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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 2022

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2022:

- Revenue of the Group was RMB19,263 million, representing an increase of 14.71% as compared to the same period in the prior year;
- Net profit attributable to shareholders of the Company was RMB4,525 million, representing an increase of 13.63% as compared to the same period in the prior year;
- Earnings per share of the Company was RMB0.70, representing an increase of 14.75% as compared to the same period in the prior year; and
- The Board has proposed the distribution of a final dividend of RMB269.3 (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 2022. Such annual results have been reviewed by the audit committee of the Board.

CONSOLIDATED BALANCE SHEET**AS AT 31 DECEMBER 2022**

(All amounts in RMB Yuan unless otherwise stated)

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

CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

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

Note: In this annual results announcement, "-" represents zero.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts in RMB Yuan unless otherwise stated)

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

CONSOLIDATED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2022	2021 (Restated)
5. Other comprehensive income, net of tax		(37,208,741)	(289,606,440)
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		(30,318,115)	(287,368,551)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		1,683,736	–
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		(3,126,165)	(5,471,508)
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		(4,633,200)	–
Attributable to minority shareholders, net of tax		(814,997)	3,233,619
6. Total comprehensive income		<u>5,209,653,418</u>	<u>4,376,596,758</u>
Attributable to shareholders of the Company		4,488,781,432	3,689,372,425
Attributable to minority interests		720,871,986	687,224,333
7. Earnings per share	9		
Basic earnings per share (RMB)		0.70	0.61
Diluted earnings per share (RMB)		0.70	0.61

Notes

1 General Information of the Company

The Company is a joint stock limited company incorporated in Qingdao City of Shandong Province of PRC on 15 November 2013 (the “**Company’s Date of Incorporation**”) by Qingdao Port Group, as the leading promoter, together with Malai Storage (Shenzhen) 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 current registered address at No. 12 Jingba Road, Huangdao District, Qingdao, Shandong Province, PRC.

The H shares of the Company were 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 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 2022, the total share capital of the Company was 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% of the total share capital of the Company, respectively, among which, Qingdao Port Group held 55.77% equity interests of the Company in total, directly and indirectly (as at 31 December 2022, Qingdao Port Group participated in the refinancing business and lent its 2,937,000 outstanding shares of the Company with no trading restrictions to China Securities Finance Co., Ltd., without any transfer of ownership).

1 General Information of the Company (Cont'd)

Pursuant to the *Gratuitous Transfer Agreement of the Equity Interests in Qingdao Port (Group) Co., Ltd. among Shandong Port Group Co., Ltd., the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government and the State-owned Assets Supervision & Administration Commission of Weihai Municipal Government* signed by Shandong Port Group, Qingdao SASAC, State-owned Assets Supervision & Administration Commission of Weihai Municipal Government and Qingdao Port Group on 22 August 2019, Qingdao SASAC shall transfer 100% equity interests in Qingdao Port Group to Shandong Port Group. Pursuant to the *Supplementary Agreement to the Gratuitous Transfer Agreement of the Equity Interests in Qingdao Port (Group) Co., Ltd. Among Shandong Port Group Co., Ltd. and State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government* signed by Qingdao Port Group, Shandong Port Group and Qingdao SASAC on 17 November 2020, Qingdao SASAC shall transfer its 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 shall negotiate separately in relation to the transfer of the remaining 51% equity interests in Qingdao Port Group. Qingdao Port Group completed the industrial and commercial change registration on 2 December 2020.

Pursuant to the *Gratuitous Transfer Agreement on Gratuitous Transfer of the 51% Equity Interests in Shandong Port Qingdao Port Group Co., Ltd. among Shandong Port Group Co., Ltd. and State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government* signed by Qingdao Port Group, Shandong Port Group and Qingdao SASAC on 23 January 2022, Qingdao SASAC gratuitously transferred remaining 51% equity interests in Qingdao Port Group to Shandong Port Group. Qingdao Port Group has completed the industrial and commercial change registration on 28 January 2022. As at 31 December 2022, the Company's controlling shareholder is still Qingdao Port Group, the Company's ultimate parent company is Shandong Port Group, and the Company's ultimate controller is Shandong SASAC.

1 General Information of the Company (Cont'd)

The scope of business of 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 such as port machinery manufacture, building and construction, towing, 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 (hereinafter collectively referred to as the “**Accounting Standards for Business Enterprises**”); and are also prepared in accordance with *the Public Information Disclosure and Compilation Rules for Public Offering of Securities No. 15 - General Provisions for Financial Reporting* issued by China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

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

(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.

