Qingdao Port International Co., Ltd.

青島港國際股份有限公司

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

(Stock Code: 06198)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2020:

- Revenue of the Group was RMB13,219 million, representing an increase of 8.7% as compared to the same period in the prior year;
- Net profit attributable to shareholders of the Company was RMB3,842 million, representing an increase of 1.4% as compared to the same period in the prior year;
- Earnings per share of the Company was RMB0.59; and
- The Board has proposed the distribution of a final dividend of RMB262.2 (tax inclusive) per thousand shares.

The Board is pleased to announce the consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2020. Such annual results have been reviewed by the audit committee of the Board.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	31 December 2020	31 December 2019
Current assets			
Cash at bank and on hand		8,548,976,734	6,846,399,847
Financial asset held for trading		1,121,813,078	952,673,153
Notes receivable		52,322,799	89,208,129
Accounts receivable	4	2,982,613,568	2,337,733,076
Financing receivables		528,732,800	705,149,454
Advances to suppliers		102,314,994	65,477,940
Other receivables		2,273,191,624	1,825,685,161
Inventories		137,327,278	208,760,886
Contract assets		62,830,443	194,622,693
Current portion of non-current assets		59,127,841	445,754,126
Other current assets		3,100,048,118	6,214,206,368
Total current assets		18,969,299,277	19,885,670,833
Non-current assets			
Long-term receivables		3,308,404,670	1,528,631,526
Long-term equity investments		9,871,753,951	9,139,130,196
Other non-current financial assets		586,308,466	538,096,854
Investment properties		170,522,903	177,094,885
Fixed assets		16,168,130,367	14,341,335,334
Construction in progress		3,068,902,274	2,510,614,143
Right-of-use assets		311,822,056	541,354,681
Intangible assets		2,914,515,994	2,568,407,616
Goodwill		48,683,209	20,686,493
Long-term prepaid expenses		27,145,518	28,601,553
Deferred tax assets		920,319,850	906,362,986
Other non-current assets		811,556,445	599,314,295
Total non-current assets		38,208,065,703	32,899,630,562
TOTAL ASSETS		57,177,364,980	52,785,301,395

CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2020
(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31 December 2020	31 December 2019
Current liabilities			
Short-term borrowings		135,133,306	128,596,572
Notes payable		890,180,633	1,164,769,783
Accounts payable	5	1,197,290,688	1,411,666,083
Advances from customers		6,453,928	22,251,659
Contract liabilities		148,693,164	245,532,722
Employee benefits payable		440,016,032	308,496,016
Taxes payable		256,377,041	248,863,830
Other payables		9,421,058,097	7,200,531,814
Current portion of non-current liabilities		2,288,917,202	235,633,528
Other current liabilities		8,474,375	-
Total current liabilities		14,792,594,466	10,966,342,007
Non-current liabilities			
Long-term borrowings		109,708,639	132,882,988
Bonds payable	6	-	2,116,900,000
Lease liabilities		139,109,235	378,301,316
Long-term payables		40,973,544	43,095,019
Provisions		9,765,192	7,053,463
Deferred income		280,047,491	213,850,289
Long-term employee benefits payable		2,326,560,000	2,419,020,000
Deferred tax liabilities		54,031,756	22,295,437
Other non-current liabilities		2,683,842,524	2,888,198,834
Total non-current liabilities		5,644,038,381	8,221,597,346
Total liabilities		20,436,632,847	19,187,939,353
Shareholders' equity			
Share capital		6,491,100,000	6,491,100,000
Capital surplus		12,318,673,889	12,326,352,961
Other comprehensive income		287,298,275	182,668,672
Specific reserve		4,279,187	3,914,265
Surplus reserve		1,617,193,102	1,278,378,901
General reserve		411,248,470	380,586,794
Undistributed profits		11,866,599,218	9,694,379,282
Total equity attributable to shareholders of the Company		32,996,392,141	30,357,380,875
Minority interests		3,744,339,992	3,239,981,167
Total shareholders' equity		36,740,732,133	33,597,362,042
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		57,177,364,980	52,785,301,395

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Year ended 31 December 2020	Year ended 31 December 2019
1. Revenue	8	13,219,413,890	12,164,080,973
Less: Cost of sales	8	(8,487,597,332)	(8,178,690,909)
Taxes and surcharges	9	(104,591,148)	(108,501,298)
Selling and distribution expenses		(40,621,861)	(36,990,125)
General and administrative expenses		(637,286,906)	(503,215,842)
Research and development expenses		(20,178,352)	(33,764,127)
Financial expenses		13,380,022	207,915,807
Including: Interest expenses		207,835,967	222,507,080
Interest income		356,399,859	502,162,922
Add: Other income		88,907,845	122,080,426
Investment income		1,550,902,088	1,492,273,337
Including: Investment income from associates and joint ventures		1,289,230,148	1,381,207,816
Gains on changes in fair value		2,195,578	8,996,486
Credit impairment losses		(93,152,905)	(26,902,470)
Asset impairment losses		12,432,618	2,500,876
Gains on disposal of assets		17,725,923	3,453,170
2. Operating profit		5,521,529,460	5,113,236,304
Add: Non-operating income		13,110,299	31,883,637
Less: Non-operating expenses		(9,442,814)	(18,314,524)
3. Total profit		5,525,196,945	5,126,805,417
Less: Income tax expenses	10	(1,104,837,067)	(994,203,437)
4. Net profit		4,420,359,878	4,132,601,980
Classified by continuity of operations			
Net profit from continuing operations		4,420,359,878	4,132,601,980
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Minority interests		578,496,735	342,458,662
Attributable to shareholders of the Company		3,841,863,143	3,790,143,318

CONSOLIDATED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Year ended 31 December 2020	Year ended 31 December 2019
5. Other comprehensive income, net of tax		103,989,290	47,373,831
Attributable to shareholders of the Company, net of tax			
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		106,408,100	51,274,802
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		(1,778,497)	(2,300,318)
Attributable to minority shareholders, net of tax		(640,313)	(1,600,653)
6. Total comprehensive income		4,524,349,168	4,179,975,811
Attributable to shareholders of the Company		3,946,492,746	3,839,117,802
Attributable to minority interests		577,856,422	340,858,009
7. Earnings per share	11		
Basic earnings per share		0.59	0.59
Diluted earnings per share		0.59	0.59

Notes

1 General Information

Qingdao Port International Co., Ltd. (the "**Company**") is a joint stock limited company incorporated in Qingdao City of Shandong Province of the People's Republic of China (the "**PRC**") on 15 November 2013 (the "**Company's Date of Incorporation**") by Qingdao Port (Group) Co., Ltd. ("**Qingdao Port Group**"), as the leading promoter, together with Shenzhen Malai Storage Co., Ltd., Qingdao Ocean Shipping Co., Ltd. (now renamed as COSCO Shipping (Qingdao) Co., Ltd.), China Shipping Terminal Development Co., Ltd., Everbright (Qingdao) Financial Leasing Co., Ltd. and Qingdao International Investment Co., Ltd., with its registered address at No. 12 Jingba Road, Huangdao District, Qingdao, Shandong Province, PRC.

The H share of the Company was listed on the main board of the Hong Kong Stock Exchange on 6 June 2014.

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

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

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

As at 31 December 2020, the total share capital of the Company is 6,491,100,000 shares with par value of RMB1.00, including 5,392,075,000 A shares and 1,099,025,000 H shares, accounting for 83.07% and 16.93% respectively of the total share capital of the Company, among which, Qingdao Port Group holds 55.10% shares of the Company in total.

1 General Information (Cont'd)

According to *the Gratuitous Transfer Agreement of the Equity Interests in Qingdao Port (Group) Co., Ltd. among Shandong Port Group Co., Ltd., the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government, and the State-owned Assets Supervision & Administration Commission of Weihai Municipal Government* signed by Shandong Port Group Co., Ltd. ("**Shandong Port Group**"), the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government ("**Qingdao SASAC**"), the State-owned Assets Supervision & Administration Commission of Weihai Municipal Government and Qingdao Port Group on 22 August 2019, Qingdao SASAC shall transfer 100% equity interests in Qingdao Port Group to Shandong Port Group. According to *the Supplementary Agreement to the Gratuitous Transfer Agreement of the Equity Interests in Qingdao Port (Group) Co., Ltd. among Shandong Port Group Co., Ltd. and the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government* (hereinafter referred to as "**Supplementary Agreement**") signed by Qingdao Port Group, Shandong Port Group and Qingdao SASAC on 17 November 2020, Qingdao SASAC shall transfer 49% equity interests in Qingdao Port Group to Shandong Port Group. After 36 months from the listing of the Company's A shares, Qingdao SASAC and Shandong Port Group will negotiate separately in relation to the transfer of the remaining 51% equity interests in Qingdao Port Group. Qingdao Port Group completed the change of industrial and commercial registration procedure on 2 December 2020, upon which Qingdao SASAC and Shandong Port Group holds 51% and 49% of equity interests in Qingdao Port Group, respectively. According to the Supplementary Agreement, before the date on which the Company's A shares having been listed for 36 months, Shandong Port Group shall not enjoy the portion of the distributed profit of Qingdao Port Group attributable to the Company, and Shandong Port Group's voting on relevant matters regarding the Company on Qingdao Port Group's general meetings shall concur with Qingdao SASAC's voting. Therefore, as at 31 December 2020, Qingdao Port Group remains as the controlling shareholder of the Company and Qingdao SASAC remains as the ultimate controller of the Company.

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

2 Basis of preparation

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

The financial statements are prepared on a going concern basis.

The New Hong Kong Companies Ordinance took effect from 3 March 2014 and certain disclosures in the financial statements have been disclosed in accordance with requirements therein.

