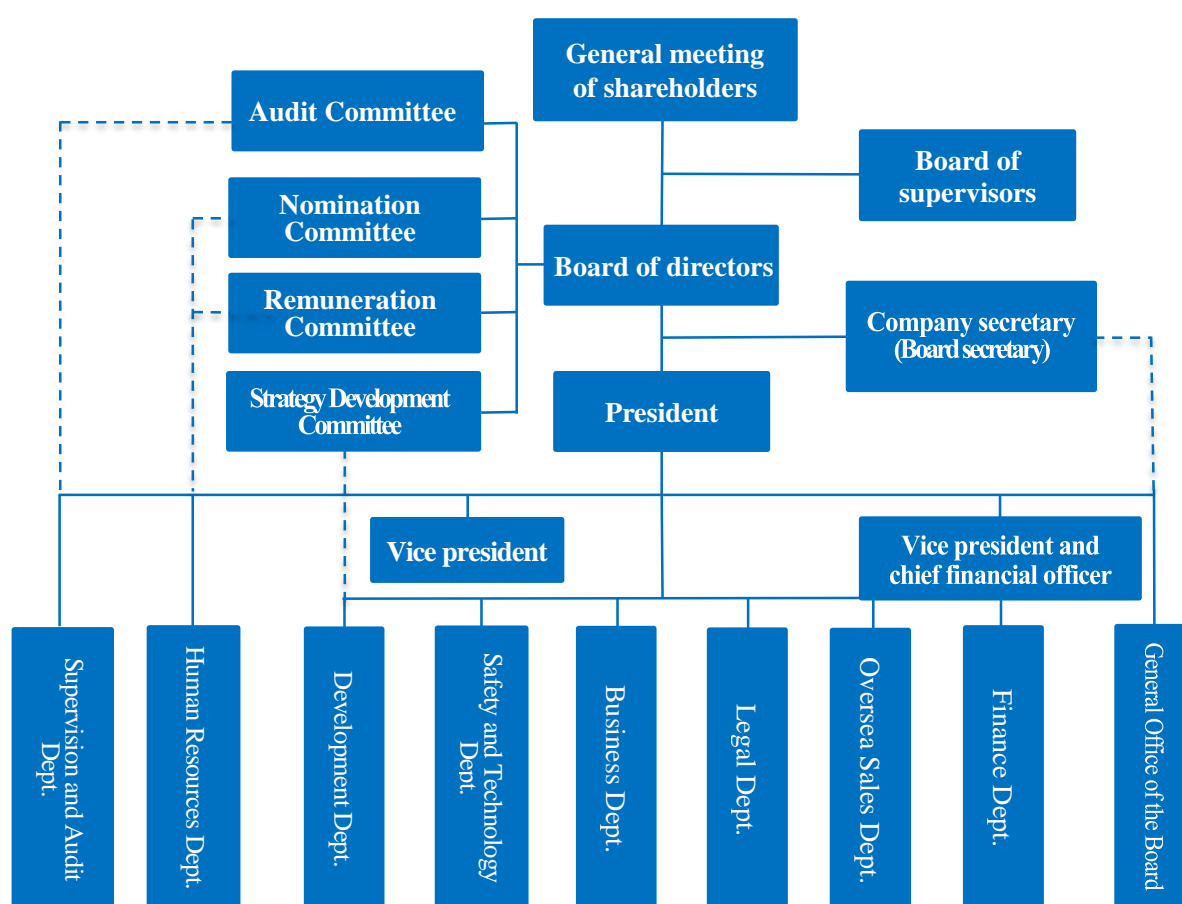
On 1 December, the Company kicked off its 2017 annual work conference to review the achievements in 2016 and do research into and formulate work schedules for 2017.

II. REGULATED GOVERNANCE

The Company managed and run enterprise in strict accordance with laws and regulations like Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (Listing Rules of the SEHK), continuously perfecting governance structure and regulated operation to improve its governance level.

(I) Governance structure

We firmly believed that a favorable governance structure was the strong guarantee for sustainable development of an enterprise. The Company has established a governance structure with “three boards and one senior management” including general meeting, board of directors, board of supervisors and senior management. The general meeting, board of directors, board of supervisors and senior management undertook their separate responsibilities independently and concertedly to perform fully duties.



As at 31 December 2016, the Company had issued 4,778,204,000 shares in total with face value of each share at RMB 1.00. The equity structure is as follows:

Class of shares	Number of shares (share)	Proportion in the shares issued (%)
Domestic Shares	3,922,179,000	82.08%
H-Shares	856,025,000	17.92%
Total	4,778,204,000	100.00%

1. General meeting of shareholders

The Company convened and held general meetings in strict compliance with laws, administrative regulations, *Articles of Association of Qingdao Port International Co., Ltd.* (“Articles of Association”), and *Rules of Procedures for General Meeting Rules of Qingdao Port International Co., Ltd.* (“Procedures of the General Meeting”). Shareholders enjoyed the right of speak, inquiry and voting in the general meetings according to the laws as to guarantee all shareholders especially minority shareholders exercise their rights fairly and effectively. The general meetings had the following rights under the laws: to determine the Company's business policy and investment plan, to elect non-employee directors and supervisors, to review and approval of annual financial budget and settlement plan and profit distribution plan.



In 2016, we convened one general meeting, reviewed and approved 17 resolutions, including work report of the board of directors, work report of the board of supervisors, annual profit distribution plan, annual investment budget plan and continuous connected transactions, etc. In the below are the convening of general meetings and minority shareholders' participation (the shareholders separately or aggregately holding 5% or less of the Company's shares) in recent three years:

Contents	Numbers of shareholders participated (person)	Shares appeared (share)	Proportions in equities of the Company	Numbers of minority shareholders participated (person)
2013 general meeting of shareholders	6	4,000,000,000	100%	5
2014 1 st extraordinary general meeting	6	4,000,000,000	100%	5
2014 2 nd extraordinary general meeting	14	4,613,100,000	96.5446%	13
2014 general meeting of shareholders	13	4,428,631,500	92.6840%	12
2015 general meeting of shareholders	12	4,426,082,407	92.6307%	11

2. Board of directors and specialized committees

The board of directors currently had nine directors, i.e. three executive directors, three non-executive directors and three independent non-executive directors. The appointment, number and membership of the board of the directors can conform the regulations of laws, regulations and the Articles of Association. The board of directors had four specialized committees, including Strategy and Development Committee, Audit Committee, Remuneration Committee and Nomination Committee. Those specialized committees formulated rules for procedures with clear rights and responsibilities for independent and effective operation.

Specialized Committees Directors	Strategic Development Committee	Audit Committee	Remuneration Committee	Nominating Committee
Executive directors				
Mr. ZHENG Minghui	Chairman	/	/	Chairman
Mr. JIAO Guangjun	Member	/	/	/
Ms. JIANG Chunfeng	Member	/	/	/
Non-executive directors				
Mr. CHENG Xinnong	Member	/	Member	/
Mr. MA Baoliang	Member	/	/	/
Mr. ZHANG Qingcai	Member	Member	/	/
Independent non- executive directors				
Mr. WANG Yaping	/	/	Chairman	Member
Mr. CHAU Kwok Keung	/	Chairman	/	/
Mr. YANG Qiulin	/	Member	Member	Member

All directors of the Company attended the meetings of board of directors with careful and responsible altitudes, and perform their responsibility honestly and diligently. The directors of the Company spent a lot of time and effort to determine the business and development strategies, appointment of senior managers, formulation of financial budget and settlement and profit distribution plans based on their abundant knowledge, experience and good professional ethics. In 2016, the Company convened four meetings of board of directors, reviewed and passed the annual report and interim report, annual profit distribution plan, annual investment budget plan, financial service framework agreement, working report of board of directors and report of the president, etc.

The Company currently had three independent directors who are majored in finance and accounting and legal fields and with relatively high policy interpretation and professional abilities, having put forward professional suggestions and helped for the operation of the board of directors and played preferable supervision roles. The independent directors were appointed and performed their work in accordance with *Working System for Independent Directors of Qingdao Port International Co., Ltd.*, and attended the general meeting and the meeting of board of directors according to laws and indicated their objective and just independent opinions.

3. Board of supervisors

The board of supervisors had six supervisors, including two supervisors representing shareholders, two supervisors representing employees and two independent supervisors. The appointment, number and membership of the board of the supervisors comply with the regulations of laws, regulations and the Articles of Association.

The board of supervisors performed its responsibilities with loyalty to the shareholders as specified in laws, regulations and *Rules of Procedures for Board of Supervisors Rules of Qingdao Port International Co., Ltd.*, having playing its supervision function with respect to the legal operation, connected transactions and major investment projects for protecting the interests of the Company and shareholders. In 2016, the Company convened three meetings of board of supervisors, reviewed and passed the annual report and interim report, profit distribution plan and working report of the board of supervisors, etc.

Members of board of supervisors	Title
Mr. FU Xinmin	Chairman of board of supervisors, shareholder representative supervisor
Mr. CHI Dianmou	Shareholder representative supervisor
Ms. XUE Qingxia	Employee representative supervisor
Ms. LIU Yuping	Employee representative supervisor
Mr. LI Xuxiu	Independent supervisor
Mr. LIU Dengqing	Independent supervisor

4. Senior management

The appointment of the senior management was in strict accordance with the Articles of Association. The senior management shall be responsible for the board of directors and perform its work as per the responsibilities and authorities specified in the Articles of Association with respect to executing resolutions of the general meeting and the board of directors, implementing the development strategies, carrying out effective management and control for production and operation of the Company so as to improve the management level and business performance continuously.

(II) Internal control management

The Company made much efforts to realize and perfect modern enterprise system by strengthening risk management and internal control and thoroughly executing strategic decisions of the general meeting and the board of directors so as to guarantee the legitimate rights and interests of shareholders especially the minority shareholders.

1. Sounded internal control mechanism. In 2016, the Company, in accordance with the newest requirements of *Corporate Governance Code*, revised *Qingdao Port International Co., Ltd.* and *Risk Management Manual of Qingdao Port International Co., Ltd.* The Company further improved its internal management level through conducting interim evaluation and annual evaluation for internal control, looking for risk hazards and completing the control measures.



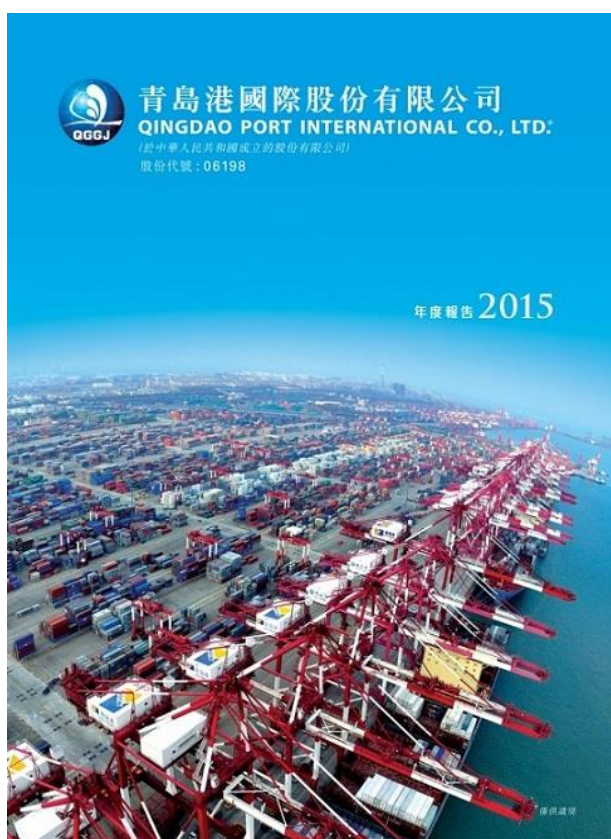
On 26 January 2016, the Company launched special training of internal control, and the internal control management from all departments of the Company participated in the training. The Company invited a senior project manager from Shanghai Less Risk Information Management Co., Ltd. to make a special training named *How does a Listed Company Establish and Maintain the Proper and Effective Internal Control System.*

2. Perfected performance assessment system. The Company implemented complete budget management system, perfected fine-grained management and control index and assessment standard, carried out reward and punishment system as per budget index every month. The Company continuously strengthened the management and control of operation process and summarized and analyzed the business performance so as to find the problem and disadvantages, optimized the cost factors and improved the refinement level for management.