2 Basis of preparation (Cont'd)

However, certain subsidiaries of the Company appraised their assets and liabilities in the process of transformation from non-company 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.

In May 2022, the Company acquired 51% equity interests of Weihai Port Development Company, a subsidiary of Weihai Port, from Weihai Port and indirectly controlled Weihai Qingwei through the acquisition of Weihai Port Development Company. This transaction is classified as a business combination involving enterprises under the same control as Weihai Port Development Company, Weihai Qingwei and the Company are all controlled by Qingdao Port Group prior and subsequent to the combination and the control is not temporary. The assets and liabilities of Weihai Port Development Company and Weihai Qingwei are consolidated into the Company's consolidated financial statements at their carrying amounts on the combination date, and the reporting entities after the combination are deemed to exist in the previous years. Therefore, the Group's data for the same period of the previous year was restated to include the financial position and operating results of the consolidated parties.

(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 Accounts receivable

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

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 receivables based on their recording dates is analyzed as follows:

	31 December 2022	31 December 2021 (Restated)
Within 1 year	1,950,153,368	1,826,651,330
1 to 2 years	64,235,583	121,907,601
2 to 3 years	70,560,834	169,984,523
Over 3 years	139,436,812	1,080,724
	<u>2,224,386,597</u>	<u>2,119,624,178</u>

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

4 Accounts payable

	31 December 2022	31 December 2021 (Restated)
Agency fee payable	285,090,103	230,270,359
Material expenditure payable	270,417,932	682,756,164
Subcontract handling expenses payable	220,621,741	56,402,043
Transportation expenses payable	217,304,802	218,578,235
Repair expenses payable	174,323,112	79,298,788
Subcontract costs payable	100,713,236	145,071,011
Rental expenses payable	40,165,079	24,393,703
Storage charges payable	34,582,520	5,162,736
Others	92,089,823	62,375,136
	<u>1,435,308,348</u>	<u>1,504,308,175</u>

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

	31 December 2022	31 December 2021 (Restated)
Within 1 year	1,327,397,208	1,451,410,535
Over 1 year	<u>107,911,140</u>	<u>52,897,640</u>
	<u>1,435,308,348</u>	<u>1,504,308,175</u>

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.

5 Dividends

Pursuant to the resolution of the annual general meeting on 28 June 2022, the Company distributed dividends in cash for 2021 to all shareholders at RMB2.564 (tax inclusive) per 10 shares. Based on the 6,491,100,000 issued shares to calculate, the dividends in cash in an aggregate amount of RMB1,664.3180 million (tax inclusive).

Pursuant to the resolution of the Board on 29 March 2023, the Board proposed the Company to distribute dividends in cash for 2022 to all shareholders at RMB2.693 (tax inclusive) per 10 shares. Based on the 6,491,100,000 issued shares to calculate, the proposed cash dividends are RMB1,748.0532 million (tax inclusive). The above proposal is subject to the approval at the 2022 AGM.

6 Revenue and cost of sales

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Revenue from main operations	17,671,529,207	15,456,652,220
Revenue from other operations	<u>1,591,235,772</u>	<u>1,336,010,659</u>
	<u>19,262,764,979</u>	<u>16,792,662,879</u>

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Cost of sales from main operations	(12,106,530,437)	(10,557,420,248)
Cost of sales from other operations	<u>(1,099,287,130)</u>	<u>(906,293,536)</u>
	<u>(13,205,817,567)</u>	<u>(11,463,713,784)</u>

7 Taxes and surcharges

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Land use tax	67,429,038	67,736,337
City maintenance and construction tax	22,934,282	23,729,119
Educational surcharge	16,461,190	16,746,120
Stamp duty	12,020,173	11,872,229
Property tax	13,097,036	12,587,397
Others	<u>13,357,914</u>	<u>14,245,238</u>
	<u>145,299,633</u>	<u>146,916,440</u>

8 Income tax expenses

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Current income tax calculated based on tax law and related regulations	1,364,343,750	1,221,107,825
Deferred income tax	<u>(55,552,880)</u>	<u>(51,912,266)</u>
	<u>1,308,790,870</u>	<u>1,169,195,559</u>