2 Basis of preparation (Cont'd)

(a) Preparation basis of consolidated financial statements

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

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

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

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

3 Significant changes in accounting policies

Questions and Answers on the Implementation of Accounting Standards for Business Enterprises

The Ministry of Finance issued the *Questions and Answers on the Implementation of Accounting Standards for Business Enterprises* on 11 December 2020. The financial statements for the year ended 31 December 2020 are prepared in accordance with the above Questions and Answers on the Implementation of Accounting Standards for Business Enterprises, and the corresponding impacts are presented as follows:

The contents and reasons of the changes in accounting policies	The line items affected	The amounts affected Year ended 31 December 2019
The Group and the Company reclassified the contract asset impairment loss that was originally included in the credit impairment loss into the asset impairment loss.	Credit impairment loss	(7,187,706)
	Asset impairment loss	7,187,706

4 Accounts receivable

	31 December 2020	31 December 2019
Accounts receivable	3,210,799,719	2,504,148,910
Less: Bad debt provision	(228,186,151)	(166,415,834)
	2,982,613,568	2,337,733,076

The Group's certain businesses are settled partially in form of cash, advances from customers, bank acceptance notes or trade acceptance notes. Remaining businesses are settled primarily with credit terms between 30 and 90 days.

The aging of accounts receivable based on their recording dates is analyzed as follows:

	31 December 2020	31 December 2019
Within 1 year	2,599,240,153	2,302,958,916
1 to 2 years	512,444,480	173,084,593
2 to 3 years	82,297,431	16,776,392
3 to 4 years	6,809,460	-
4 to 5 years	-	1,320,814
More than 5 years	10,008,195	10,008,195
	3,210,799,719	2,504,148,910

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

5 Accounts payable

	31 December 2020	31 December 2019
Material expenses payable	559,858,519	759,261,798
Transportation expenses payable	161,752,196	198,572,153
Subcontract agent fee payable	148,311,874	80,494,250
Subcontract costs payable	145,708,481	239,180,821
Repair expenses payable	58,679,269	38,125,242
Subcontract handling expenses payable	48,496,803	31,620,722
Rental expenses payable	21,190,163	19,896,497
Other	53,293,383	44,514,600
	1,197,290,688	1,411,666,083

The aging of accounts payable based on their recording dates is analyzed as follows:

	31 December 2020	31 December 2019
Within 1 year	1,114,693,166	1,298,696,285
Over 1 year	82,597,522	112,969,798
	1,197,290,688	1,411,666,083

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

6 Bonds payable

	31 December 2019	Current payment	Interest accrued by par value	Current portion of bonds payable	31 December 2020
Corporate bonds payable	2,173,022,334	(77,901,920)	79,201,677	(2,174,322,091)	-

Under Zheng Jian Xu Ke [2016] No. 153 approved by China Securities Regulatory Commission, the Company issued the first tranche of corporate bonds of RMB1.5 billion and the second tranche of corporate bonds of RMB2 billion on 18 March 2016 and 8 June 2016, respectively with the term of five years. The Company has an option of raising the coupon rate and the investors have an option to sell back the bonds at the end of the third year. If the investors do not register for selling back within the selling back registration period, the term of bond is 5 years. The Company published announcements on 18 February 2019 and 10 May 2019, respectively, pursuant to which, from 18 March 2019 and 8 June 2019, the coupon rates of the first and second tranches of corporate bonds of the Company were both raised from 2.90% and 3.09% to 3.68%. The bonds that investors sold back amounted to RMB90,900,000 and RMB1,292,200,000, respectively. Interest of the bonds is paid annually and calculated by the simple interest method.

As at 31 December 2020, the total principal balance of the bonds payable at the end of the year was RMB2,116,900,000, with maturity dates of 18 March 2021 and 8 June 2021, respectively. As at 31 December 2020, the principal and bond interest payable by the Group within one year was RMB2,116,900,000 and RMB57,422,091, which was presented as current portion of non-current assets.

7 Dividends

According to the resolutions of the annual general meeting on 10 June 2020, the Company distributed cash dividends of 2019 to all shareholders at RMB200.3 per thousand shares (tax inclusive). Based on the 6,491,100,000 shares issued, the dividends distributed were RMB1,300,167,330 (tax inclusive).

In accordance with the resolution of the Board of Directors on 29 March 2021, the Board of Directors proposed a cash dividend of 2020 to all shareholders at RMB262.2 per thousand shares (tax inclusive), amounting to RMB1,701,966,420 (tax inclusive) calculated by 6,491,100,000 issued shares. The resolution is pending for approval at the 2020 AGM.

8 Revenue and cost of sales

	Year ended 31 December 2020	Year ended 31 December 2019
Revenue from main operations	11,968,591,156	10,995,655,703
Revenue from other operations	1,250,822,734	1,168,425,270
	13,219,413,890	12,164,080,973

	Year ended 31 December 2020	Year ended 31 December 2019
Cost of sales from main operations	(7,809,454,835)	(7,529,557,901)
Cost of sales from other operations	(678,142,497)	(649,133,008)
	(8,487,597,332)	(8,178,690,909)

9 Taxes and surcharges

	Year ended 31 December 2020	Year ended 31 December 2019
Land use tax	47,715,266	52,191,603
City maintenance and construction tax	16,527,011	15,726,639
Educational surcharge	11,311,904	11,169,025
Stamp duty	8,788,605	8,320,192
Property tax	6,022,196	6,467,922
Others	14,226,166	14,625,917
	104,591,148	108,501,298

10 Income tax expenses

	Year ended 31 December 2020	Year ended 31 December 2019
Current income tax calculated based on tax law and related regulations	1,087,057,612	969,412,610
Deferred income tax	17,779,455	24,790,827
	1,104,837,067	994,203,437

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

	Year ended 31 December 2020	Year ended 31 December 2019
Total profit	5,525,196,945	5,126,805,417
Income tax expenses calculated at applicable tax rates	1,381,299,236	1,281,701,354
The effect of preferential tax rates	(1,542,383)	(10,458,515)
Investment income not subject to tax	(322,307,537)	(345,301,954)
Additional deduction of employee benefits of the disabled	(1,220,422)	(1,345,137)
Costs, expenses and losses not deductible for tax purposes	37,817,909	51,499,054
Deductible temporary differences not recognized as deferred tax assets in the current period	252,988	4,749,140
Deductible losses not recognized as deferred tax assets in the current period	10,537,276	13,359,495
Income tax expenses	1,104,837,067	994,203,437

11 Earnings per share

(a) Basic earnings per share

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

	Year ended 31 December 2020	**Year ended 31 December 2019**
Consolidated net profit attributable to ordinary shareholders of the Company	3,841,863,143	3,790,143,318
Weighted average number of ordinary shares outstanding	6,491,100,000	6,453,235,333
Basic earnings per share	0.59	0.59
Including:		
- Basic earnings per share from continuing operations	0.59	0.59
- Basic earnings per share from discontinued operations	-	-

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the year ended 31 December 2020 (31 December 2019: nil), diluted earnings per share equal to basic earnings per share.

12 Segment information

The Group's management assesses the Group's performance and determines reportable segments by service category. Different service categories require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions on resources allocation to these segments and to assess their performance.

The Group identified 6 reportable segments as follows:

- Container handling and ancillary services: loading and discharging of containers, storage and port management;

- Metal ores, coal and other cargo handling and ancillary services: stevedoring of metal ore, coal, grains, break bulk cargo and other cargo, storage and port management;

- Liquid bulk handling and ancillary services: stevedoring of crude oil and other liquid bulk, storage, transport and port management;

- Logistics and port value-added services: CFS, provision of cargo logistics, agency, towing, tallying and other services;

- Port ancillary services: provision of manufacturing of port related equipment, facilities construction services, supplying electricity power, fuel and others; and

- Financial services: provision of financial products and services including provision of deposit taking activities, corporate loans, guarantee, agency insurance, investment and financial management and others.

The Group's major operational activities are carried out in Mainland China. The Group's Management does not separately manage the production and operation by region. Therefore, segment performance is not separately presented by region.

Inter-segment transfer prices are mutually agreed with reference to the market price. The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment.

12 Segment information (Cont'd)

(a) Segment information for the year ended 31December 2020 and as at 31 December 2020 is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary port services	Logistics value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	202,090,125	3,284,940,844	2,234,777,329	4,890,042,181	2,603,659,667	327,956,872	-	-	13,543,467,018
Inter-segment revenue	15,193,132	138,620,365	98,340	147,568,209	809,463,943	140,671,544	-	(1,251,615,533)	-
Cost of sales	(75,077,840)	(2,620,743,970)	(519,505,889)	(3,401,821,390)	(1,870,099,719)	(72,696,394)	-	-	(8,559,945,202)
Interest income	18,583	2,890,729	20,169,498	13,019,587	2,853,632	189,811	41,655,330	(48,450,439)	32,346,731
Interest expenses	(27,674,494)	(57,169,270)	(166,255,255)	(22,752,660)	(34,011,177)	-	(79,201,677)	251,576,436	(135,488,097)
Share of profit of associates and joint ventures	859,495,267	23,040,571	342,559,303	68,879,523	711,543	10,899,584	-	(16,355,643)	1,289,230,148
Other investment income	-	19,500	11,902,300	-	(1,273,168)	186,112,497	184,785,877	(119,875,066)	261,671,940
Asset impairment losses	-	-	-	-	12,432,618	-	-	-	12,432,618
Credit impairment losses	-	1,143,235	(7,640,324)	(5,908,646)	(43,451,045)	(37,296,125)	-	-	(93,152,905)
Depreciation and amortisation	(25,176,655)	(206,164,880)	(295,240,465)	(209,171,167)	(163,500,606)	(1,275,537)	(32,571,713)	-	(933,101,023)
Total Profit	941,930,720	480,944,289	1,855,832,891	1,327,710,481	475,567,008	493,873,101	4,220,176	(54,881,721)	5,525,196,945
Income tax expenses	7,434,786	(6,375,864)	(330,546,771)	(247,591,027)	(45,886,496)	(106,217,677)	(375,654,018)	-	(1,104,837,067)
Net Profit	949,365,506	474,568,425	1,525,286,120	1,080,119,454	429,680,512	387,655,424	(371,433,842)	(54,881,721)	4,420,359,878
Total assets	8,085,868,966	8,049,545,871	14,068,484,953	5,330,771,054	7,482,831,397	19,007,763,372	12,303,353,199	(17,151,253,832)	57,177,364,980
Total liabilities	769,134,021	3,347,562,020	5,325,702,733	2,267,124,432	6,202,201,993	16,385,069,123	3,431,963,136	(17,292,124,611)	20,436,632,847
Non-cash expenses other than depreciation and amortisation	2,040,000	46,540,000	1,780,000	9,730,000	27,360,000	10,000	-	-	87,460,000
Long-term equity investments in associates and joint ventures	6,074,465,711	1,232,650,021	2,000,251,610	435,606,033	14,296,572	114,484,004	-	-	9,871,753,951
Additions of non-current assets (i)	2,574,472	369,354,321	2,326,651,415	89,306,892	333,776,135	2,747,393	3,014,895	(8,732,214)	3,118,693,309