3. Enhanced internal audit. The Company enhanced the internal audit supervision function with the risk as oriented direction, the internal control as main line, the management as key point and the appreciation as purpose. In 2016, the Company carried out more than 30 internal control projects. The Company implemented complete audit for engineering project of the Company, tracking audit for major investment project to save the construction funds effectively; and carried out audit on the economic responsibility within the term of offices of main leaders of the Company's departments to improve the performance of responsibility; and conduct special evaluation on the design and operation condition of internal control of the business level based on the requirements of internal management so as to implement and effectively run the management system.

(III) Information disclosure

In accordance with the principle of adequacy, conformity, equal opportunity, honesty, efficiency and mutual communication, the Company disclosed information timely and accurately, performed its obligations and continuously perfected the information disclosure quality.



In 2016, the Company disclosed 54 periodic or temporary reports, covering the significant events which are cared by the shareholders and investors.



(IV) Investor relations

The Company valued the investor relations and formulated *Investor Relations Management System*, regarding the investor relation as an important part of management and governance of a good enterprise. Secretary of the board of directors is generally responsible for managing the investor relations, and the office of board of directors takes charge of carrying out the detailed work focusing on establishing a communication bridge with investors.

The Company regarded the investor relation as a long-term systematic work. In accordance with *Listing Rules*, trends of capital market and expectations of investors, we kept close touch with domestic and foreign investors, improved the investor relation continuously and maintained the reputation of the Company in capital market.

Investor relation in 2016

- We convened **2** investor conferences and communicated with more than **100** agency investors;
- We participated in **2** investor conferences and forums, communicated with **14** investors through meeting;
- We received **85** investors and analyzers through calling and field meeting;
- We carried out **7** on-site visits in port terminals;
- We dealt with more than **50** e-mails and letters from investors.



On 21 and 22 March 2016, the Company held **Performance Results Announcement for 2015** respectively in Hong Kong and Qingdao. Chairman Mr. ZHENG Minghui and President Mr. JIAO Guangjun respectively reported the 2015 annual performance condition of the Company and made the answers to the questions put forward by investors and media.



III. SCIENTIFIC DEVELOPMENT

In 2016, in the face of micro economic changes, the Company positively upgraded the actuation and transformation, developed all-process logistics, and implemented the three strategies covering “finance, globalization and Internet”. As a result, the Company created good return for shareholders with continuously solid growth of business performance.

(I) Business performance

In 2016, the Group's revenue was RMB 8,684 million , representing an increase of 17.8% as compared to the same period in the prior year; net profit attributable to shareholders of the Group was RMB 2,186 million, representing an increase of 14.3% as compared to the same period in the prior year.

Indexes	Unit	2014 (restated)	2015 (restated)	2016
Total assets	RMB'000	28,569,335	31,681,833	38,282,574
Total liabilities	RMB'000	15,905,874	18,133,938	22,800,016
Owner's equity	RMB'000	12,663,461	13,547,895	15,482,559
Business income	RMB'000	6,907,937	7,369,238	8,684,190
Gross profit	RMB'000	2,015,282	2,074,947	2,631,426
Attributable to shareholders of the listed Company Net profits	RMB'000	1,591,162	1,911,916	2,186,154
Attributable to shareholders of the listed Company earning per share	RMB	2.48	2.65	2.98
Earnings Per Share (EPS)	RMB	0.36	0.40	0.46
Dividends per 1,000 shares	RMB	61.91	139.08	130.46/164.82
Rate earned on total assets	%	6.73%	6.57%	6.57%
Income rate of net assets	%	15.14%	15.10%	15.84%
Cargo throughput	Million tons	407	430	443

Note: The final dividend for the year 2016 was RMB 164.82 per thousand shares (tax inclusive) based on the current total issued share capital. Based on the total issued share capital of the Company upon completion of the Proposed Subscription and the Proposed New H Share Issue, the final dividend was RMB130.46 per thousand shares (tax inclusive).

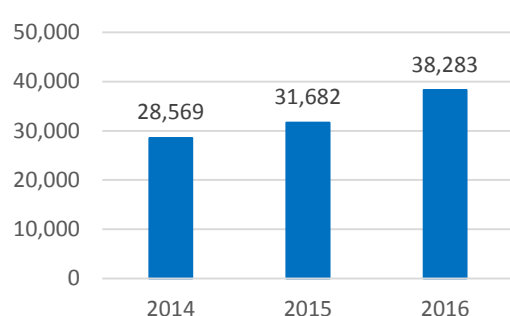
In the aspect of terminal business, the Group accurately grasped business opportunities in industry trend, such as the alliance in the container shipping business, large-size vessels, an increase amount of Valemax ore carriers entering into China, an increase in quota of crude oil processing and importing for regional refineries in Shandong Province. Relying on our professional and efficient deep water terminals, developed distribution network system, continuously increasing storage capacity of the storage yard and improving industry chains for ancillary processing and value-added service, the Group designed a comprehensive “door-to-door” logistics services solution which turned its advanced infrastructure into its competitiveness and laid the foundation for a sustainable development.



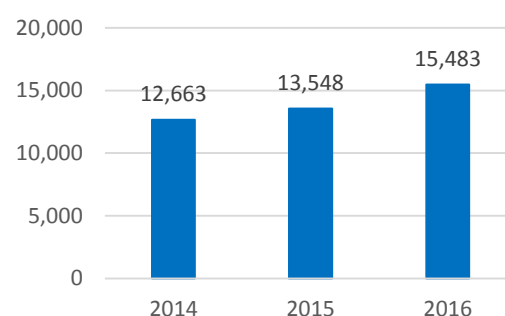
In the aspect of new businesses, the Group scientifically planned its investment portfolio to take full advantage of the port's ability in terms of cargo source control and supply chain resource allocation, integrated various social resources through light-assets joint venture and cooperation model, and improved the operating efficiency of social logistics resources through information technology, to provide the clients a whole industry chain integrated logistics services including agency, stevedoring, CFS storage, transportation and other services. Meanwhile, by efficiently integrating and matching the financial resources and funding needs of port-related entities and providing financial services such as deposits, loan, electronic banking notes and letter of guarantee, the Group has established a diversified profit increasing model.

Comparison of Main Operating Performance in Recent Three Years

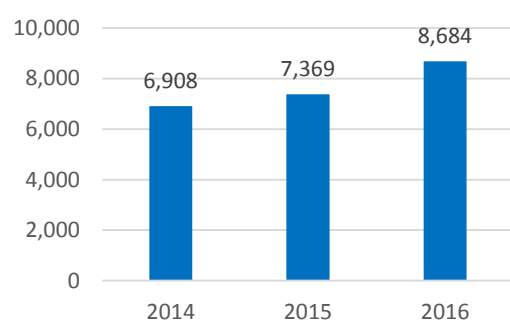
Total asset (RMB million)



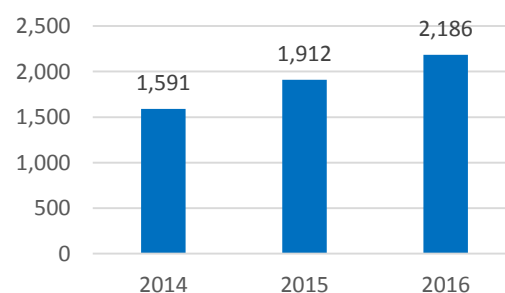
Owner's equity (RMB million)



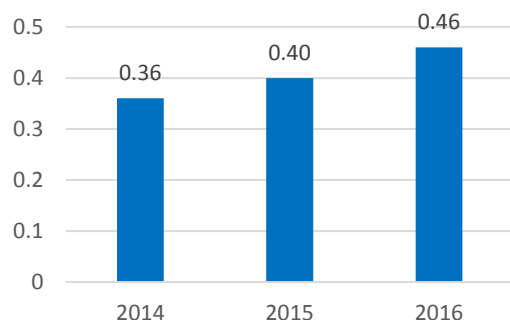
Business income (RMB million)



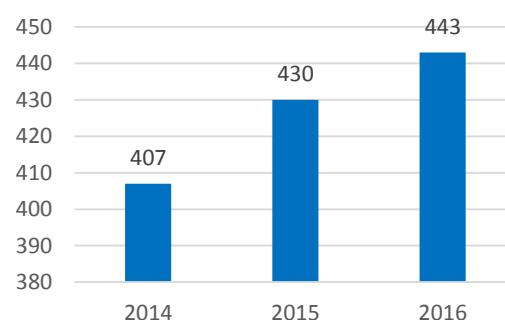
Net profit attributable to shareholders of the listed Company (RMB million)



Earnings per share (RMB/share)



Cargo throughput (Million tons)



(II) Development strategies

Apart from the main business of port terminal loading and unloading, the Company positively expanded new businesses by implementing “finance, globalization and Internet” strategies actively and all-process logistics so as to become a provider of modern and comprehensive logistics service on an acceleratory basis.

1. Financial strategy. The Company made use of the port's role as logistics, current flow and information flow center, developed the combination of industry and finance deeply to improve the financial service and profitability level of the Company. The Company perfected the financial service function of financial subsidiary of the Company, made full play of port resource advantages, and cooperated with financial institute to develop joint lease, sublease, commercial factoring and other businesses. The Company developed cargo mortgage financial supervision business relying on the bank-port connect information system jointly developed with CRBC Qingdao Bureau to provide effective supervision platform for bank, financing convenience for owners of cargo and to increase cargo source and income of the Company.

2. Internationalization strategy. The Company grasped the strategic opportunity of the "Belt and Road" initiative in China and cooperated with domestic and foreign shipping companies, international terminal operators and other strategic partners to achieve complementary advantages and expanded overseas development space. The Company actively carried out the construction of an international friendly port and strengthen communication in information, technology, management, etc. The Company steadily promote management and capital output and carried out investment and operation management of port terminal project in overseas.

3. Internet strategy. The Company deepened the development of internet technology and combined it with port terminal loading and unloading, port logistics and internal deeply to establish intelligent port. We speeded up the construction of intelligent operating system of the terminal, continued to promote the upgrade of the production and management system information of the terminal, improved the efficiency and reduced costs. We speeded up the construction of logistics e-commerce network service system and promoted the transfer of logistics service from offline to online to provide convenience for customers and create value. We accelerated the construction of collaborative office and internal control management system and improved the office efficiency and intelligent management level.

(III) Scientific and technological innovation

The Company devoted to the scientific and technological innovation and carried out a variety of theme activities such as "Application of High and New Technology for Intelligent ports" to promote new technologies and new achievements. In 2016, the Group has completed 378 important innovation research projects in total and declared 12 municipal levels or above scientific progress prizes and applied for 67 national patents.

Indicators	2016	2015	2014
The Group's important innovation research projects	378	300	260
Municipal level and above scientific progress prizes	12	11	10
Patents	67	79	35
Including: invention patents	6	9	1
New technology patents	61	70	34

The Company focused on creating innovative drive and building good atmosphere of "innovation, entrepreneurship and makers", which has formulated and implemented the *Innovation Management Method*, thus to intensify innovation achievement incentives. In 2016, the Group selected 57 port innovation achievements and 57 post innovation achievements in total, and won 9 progress prizes in science and technology of port in China.