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Total profit	<u>6,555,653,029</u>	<u>5,835,398,757</u>
Income tax expenses calculated at applicable tax rates	1,638,913,257	1,458,849,689
The effect of preferential tax rates	(43,901,779)	(4,658,593)
Investment income not subject to tax	(317,535,965)	(296,070,584)
Additional deduction of employee benefits of the disabled	(947,478)	(1,013,495)
Costs, expenses and losses not deductible for tax purposes	36,933,335	26,092,918
Additional deduction of research and development expenses	-	(4,961,323)
Utilisation of previously unrecognised deductible temporary differences	79,738	430,000
Deductible losses not recognized as deferred tax assets in the current period	2,810,408	-
Utilisation of previously unrecognised deductible losses	(7,560,646)	(9,473,053)
Income tax expenses	<u>1,308,790,870</u>	<u>1,169,195,559</u>

9 Earnings per share

(a) *Basic earnings per share*

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

	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)
Consolidated net profit attributable to ordinary shareholders of the Company	4,525,175,176	3,982,212,484
Weighted average number of ordinary shares outstanding	6,491,100,000	6,491,100,000
Basic earnings per share	<u>0.70</u>	<u>0.61</u>
Including:		
- Basic earnings per share from continuing operations	0.67	0.58
- Basic earnings per share from discontinued operations	0.03	0.03

(b) *Diluted earnings per share*

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the year ended 31 December 2022 (for the year ended 31 December 2021: nil), the diluted earnings per share equals to basic earnings per share.

10 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 six reportable segments as follows:

- Container handling and ancillary services: engaged in stevedoring and storage of containers, port management and other business;
- Metal ores, coal and other cargo handling and ancillary services: engaged in stevedoring and storage of metal ore, coal, grains, break bulk cargo and other cargo, port management and other business;
- Liquid bulk handling and ancillary services: engaged in stevedoring, storage, transportation of crude oil and other liquid bulk, port management and other business;
- Logistics and port value-added services: engaged in CFS business, logistics and transportation, freight forwarding, towing, tallying and other business;
- Port ancillary services: engaged in manufacturing of port related equipment, engineering of construction and installation, supplying electricity power and fuel for port area and other business; and
- Financial services: engaged in provision of deposits and loans, ensuring guarantee, investment and wealth management and other business.

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.

10 Segment information (Cont'd)

(a) Segment information for the year ended 31 December 2022 and as at 31 December 2022 is listed as follows:

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary port services	Logistics and port value- added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	1,193,656,395	3,972,564,066	3,518,951,785	8,142,332,279	2,435,260,454	296,387,766	-	-	19,559,152,745
Inter-segment revenue	103,811,428	78,414,665	2,302,385	101,423,696	1,036,737,987	126,198,934	-	(1,448,889,095)	-
Cost of sales from external customers	(317,080,190)	(3,198,355,773)	(1,333,045,591)	(6,517,319,999)	(1,840,016,014)	(64,194,202)	-	-	(13,270,011,769)
Inter-segment cost of sales	(103,811,428)	(110,791,108)	(28,080,903)	(107,978,375)	(890,528,810)	(74,752,256)	-	1,315,942,880	-
Interest income	4,731,070	7,353,992	25,578,445	16,479,001	7,006,962	-	59,733,125	(74,878,175)	46,004,420
Interest expenses	(25,039,969)	(76,467,820)	(167,062,693)	(38,889,018)	(23,697,556)	-	(7,630,968)	248,353,619	(90,434,405)
Investment income from associates and joint ventures	879,052,997	7,053,568	301,493,618	66,340,874	(4,074,422)	60,029,255	(39,405,600)	(346,430)	1,270,143,860
Other investment income	36,575,826	-	-	1,750,958	83,542,924	24,589,034	141,463,284	(124,049,647)	163,872,379
Asset impairment losses	-	-	-	-	(8,957,369)	-	-	-	(8,957,369)
Credit impairment losses	298,972	7,574,143	(8,766,458)	1,795,970	(45,855,058)	29,546,209	-	-	(15,406,222)
Depreciation of right-of-use assets	-	(1,845,319)	(8,246,000)	(81,780,270)	(3,759,135)	-	(34,003,707)	-	(129,634,431)
Depreciation and amortisation	(60,107,609)	(296,453,259)	(516,816,351)	(161,774,071)	(144,614,412)	(1,511,565)	(18,913,616)	-	(1,200,190,883)
Total profit	1,670,356,937	494,610,322	2,313,295,094	1,491,335,057	521,756,857	395,253,341	(247,213,650)	(83,740,929)	6,555,653,029
Income tax expenses	(147,463,142)	(10,986,788)	(417,721,749)	(302,235,091)	(64,391,190)	(92,629,801)	(273,363,109)	-	(1,308,790,870)
Net profit	1,522,893,795	483,623,534	1,895,573,345	1,189,099,966	457,365,667	302,623,540	(520,576,759)	(83,740,929)	5,246,862,159
Total assets	10,807,397,032	10,323,963,035	15,310,287,982	6,519,350,437	7,234,853,920	1,898,484,081	8,949,763,295	(3,568,189,421)	57,475,910,361
Total liabilities	906,056,959	4,295,119,903	5,143,386,223	2,204,994,351	3,914,303,464	-	3,245,690,805	(3,510,559,494)	16,198,992,211
Non-cash expenses other than depreciation and amortisation	1,330,000	40,242,087	20,157,757	23,515,322	11,455,624	-	13,573,488	-	110,274,278
Long-term equity investments in associates and joint ventures	6,640,226,239	1,198,818,922	1,905,358,893	606,784,313	447,442,152	1,798,484,081	290,971,494	-	12,888,086,094
Additions of non-current assets(i)	5,117,150	998,975,092	1,486,723,917	108,308,252	512,013,107	136,032	276,533,346	(24,767,691)	3,363,039,205