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

12 Segment information (Cont'd)

(b) Segment information for the year ended 31December 2019 and as at 31 December 2019 is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary port services	Logistics value-added services	Port ancillary services	Financial services	Unallocated	Elimination	Total
Revenue from external customers	217,999,652	2,711,414,131	1,427,221,862	4,916,328,209	2,883,027,292	252,873,105	-	-	12,408,864,251
Inter-segment revenue	-	36,353,202	19,553	237,419,295	720,251,409	107,269,947	-	(1,101,313,406)	-
Cost of sales	(68,571,775)	(2,105,441,050)	(386,720,190)	(3,437,511,733)	(2,179,433,830)	(58,217,150)	-	-	(8,235,895,728)
Interest income	25,920	2,739,167	13,264,723	13,571,982	3,022,878	172,969,537	93,004,585	(41,219,148)	257,379,644
Interest expenses	(23,214,292)	(48,668,213)	(154,174,789)	(36,917,469)	(17,548,846)	-	(92,571,352)	207,792,700	(165,302,261)
Share of profit of associates and joint ventures	882,739,397	45,859,536	398,950,666	78,305,018	905,283	9,262,412	-	(34,814,496)	1,381,207,816
Other investment income	-	58,500	11,214,100	(795,878)	(3,348,986)	88,377,434	130,006,222	(114,445,873)	111,065,519
Asset impairment losses	-	-	-	(4,686,830)	-	-	-	-	(4,686,830)
Credit impairment losses	-	2,837,660	(1,399,446)	(10,787,000)	(17,431,168)	7,065,190	-	-	(19,714,764)
Depreciation and amortisation	(24,552,709)	(227,741,637)	(226,363,853)	(186,093,359)	(178,169,874)	(2,025,020)	(140,662)	-	(845,087,114)
Total Profit	974,801,617	438,830,454	1,259,316,376	1,423,051,322	548,101,364	554,255,704	12,747,720	(84,299,140)	5,126,805,417
Income tax expenses	4,332,011	1,487,893	(174,496,726)	(271,773,932)	(77,512,605)	(126,363,427)	(349,876,651)	-	(994,203,437)
Net Profit	979,133,628	440,318,347	1,084,819,650	1,151,277,390	470,588,759	427,892,277	(337,128,931)	(84,299,140)	4,132,601,980
Total assets	7,675,680,776	7,983,603,348	11,190,509,875	5,759,065,024	7,321,283,025	16,581,150,955	11,580,779,714	(15,306,771,322)	52,785,301,395
Total liabilities	736,250,165	3,014,071,785	4,877,275,871	2,644,519,238	6,532,706,819	14,181,448,718	2,672,784,825	(15,471,118,068)	19,187,939,353
Non-cash expenses other than depreciation and amortisation	2,120,000	39,670,000	1,880,000	12,230,000	26,900,000	30,000	-	-	82,830,000
Long-term equity investments in associates and joint ventures	5,632,510,358	1,242,853,883	1,652,685,876	506,160,627	1,335,032	103,584,420	-	-	9,139,130,196
Additions of non-current assets (i)	5,217,907	443,647,223	1,773,962,293	251,872,966	307,468,821	1,661,220	16,769,923	(11,723,998)	2,788,876,355

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

12 Segment information (Cont'd)

(c) Reconciliation between reportable segment revenue from external customers, reportable segment interest income, reportable segment cost of sales and reportable segment interest expenses and amounts in consolidated financial statements is listed as follows:

	Year ended 31 December 2020	**Year ended 31 December 2019**
Revenue —		
Reportable segment revenue from external customers	13,543,467,018	12,408,864,251
Reclassification of interest income, from external customers of Qingdao Finance (i)	(324,053,128)	(244,783,278)
Consolidated revenue	13,219,413,890	12,164,080,973
Interest income —		
Reportable segment interest income	32,346,731	257,379,644
Reclassification of interest income, from external customers of Qingdao Finance (i)	324,053,128	244,783,278
Consolidated interest income	356,399,859	502,162,922
Cost of sales —		
Reportable segment cost of sales	8,559,945,202	8,235,895,728
Reclassification of interest expenses, from external customers of Qingdao Finance (ii)	(72,347,870)	(57,204,819)
Consolidated cost of sales	8,487,597,332	8,178,690,909
Interest expenses —		
Reportable segment interest expenses	135,488,097	165,302,261
Reclassification of interest expenses, from external customers of Qingdao Finance (ii)	72,347,870	57,204,819
Consolidated interest expenses	207,835,967	222,507,080

(i) Reportable segment revenue from external customers includes interest income from external customers of Qingdao Finance, which is presented as financial expenses – interest income in the consolidated financial statements.

(ii) Reportable segment cost of sales includes interest expense of Qingdao Finance, which is presented as financial expenses - interest expense in the consolidated financial statements.

The Group's main revenue from external customers and additions to non-current assets other than financial assets and deferred tax assets are mainly gained or located in China.

AUDITOR’S WORKS ON THE PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement and the relevant notes thereto for the year ended 31 December 2020 as set out in the preliminary annual results announcement have been reviewed and agreed by the Company’s auditor, PricewaterhouseCoopers Zhong Tian LLP, which is consistent with the figures set out in the audited consolidated financial statements of the Group for the year ended 31 December 2020 as approved by the Board on 29 March 2021. The work performed by PricewaterhouseCoopers Zhong Tian LLP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers Zhong Tian LLP on the preliminary results announcement.

PricewaterhouseCoopers Zhong Tian LLP was appointed as the Company’s auditor at the annual general meeting of the Company held on 10 June 2020 to audit the financial statements of the Company for the year ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2020, affected by the COVID-19 epidemic, instability and uncertainty in the international environment have increased, the world economy has fallen into recession, the growth of trade has declined, and trade protectionism has gradually risen. Facing the dual shocks of the complex and severe international situation and the epidemic, China has coordinated the advancement of the prevention and control of epidemic and the development of economy and society, effectively promoted the restoration of production and life order, and accelerated the construction of a new development pattern “giving priority to domestic circulation and promoting positive interplay between domestic circulation and international circulation”. The national economy recovered steadily. The annual gross domestic product (GDP) of China increased by 2.3% as compared to the same period in the prior year, and China became the only major economy in the world in 2020 that achieved positive growth (Source: National Bureau of Statistics). Foreign trade grew against the trend, and the total value of imports and exports of goods increased by 1.5% as compared to the same period in the prior year (Source: General Administration of Customs).

In 2020, the cargo throughput of the coastal ports in China increased by 3.2% as compared to the same period in the prior year. The cumulative growth rate has been gradually accelerating since it turned from negative to positive in June 2020, and the overall momentum of development remains stable and positive (Sources: Ministry of Transport of the PRC). In 2020, the cargo throughput and container throughput of the Port of Qingdao continued to rank fifth among national coastal ports in the PRC, and the foreign trade throughput ranked second among national coastal ports in the PRC.

The port is the nation's fundamental and pivotal facility and an important support for economic development. Although the global economy is facing major adjustments and changes in the future, the general trend of economic globalization is irreversible. The port will still undertake the important task of transportation of major global trade materials, and play an important role in the optimization and improvement of the modern integrated transportation system, the promotion and expansion of domestic demand, and the guarantee of domestic market supply.

The Port of Qingdao is located at the intersection of OBOR, with a vast hinterland. It is close to the Beijing-Tianjin-Hebei Integrated Development Zone to the north, connects with the Yangtze River Delta Integrated Development Zone to the south, borders on the Yellow River Basin Ecological Protection and High-quality Development Economic Belt to the west, and links Japan, South Korea and Southeast Asia to the east. It is open to trade with more than 180 countries and regions in the world. It occupies an important strategic position in accelerating the formation of the new development pattern, namely, "giving priority to domestic circulation and promoting positive interplay between domestic circulation and international circulation".

In 2020, facing the complex and severe external situation, the Group actively integrated into the new development pattern of "giving priority to domestic circulation and promoting positive interplay between domestic circulation and international circulation", seized the strategic opportunities of Shandong Free Trade Zone, Shanghai Cooperation Demonstration Zone, and the strategy of replacing old growth drivers with new ones, aimed at constructing an international shipping hub center in Northeast Asia, accelerated the construction of a world-class marine port, deepened the structural reform of the supply-side of port service, improved quality, efficiency and innovative development, continued to improve the comprehensive competitive strength, and maintained steady growth in the operating performance. In 2020, the cargo throughput by the end of the year reached 540 million tons, increased by 4.5% as compared to the same period in the prior year, achieving growth against the trend.

In terms of terminal business, the Group deepened the marketing strategy of the shipping company headquarters, and made every effort to increase shipping lines, expand transshipment and container shipping capacity. In 2020, the number and density of container shipping lines of the Group ranked first among northern ports of China, and the container throughput by the end of the year reached 22.01 million TEUs, increased by 4.7% as compared to the same period in the prior year. The Group strengthened in-depth cooperation with mines, traders and steel mills, vigorously developed value-added services such as ore blending, screening, etc., made efforts in international transit for Japan and South Korea, and expanded "ore supermarkets" to meet the customers' diversified demands. The dry bulk and break bulk throughput by the end of the year reached 200 million tons, increased by 4.7% as compared to the same period in the prior year. The Group coordinated terminal and tank area resources in different port areas, took the advantage of pipelines, and maintained its status of the large port for unloading imported oil. The liquid bulk throughput by the end of the year reached 100 million tons, increased by 4.6% as compared to the same period in the prior year.

In terms of logistics and value-added services, the Group persisted in looking for opportunities in crises, kept abreast of supply-side structural reforms, optimized operating procedures, and improved service efficiency. Based on distinct services, amplified business advantages, and the creation of service brands, the Group continuously improved the integrated logistics service system.