The Group's projects having won the progress prizes in science and technology of port in China in 2016

S/N	Items	Awards
1	Management and control system of e-commerce and logistics distribution based on resource optimization and intelligent allocation	Second Prize
2	Research and practice of integrated simulation platform of intelligent container terminal	Second Prize
3	Heavy-load and ultrahigh self-lifting gantry crane hoisting system	Second Prize
4	Technical innovation and transformation of standard ore mixing process flow at Dongjiakou	Second Prize
5	Full-automatic screen grid of bucket wheel stacker-reclaimer	Second Prize
6	Key technical research of treatment and construction process for large-area dredged soft foundation of port	Third Prize
7	Quayside unmanned intelligent operating system of container	Third Prize
8	Intelligent production and management control platform of oil terminal	Third Prize
9	Early warning and monitoring system of terminal berth	Third Prize

Tool and accessory innovations



① Concentrated cleaning device of air filter

The concentrated cleaning device of air filter can achieve cleaning of air filter in batches without blind zone. In the process of cleaning, a large amount of dust produced will be recycled to a dust collecting box after treatment, which has achieved closed, automatic and unmanned cleaning.

② Triad container shift machine

The triad container shift machine integrates a reach stacker, container shift machine and moving weighbridge, which can automatically complete packing, container shift and weighing functions. Using this device can save equipment investment, reduce 2 operating personnel, and at the same time, reduce the security risk of man-machine cooperation during field operation.



③ Professional manipulator for tire replacement

The device solves the problem of assembling and disassembling of giant tires through the good combination of chain and gear transmission device and hydraulic tensioning device. With this device, one can easily finish assembling and disassembling tires, and the operation time can be shortened from 30 minutes to 3 minutes, having achieved energy-saving and safe operation.

Construction of intelligent port

1

Automatic navigation of port access route

If a truck driver's phone has been equipped with APP of handling vehicles navigation, the voice navigation will prompt him along the road according to the electronic bill of lading when he enters the port until he arrives the goods stack destination.



2

Initiative arrival of loading machines

Loaders in the installation and operation command system will arrive at the destination for the first time according to the command to load the specified vehicle. With the build-in electronic scale of the device, the cargo quantity can be precise.



3

Automatic weighing measurement

The weighbridge uses an automatic measurement system which will automatically carry out weighing and measurement and complete information transfer, so drivers would not need to get off and wait for a long time in the whole process.



4

Full coverage of remote monitoring

The video monitoring platform fully covering the site makes all operations at the terminal under the supervision of the system.



IV. COMPLIANCE OPERATION

The Company adhered to the law-abiding operation, the business principle of equality and mutual benefit and honesty and credibility and social morality, business ethics and laws and regulations. Through multiple ways such as incorruptible employment management, internal control, internal audit and democratic supervision, the Company continued to enhance the level of legal operation.

(I) Incorruptible employment

The Company attached great importance to the incorruptible employment management which had been included in *Document of Operation Management Objective Responsibility* and leadership assessment system and was arranged, implemented, inspected and assessed with the Company's central task. The Company enhanced the supervision of power operation process, formulated and implemented management methods including *Measures for Implementing "Three Majors and One Greatness" Decision-making System*, *Regulations on Incorruptible Employment of Leadership* and *"Twenty Bans" of Incorruptible Employment*.

The Company's discipline inspection department, around the implementation of the "Eight Regulations" of the central government, focused on the supervision and inspection of project construction, bid inviting and purchasing, fund management and cargo canvassing and conscientiously fulfilled its supervision duty. Through a variety of channels including the CEO mailbox, mailbox of discipline inspection commission, phones, letters and calls and reception, we widely accepted the reporting and supervision of society and the masses. In 2016, the Group had no case that the directors, supervisors and senior management personnel and workers were punished and prosecuted due to corruption and bribery.

Strengthening integrity education and constructing the incorruptible port

Firstly, we carried out education for key personnel of Party members and cadres. Combined with "Two Studies, One Action", we carried out learning education, scientific arrangement and careful organization of Party members at all levels to conscientiously learn the spirit of 18th National Congress of the Communist Party of China and all previous congresses and learned the important speeches of General Secretary Xi Jinping.

Secondly, we carried out integrity conversation for key positions of incorruptible employment. We strictly implemented the system of integrity conversation before leading cadres take office and carried out incorruptible employment conversations for all middle-level cadres newly promoted or with their positions changed.

Thirdly, we carried out education around a key theme of "Two Regulations". We carefully organized a series of activities to learn the Party constitution and "Two Regulations", organized more than 200 leading cadres and discipline inspection cadres for centralized learning and testing of morality, integrity and Party style and discipline and guided the Party cadres and workers to keep in mind the objective, follow and honor the Party constitution and observe the Party discipline.

Incorruptible Employment



Fourthly, we carried out education around the key contents of "Integrity and Diligence". We set up a WeChat group named "Loyal Guards", improved the incorruptible culture website of Qingdao Port, organized more than 2,900 cadres and workers to follow the WeChat Official Account "Incorruptible Qingdao", organized to watch *Cautionary Tales of Cases in Violation of Laws and Disciplines of Party Cadres in State-owned Enterprises* and organize key personnel in key positions in turn every year to accept warning education at Qingdao Anti-corruption Education Base.

Fifthly, we carried out education around the key responsibilities of "Supervision and Discipline Execution". We invited cadres in CPC Qingdao Municipal Commission for Discipline Inspection to give lectures about the discipline review business knowledge. Based on the practice training of discipline inspection work, we built a team of loyal, clean and responsible discipline inspection cadres.



(II) Fair competition and honest operation

The Company adhered to participating in market competition with the method of fairness and justice and equality and mutual benefit and complied with Chinese laws and regulations, business ethics, social morals and public order and good morals. We have consciously paid taxes according to the law and ranked the forefront in the tax payment enterprises of Qingdao. In 2016, the Group did not receive complaint or exposure of false advertising and consumer fraud, or have punishment or litigation cases for violation of competition laws and regulations and infringement of others' intellectual property rights.

The Company owned a perfect financial operation and supervision mechanism, and implemented strict review and approval for investment and financing projects. In 2016, the Group's financial condition was steady, with the asset-liability ratio kept at a reasonable level, and there were no false financial accounts. The Company's assets and the stockholders' equity were effectively guaranteed.

The Company attached great importance to the credit construction, obeyed credit business rules, paid attention to the legitimate rights and interests of creditors and did not have financial irregularities or non-performance. In 2016, Dagong Global Credit Rating Co., Ltd., evaluated the Company's main credit rating and bond credit rating as "AAA". Based on our good reputation, the Company issued 2 corporate bonds at RMB 1.5 billion and 2 billion respectively for qualified investors in 2016, with the issuing interest rate of 2.90% and 3.09% respectively, to provide low-cost capital for the Company's development.



Compliance operation principle and practice

We adhered to the operation principle of "**taking economic benefits as the center and achieving healthy and sustainable development**". Through the efficient operation, the Company tried to create high-value fortunes for the shareholders, built a happy homeland for the workers, gave love to the community and created a good cultural and ecological environment for the society.

We **focused on and maintained the legitimate demands of interested parties**, and stuck to the social and environmental bottom line, maintained the Company's social ecology, positively undertake social responsibilities and followed the sustainable development road and do not pursue short-term profits unilaterally.

We adhered to considering "**honest operation and sincere treatment**" as the important principles for social interaction, respected the property and intellectual property right of related enterprises, organizations and individuals and other legitimate rights and interests and safeguarded social and economic order and public interests.

We strictly abided by Contract Law of People's Republic of China, **abided by contract commitments and perform contracts**. In the process of contract signing, implementation and management, the Company, through equal consultation, communication and coordination, guaranteed the interests of itself and the users to maximize the pursuit of win-win cooperation.



(III) Factory affair opening and democratic management

The Company adhered to the principle of wholeheartedly relying on staff for enterprise operation, carried out factory affair opening and democratic decision-making and protected the legitimate rights and interests of workers to establish a harmonious labor relation.

1. Deepen the innovation of factory affair opening and democratic management system and mechanism. The Company has established a democratic management system including worker representative congresses and democratic appraisal of leading cadres. The Company, considering the worker representative congresses as the basic carrier of factory affair opening and democratic management, reported important issues of port reform and development annually, decision-making matters of "Three Majors and One Greatness" and the performance of collective contracts.



2. Continue to expand the focus area of factory affair opening and democratic management. The Company's leaders reported their work on the annual worker representative congress, accepted the democratic appraisal and regularly reported their major events. All grassroots units had set up a factory affair opening and democratic management system with the monthly work attendance, labor protection, employee benefits and other items as the opening content to accept the supervision of employees.



3. Continuously expand the coverage of factory affair opening and democratic management. In the aspect of implementing democratic political rights and labor rights and interests, the Company treat formal employees, retired workers and staff dispatched by shareholders of joint ventures equally to ensure the democratic right of all personnel. The Company has established joint ventures, and also a Party organization, a labor union organization, worker representative congresses and a factory affair opening and democratic management system. The Company fully respected the opinions and rights of the retired employees and organized them to participate in the worker representative congresses.



V. GREEN DEVELOPMENT

The Company put environmental protection and resource conservation as an important part of development strategy, implemented the project of "blue sky, green land and clear water", built a "resource-conserving and environment-friendly" green and low-carbon port to promote the harmonious development of economic growth and ecological environment.

(I) Environmental protection

1. Enhance environmental protection. The Company strictly abided by *Environmental Protection Law of the People's Republic of China*, *Marine Environmental Protection Law of the People's Republic of China* and other laws and regulations, which had formulated *Environmental Protection Management Regulations*, *Contingency Plan for Emergency Environmental Accidents* and other management measures to reduce emissions, prevent and control pollution, protect our natural environment and maintain ecological balance.

The Company accelerated the construction of environmental protection facilities. With investments in environmental protection and treatment increasing year by year, the Company has completed an advanced domestic sewage treatment plant, dustproof facilities of coal mine system, emergency facilities for oil spillage, environmental monitoring equipment and a series of environmental protection facilities. The Company has made efforts to build a green ecological environment. In the year 2016, the Group planted 428,140 sprouts and trees of various species with new afforestation area of 135,099 square meters.



Food storage tank of Dagang Port



Container terminal of Qianwan Port



Ore stack of Dongjiakou Port



Dust suppressing wall of Dongjiakou Port

2. Strengthen the environmental protection planning. The Company carried out environmental impact assessment on new projects and optimized planning and designs to furthest reduce the impact on the ecological environment and natural resources. In the process of engineering construction, the Company insisted on the simultaneous design, construction and production and use of pollution prevention facilities with the main works.

3. Strengthen the port pollution prevention. The Company set up management and assessment standards for the discharge of dust, sulfur oxides, nitrogen oxides and waste water, and strengthened the port environment monitoring and implemented the responsibility system for pollution prevention objective. The Company applied advanced technology and equipment and implemented clean production to reduce the generation of pollutants and promote up-to-standard discharge.

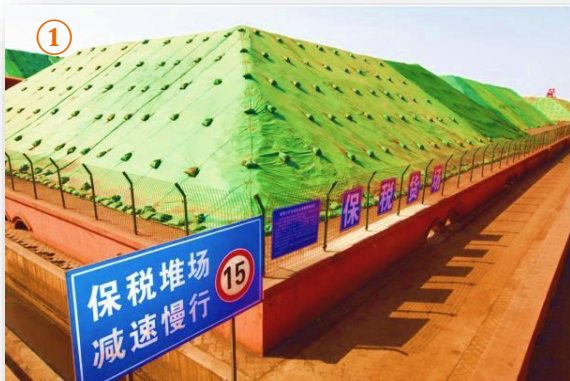
We organized unified recycling for iron and steel scrap, wire rope and other non-hazardous wastes which can be utilized by the Company and held auctions to other enterprises and persons for non-hazardous wastes which can't be utilized by the Company to promote the social utilization of resources. We handed over waste oil drum, lubricating oil and other hazardous wastes to professional enterprise with qualification to deal with hazardous wastes for disposal and the disposal rate of hazardous wastes in accordance with laws reached 100%.