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

10 Segment information (Cont'd)

(b) *Segment information for the year ended 31 December 2021 and as at 31 December 2021(Restated) is listed as follows:*

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary port services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	586,002,662	3,673,283,806	3,148,369,565	6,898,861,489	2,486,145,357	350,077,341	-	-	17,142,740,220
Inter-segment revenue	30,661,975	112,139,735	1,475,433	126,859,589	1,210,801,864	176,831,441	-	(1,658,770,037)	-
Cost of sales from external customers	(242,703,861)	(2,853,403,609)	(1,129,764,174)	(5,338,539,320)	(1,899,302,820)	(76,939,501)	-	-	(11,540,653,285)
Inter-segment cost of sales	(30,661,975)	(150,361,706)	(20,731,059)	(134,615,512)	(1,044,242,506)	(65,136,522)	-	1,445,749,280	-
Interest income	1,587,414	6,648,059	14,155,118	13,021,560	3,571,086	-	52,677,984	(65,136,522)	26,524,699
Interest expenses	(61,963,879)	(56,192,452)	(174,371,502)	(39,149,511)	(36,092,141)	-	(23,648,431)	293,427,468	(97,990,448)
Investment income from associates and joint ventures	847,733,441	(34,657,112)	362,988,435	63,828,878	14,853,828	12,958,078	(89,830,683)	6,407,470	1,184,282,335
Other investment income	-	(1,070,315)	-	10,221,440	117,400,085	104,150,162	146,372,341	(126,313,141)	250,760,572
Asset impairment losses	-	-	-	-	(8,759,366)	-	-	-	(8,759,366)
Credit impairment losses	(232,521)	(851,373)	(10,653,426)	(22,640,161)	4,232,396	(8,033,824)	-	-	(38,178,909)
Depreciation of right-of-use assets	-	-	(6,424,860)	(55,033,452)	-	-	(27,080,356)	-	(88,538,668)
Depreciation and amortisation	(48,826,374)	(268,963,063)	(392,969,737)	(154,093,589)	(173,984,042)	(1,731,448)	(37,737,169)	-	(1,078,305,422)
Total profit	1,082,484,924	487,062,788	2,152,589,599	1,385,745,837	569,719,892	488,704,136	(226,272,937)	(104,635,482)	5,835,398,757
Income tax expenses	683,912	(5,820,300)	(403,089,686)	(250,372,829)	(50,164,161)	(113,018,747)	(347,413,748)	-	(1,169,195,559)
Net profit	1,083,168,836	481,242,488	1,749,499,913	1,135,373,008	519,555,731	375,685,389	(573,686,685)	(104,635,482)	4,666,203,198
Total assets	9,349,208,672	9,614,727,772	13,542,397,329	7,555,242,502	6,874,390,380	18,403,668,649	11,942,890,445	(15,062,941,145)	62,219,584,604
Total liabilities	769,209,929	3,676,414,299	4,585,496,493	4,513,449,177	5,408,335,075	16,325,987,228	1,899,361,607	(14,975,803,709)	22,202,450,099
Non-cash expenses other than depreciation and amortisation	2,288,947	31,886,068	3,541,286	20,940,011	24,248,929	30,000	10,798,603	-	93,733,844
Long-term equity investments in associates and joint ventures	6,034,866,684	1,025,142,759	1,604,598,547	449,533,091	275,653,742	127,442,082	330,377,094	-	9,847,613,999
Additions of non-current assets(i)	45,755,351	1,346,233,895	1,402,317,434	69,467,291	425,630,991	2,821,266	190,812,310	(96,440,849)	3,386,597,689