1 Review of Overall Business and Results

The Group is the primary operator of the Port of Qingdao, one of the world's largest comprehensive ports, and is mainly engaged in 6 segments, including container handling and ancillary services, metal ore, coal and other cargo handling and ancillary services, liquid bulk handling and ancillary services, logistics and port value-added services, port ancillary services and financial services.

Comparison of Major Operating Indicators

The total revenue of the Group amounted to RMB13,219 million for the year ended 31 December 2020, representing an increase of RMB1,055 million, or 8.7%, as compared to the same period in the prior year, mainly due to the increase in revenue from segments of liquid bulk handling and ancillary services, metal ore, coal and other cargo handling and ancillary services.

The gross profit of the Group was RMB4,732 million for the year ended 31 December 2020, representing an increase of RMB746 million, or 18.7%, as compared to the same period in the prior year, mainly due to the increase in gross profit from the segment of liquid bulk handling and ancillary services.

The administration expenses of the Group were RMB637 million for the year ended 31 December 2020, representing an increase of RMB134 million, or 26.6%, as compared to the same period in the prior year, mainly due to the increase in labour cost resulting from the increased standard of employee compensation and the implementation of supplementary medical welfare policies for employees.

The investment income of the Group from associates and joint ventures amounted to RMB1,289 million for the year ended 31 December 2020, representing a decrease of RMB92 million, or 6.7%, as compared to the same period in the prior year, mainly due to the decrease in investment income from segments of liquid bulk handling and ancillary services, container handling and ancillary services, and metal ore, coal and other cargo handling and ancillary services.

The total profit of the Group amounted to RMB5,525 million for the year ended 31 December 2020, representing an increase of RMB398 million, or 7.8%, as compared to the same period in the prior year, mainly due to the increase in profit from segment of liquid bulk handling and ancillary services.

The net profit attributable to shareholders of the Company amounted to RMB3,842 million for the year ended 31 December 2020, representing an increase of RMB52 million, or 1.4%, as compared to the same period in the prior year.

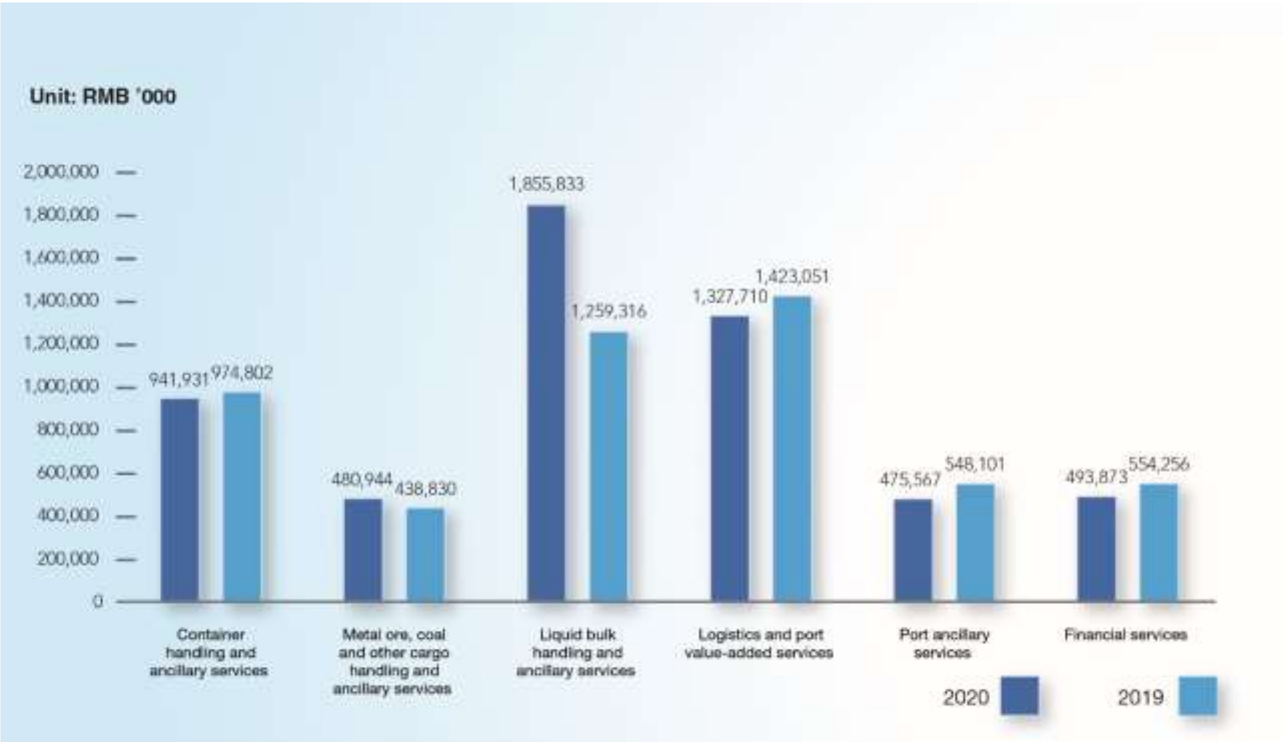
2 Segment Business and Results Review

Segment Results

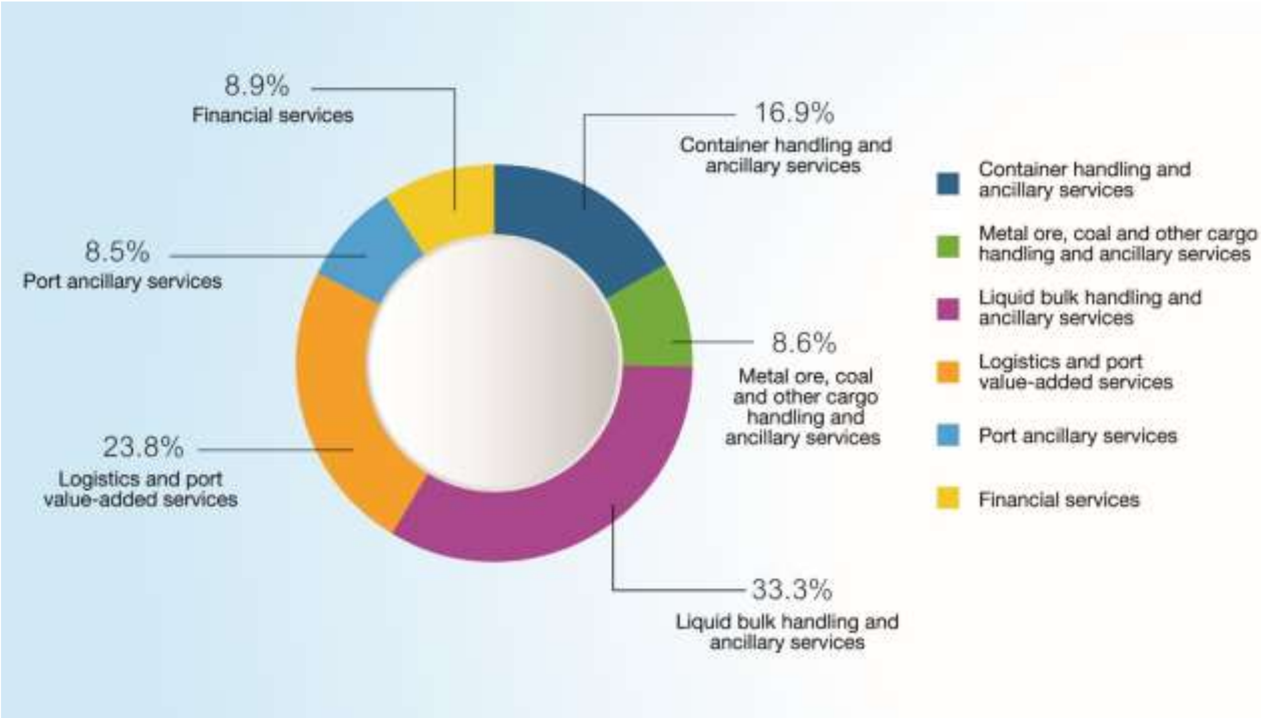
Unit: RMB'000

Business Segments	2020 Results	2020 Percentage of the total	2019 Results	2019 Percentage of the total	Change Percentage
Container handling and ancillary services	**941,931**	**16.9%**	974,802	18.8%	-3.4%
Metal ore, coal and other cargo handling and ancillary services	**480,944**	**8.6%**	438,830	8.4%	9.6%
Liquid bulk handling and ancillary services	**1,855,833**	**33.3%**	1,259,316	24.2%	47.4%
Logistics and port value-added services	**1,327,710**	**23.8%**	1,423,051	27.4%	-6.7%
Port ancillary services	**475,567**	**8.5%**	548,101	10.5%	-13.2%
Financial services	**493,873**	**8.9%**	554,256	10.7%	-10.9%
Total results before inter-segment elimination	**5,575,858**	**100.0%**	5,198,356	100.0%	7.3%

Comparison of Each Segment Results



Breakdown of Each Segment Results for the Year Ended 31 December 2020



The details of segment results are set out as below:

(1) Container handling and ancillary services

Unit: RMB'000

Item	2020	2019	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	**202,090**	218,000	-15,910	-7.3%
Cost of sales	**75,078**	68,572	6,506	9.5%
Gross profit	**127,012**	149,428	-22,416	-15.0%
Profit of Consolidated Group Companies	**82,436**	92,063	-9,627	-10.5%
Joint ventures				
Revenue	**4,071,337**	3,958,014	113,323	2.9%
Cost of sales	**1,633,231**	1,559,449	73,782	4.7%
Investment income from joint ventures	**859,495**	882,739	-23,244	-2.6%
Segment results	**941,931**	974,802	-32,871	-3.4%

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

In 2020, The Group insisted on land and sea coordination, continued to deepen the strategy for shipping company headquarters, established a container shipping route system of "both ocean route and sea route as well as linkage between trunk and branch lines", and accelerated the construction of an international shipping hub center in Northeast Asia and a distribution center for living materials in Northern China. The main breakthroughs achieved were as follows:

(1) The Group added 14 foreign trade shipping lines, including 7 lines connected to the OBOR area such as Southeast Asia, Middle East and Europe, and comprehensively expanded the market layout along the OBOR area; focused on collaborating with shipping companies to arrange the express shipping of imported consumer goods, promoted the transformation of the Port of Qingdao into a comprehensive transportation port for production and living materials, and built a living material distribution center in Northern China; and

(2) The Group continued to promote the construction and the function improvement of inland ports, and established an "end-to-end" integrated logistics service system in the hinterland market along the Yellow River Basin. The Group set up a sea-rail transportation network to radiate the whole country, with the Port of Qingdao as the axis. More than 30 cities accessed to the sea-rail intermodal train system and the sea-rail intermodal container volume of the Group reached 1.65 million TEUs, continuing to maintain the first place among all the coastal ports in China.