Indicators for various emissions

S/N	Type	Name	Unit	Qty. of emission	Total emission
1	Exhaust emission	Nitrogen oxide	Ton	80.4	85.65
2		Sulfur oxide	Ton	5.25	
3	Greenhouse gas	Carbon dioxide	Ton	181,256	181,298.9
4		Methane	Ton	33.2	
5		Nitrous oxide	Ton	9.7	
6	Hazardous waste	Waste battery	Ton	38.7	405.2
7		Waste lubricating oil (grease)	Ton	333.4	
8		Waste lubricating oil drum	Ton	18.12	
9		Waste paint bucket	Ton	13.28	
10		Waste toner cartridge, modulator tube, etc.	Ton	1.7	
11	Non-hazardous waste	Iron and steel scrap	Ton	4,872	7,108.8
12		Waste wire rope	Ton	1,756	
13		Waste tire	Ton	430	
14		Waste copper cable	Ton	10.8	
15		Waste household appliance, etc.	Ton	40	

4. Comprehensively create an international health port. The Company actively created an international health port in accordance with the requirements of the *International Health Regulations* and *Evaluation Standard for Construction of Port Core Competence*. It enhanced the environmental control for large bulk cargoes such as ore and coal, strictly controlled the in-port operation of overweight vehicles and sprayed water during the operation process to remove dust; built a wind-proof and dust-controlling wall at the stock yard and stored the goods with coverage to minimize the impact of production operation on the environment. The Company continued to enhance health and epidemic prevention management, and organized people to exterminate pest and virus vectors among all port areas. The epidemic prevention area amounted 351,400 square meters.

Environmental protection measures



① The break-bulk, general and other cargoes were covered with tarpaulin, plastic cloth, etc. to form exquisite pearl-shaped stack, which not only protected goods, but also beautified the environment.

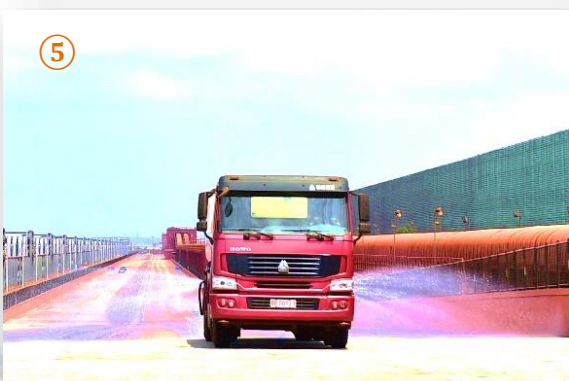


② We built a dust-controlling wall at ore storage yard. The dust-controlling wall with a height over 20m stretched for several kilometers and effectively played its wind-proof and dust-controlling role.



③ We built vehicle tire rinse tank and sewage treatment facilities, using recycled water to clean the wheels.

④ The ore storage yard was equipped with high pressure spraying facilities and the belt (conveying) process was provided with advanced dry fog dust removal equipment to reduce the generation of dust.



⑤ The port area was equipped with sprinklers and sweepers and all ore transport vehicles entering in the port were required to be covered with tarpaulins to keep the port environment clean and beautiful.

(II) Resource conservation

The Company adhered to the concept of "green, energy saving and environmental protection", strengthened the resources management and optimized the energy utilization with the construction of a green ecological port as our objectives to create a sustainable development mode with high efficiency, low energy consumption and low pollution.

Being Awarded As [Green port]



In recent years, the Group accelerated the transformation and upgrading of port development, made efforts to build a green cycle low-carbon development mode on the basis of high efficiency, low energy consumption, low pollution and low carbon emission in accordance with *the Implementation Plan for Qingdao Port's Construction of Green Cycle Low-carbon Port Thematic Project*.

In July 2016, the green port thematic project of Qingdao Port successfully passed the inspection held by the Ministry of Transport, and was awarded as a "green port" by the Ministry of Transport.

In recent years, the Group has successively completed 27 key construction projects for the construction of the green and low-carbon port including the online monitoring of electricity, marine shore power station, light slings, large port machine potential energy feedback and electric power harmonic regulation, and the port production comprehensive energy consumption decreased 2.7% on a year-on-year basis.

S/N	Resource type	Unit	2014	2015	2016
1	Water	10,000m ³	354	338	313
2	Including recycling water	10,000m ³	100.6	99.5	75.0
3	Gasoline and diesel oil	Ton	51,056	51,574	52,577
4	Electricity	10,000KWH	37,124	36,906	38,572
5	Direct energy consumption	10,000Ton (standard coal)	7.9	8.4	8.5
6	Indirect energy consumption	10,000Ton (standard coal)	16.8	16.6	16.9
7	Comprehensive energy consumption	10,000Ton (standard coal)	24.9	25.0	25.4
8	Cost of comprehensive energy consumption	RMB100 million	7.96	6.90	6.50
9	Comprehensive energy consumption for production of ten thousand tons of throughput	Ton (standard coal)	4.14	4.01	3.90

Note: The direct energy consumption refers to the consumption of fossil fuels, including coal, gasoline and diesel, and natural gas and the indirect energy consumption refer to the consumption of procured electricity, steam, and other energies.

1. Intensively take advantage of port resources

The Company applied the green concept throughout the port production and construction process. It continuously optimized the port planning layout and intensively utilized the port coastline, land, water area and other resources to improve the utilization efficiency of resources. The Company promoted the mutual cooperation between upstream and downstream industries and develops circular economy by scientific planning and utilization of resources to promote the coordinated development of the port and the city.

The Company acquired and utilized applicable water source without bringing much impact on the environment and outside world. It developed various water saving measures and strengthened the efficient utilization of water resources used for terminal dust removal, equipment cleaning, living and office and other main water consumption fields of the Company. It collected and recycled rainwater by building pools for terminal dust removal and cleaning water and reduced water consumption. The Company strengthened the water conservation education and propaganda to employees, designed and transformed domestic water facilities to further save potable water resources.

2. Promote the upgrading of energy management

The Company improved the energy management mechanism, strengthened the energy management standardization process and further promoted the energy conservation in management, technology, operation and production. We promoted the construction of energy management information system, installed fuel metering devices for large vehicles and machineries and installed high-precision meters for electric and freezing equipment to establish an automatic data collection and analysis platform for electric, fuel, water and steam energy consumption. We motivated all staff and all posts to look for room for management innovation and implemented delicacy management to effectively reduce the energy consumption of equipment.

Qiangang Branch promoted the re-upgrading of energy conservation with innovation management and explored the potential. By increasing the green energy utilization and changing the existing steam shower to solar shower, they achieved good energy conservation effect, improved the economic benefit and increased environmental performance.



3. Optimize the structure of energy utilization

The Company accelerated the upgrading of equipment and facilities. It eliminated outdated production process, equipment and facilities by technology upgrading and reduced the emission of "three wastes" and improved the energy efficiency level of equipment and resource utilization. The application of portal crane energy feedback technology saved more than 23% of the energy for a single portal crane while the upgrading of ship unloader electrical control system reduced energy consumption by 9%.

The Company vigorously implemented low-carbon energy conservation technology. We promoted the application of marine shore power station technology, and completed the installation of high-pressure ("HP") marine shore power station equipment for four berths, which provided tugs operating in the port with access to electricity from the station. We reformed LED green lighting technology and after the transformation, the electricity being saved after the reformation reached 60% when compared with that used before the transformation. We expanded the application of LNG (liquefied natural gas) machinery and equipment, and built three LNG filling stations and had more than 180 LNG carrier vehicles.

In July 2016, the test of HP marine shore power station equipment in Qianwan Port Area was completed and the access to power supply was provided to container ship, which means that the Company has been equipped with the power supply capacity of HP marine shore power station. The ships access to the efficient energy of shore power station, which not only saved the fuel consumption of ship and reduced energy costs, and but also could eliminate the tail gas produced during auxiliary power generation after the ship berths at the terminal and reduced the pollution to atmosphere at the surrounding of the port.



The Company innovated the design and operation of energy conservation. It paid attention to creating green technologies, such as the new grain system. The design of half conical bottom silo used reduced the energy consumption of clearance equipment by 30% when compared with the conventional design, and the design of silo wall chute wall direct collection used is expected to save 1.5 million KWH electricity annually when compared with the conventional design. We provided job skills training and strengthened the standardized operation, to realize process standardization for container, dry bulk cargos and liquid chemical cargoes.

VI. SAFETY IN PRODUCTION

The Company adhered to the safety philosophy of "integration of human and safety", actively improved the safety production organization and safety management system, cultivated intrinsically safety employees, created intrinsically safety environment and promoted intrinsically safety management to build up a safety defense and construct a safety port.

(I) Safety production performance

During the production management, the Company was strictly compliance with the *Production Safety Law of the People's Republic of China*, *Regulations on Production Safety Entity Responsibilities of Production and Operation Units in Shandong Province*, *Safety Production Regulations of Qingdao City* and other laws and regulations, comprehensively implemented the responsibilities of enterprise safety entity, deepened the inspection and regulation of safety hidden dangers and carried out the construction for safety production standardization construction to improve the level of intrinsic safety management. All subsidiaries engaging in stevedore of the Group had acquired class A enterprise qualification for safety production standardization and all the second-tier and third-tier companies had passed the assessment for enterprise safety production standardization of the industry.

2016 safety production data

- In 2016, no material safety production accident or occupational disease case took place in the Group.
- The Company held staff safety training and invited 96 experts in the industry in total to provide 41 special safety training covering all staff.
- The Company carried out "safety hidden danger identification and rapid response solution", "staff's snapshot of hidden danger at any time" and other special activities, and had cumulatively identified and corrected 5,193 safety hidden dangers.
- The Company promoted the application of more than 50 technical prevention facilities such as unwatched bridge plate head, intelligent supervision of hazardous goods, tank yard lightning warning, etc.
- The Company newly formulated or revised practical points for 37 key practical points in emergencies of 7 categories of dangerous good operation, and organized emergency drills for 59 times.

Figure: The Company's fire drill



The Company strengthened the construction of a safety culture to enhance the employee safety awareness. In 2016, it organized 10 onsite safety production promotion meetings, successively summarized the safety management experience and innovation results of 18 units, and completed 61 safety innovation achievements and 356 safety innovation tasks. The Company carried out the “safe production month”, “special solution month” and other series of special activities, and has shot and made 56 safety production microfilms and 196 safety production comics to vigorously create a safety atmosphere with concerted efforts.



Safety production promotion meeting

The Company strengthened the post safety training to improve employees' safety skills. We held staff safety training through safety-themed training, online training, pre-post test, accident case warning education, etc. We had cumulatively created 16 safety training websites and WeChat platforms in total and set up 26 safety training rooms. The staff safety training rate reached 100%.



Safety training and teaching

Based on the policy of enhancing safety by science and technology, the Company ensured the input of safety hardware by optimizing the allocation of resources. It innovated the loading and unloading process and separated person and machine as well as person and goods to reduce the operation risk and labor intensity. The Company used information technology and Internet technology, adopted substitution of manpower with mechanization and personnel reduction through automation and promoted the construction of projects like intelligent storage and unmanned gate to reduce staff input and field safety hidden danger.



(II) Safety production measures

1. Implementing the responsibilities of security entity. The Company adhered to the safety management requirements of "collective responsibilities of the Party and the government, double responsibilities of a post and accountability for negligence", formulated and implemented the *Administrative Measures for Staff's Penalty for Violation of Safety Regulations*. It has established and improved 370 items of the post safety responsibility system to ensure the responsibility statement of safety target is signed at each level and the targeted indicators of safety production were assigned to and implemented by specific person.
2. Improving safety foundation management. The Company enhanced the standardization management level. It has classified and revised 12 safety management standards and procedures and completed the preparation and filing of 27 comprehensive and special emergency plans based on problems and short boards.