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

10 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 2022	Year ended 31 December 2021 (Restated)
Revenue —		
Reportable segment revenue from external customers	19,559,152,745	17,142,740,220
Reclassification of interest income, from external customers of Shandong Port Finance Company (i)	(296,387,766)	(350,077,341)
Consolidated revenue	<u>19,262,764,979</u>	<u>16,792,662,879</u>
Interest income —		
Reportable segment interest income	46,004,420	26,524,699
Reclassification of interest income, from external customers of Shandong Port Finance Company (i)	296,387,766	350,077,341
Consolidated interest income	<u>342,392,186</u>	<u>376,602,040</u>
Cost of sales —		
Reportable segment cost of sales	13,270,011,769	11,540,653,285
Reclassification of interest expenses, from external customers of Shandong Port Finance Company (ii)	(64,194,202)	(76,939,501)
Consolidated cost of sales	<u>13,205,817,567</u>	<u>11,463,713,784</u>
Interest expenses —		
Reportable segment interest expenses	90,434,405	97,990,448
Reclassification of interest expenses, from external customers of Shandong Port Finance Company (ii)	64,194,202	76,939,501
Consolidated interest expenses	<u>154,628,607</u>	<u>174,929,949</u>

- (i) Reportable segment revenue from external customers includes interest income from external customers of Shandong Port Finance Company, which is presented as financial expenses - interest income in the consolidated financial statements.
- (ii) Reportable segment cost of sales includes interest expense of Shandong Port Finance Company, 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 2022 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 2022 as approved by the Board on 29 March 2023. 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 28 June 2022 to audit the financial statements of the Company for the year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

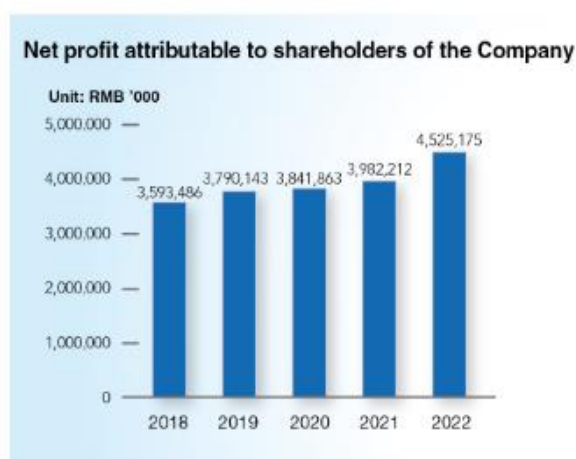
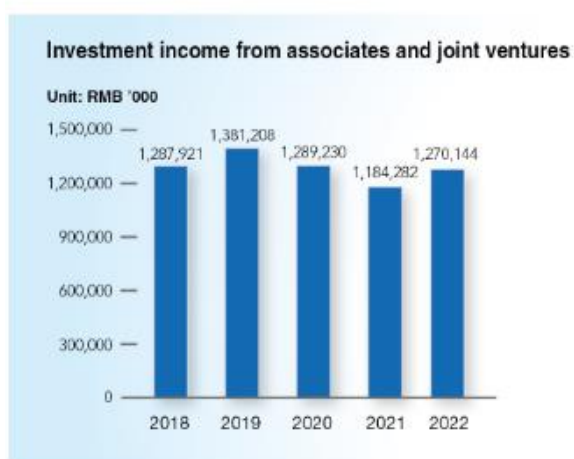
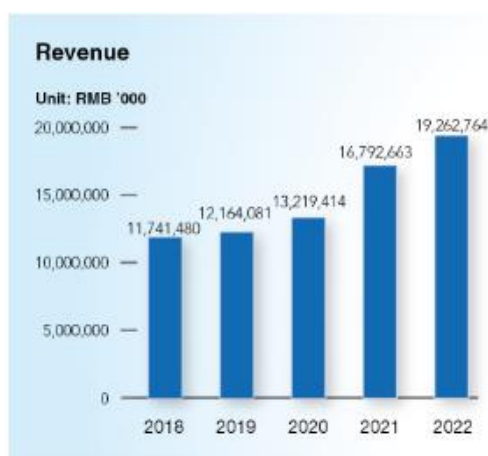
In 2022, in the face of severe and complex international situations, the Company gave full play to the advantages of integration reform and integrated development of Shandong Port, seized the opportunities to be empowered by policies of Shandong Free Trade Zone, Shanghai Cooperation Demonstration Zone, RCEP pilot demonstration zone and the other policies, strengthened the strategic cooperation with shipping companies and customers, vigorously expanded domestic and foreign trade shipping routes, continuously increased inland trains, and actively served to build a new development pattern of “Mainstay circulation and Dual circulation”, with steady growth in operating performance and continuous improvement in the comprehensive competitiveness of the port. The Group’s position as the “estuary” of the Yellow River basin and a “bridgehead” in opening up has been further cemented and its hub status has been further enhanced.