For the year ended 31 December 2020, the revenue of the container handling and ancillary services amounted to RMB202 million, representing a decrease of RMB16 million, or 7.3%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB82 million, representing a decrease of RMB10 million, or 10.5%, as compared to the same period in the prior year, mainly due to the reduction of the charging standards for harbor dues on cargo and port facility security fees during the period from 1 March to 31 December 2020 in accordance with the national policies in response to the impact of the COVID-19 pandemic. The investment income from joint ventures amounted to RMB859 million, representing a decrease of RMB23 million, or 2.6%, as compared to the same period in the prior year, mainly due to that the earning expectation on the joint venture has changed in the prior year, resulting in the recognition of deferred tax assets and the decrease of income tax expenses so the income tax expenses of the joint venture during the year increased as compared to the same period in the prior year, and the investment income decreased. The segment results amounted to RMB942 million, representing a decrease of RMB33 million, or 3.4%, as compared to the same period in the prior year.

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

Unit: RMB'000

Item	QQCT 2020	QQCT 2019
Revenue	**3,873,664**	3,775,984
Cost of sales	**1,510,462**	1,454,019
Investment income	**91,152**	106,556
Total profit	**2,213,356**	2,203,583
Income tax expenses	**528,474**	466,577
Net profit attributable to shareholders of the joint venture	**1,676,415**	1,719,717
Shareholding percentage held by the Company	**51%**	51%
Investment income of the Group	**839,789**	861,706

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

Unit: RMB'000

Item	2020	2019	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	**3,284,941**	2,711,414	573,527	21.2%
Cost of sales	**2,620,744**	2,105,441	515,303	24.5%
Gross profit	**664,197**	605,973	58,224	9.6%
Profit of Consolidated Group Companies	**457,903**	392,970	64,933	16.5%
Joint ventures				
Revenue	**1,751,437**	1,736,740	14,697	0.8%
Cost of sales	**1,454,878**	1,337,831	117,047	8.7%
Investment income from joint ventures	**23,041**	45,860	-22,819	-49.8%
Segment results	**480,944**	438,830	42,114	9.6%

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

In 2020, the Group drove marketing innovation, expanded its ore mixing and international transshipment businesses, deepened strategic cooperation with key customers, extended its whole-process logistic and value-added services, and proactively expanded the new hinterland markets. The main breakthroughs achieved were as follows:

(1) The Group continued to deepen cooperation with Vale of Brazil and other mines and help customers increase the market share of Brazilian Blend Fines ("BRBF") products. The cargo source volume of BRBF arriving at ports of the Group continued to take the lead among national ports;

(2) The Group continued to expand the Japanese and South Korean markets, and international transshipment business volume of iron ore increased by 87% as compared to the same period in the prior year by strengthening cooperation with mines as well as the Japanese and South Korean traders; and

(3) The Group deepened the "port + trader + steel mill" marketing strategy, and achieved leapfrog growth in key trader customers. The volume of trade ore arriving at ports increased by 20% as compared to the same period in the prior year.

For the year ended 31 December 2020, the revenue of metal ore, coal and other cargo handling and ancillary services amounted to RMB3,285 million, representing an increase of RMB574 million, or 21.2%, as compared to the same period in the prior year; the cost of sales amounted to RMB2,621 million, representing an increase of RMB515 million, or 24.5%, as compared to the same period in the prior year, mainly due to the increase in revenue and cost of sales resulting from the transportation business of whole process logistics. The profit of Consolidated Group Companies amounted to RMB458 million, representing an increase of RMB65 million, or 16.5%, as compared to the same period in the prior year, mainly due to the reduction in labor costs caused by the preferential policy of social insurance fee reduction and exemption during the period from 1 February to 31 December 2020 in accordance with the national policies in response to the impact of the COVID-19 pandemic. The investment income from joint ventures amounted to RMB23 million, representing a decrease of RMB23 million, or 49.8%, as compared to the same period in the prior year, mainly due to the joint ventures' increase in railway transport volume and corresponding operating costs responding to the impact of the change of transportation mode "from highway to railway", and the joint ventures' increase in financial expense. The segment results amounted to RMB481 million, representing an increase of RMB42 million, or 9.6%, as compared to the same period in the prior year.

(3) Liquid bulk handling and ancillary services

Unit: RMB'000

Item	2020	2019	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	**2,234,777**	1,427,222	807,555	56.6%
Cost of sales	**519,506**	386,720	132,786	34.3%
Gross profit	**1,715,271**	1,040,502	674,769	64.9%
Profit of Consolidated Group Companies	**1,513,274**	860,365	652,909	75.9%
Joint ventures				
Revenue	**1,732,966**	1,810,216	-77,250	-4.3%
Cost of sales	**738,911**	722,659	16,252	2.2%
Investment income from joint ventures	**342,559**	398,951	-56,392	-14.1%
Segment results	**1,855,833**	1,259,316	596,517	47.4%

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

In 2020, the Group seized the multiple opportunities of policies such as positive interplay between domestic circulation and international circulation, Shandong Free Trade Zone, Shanghai Cooperation Demonstration Zone and the International Maritime Organization's low-sulfur new policy in 2020, and made innovation the main driving force to accelerate the conversion of policy benefits into operating performance. The main breakthroughs achieved were as follows:

(1) Dongjiakou Port – Weifang – Central and Northern Shandong Oil Pipeline (Phase III) and ancillary storage tanks invested and constructed by the Group have been put into operation in succession, with the pipeline network covering refineries in Dongying, Binzhou, Weifang and other regions, effectively enhancing our competitiveness;

(2) The Group worked with international and domestic traders, pioneered the businesses of blending and mixing of domestic bonded crude oil, successfully launched the international transfer and re-transport export business of bonded crude oil, and open the Dongjiakou crude oil futures delivery warehouse, further improving our functions; and

(3) The Group successfully achieved breakthroughs in businesses such as oil supply at outer anchorages and domestic low-sulfur oil supply for vessels. The volume of vessel oil supply for the year 2020 exceeded 3 million tons, representing an increase of 85% as compared to the same period in the prior year.

For the year ended 31 December 2020, the revenue of liquid bulk handling and ancillary services amounted to RMB2,235 million, representing an increase of RMB808 million, or 56.6%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB1,513 million, representing an increase of RMB653 million, or 75.9%, as compared to the same period in the prior year, mainly benefiting from the increase in the liquid bulk pipeline transportation volume and ancillary tank storage volume of Consolidated Group Companies. The investment income from joint ventures amounted to RMB343 million, representing a decrease of RMB56 million, or 14.1%, as compared to the same period in the prior year, mainly due to the reduction of the charging standards for harbor dues on cargo and port facility security fees during the period from 1 March to 31 December 2020 in accordance with the national policies in response to the impact of the COVID-19 pandemic, and the proportion of high-rate business decreased as compared to the same period in the prior year. The segment results amounted to RMB1,856 million, representing an increase of RMB597 million, or 47.4%, as compared to the same period in the prior year.

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

Unit: RMB'000

Item	**Qingdao Shihua**		**Mercuria Oil Terminal**		**Shandong Ganglianhua**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue	**1,567,979**	1,633,559	**503,813**	401,034	**1,579,888**	910,221
Cost of sales	**583,713**	564,150	**279,081**	192,847	**350,480**	294,190
Net profit	**684,561**	782,185	**117,992**	102,678	**831,892**	366,201
Shareholding percentage held by the Company	**50%**	50%	**71%**	71%	**51%**	51%
Investment income of the Group	**342,281**	391,093	**-**	-	**-**	-

(4) Logistics and port value-added services

Unit: RMB'000

Item	2020	2019	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	**4,890,042**	4,916,328	-26,286	-0.5%
Cost of sales	**3,401,821**	3,437,512	-35,691	-1.0%
Gross profit	**1,488,221**	1,478,816	9,405	0.6%
Profit of Consolidated Group Companies	**1,258,830**	1,344,746	-85,916	-6.4%
Joint ventures and associates				
Revenue	**1,813,531**	1,059,981	753,550	71.1%
Cost of sales	**1,505,389**	844,056	661,333	78.4%
Investment income from joint ventures and associates	**68,880**	78,305	-9,425	-12.0%
Segment results	**1,327,710**	1,423,051	-95,341	-6.7%

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

In 2020, the logistics and port value-added services of the Group continued to seek opportunities in crises, continuously expanded service functions, extended service scope, and improved the construction of the "full process, full chain and full area" integrated logistics service system. The main breakthroughs achieved were as follows:

(1) The Group actively responded to the impact of the COVID-19 epidemic, implemented measures to ensure smooth flow, improve the environment, and strengthen services, with the proportion of online business processing reaching over 85%; and

(2) The Group vigorously innovated business formats. For the warehousing business, the Group carried out businesses such as extended warehouse receipts and merchant factory warehouses, the future pulp and future No. 20 rubber inventory volume ranked first in the country, and the Group won the title of "National Excellent Delivery Warehouse of the Year" awarded by the Shanghai Futures Exchange once again; for the cold chain business, the Group built the first imported cold chain centralized supervision warehouse in Shandong Province, and first initiated Southeast Asia intermediary trade business with Vietnam, Malaysia, etc.; for the pulp business, the Group created an integrated operation of full industry chain, further strengthening the advantage of the port logistics brand.