Operation Process of Corporate Safety Video Monitoring and Standardization



Safety Production Environment in the Company Onsite

3. Enhancing the safety information management. The company has developed and implemented the *Measures for Qingdao Port Safety Production Information Management*, and the basic units reported the safety production information on a daily basis. The Company carefully investigated and handled all safety accidents including minor injury and draws inferences about other cases from one instance to develop and implement safety precautions.
4. Enhancing safety emergency management. The Company developed a tertiary safety production emergency system for comprehensive, special and on-site treatment. All basic units and key units around the port area entered an emergency rescue linkage agreement, which further improved the Company's emergency plan system.
5. Improving safety innovation management. The Company made researches on weak links which restrain the safety production. It attached great importance special attention to problem tackling of key safety projects and carried out monthly communication on science and technology innovation to promote new technologies and new achievements.

(III) Occupational health of the staff

The Company strictly followed the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and passed the occupational health and safety management system certification of international safety and health management system verification standard (OHSAS18000). It formulated the *Occupational Health Management Standard*, *Management Standard of Physical Examination for Staff Health* and other management standards. The Company also adhered to the occupational disease prevention and control guideline of "prevention first and integration of prevention and control", strengthened the prevention and control of occupational disease hazards, provided physical examination for staff annually to ensure health, established staff occupational health archives to safeguard the rights and interests of staff's occupational health and continuously improved the level of occupational safety and health management.



The Company focused on the occupational disease prevention and control work. It has organized 12 key units to carry out online declaration of occupational hazard factors, completed the annual test and daily monitoring for occupational hazard factors and provided all the employees with notices, trainings and health physical examinations on the safety of occupational hazard factors to strengthen the management of occupational health foundation.

The Company has established an outfit standard for staff labor protection equipment according to the environmental characteristics of production positions, strengthened the supervision over the quality of labor protection equipment to ensure correct wearing and use so that the labor protection equipment can really play the role of effective prevention against occupational injury and occupational disease, and create a safe and healthy production and work environment for the staff.



VII. CUSTOMER SERVICES

The Company regards the service quality as the lifeline for enterprise's survival, adheres to the customer-first principle, focused on the service concept of "realizing 100% satisfaction among 100% of our clients", and improves service quality and service level continuously.

(I) Service assurance

1. Build a service brand and improve service quality

Cargo loading and unloading service, passenger service and related port operation service of the Group have passed the certification of ISO14000 environment management system. We have set up a customer service center to provide 24-hour consultation service. We carried out special activities such as "quality month" and "safety production month" every year to improve service quality continuously.



(1) Publicize the service hotline. The customer service hotline is accessible in 24 hour so that we can provide consultation service to our customers at any time.



(2) Provide specialized customer service. We assigned high-quality highly competent personnel with excellent professional skills to the customer service center to offer professional and civilized services.



(3) Implement "first inquiry responsibility" system. We improved the working mechanism of internal coordination and external service, and ensured that external service personnel could quickly and effectively coordinate with the relevant departments, solve customer needs and improve service efficiency.



(4) Establish customer service key performance indicators (KPI) system. We implemented quantitative management for customer service, comprehensively evaluated customer service work performance and improved customer service work quality.

The Company was oriented to customer demands, carrying out marketing of the headquarters and offering "door-to-door" all-process logistics service to customers. The leaders of the Company visited customers every year with special groups and held various customer discussions to receive opinions and suggestions of customers widely, respond to customer care, further meet customers' individual needs and enhance cooperation friendship.



The Company actively responded to the trend of large-sized ships and joint operation in shipping market, accelerated the construction of terminal, pipelines and other infrastructures, improved hard power in infrastructures, and achieved the goal that "Qingdao Port has the terminal that is large enough to hold the largest ship in the world".

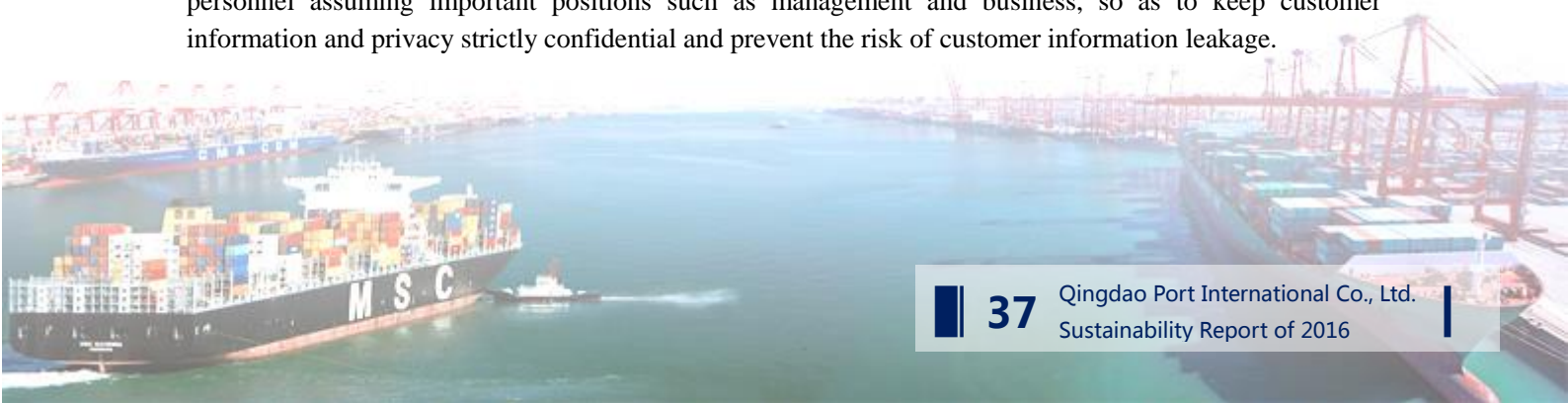
Port enters into the "the era of large ships"

- On 27 June 2015, the Ministry of Transport of the People's Republic of China and National Development and Reform Commission recognized the first batch of ports including Qingdao Port and three other ports which could hold 400,000 tons ore carrier ("Valemax").
- On 4 July 2015, Valemax "Yuanzhuohai" berthed in Qingdao Port Dongjiakou Port Area, and Qingdao Port was the first domestic terminal where the Valemax berthed.
- Maiden voyage of a 400,000 tons ship in China marked that level of Chinese port terminal increased from 300,000 tons to 400,000 tons, starting "the era of large ships" for port operation in China. According to measurement and calculation, compared with traditional ships with capacity below 300,000 tons, more than 15% of the comprehensive logistics cost is saved if Valemax is used for iron ore transport.
- In Dongjiakou Port Area, there is a 4,000,000m² ore stockyard with one-time storage capacity of more than 55 million tons, which's at the national port leading level.
- In 2016, Qingdao Port Dongjiakou Ore Terminal unloaded 41 Valemax ships with its high-efficiency operation management, excellent port conditions and developed logistics network, accounting for 70% of total unloading quantity of domestic 400,000 tons ore carriers.



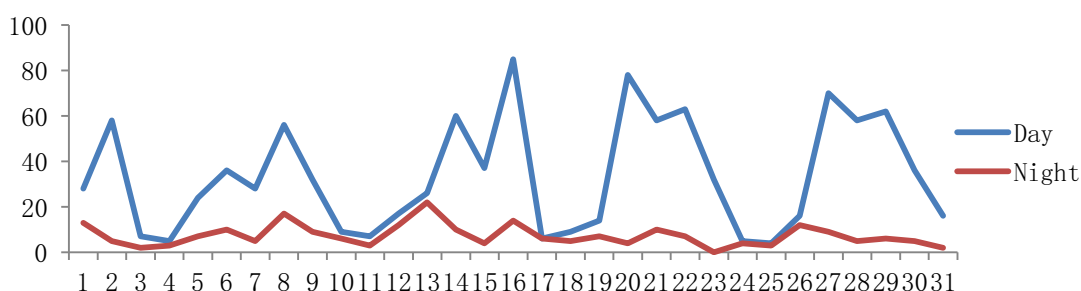
The Company scientifically arranged its production plan, carefully deployed the production organization, optimized business process and improved work efficiency, so as to save time and reduce logistics cost for customers.

The Company attached great importance to customer privacy protection, arranged special personnel to keep letters from customers, agreements and other important information, and signs confidentiality agreement with personnel assuming important positions such as management and business, so as to keep customer information and privacy strictly confidential and prevent the risk of customer information leakage.



Measures to improve customer service

- QQCT Company accurately focused on the concerned problems of customers and improved its service efficiency through big data analysis of customer service. The diagram below shows statistics of **24-hour service hotline** in December 2016. There were **1,294** service calls received in total in that month.



- Dagang Branch carried out sunshine service, smile service, standardized service, high-efficiency service and corruption-free service. It conduct quantitative evaluation on the external service satisfaction. **1,195** questionnaires regarding the satisfaction have been distributed successively to collect customers' opinions and suggestions, so as to improve the service quality.

- Qiangang Branch offered considerate services to customers. In the hot summer, it organized personnel to provide free cold drinks such as mung bean soup, plum juice and watermelon to drivers picking up the goods at the port for customers so that they can feel fresh in such a hot summer.



- QQCTU has elaborately built the window of "**Intimate services for customers**". It made a satisfaction survey for document handling efficiency, service attitude, telephone counseling and problem-solving ability to settle problems. **146** questionnaires have been distributed in total, **5** pieces of opinions and suggestions have been received, and **7** pieces of improvement measures have been prepared.



2. Refine professional skills and improve working efficiency

By means of standardized operation training, skill training and technological competition, the Company continuously improved the technical skills and practical ability of operating personnel. We caught the most concerned problems of customers, improved the operation efficiency of port terminal, reduced time of ship berthed in port, kept smooth logistics links inwards and outwards, ensured the safety of the goods and provided considerate services to customers.

Loading and unloading efficiency of the Company has been leading in the industry for many years. Its container loading and unloading efficiency remained the first place in the world, while the railway loading capacity also remained the first place in the whole sea area, and the iron ore unloading efficiency broke a world record for 24 times. High-efficiency loading and unloading and guaranteed services were highly recognized by customers.



During the spring festival of 2016, the Group's employees Mr. GUO Kai and Mr. AN Liqiang **challenged the Guinness World Records successfully**. Mr. GUO Kai drove a loader to open 30 beer bottles within 1 minute, and Mr. AN Liqiang drove an electric fork lift truck to pile up 16 goblets. They reached the highest level in the world in their respective fields and showed superior skills of man-machine unification with ease.



Note: Pictures in this page are taken from the program of China Central Television.



(II) Complaint handling

The Company stuck to the customer-oriented concept, improved the customer service system, established the customer management measures and set up a special agency to handle customer complaints, so as to properly handle the customer complaints and relevant disputes, continuously improve service quality and enhance customer satisfaction. In response to customers' advice, a service mechanism focusing on "first inquiry responsibility" system was established to timely understand customers' needs and difficulties, continuously improve service level, satisfy diverse needs of customers and safeguard the interests of customers.



The Company organized customer satisfaction survey regularly to collect customers' opinions and suggestions. For the customer complaints received, the "first inquiry responsibility" system was implemented. Customer service staff kept tracking the settlement of customer complaints to ensure 100% resolving rate. The table below showed the statistics of the received and solved customer complaints of the Company (excluding its subsidiaries and joint ventures) via formal complaint channel in 2016:

S/N	Complaint Type	Number of complaints
1	Number of customer complaints	38
2	Number of invalid complaints	0
3	Number of the solved complaints	38
4	Number of complaints to be solved	0

VIII. WIN-WIN COOPERATION

The Company actively integrated with the "Belt and Road" initiative, seized the strategic opportunity, quickened the pace of internationalization, strengthened the cooperation with world ports, upstream and downstream industries and suppliers and gave full play to their respective advantages to form whole joint forces and create new competitiveness.

(I) Joint venture cooperation

The Company kept up with national strategic deployment, built the "Circle of Friends" along the line of the "Belt and Road", and speeded up the international strategic layout. In 2016, we made a significant progress in joint venture cooperation. We signed 12 strategic cooperation framework agreements with domestic and overseas strategic partners, trained a batch of international talents, promoted the strategic cooperation with international ports and business partners and expanded space for sustainable development abroad.