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

1 Review of Overall Business and Results

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

Comparison of Major Operating Indicators



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

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

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

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

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

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

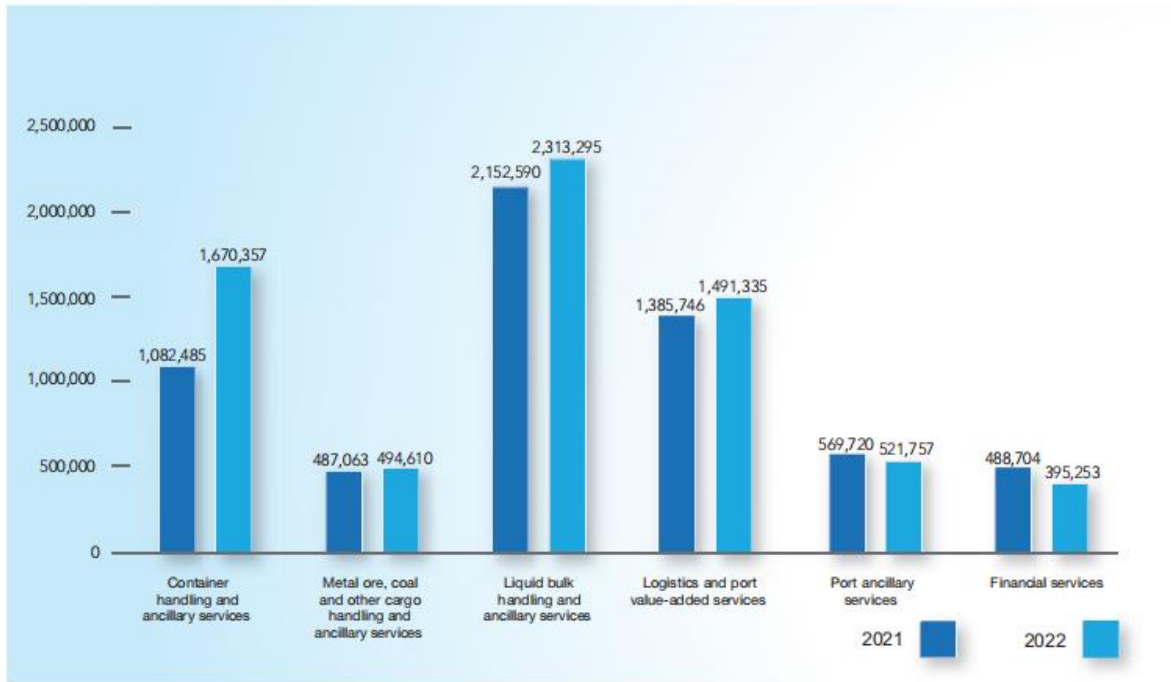
2 Segment Review and Business Review

Segment Results

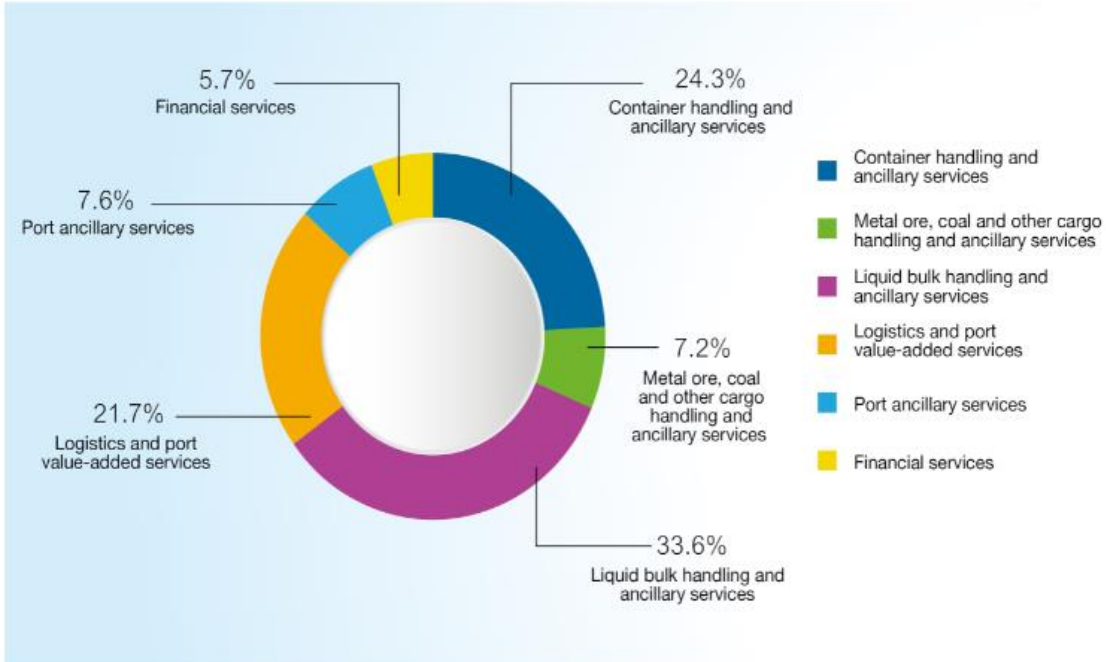
Unit: RMB' 000

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

Comparison of Each Segment Results



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



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

(1) Container handling and ancillary services

Unit: RMB' 000

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

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

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

- a. the Group cooperated with shipping companies to expand the network of shipping lines and promote supporting development of the main and feeder shipping networks, opened up 28 new container lines and recorded a year-on -year increase of 9% in transshipment volume in 2022, built the empty container distribution base with a year-on -year increase of 17% in the handling volume of empty containers, and attracted shipping companies to open additional voyages with a year-on -year increase of 17%; and

- b. the Group actively developed cargo sources in hinterland area, expanded land channels, added up 5 inland ports, and opened 5 sea-rail intermodal trains to provide stable and smooth logistic transportation channels for inland enterprises. In 2022, the amount of sea-rail intermodal containers ranked the first among the coastal ports of China for eight consecutive years, with a year-on-year increase of 4.5%.

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

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

Unit: RMB' 000

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

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

Unit: RMB' 000

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

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

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