For the year ended 31 December 2020, the revenue of logistics and port value-added services business amounted to RMB4,890 million, basically the same as compared to the same period in the prior year. The profit of Consolidated Group Companies amounted to RMB1,259 million, representing a decrease of RMB86 million, or 6.4%, as compared to the same period in the prior year, mainly due to the reduction and exemption of warehouse and yard usage fee for customers during the COVID-19 pandemic, and the decrease in government subsidies received during the year as compared to the same period in the prior year. The revenue and cost of sales of joint ventures and associates increased by 71.1% and 78.4%, respectively as compared to the same period in the prior year, mainly due to the newly-added associates of the Group in the second half of 2019. The segment results amounted to RMB1,328 million, representing a decrease of RMB95 million, or 6.7%, as compared to the same period in the prior year.

(5) Port ancillary services

Unit: RMB'000

Item	2020	2019	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	**2,603,660**	2,883,027	-279,367	-9.7%
Cost of sales	**1,870,100**	2,179,434	-309,334	-14.2%
Gross profit	**733,560**	703,593	29,967	4.3%
Profit of Consolidated Group Companies	**474,855**	547,196	-72,341	-13.2%
Joint venture				
Revenue	**1,625**	9,636	-8,011	-83.1%
Cost of sales	**904**	6,322	-5,418	-85.7%
Investment income from joint venture	**712**	905	-193	-21.3%
Segment results	**475,567**	548,101	-72,534	-13.2%

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

For the year ended 31 December 2020, the revenue of port ancillary services amounted to RMB2,604 million, representing a decrease of RMB279 million, or 9.7%, as compared to the same period in the prior year; the cost of sales amounted to RMB1,870 million, representing a decrease of RMB309 million, or 14.2%, as compared to the same period in the prior year, mainly due to the decrease in engineering construction for the year as compared with the same period in the prior year. The segment results amounted to RMB476 million, representing a decrease of RMB73 million, or 13.2%, as compared to the same period in the prior year, mainly due to the implementation of supplementary medical welfare policies resulting in an increase in labour costs.

(6) Financial services

Unit: RMB'000

Item	2020	2019	Changed amount	Changed percentage
Consolidated Group Companies				
Revenue	**327,957**	252,873	75,084	29.7%
Cost of sales	**72,696**	58,217	14,479	24.9%
Gross profit	**255,261**	194,656	60,605	31.1%
Profit of Consolidated Group Companies	**482,973**	544,994	-62,021	-11.4%
An associate				
Revenue	**787,025**	619,009	168,016	27.1%
Cost of sales	**357,794**	306,155	51,639	16.9%
Investment income from an associate	**10,900**	9,262	1,638	17.7%
Segment results	**493,873**	554,256	-60,383	-10.9%

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

For the year ended 31 December 2020, the revenue of financial services amounted to RMB328 million, representing an increase of RMB75 million, or 29.7%, as compared to the same period in the prior year, mainly due to the increase in the scale of loans. The profit of Consolidated Group Companies amounted to RMB483 million, representing a decrease of RMB62 million, or 11.4%, as compared to the same period in the prior year, mainly due to that firstly the Group disposed of a subsidiary, achieving investment income from equity transfer, secondly the decline in the scale of cash and yield rates of wealth management resulted in a decrease in wealth management investment income as compared to the same period in the prior year, and thirdly the provision for impairment increased resulting from the increase in the scale of loans provided by Qingdao Finance. The segment results amounted to RMB494 million, representing a decrease of RMB60 million, or 10.9%, as compared to the same period in the prior year.

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

Unit: RMB'000

Balance sheet	Nature	31 December 2020	31 December 2019
Other receivables	Granting short-term loans	**1,442,375**	571,738
Current portion of non-current assets	Current portion of long-term loans	**59,128**	227,597
Long-term receivables	Granting long-term loans	**3,308,405**	1,528,632
Other payables	Absorbing deposit	**(6,368,517)**	(4,764,271)

Unit: RMB'000

Income statement	**Nature**	**2020**	**2019**
Finance expenses – interest income	Interest income – granting loans	**323,839**	111,074
Finance expenses – interest expenses	Interest expense – absorbing deposit	**(72,348)**	(57,702)

3 Financial Position Analysis

Unit: RMB'000

Item	**As at 31 December 2020**	**As at 31 December 2019**	**Changed Amount**	**Changed Percentage**
Accounts receivable	**2,982,614**	2,337,733	644,881	27.6%
Other current assets	**3,100,048**	6,214,206	-3,114,158	-50.1%
Long-term receivables	**3,308,405**	1,528,632	1,779,773	116.4%
Other payables	**9,421,058**	7,200,532	2,220,526	30.8%
Current portion of non-current liabilities	**2,288,917**	235,634	2,053,283	871.4%
Bonds payable	–	2,116,900	-2,116,900	-100.0%

As at 31 December 2020, the accounts receivable of the Group increased by RMB645 million, or 27.6%, as compared to the beginning of the year, mainly due to the increase in accounts receivable of the sales of port machinery, equipment and engineering construction and logistics service.

As at 31 December 2020, the other current assets of the Group decreased by RMB3,114 million, or 50.1%, as compared to the beginning of the year, mainly due to the decrease in the purchase of interbank deposit certificates and financial assets purchased under resale agreements conducted by Qingdao Finance.

As at 31 December 2020, the long-term receivables of the Group increased by RMB1,780 million, or 116.4%, as compared to the beginning of the year, mainly due to the increase in financial lease receivables provided by Qingdao Finance to member units.

As at 31 December 2020, other payables of the Group increased by RMB2,221 million or 30.8%, as compared to the beginning of the year, mainly due to the increase in the balance of deposits absorbed and received by members of Qingdao Finance and payables of engineering and equipment.

As at 31 December 2020, the current portion of non-current liabilities of the Group increased by RMB2,053 million as compared to the beginning of the year, and the bonds payable decreased by RMB2,117 million as compared to the beginning of the year, mainly due to that the bonds payable of the Group will mature in 2021, so as that the principal and interest of the bonds payable were displayed as current portion of non-current liabilities.

4 Cash Flow Analysis

For the year ended 31 December 2020, the net cash outflow of the Group amounted to RMB2,078 million, among which:

(1) The net cash inflow from operating activities amounted to RMB3,605 million, which was mainly derived from the operating profit of the Consolidated Group Companies;

(2) The net cash outflow from investing activities amounted to RMB1,066 million, which was mainly comprising of the net inflow of RMB3,436 million arising from the recovery of financial investment products such as wealth management products and fixed term deposit, net inflow of RMB560 million arising from the interests of external loans and purchase of wealth management products, and net inflow of RMB966 arising from receiving dividends from joint ventures; the net outflow of RMB2,303 million arising from providing loans and financial leasing to member units and lending capital to other financial institutions, net outflow of RMB2,988 million arising from the purchase and construction of fixed assets and construction in progress, etc., net outflow of RMB582 million arising from external equity investment and acquisition of subsidiaries, and net outflow of RMB178 arising from depositing the statutory deposit reserves; and

(3) The net cash outflow from financing activities amounted to RMB416 million, which was mainly comprising of the net inflow of RMB1,645 million arising from an increase of deposits absorbed by Qingdao Finance, and net inflow of RMB677 million arising from obtaining borrowings; the net outflow of RMB1,374 million arising from the distribution of dividends, net outflow of RMB1,307 million arising from the repayment of debts such as bank borrowings and financial leasing, and net outflow of RMB156 million arising from the payment of interests.

In order to facilitate the understanding of shareholders and investors of the Company, after eliminating the impact of Qingdao Finance as well as the Group's purchase of wealth management products and the recovery of fixed term deposits with an initial term over three months on the cash flow, the net cash outflow of the Group amounted to RMB522 million.

5 Liquidity and Financial Resources

As at 31 December 2020, the cash at bank and on hand of the Group amounted to RMB8,549 million and wealth management products amounted to RMB4,482 million with the main currency of RMB. After eliminating the impact of Qingdao Finance, the self-owned cash at bank and on hand and wealth management products of the Group amounted to RMB11,550 million. After eliminating the impact of Qingdao Finance, the Group's total interest-bearing borrowings amounted to RMB2,392 million, among which, borrowings at fixed interest rates amounted to RMB2,335 million and borrowings at floating interest rates amounted to RMB57 million.

As at 31 December 2020, the gearing ratio of the Group was 7%. After eliminating the impact of Qingdao Finance, the amount of the Group's cash at bank and on hand exceeded its interest-bearing borrowings.

6 Capital Structure

As at 31 December 2020, the total equity of the Group amounted to RMB36,741 million, representing an increase of RMB3,143 million as compared to the beginning of the year, among which, the increase of equity interest attributable to the shareholders of the Company was RMB2,639 million, mainly due to the increase of RMB3,842 million from the operating profit, the increase of RMB106 million from the increase of supplemental retirement benefits actuarial gains, and the decrease of RMB1,300 million from the distribution of dividends to shareholders of the Company; the equity interest of minority shareholders increased by RMB504 million, mainly due to the increase of RMB111 million from the investments by minority shareholders, the increase of RMB578 million from operating profits and comprehensive incomes, and the decrease of RMB184 million from dividends distributed to minority shareholders.

As at 31 December 2020, the Company had 6,491,100,000 issued shares, comprising of 5,392,075,000 A shares and 1,099,025,000 H shares. The total market capitalization and H share market capitalization of the Company was approximately RMB39,102 million and HKD5,264 million, respectively, which are calculated based on the closing price of RMB6.43 per share on the Shanghai Stock Exchange and the closing price of HKD4.79 per share on the Hong Kong Stock Exchange as at 31 December 2020.

7 Interest Rate and Exchange Rate Risks

As at 31 December 2020, cash at bank and on hand, receivables, payables and external bank borrowings at floating rates of the Group amounted to RMB6,708 million, RMB1,547 million, RMB6,276 million and RMB57 million, respectively. The Group assessed the interest rate risk and anticipated that changes in interest rate would have no material impact on the Group.

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

The Group will continue to closely monitor risks in interest and exchange rate. The Group did not enter into any hedging arrangements with respect to interest rate and exchange rate risks in 2020.