Promoting sister ports construction	Expanding overseas joint ventures	Strengthen international strategic cooperation
We strengthened the communication and cooperation with international ports. In 2016, we established sister ports relationship with Port Klang of Malaysia, Djibouti Port of Djibouti and Port Said of Egypt.	We cooperated with partners to promote cooperation for overseas port projects, signed agreements on joint operation of Italian Vado Ligure Port terminal, and actively promoted cooperation for various port terminal projects.	We deepened the cooperation with strategic partners in fields of international shipping, ports, finance, etc., and signed strategic cooperation framework agreements with China Development Bank, China-Africa Development Fund, COSCO Shipping Ports Limited and Vale of Brazil.



On 31 March 2016, with the witness by Li Qun, the member of the standing committee in Shandong provincial committee and Secretary of Qingdao Municipal Party Committee, Chairman Mr. ZHENG Minghui on behalf of the Company signed a tripartite strategic cooperation framework agreement with China Shipping (Europe) Holding GmbH and Romania Constanța Bureau of Harbor Administration, jointly building a new model of cooperation of port and shipping.



(II) Supplier relationships

The Company was strictly compliance with national bidding laws and regulations and standardized the bidding procurement management to guarantee the legitimate rights and interests of the Company and its suppliers. We were committed to maintaining the market order, complying with the policies and commitments to suppliers and advocated establishing a business environment with fair competition, equality and mutual benefit.

The Company adopted a centralized purchasing policy, vigorously carried out the "sunshine purchase" project, and set up a special department, Materials and Equipment Bidding Purchase Center to take responsibility for centralized purchasing of raw materials, equipment and business outsourcing. Through implementation of "Sunshine Purchase" project, we took the advantages of large-scale purchase and specialization of purchase, strengthened the risk control of purchasing process, effectively prevented violations such as black box work and commercial bribe, and effectively promoted the saving of funds and cost control.



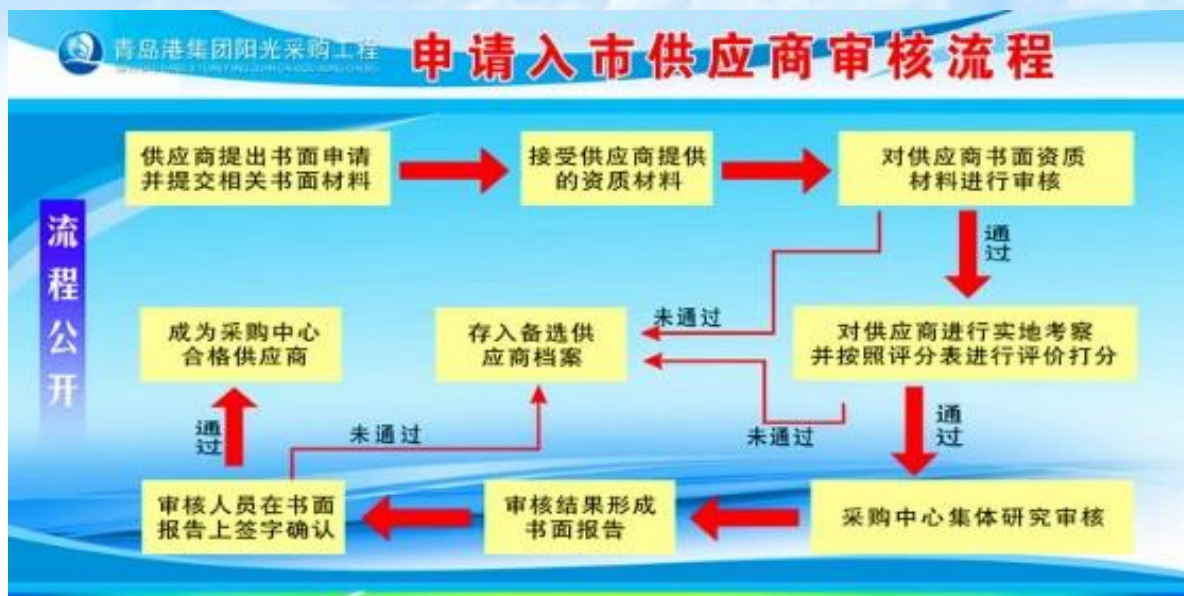
Sunshine Purchase

"Sunshine purchase" is an important part of the implementation of the Company Internet Strategy and the construction of intelligent port. Since open to the public, it has attracted broad attention in the society. As of 31 December 2016, over **700** pieces of bidding information and over **1,700** bidding and auction notices had been released. Besides, more than **50,000** daily inquiries had been received, and total visits had reached over **12 million** times. "Sunshine purchase" project played a positive role in promoting fairness, justice and transparency of purchase activities, improving purchase efficiency, reducing purchase cost and preventing purchase risks.

The Company had formulated *the Supplier Management Measures* to standardize the access threshold for suppliers, improved the management mechanism for daily management, regulated evaluation and annual audit of suppliers, introduced qualified suppliers by bidding method and other means constantly, followed with the principle of survival of the fittest and maintained the leading level and competition vitality of suppliers.

Geographical Distribution of Major Partner Suppliers in Recent Three Years

Distribution Area of Suppliers	Number of Suppliers in 2014	Number of Suppliers in 2015	Number of Suppliers in 2016
Qingdao	642	650	614
Shandong Province (excluding Qingdao City)	150	136	127
Outside Shandong Province	423	368	350
Total	1,215	1,154	1,091



During the purchasing process, the Company would select energy-efficient, green and environmental-protection equipment and materials of reliable quality and never purchased outmoded products obsoleted by official government order. In supplier management, the Company was aware whether suppliers complied with laws, regulations and labor standards, paid attention to green and environmental protection and energy conservation and efficiency of products. The Company delivered the concept of sustainable development and management requirements to its suppliers and motivated them to fulfill their social responsibilities consciously.

(III) Promote industrial development

The Company actively joined various industry associations and organizations, participated in industry communication, promoted industrial innovation and development and kept a harmonious relationship with enterprises in the same industry. At present, the Company had joined more than 10 industry associations and served as vice president, director, etc., playing an important role in organizational activities. Some of the organizations the Company had joined are shown below:

S/N	Association Name	S/N	Association Name
1	China Ports and Harbors Association (中國港口協會)	8	Qingdao Association of Work Safety (青島市安全生產協會)
2	Qingdao Association of Enterprises (青島市企業聯合會)	9	Shandong Institute of Internal Auditors (山東省內部審計師協會)
3	Qingdao Chamber of Commerce of China Chamber of International Commerce (中國國際商會青島商會)	10	Qingdao Institute of Internal Audit (青島市內部審計協會)
4	Cross-Straits Shipping Exchange Association (海峽兩岸航運交流協會)	11	Qingdao Logistics Association (青島市物流協會)
5	Shandong Province Port and Shipping Association (山東省港航協會)	12	Qingdao Society of Civil Engineering (青島市土木工程學會)
6	The Hong Kong Institute of Chartered Secretaries (香港特許秘書公會)	13	China Water Transportation Construction Association (中國水運建設行業協會)
7	Shandong Trademark Association (山東省商標協會)	14	Shandong Association of Special Equipment (山東特種設備協會)

IX. PEOPLE-ORIENTED CONCEPT

The Company attached importance to the sustainable development of talents, adhered to the "people-oriented, boosting Qingdao Port through talents". We concerned about the demands of employees, protected the rights and interests of employees, improved the personnel training mechanism, and actively built harmonious labor relations and promoted employees and enterprises to grow together.

(I) Employee profile

The Company strictly complied with the *Labor Law of the People's Republic of China* ("Labor Law"), standardized the labor relations according to laws, and established a labor employment system based on contract system. As of 31 December 2016, the Company employed 6,566 employees, with its major subsidiaries and joint ventures employing 5,580 employees. All employees were full-time staff and the number of employees was relatively stable.

Statistics of employees of the Group by classification (unit: person)

Year	The Company	Major Subsidiaries and Joint Ventures
2014	7,805	5,105
2015	6,981	5,700
2016	6,566	5,580

Statistical classification	Classification breakdown	Number (persons)
Employee age	Under 30	3,275
	30-50	5,903
	50 above	2,589
Employee education	Postgraduate and above	207
	Undergraduate	2,216
	Junior college	4,357
	Others	4,987
Employee gender	Male employees	10,698
	Female employees	1,148
Technical titles	Senior professional and technical personnel	257
	Intermediate professional and technical personnel	847
	Junior professional and technical personnel	1,181

(II) Protect the legitimate rights and interests of employees

1. Democratic rights. We improved the democratic management system with the workers' congress as the basic form, deepened the innovation in openness and democratic management of the factory, and ensured the employees' right to know, participate and supervise. We cultivated the sense of being masters among the staff, guided employees to focus on their own position, love their work and make dedication, unity and progress, and gathered the staff's wisdom and strength into the production and construction development of the ports.

2. Remuneration policy. The employee compensation includes basic salary and performance-based reward. The growth of salary is determined based on employee work performance, economic environment and supply and demand of human resources market in accordance with the principle of synchronizing with the growth performance of the Company and the improvement of labor productivity. In accordance with the relevant provisions of the state on payment of social insurance, we provided our staff with high temperature subsidies, heating subsidies, health examination and other welfare policies, and also offered staff training, cultural sports activities and other human care and services.

Employee Rights Protection Performance Indicators

Statistical classification	2014	2015	2016
Collective contract coverage (%)	100	100	100
Enterprise annuity coverage (%)	100	100	100
Notice of significant events (%)	100	100	100
Democratic supervision coverage (%)	100	100	100
Percentage of employees participating in labor union (%)	100	100	100
Percentage of minority employees (%)	0.387	0.394	0.425
Occupational Training Coverage (%)	100	100	100
Occupational health check rate (%)	100	100	100
Social Insurance Coverage (%)	100	100	100
Physical examination and health coverage (%)	100	100	100

3. Employee holidays. The Company implemented the national and local labor laws and regulations to safeguard the legitimate rights and interests of employees for taking leave normal and ensured that employees could enjoy public holidays and paid leave benefits according to law.

Name of holidays	Number of vacation days
Legal holidays	New Year's Day, Spring Festival, Chingming Festival, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, National Day, etc., under the National standards
Paid leave (accumulated work for more than 1 year less than 10 years)	5 days
Paid leave (accumulated work for more than 10 years less than 20 years)	10 days
Paid leave (accumulated work for over 20 years)	15 days
Maternity leave	158 days
Care leave	7 days
Breastfeeding	For children are less than one year old, female employees have 1 hour's leave per day
Marriage leave	3 days
Funeral leave	1-3 days
Home leave to visit spouse	30 days
Home leave to visit parents (unmarried)	20 days / year; 45 days / 2 years
Home leave to visit parents (married)	20 days / 4 years

4. Labor management. The Company has always attached importance to compliance with the labor law to protect the legitimate rights and interests of employees and strengthened the supervision and inspection of the Company and its member units in relation to compliance with the labor standards. The Company and its member units had no illegal behaviors such as employment of child labor, forced labor, labor discrimination, sex discrimination and occupational discrimination. After the employees join the Company, they would sign written labor contracts with the Company; when employees leave the Company, the Company will not limit their choice of other new jobs with illegal reasons and means.

Statistics of Number of Employee Appointment and Loss in 2016 (Unit: person)

Statistical classification	Classification breakdown	Number of new appointment	Number of loss (including retired staff)
Employee age	Under 30	41	110
	30-50	1	36
	50 above	0	275
Employee education	postgraduate and above	14	4
	Undergraduate	28	15
	Junior college	0	131
	Others	0	271
Employee gender	Male employees	27	379
	Female employees	15	42

5. Fair treatment. The Company discouraged any form of employment discrimination, and employees enjoyed equal opportunities in recruitment, career development and so on, and were not discriminated against due to sex, age, race, beliefs, and other illegal factors.

(III) Build a harmonious labor relationship

1. To do practical things for the well-being of the majority of staff

The Company attached importance to operation development as well as the employee life. Chairman Mr. ZHENG Minghui stressed the care about employee life, made innovation in benefitting staff, properly controlled the quality, and carried out good things and practical things. The Company conducted in-depth research every year, to understand the staff needs, resolve the difficulties in the basic necessities of employees, insisting doing practical things for the staff every year.

Ten Practical Things for Employees in 2016

(1) The Company made an overall planning for parking lots in Dongjiakou Port Area and Dagang Port Area to resolve the problem of private car parking difficulty. The Company build the car washing sites in Qianwan port area and Dongjiakou Port Area to resolve the problem of car washing difficult for the staff.

(2) The Company promoted the construction of re-settlement housing for staff in Langyatai to realize the localization of work and life for the staff in Dongjiakou Port, for life and work in peace and contentment. The Company made overall adjustment of office and accommodation housing in the port to meet the needs of office and accommodation of various port areas.

(3) The Company strengthened the water quality supervision in the port and made coordination of municipal and district departments to meet the normal production and domestic water needs in port area.

(4) The Company made full use of public transport resources and opened the bus lines in South Qianwan Area to create convenient conditions for the transportation in the South Qianwan Area. The Company constantly adjusted and improved the direct bus in Dongjiakou Port, tunnel fixed point bus, and shuttle bus program in Qianwan Harbor, so that employees could go to work more conveniently.

(5) The Company made innovation in the types and giving forms of festive gifts and heatstroke prevention, providing employees with high quality festive gifts. We provided more varieties of birthday cakes and continued to offer birthday cakes to employees, outgoing retirees and spouse of married employees.

(6) The Company expanded the size and scope of the “festival market”. It cooperated with commercial tenants and supermarkets outside the port in time for the organization of markets for special purchases for the Spring Festival, all kinds of group purchase on and promotion activities when appropriate, to provide quality and cheap commodities and service.

(7) The Company continued to carry out health examination for employees and retired employees, improved the health examination conditions in the outpatient department of old port, set up the examination site in Dongjiakou Port, added the physical examination preferential items for family members of staff, and properly carried out health examination follow-up treatment to ensure that employees are in good health.

(8) The Company strengthened the canteen and food safety management, standardized the incoming and outgoing food ingredients in the warehouse and single meal accounting of canteen to improve the quality of working meals.

(9) The Company was concerned about the physical and mental health of employees and continued to implement the paid leave system for staff.

(10) The Company insisted on the timely and full payment of social insurance, enterprise annuity and provident fund for the staff in compliance with the law to comprehensively protect the rights and long-term interests of employees. We continued to apply for medical insurance of medical aid for the serious disease every year to effectively resolve the practical difficulties of employees suffering serious disease.

2. Improve the working environment and the quality of life

The Company invested in the construction and renovation of office space and buildings for staff to wait for work and rest, and continuously improved the conditions of office and buildings for staff to wait for work and rest to create a safe and comfortable working environment for staff. We promoted the construction of re-settlement housing for staff in Dongjiakou Port and built up high standard of staff dormitories, so that employees could live and work in peace and contentment to achieve the localization work and life; we improved the traffic system of re-settlement area for staff in Huangdao Oil Port, Dongjiakou Port and Langyatai to continuously improve the backend service standard. We optimized the physical health examination standards of staff, carried out timely tracking services and treatment intervention to protect physical and mental health of staff. We adhered to providing employees with high quality festive gifts and birthday cake, so that the majority of employees could share the fruits of development and jointly build a happy home.



The Company's labor union visited the role models of the industry and poor and disease trapped families each year to give them the care and relief. On the eve of the Spring Festival of 2016, the labor unions at all levels of the Company visited **1,000** role models and poor and disease trapped families.



On 1 March, 2016, the Company's **health examination** for 2016 was officially launched. The Company cared for the health of employees and adhered to the organization of health examination activities for the staff annually.



July 2016 witnessed the severe hot weather and the Company started the **"heatstroke prevention"** work. The company provided the mung bean soup, sour plum soup, sorbet, watermelon and other cool drinks and Huoxiangzhengqi (藿香正氣) water and other heatstroke drugs for staff to protect the majority of employees for spending summer safely.



The Company carefully improved the quality of dinner for staff to meet the catering nutrition and diversification needs. In important holidays, the Company carefully prepared **special festive food** for the staff, including sweet soup balls in the Lantern Festival, rice dumplings in the Dragon Boat Festival, moon cake in the Mid-Autumn Festival, and dumplings in the winter solstice.

3. Guide healthy taste and enrich amateur life

The Company is concerned about the needs of physical and mental development of staff and carried out entertaining, small and diverse cultural activities themed on a subject based on the actual situation each month to enrich the leisure time of the staff. We guided employees to insist on their ideals and beliefs, strengthened the moral behavior pursuit of cause, improved moral quality and cultural taste, enhanced the cohesion and improved execution to build a harmonious enterprise. In 2016, the Group has organized chess competitions, mountaineering competitions, fun games, water sports and other diverse staff activities.



On 22 February 2016, Qiangang Branch held "Lantern Riddle Event and Innovative Food Tasting" activity and employees participated in the riddles, sweet soup balls tasting and other fun activities.



On 20 September 2016, the Company held the beach fun competition in Huangdao Area Golden Beach and more than 230 employees participated in the beach volleyball, beach dribbling, and beach tug of war competitions.

On 1 July 2016, the Company's labor union hosted the "Dongjiakou Concert regarding the Great songs for Habor" in Dongjiakou light stadium with excellent performance.



4. Care for female employees

The Company implemented the *National Special Provisions on the Labor Protection for Female Workers*, protected the legitimate rights and interests of female employees during pregnancy, maternity and lactation, and guaranteed fair opportunities for female employees in employment and promotion, etc.



On 8 March 2016, the Company celebrated the International Women's Day and organized the women style show activity "**I come from the spring**" for female employees.



In order to celebrate the International Women's Day, Qingdao Shihua praised the outstanding contributions made by the female employees in their posts, and organized the filming of the "**Women Making Achievements in their Positions**" - Women's Style Exhibition on the Women's Day on March 8.

(IV) Build the platform for development

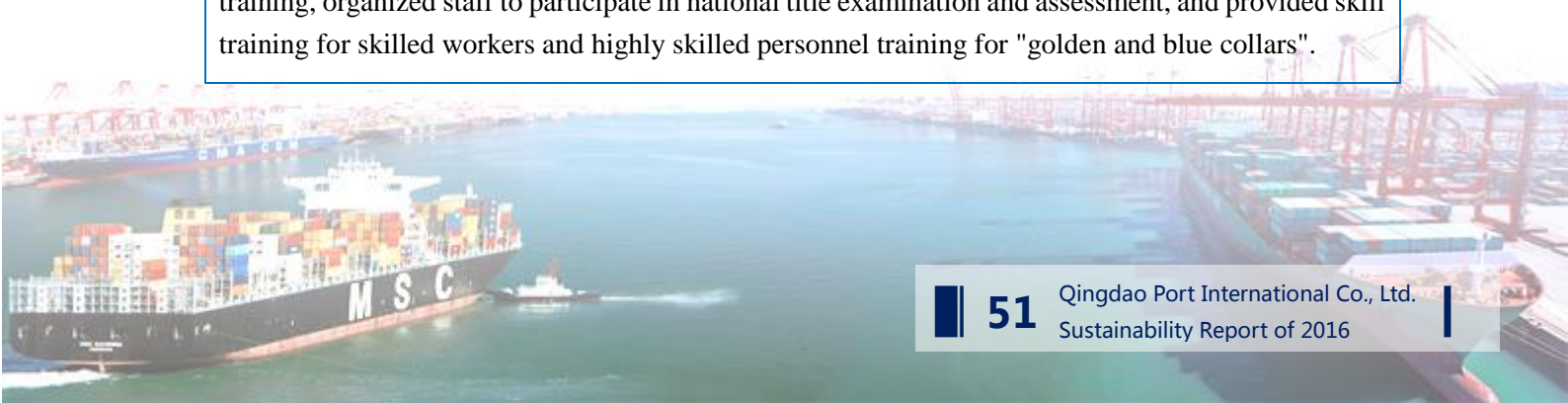
The Company attached importance to personnel training and development, created a fair and just talent competition mechanism, and vigorously promoted the personnel training program. We carried out academic education with the Open University of China (國家開放大學) and China University of Petroleum (中國石油大學) to improve staff quality. In 2016, the Group had additional 249 people with all kinds of high, medium and junior titles and additional 522 people with senior workers, technicians, and senior technician qualifications to provide talent protection for the Group.



In 2016, the Group implemented the education and training model combining classroom education and online learning launched. In the staff education and training center, it opened special training programs including **12 specialties and 34 classes**; at the same time, it set up four **online learning education platforms** for online learning system and online examination system including the Qingdao cadre network college, Qingdao port online English school, and Qingdao port human resources management platform for online learning and online examination systems. Taking full use of these training carriers, it organized training in seven aspects including the leading cadres training, reserve personnel training, scientific research team cadre training, two-level organ management training and professional and technical personnel training, mission-oriented training, assigning business backbone training, and English online training.

The Group carried out training for all staff, with a participation rate of 100%. In 2016, The Group organized **six** sessions of leading cadres lecture; **13** sessions of reserve talent training **with 537** attendants; **13** sessions of scientific research team cadre training with **894** attendants; more than **40** sessions of two-level organ and professional and technical personnel training with over **3,000** attendants and English online training with **1,363** attendants; it selected and dispatched **12** batches of **89** business backbones to participate in the business training courses held by the China Port Association.

At the same time, the units, based on the actual situation, carried out various forms of task-oriented training, organized staff to participate in national title examination and assessment, and provided skill training for skilled workers and highly skilled personnel training for "golden and blue collars".





On 29 February 2016, the first phase of the reserve personnel training class was opened, marking the start of the Company's education and training in 2016. Vice Chairman Mr. CHENG Xinnong attended the opening ceremony and delivered a speech.

Over the years, in the favorable training mechanism and learning environment, industrial and national models emerged from the Group, including the Outstanding Representative of Industrial Workers in the New Era Mr. XU Zhenchao, the "May Day" Labor Medal Winner Mr. PI Jinjun, and the National Excellent Communist Party member Mr. GUO Kai. In 2016, two employees including Mr. GUO Xihui won the Chief Technician of Shandong, five employees including Mr. PAN Yetao won the Chief Technician of Qingdao, and three employees including Mr. DU Xinying won the honorary title of Outstanding Contribution Technician of Qingdao. In addition, Mr. GUO Kai, Mr. GUO Lei, Mr. LIU Enlei, and Mr. ZHUANG Yukun were selected in the "big country artisans" of Qingdao for publicity to show the highly skilled talent of Qingdao Port to the society.



*In February 2016, the Group's employee Mr. WANG Jiaquan was awarded the **"National Outstanding Migrant Worker"**.*

*In May 2016, the Group's employee Mr. GUO Xihui was awarded the **"National Youth Post Expert"**.*

*In July 2016, the Group's employee Mr. GUO Kai was awarded the **"National Outstanding Communist"** and he also became the only elected national outstanding communist in Qingdao.*

Figure: Guo Kai was awarded the "National Outstanding Communist"

X. SOCIAL WELFARE

The Company attached great importance to the social responsibility, fulfilled the obligations of a corporate citizen, and actively participated in social welfare undertakings, made donations for schools, respected the old and cherished the young, cared for vulnerable groups, served the community and promoted positive energy and social harmonious development.

(I) Contributing to the development of a harmonious community

The rapid development of the Company has driven the development of logistics, warehousing, manufacturing and financial and other industries, increased the local tax sources, brought a lot of employment opportunities, and promoted the local economic development.

The Company has long actively concerned about and participated in the development of the community where it is located, and committed to the harmonious and common development of enterprise and local community. We have vigorously carried out volunteer service activities to serve the community and contribute to the society, and have set up more than 40 volunteer service teams to participate in community public services. In collaboration with Xindao Community of Huangdao District, Luoyang Road Community of Shibei District, Huangdao Experimental Primary School, Hualou Hope Primary School of Laoshan District and other communities and schools, we carried out pairing volunteer service activities to help the old, the disabled, the poor and the needy and advocate civilization, which established a good social image.