8 Financial Indicators

Indicators	2020	2019	Change
Return on total assets	**8.04%**	8.14%	Decreased by 0.10 percentage point
Weighted average return on net assets	**12.17%**	12.94%	Decreased by 0.77 percentage point
Interest coverage ratio	**27.49**	23.94	Increased by 3.55 times
Current ratio	**1.28**	1.81	Decreased by 0.53
Turnover ratio of accounts receivable	**4.63**	5.17	Decreased by 0.54
Turnover days of accounts receivable	**79 days**	71 days	Increased by 8 days

For the year ended 31 December 2020, the weighted average return on net assets was 12.17%, representing a decrease of 0.77 percentage point as compared to the same period in the prior year, mainly due to the higher increase in average net assets during the current period than that in profits. The interest coverage ratio was 27.49 times, representing an increase of 3.55 times as compared to the same period in the prior year, mainly due to the decreased interest expenses and the increased profit before interest and taxes of this period as compared to the same period in the prior year resulting from the repayment of bonds payable of RMB1,384 million in the same period in the prior year. The current ratio was 1.28, representing a decrease of 0.53 as compared to the same period in the prior year, mainly due to that the Company's bonds payable will mature in the first half of 2021, resulting in an increase of RMB2,174 million in the current portion of non-current liabilities. The accounts receivable turnover days were 79 days, representing an increase of 8 days compared to the same period in the prior year, mainly due to the increase in accounts receivable resulting from the longer collection period of port machinery and equipment sales and engineering construction business for the year.

9 Significant Capital Investment

For the year ended 31 December 2020, the Group had significant capital investment of RMB3,015 million, mainly consisting of the investments in the projects such as the Dongjiakou Port-Weifang-Central and Northern Shandong oil pipeline and ancillary tanks, Dongjiakou port area crude oil terminal phase II, and Dongjiakou port area crude oil commercial reserve tanks, as well as the acquisition of land use rights in Dongjiakou port area.

10 Details of the Material Entrusted Wealth Management

For the year ended 31 December 2020, details of the material entrusted wealth management of the Group are set out as below:

Unit: RMB'000

Trustee	Product type	Balance	Start date	Expiry date	Expected annualized return rate	Source of funding
Bank of Communications	Structured deposit	500,000	2020/2/7	2020/12/30	3.80%	proceeds
Bank of Qingdao	Structured deposit	600,000	2020/4/21	2020/12/25	4.02%	self-owned funds
Agricultural Bank of China	Structured deposit	400,000	2020/4/28	2020/12/29	4.00%	self-owned funds
Bank of Communications	Structured deposit	1,200,000	2020/1/21	2020/3/20	3.90%	self-owned funds
Agricultural Bank of China	Structured deposit	500,000	2020/4/28	2020/6/23	3.99%	self-owned funds
Hengfeng Bank	Structured deposit	500,000	2020/4/24	2020/6/29	3.90%	self-owned funds
Hengfeng Bank	Structured deposit	500,000	2020/7/3	2020/10/9	3.90%	self-owned funds
Industrial and Commercial Bank of China	Structured deposit	800,000	2020/1/21	2020/6/29	4.01%	self-owned funds

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

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

On 10 June 2020, the Company and Qingdao Port (Group) Engineering Co., Ltd. (青島港（集團）港務工程有限公司), a wholly-owned subsidiary of the Company, entered into equity transfer agreements with Shandong Port Financial Holdings Limited (山東港口金融控股有限公司), a subsidiary of QDP, the controlling shareholder of the Company, transferring 90% and 10% of the equity interests of Qingdao Yongli Company Agency Co., Ltd. (青島永利保險代理有限公司) to Shandong Port Financial Holdings Limited, respectively, for which, the considerations are RMB54,475,830 and RMB6,052,870, respectively. As of 31 December 2020，the Company and Qingdao Port (Group) Engineering Co., Ltd. have received the above equity transfer payment. For details, please refer to the Company's announcement dated 10 June 2020.

Save as disclosed above, during the year ended 31 December 2020, the Group did not have any significant acquisition and disposal of subsidiaries, joint ventures and associates.

12 Mortgages or Pledges of Assets

As at 31 December 2020, the Group had no asset mortgages or pledges.

13 Contingent Liabilities

As at 31 December 2020, the Group had no significant contingent liabilities.

14 Employees

As at 31 December 2020, the Company engaged 4,419 employees, and the Company and its principal subsidiaries engaged 8,981 employees in total. The employees' remunerations of the Group include basic salaries and performance incentives. The growth of employees' remunerations is determined by their working performance, economic environment, and supply and demand conditions of human resource market, under the "two matches" principle to match the employees' income growth with the growth of the Company's results and the raise of production rate. Meanwhile, the Group's remuneration policy is reviewed on a regular basis as well. Adhering to its "people-focused" approach and safeguarding the legitimate rights and interests of employees, the Group contributes social insurances and enterprise annuity as required by the relevant regulations of the PRC to provide extra welfare scheme to its employees.

15 Description of Other Business Operations

As Dagang port area is planned to be transformed and upgraded into an international home port for cruise liners, the business of Dagang port area will be gradually relocated to Dongjiakou port area and Qianwan port area. In March 2020, Qingdao international home port for cruise liners started construction and the construction was gradually carried on as planned. As of 31 December 2020, the construction of international home port for cruise liners had no effect on the main business of Dagang port area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao oil port area and operations of certain clients around Huangdao oil port area to Dongjiakou port area. As at 31 December 2020, the Group did not receive any relocation plan or relevant notice, and did not obtain any information in relation to such relocation of clients and businesses to Dongjiakou port area, hence the operation of Huangdao oil port area was not affected.

16 Outlook for 2021

During the "14th Five-Year Plan" period, it is expected that the import and export demand of traditional bulk energy and raw material will gradually stabilize, and the import and export demand of container will maintain a steady growth. In the future, the bulk cargo transportation market in the hinterland will be dominated by inventory adjustments, with relatively limited increments. As the heavy chemical industry shifts to coastal and port areas, these areas will become major growth points of the Group in the future.

In 2021, the international situation is complex and variable, but the basic trend of stable and improving domestic economy remains unchanged. As the COVID-19 vaccine is gradually put into use, the impact of the epidemic will return to a controllable range with great probability. With the gradual recovery of domestic and foreign economies, the domestic manufacturing orders are supposed to continuously recover, driving the import and export demand for container transportation gradually return to normal, and the container throughput of the Group will achieve a recovery growth. The domestic and foreign demand environment of steel industry in China seems good, but the support of infrastructure and real estate markets to steel demand will be weakened, the substitution effect of scrap steel on iron ore will be further revealed, and the current high ore prices will restrain the demand for ore import to a certain extent, resulting in a stable expectation for iron ore import. The domestic demand for crude oil rebounds, the international crude oil supply tends to be loose and the domestic demand for refined oil grows steadily, resulting in a steady growth expectation for crude oil import.

The Group will aim at accelerating the construction of an international shipping hub in Northeast Asia, continue to deepen the reformation, accelerate the process of transformation and upgrading, prioritize performance, expand the space of development, improve the management efficiency comprehensively, and create greater value for shareholders and the society.

Firstly, the Group will continuously improve its operating performance. The Group will actively respond to new challenges and development opportunities and actively integrate into the new development pattern. The Group will focus on the OBOR, seize the opportunity brought by the signing of the Regional Comprehensive Economic Partnership (RCEP), build international container transshipment channels, encrypt international lines, and build a consumer goods distribution center in Northern China. The Group will consolidate existing hinterland customers, connect traders and mines, and fully expand ore value-added services. The Group will make full use of the capacity advantages of newly commissioned terminals, storage tanks and oil pipelines to strengthen market expansion. The Group will expand the business scale of crude oil blending, transit, futures delivery, ship fuel supply, etc., promote the implementation of new businesses such as container international transit, ore grinding, and customized refined ore mixing, and comprehensively promote business innovation and performance.

Secondly, the Group will continuously enhance development potential. The Group will fully promote the construction of container, dry bulk, liquid bulk, grain terminals and tank areas in Dongjiakou port area, focusing on the main business and expanding production capacity. The Group will promote the application of advanced technologies such as 5G, Beidou, blockchain, automated driving, and remote control, complete the construction of the world's first demonstration section of the intelligent air-track collection and distribution system, improve the efficiency of container business distribution, promote the transformation of scientific and technological achievements, and participate the establishment of an international standard system for smart ports, comprehensively enhancing the leading advantages in the smart and green port industry.

Thirdly, the Group will continuously promote management efficiency. The Group will focus on intrinsic safety, establish a safety responsibilities list for all employees, and create a safe port. The Group will improve the governance system, construct the management system of performance, asset and excellence quality, strengthen the management of securities affairs, and create a benchmark in the capital market. The Group will innovate human-based management, expand employee career development channels, optimize remuneration system, do good work for employees, and realize joint contribution and shared benefits.

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

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

Details of the use of proceeds were as follows:

Unit: RMB0’000

Investment Projects of Proceeds	**Net Amount of Proceeds**
Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project	-
The Project of Qingdao Port Investment Multi-purpose Berths and North Jetty II Rear Ancillary Stacking Yards in Dongjiakou Port Area	100,000
Dongjiakou Integrated Logistics Stacking Yard Phase I Project	18,000
Intelligent Port Area Upgrading Project	20,000
Port Area Equipment Procurement Project	30,210
Supplementing working capital	29,683
Total	197,893

According to the needs of business development of the Group, with the resolution and approval by the Board on 26 March 2020 and by the annual general meeting of the Company held on 10 June 2020, the Company resolved to terminate Dongjiakou Integrated Logistics Stacking Yard Phase I Project and put the unused proceeds of RMB180 million into Port Area Equipment Procurement Project and to remove Dongjiakou Port Area Crude Oil Commercial Reserve Tanks Project from one of the investment projects for use of proceeds, continuing to build this project by self-raised funds or by means of joint ventures.

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

Unit: RMB0'000

Investment Projects of Proceeds	**Net Amount of Proceeds**
The Project of Qingdao Port Investment Multi-purpose Berths and North Jetty II Rear Ancillary Stacking Yards in Dongjiakou Port Area	100,000
Intelligent Port Area Upgrading Project	20,000
Port Area Equipment Procurement Project	48,210
Supplementing working capital	29,683
Total	197,893

For further details, please refer to the Company's announcements dated 26 March 2020 and 10 June 2020, and the circular dated 26 May 2020.