During June and July 2016, the coast of Qingdao was plagued by the Enteromorpha. The volunteer service organizations of the Company and its subsidiaries actively motivated the majority of Party members and League members to participate in the "Fight against Enteromorpha to Defend the Blue Ocean" public welfare activity.

On Children's Day in 2016, the Company invited the students of the local Poli Town Elementary School to visit the Dongjiakou Ore Terminal and offered them the opportunity to experience the world-class port in the hometown.

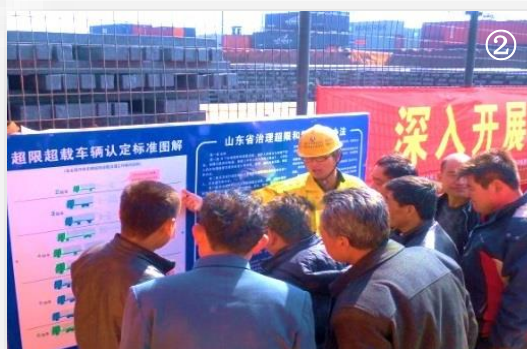


Volunteers of the Group participated in the "Accompany the Empty Nest Elderly with Love", a charitable activity of Qingdao City, and visited the community nursing home to care for the elderly and accompanied them over the weekend. During the "Qingdao Volunteer over the Four Seasons" volunteer service activity, volunteers donated clothes for students in poverty-stricken areas, went to the residential areas to pick up garbage, promoted the environmental protection awareness, and regularly provided cleaning, electrical lines checking, home appliance maintenance and other voluntary services to community residents.



① Volunteers of the Group brought educational toys, milk, stationery and other gifts for deaf children and children with intellectual disabilities in "Special Education Center" in Huangdao District and accompanied the children in learning and interacted with them, bringing them joy and

② Volunteers of the Group promoted state regulations on the handling of overloaded trucks among the drivers who transport goods to port in their own spare time.



③ Volunteers of the Group visited Qingdao Furong Hill Nursing Home to change and wash clothes, bed sheets and quilt for the elderly and chat with them, and brought milk and fruit and other gifts.

④ Volunteers of the Group brought milk, milk powder, children's books and other gifts for children in Qingdao Children's Welfare Home, and had cordial interactions with them, so that they could feel the family's warmth and love from loved ones.



(II) Investing in the social welfare undertakings

The Company does not forget to repay the society while maintaining the rapid development of business. The Company shares the results of enterprise development with society, pays active attention to social needs, supports social welfare and charity and contributes to the society.



The Group mobilized its employees to actively participate in the **"One Day Charity Donation"** organized by Qingdao Municipal Government, and made donations and offered love. In 2016, a total of **RMB338,931** was raised, with all the money being donated to the Qingdao Charity Federation.



Shortly before Tree Planting Day in 2016, the Group organized employees to participate in voluntary tree planting activities, and diligently build green and beautiful homes with their hands.



In May 2016, the "Spring Rain" learn-from-Lei Feng volunteer service team of Dagang Branch, "Setting Sail" volunteer service team of Tugboat and Barge Branch, and "Smooth Sailing" volunteer service team of Qingdao OST were awarded the title **"Advanced Unit of Qingdao Youth Volunteer Service"** by Qingdao Municipal Committee of the Communist Youth League and Qingdao Youth Volunteers Association.



The Company organizes employees every year to participate in blood donation without reward. The majority of employees spontaneously participate in the voluntary blood donation activities with the "donate a bag of blood, save a life" mindset, and strive to be social civilization communicators with practical actions.



In August 2016, the Group organized the "Offer Young Blood and Be a Civilized Pioneer" unpaid blood donation in Qianwan Port Area. In just two hours, 55 employees donated a total of 17,500 ml blood. The Company organized activities similar three times in 2016.

Mr. YIN Chunsheng, an employee of the Group, donates blood every year with the cumulative amount of blood reaching 5,000 ml, who has become a model of selfless love.

XI. APPENDIX

(I) Corporate Information

- 1. CHINESE NAME OF THE COMPANY:** 青島港國際股份有限公司
- 2. ENGLISH NAME OF THE COMPANY:** Qingdao Port International Co., Ltd.
- 3. REGISTERED OFFICE:** 7 Ganghua Road, City North District, Qingdao, Shandong Province, PRC
- 4. LEGAL REPRESENTATIVE:** Mr. ZHENG Minghui
- 5. REGISTERED CAPITAL:** RMB 4,778,204,000
- 6. DATE OF LISTING:** 6 June 2014
- 7. PLACE OF LISTING:** Main Board of the Stock Exchange of Hong Kong Limited
- 8. ABBREVIATED STOCK NAME:** Qingdao Port
- 9. STOCK CODE:** 06198
- 10. JOINT COMPANY SECRETARIES:** Mr. CHEN Fuxiang, Ms. LAI Siu Kuen
- 11. TELEPHONE:** 86-532-82982011
- 12. FACSIMILE:** 86-532-82822878
- 13. EMAIL:** qggj@qdport.com
- 14. WEBSITE:** <http://www.qingdao-port.com>
- 15. Scope of business:** Readers can query through the National Enterprise Credit Information Publicity System in China. Query URL is <http://www.qdcredit.gov.cn/>



(II) Environmental, Social and Governance Reporting Guide Content Index

Subject Areas	Contents and Indicators	Position
A. Environmental		
Aspect A1: Emissions	Information on : (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P26-28
	The types of emissions and respective emissions data.	P27
	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity.	P27
	Total hazardous waste produced (in tons) and, where appropriate, intensity.	P27
	Total non-hazardous waste produced (in tons) and, where appropriate, Intensity.	P27
	Description of measures to mitigate emissions and results achieved.	P26-28
	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P27
Aspect A2: Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	P29-31
	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	P29
	Water consumption in total and intensity.	P29
	Description of energy use efficiency initiatives and results achieved.	P29-31
	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P30
	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	N/A
Aspect A3: The Environment and Natural Resources	Policies on minimizing the issuer's significant impact on the environment and natural resources.	P26-31
	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P26-31
B. Social		
Aspect B1: Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P44-52
	Total workforce by gender, employment type, age group and geographical region.	P44
	Employee turnover rate by gender, age group and geographical region.	P46
Aspect B2: Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P32-35
	Number and rate of work-related fatalities.	N/A
	Lost days due to work injury.	N/A
	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P33-35

Subject Areas	Contents and Indicators	Position
Aspect B3: Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P51-52
	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P51-52
	The average training hours completed per employee by gender and employee category.	P51-52
Aspect B4: Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	P44-46
	Description of measures to review employment practices to avoid child and forced labor.	P46
	Description of steps taken to eliminate such practices when discovered.	P46
Aspect B5: Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	P42-43
	Number of suppliers by geographical region.	P42
	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P42-43
Aspect B6: Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P36-40
	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
	Number of products and service related complaints received and how they are dealt with.	P40
	Description of practices relating to observing and protecting intellectual property rights.	P23-24
	Description of quality assurance process and recall procedures.	N/A
	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P37
Aspect B7: Anticorruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P22-23
	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P22
	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P22-23
Aspect B8: Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P53-56
	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport). Resources contributed (e.g. money or time) to the focus area.	P53-56

Notes: The indicators signed "N/A", including emissions indicators in intensity of greenhouse gas, hazardous waste produced, non-hazardous waste produced, water consumption in intensity and total packaging material used for finished products, are not applicable to the Company.



(III) Global Reporting Initiative (GRI) Content Index

Indicator	Description	Notes
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	P2-3
G4-2	Provide a description of key impacts, risks, and opportunities.	P6-7
G4-3	Report the name of the organization.	P57
G4-4	Report the primary brands, products, and services.	P4, P57
G4-5	Report the location of the organization's headquarters.	P57
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	P4, P57
G4-7	Report the nature of ownership and legal form.	P57
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	P4
G4-9	Report the scale of the organization,	P57
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	P44 P46
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	P45
G4-12	Describe the organization's supply chain.	P42-43
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	None
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	P32-34
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	P1
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	P43
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Refer to Annual Report
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	P6-7
G4-19	List all the material Aspects identified in the process for defining report content.	P6
G4-20	For each material aspect, report the aspect boundary within the organization.	P6
G4-21	For each material aspect, report the aspect boundary outside the organization.	P6
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None
G4-24	Provide a list of stakeholder groups engaged by the organization.	P6
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	P6
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	P7

Indicator	Description	Notes
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	P6-7
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	P1
G4-29	Date of most recent previous report (if any).	None
G4-30	Reporting cycle (such as annual, biennial).	P1
G4-31	Provide the contact point for questions regarding the report or its contents.	P64
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	P1 P60
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	P1
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	P13
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	P12
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	P12
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	P6
G4-38	Report the composition of the highest governance body and its committees.	P11
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Refer to Annual Report
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:	Refer to Annual Report
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	P6-7
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	P6-7
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	P6-7
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	P6-7
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	P6-7

Indicator	Description	Notes
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	P6-7
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	P6-7
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	P13
G4-49	Report the process for communicating critical concerns to the highest governance body.	P11-14
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	P11-12
G4-51	Report the remuneration policies for the highest governance body and senior executives.	Refer to Annual Report
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Refer to Annual Report
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Refer to Annual Report
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	P5
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	P22
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	P22
G4-EC1	Direct economic value generated and distributed.	P17
G4-EC3	Coverage of the organization's defined benefit plan obligations.	P45
G4-EC7	Development and impact of infrastructure investments and services supported.	P26
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	P53
G4-EN5	Energy intensity.	P29
G4-EN6	Reduction of energy consumption.	P29-31
G4-EN7	Reductions in energy requirements of products and services.	P29-31
G4-EN8	Total water withdrawal by source.	P29
G4-EN9	Water sources significantly affected by withdrawal of water.	None
G4-EN10	Percentage and total volume of water recycled and reused.	P29
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	P27
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2).	P27
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).	P27
G4-EN18	Greenhouse gas (GHG) emissions intensity.	P27
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	P27
G4-EN21	NOx, SOx, and other significant air emissions.	P27
G4-EN23	Total weight of waste by type and disposal method.	P27
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention annex i, ii, iii, and viii, and percentage of transported waste shipped Internationally.	P27
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	P26-28
G4-EN31	Total environmental protection expenditures and investments by type.	P26-28
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	P42
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	P42

Indicator	Description	Notes
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	P46
G4-LA3	Return to work and retention rates after parental leave, by gender.	P45
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	P35
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	P33-35
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	P51-52
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	P51-52
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	P45
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	P44
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	P43
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	P43
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P51-52
G4-SO4	Communication and training on anti-corruption policies and procedures.	P22
G4-SO5	Confirmed incidents of corruption and actions taken.	P22-23
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	P40
G4-PR5	Results of surveys measuring customer satisfaction.	P38



(IV) Feedback

Dear readers:

Thank you very much for sparing time reading Sustainability Report of 2016 of Qingdao Port International Co., Ltd.. In order to further improve our sustainability performance and report quality, your comments and suggestions are very much appreciated and we hope you could help us continuously improve our work.

Reporting Team of Qingdao Port International Co., Ltd
April 2017

1. Please score from 1 to 5 (1 being the lowest and 5 being the highest) for the following questions:

Contents	Scores
1. Your overall opinion on this sustainability report.	
2. Your opinion on whether this report reflects significant economic, social and environmental impacts on the Company.	
3. Your overall opinion on our communication with stakeholders	
4. Your overall opinion on information disclosure in this report	
5. Your overall opinion on the format and design of this report	

2. Your comments and suggestions on our sustainability work and this report (attached pages allowed):

Your Contact Information:

Name :		Profession :	
Phone Number :		Email :	
Address :			

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You can scan the two-dimensional code to follow our website.
We will sincerely considerate your comments and suggestions.
And properly protect your personal information.