USE OF PROCEEDS

The net proceeds from the New H Shares Issue of the Company in 2017 were approximately HKD1,035 million, equivalent to approximately RMB912 million, which will be used in the way as disclosed in the announcement of the Company dated 20 January 2017. As at 31 December 2019, approximately HKD1,034 million was carried over to this year, which is proposed to be used as funds for the overseas terminal investment and acquisition of the Company and working capital for the management of overseas terminal projects by the terminal project management company(ies) jointly established with COSCO SHIPPING Ports. For the year ended 31 December 2020, approximately HKD460.45 million had been utilized towards the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used to pay for the purchase of shares of COSCO SHIPPING Ports (Abu Dhabi) Co., Ltd.. The Company will utilize the remaining proceeds in accordance with the progress of the investment projects and the business development. As at the date of this announcement, there is no detailed schedule for the utilization of the remaining proceeds.

The net proceeds from the Company's issuance of the Domestic Shares to Shanghai China Shipping Terminal were approximately RMB2,600 million. As at 31 December 2019, approximately RMB171 million was carried over to this year, which is proposed to be used towards the construction of the port facilities in Dongjiakou port area, the optimization of the modern logistics business structure of the Company, the domestic terminals investment and acquisition and the consolidation of the relevant port assets at the Port of Qingdao, and the information facility construction of the Company in accordance with the ways as disclosed in the announcement of the Company dated 20 January 2017. For the year ended 31 December 2020, approximately RMB68 million had been utilized towards the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used for the information facility construction of the Company, the domestic terminals investment and acquisition and the consolidation of the relevant port assets at the Port of Qingdao. The Company will utilize the remaining proceeds in accordance with the progress of the investment projects and the business development. As at the date of this announcement, there is no detailed schedule for the utilization of the remaining proceeds.

The net proceeds from the initial public offering of A shares of the Company were approximately RMB1,979 million, which will be proposed to be used towards the construction of berths and stacking yards in the Dongjiakou port area, intelligent upgrade of port area, equipment procurement, and supplementing working capital in the way as disclosed in the prospectus for the initial public offering of A shares. As at 31 December 2019, approximately RMB1.22 billion was carried forward to this year. Taking into account the actual business development and operational needs of the Group, the Company has changed the use of the net proceeds and intends to use them for storage yards in the Dongjiakou port area, the intelligent upgrade of the port area, equipment purchase and supplementary working capital projects. For details, please refer to the Company's announcements dated 26 March 2020 and 10 June 2020 and circular dated 26 May 2020. For the year ended 31 December 2020, approximately RMB93 million had been utilized towards the investment projects in the way as disclosed in the Company's initial public offering of A shares prospectus and the Company's announcements dated 26 March 2020, 10 June 2020 and the circular dated 26 May 2020, which was mainly used for the projects of Qingdao Port Investment multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou port area, equipment procurement and intelligent port area upgrading project. The Company will utilize the remaining proceeds in accordance with the progress of the investment projects and the business development. As at the date of this announcement, there is no detailed schedule for the utilization of the remaining proceeds.

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

The Board has proposed the distribution of a final dividend of RMB262.2 (tax inclusive) per thousand shares, totaling approximately RMB1,701,966.4 thousand (tax inclusive) which represents approximately 52% of Distributable Profits attributable to shareholders of the Company for the year ended 31 December 2020. Such distribution plan will be implemented on 26 August 2021 subject to approval at the 2020 AGM.

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

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

In order to determine the eligibility of being entitled to the proposed final dividend for H shares, the H share register of the Company will be closed from Monday, 5 July 2021 to Monday, 12 July 2021 (both days inclusive), during which no H share transfer will be registered. The H shareholders whose names appear on the register of members of the Company on Monday, 12 July 2021 are entitled to the proposed final dividend. Holders of the Company's H shares who wish to receive the proposed final dividend are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. Friday, 2 July 2021 for registration.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules during the year ended 31 December 2020.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its own code of conduct for securities transactions by directors and supervisors of the Company. Specific enquiries have been made to all the Directors and supervisors of the Company and each of the Directors and supervisors of the Company has confirmed that he/she has complied with the Model Code for the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2020, the Company or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed, with management of the Company, the accounting principles and policies adopted by the Group and the financial statements for the year ended 31 December 2020.

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

The Company amended the Articles of Association at the 2019 annual general meeting, the first A shareholders' class meeting of 2020, and the first H shareholders' class meeting of 2020 held on 10 June 2020. The amended version takes effect after approval at the aforementioned shareholders' meetings. The current applicable Articles of Association has been published on the websites of the Company and the Hong Kong Stock Exchange.

CLOSURE OF REGISTER

In order to determine the eligibility of shareholders who are entitled to attend the 2020 AGM, the H share register of the Company will be closed from Saturday, 29 May 2021 to Monday, 28 June 2021 (both days inclusive), during which no H share transfer will be registered. The shareholders whose names appear on the register of H share members of the Company on Saturday, 29 May 2021 are entitled to attend and vote at the 2020 AGM. Holders of the Company's H shares who wish to attend the 2020 AGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 28 May 2021 for registration.

MATERIAL LITIGATIONS

For the year ended 31 December 2020, the Group was not involved in any material litigations.

SUBSEQUENT EVENTS

Save as disclosed in this annual report, after 31 December 2020, the Group did not have any material subsequent events.

PUBLICATION OF THE COMPANY'S 2020 ANNUAL RESULTS ANNOUNCEMENT AND THE 2020 ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com), respectively, and the 2020 annual report (containing all particulars as required by the Hong Kong Listing Rules) will be dispatched to the shareholders of the Company in due course and published on the websites of the Hong Kong Stock Exchange and the Company, respectively.

By Order of the Board
Qingdao Port International Co., Ltd.
JIA Funing
Chairman

Qingdao, the PRC, 29 March 2021

As at the date of this announcement, the executive Directors are Mr. JIA Funing and Mr. WANG Xinze; the non-executive Directors are Mr. SU Jianguang, Mr. FENG Boming, Mr. WANG Jun and Ms. WANG Fuling; and the independent non-executive Directors are Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.

DEFINITIONS

"2020 AGM"	the 2020 annual general meeting of the Company to be held on 28 June 2021
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Board"	the board of directors of Qingdao Port International Co., Ltd. (青島港國際股份有限公司)
"CFS"	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
"Company"	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013
"Consolidated Group Companies"	the Company (including its branches) and its subsidiaries which are consolidated into the consolidated financial statements of the Company
"COSCO SHIPPING Ports"	COSCO SHIPPING Ports Limited (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1199), holding approximately 20% equity interests in the Company as of 31 December 2020
"Director(s)"	the director(s) of the Company
"Distributable Profit"	calculated by net profit attributable to shareholders of the Company in the scope of the consolidated financial statements prepared in the PRC Accounting Standards for Business Enterprise, deducting recovery of accumulated losses, appropriation to statutory surplus reserve and other necessary reserve by the parent company and subsidiaries as well as the impact of the appraisal value-added amount of the asset invested in the Company by Qingdao Port (Group) Co., Ltd., the promoter at the establishment of the Company, on net profit for the year, etc.

"Group"	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associates of the Company
"Haiwan Liquid Chemical"	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd. (青島海灣液體化工港務有限公司), a joint venture in which the Company holds 50% equity interests and which is mainly engaged in the business of liquid bulk handling and ancillary services
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huaneng Qingdao"	Huaneng Qingdao Port Operation Co., Ltd. (華能青島港務有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of dry bulk cargo and break bulk cargo handling and ancillary services
"New H Shares Issue"	the issuance of the 243,000,000 new H shares by way of placing pursuant to the specific mandate granted by the shareholders on the 2017 first extraordinary general meeting, 2017 first domestic shareholders' class meeting and 2017 first H shareholders' class meeting of the Company held on 10 March 2017
"Mercuria Oil Terminal"	Qingdao Haiye Mercuria Oil Terminal Co., Ltd. (青島海業摩科瑞倉儲有限公司), a subsidiary in which the Company holds 71% equity interests, which is mainly engaged in terminal stevedoring and storage of liquid bulk cargo
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
"OBOR"	the Silk Road Economic Belt and 21st Century Maritime Silk Road
"PRC" or "China"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
"QDOT"	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司), a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services

"QDP"	Qingdao Port (Group) Co., Ltd. (青島港 (集團) 有限公司), the controlling shareholder of the Company, which holds approximately 55% equity interests in the Company as at the date of this announcement
"Qingdao Finance"	Qingdao Port Finance Co., Ltd. (青島港財務有限責任公司), a subsidiary jointly established by the Company (holding 70% equity interests) and QDP (holding 30% equity interests), which is mainly engaged in the provision of depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services; trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services to QDP and its member companies
"Qingdao Shihua"	Qingdao Shihua Crude Oil Terminal Co., Ltd. (青島實華原油碼頭有限公司), a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
"Qingwei Container"	Weihai Qingwei Container Terminal Co., Ltd. (威海青威集裝箱碼頭有限公司), a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of container handling and ancillary services
"QQCT"	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (but is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), which is mainly engaged in the business of container handling and ancillary services
"Shandong Free Trade Zone"	China (Shandong) Pilot Free Trade Zone
"Shanghai China Shipping Terminal"	Shanghai China Shipping Terminal Development Co., Ltd. (上海中海碼頭發展有限公司), a company established in the PRC and a wholly-owned subsidiary of COSCO Shipping Port Co., Ltd.

"Shanghai Cooperation Demonstration Zone"	Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone
"Shandong Ganglianhua"	Shandong Ganglianhua Pipeline Petroleum Transportation Co., Ltd. (山東港聯化管道石油輸送有限公司), a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of crude oil pipeline transportation and storage
"TEU"	an abbreviation of Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of 20 feet, a width of eight feet and a height of eight feet and six inches, also known as the international unit of standard container
"West United"	Qingdao Qianwan West Port United Terminal Co., Ltd. (青島前灣西港聯合碼頭有限責任公司), a joint venture in which the Company holds 51% equity interests (but is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of dry bulk cargo and break bulk cargo handling and ancillary services

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

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