- a. the Group adhered to the high-level marketing by senior management, targeted to key customers, marketed with traders, expanded the customer group of dry bulk cargo, and developed 58 new customers during the year, achieving an increase of 6.70 million tons of cargo sources;
- b. the Group took advantages of the integration reform and integrated development of Shandong Port, strengthened business coordination and jointly expanded market share; and

- c. the Group made great efforts to develop business of mixed ore and etc., achieving the business volume of 12 million tons to keep the forefront of coastal ports in the country; the handling volume of pulp exceeded 5.50 million tons, rising to the first of the coastal ports of China.

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

(3) Liquid bulk handling and ancillary services

Unit: RMB' 000

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

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

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

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

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

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

Unit: RMB' 000

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

(4) Logistics and port value-added services

Unit: RMB' 000

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

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

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

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

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

(5) Port ancillary services

Unit: RMB' 000

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

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

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

(6) Financial services

Unit: RMB' 000

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

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

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

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

Unit: RMB' 000

Balance sheet	Nature	31 December 2022	31 December 2021 (restated)
Other receivables	Granting short-term loans	/	2,633,157
Current portion of non-current assets	Current portion of long-term loans	/	663,671
Long-term receivables	Granting long-term loans	/	2,295,689
Other payables	Absorbing deposit	/	7,193,108

Unit: RMB' 000

Income statement	Nature	2022	2021 (restated)
Finance expenses – interest income	Granting loans and deposits with banks – interest income	296,388	350,077
Finance expenses – interest expenses	Absorbing deposits and interbank lending and borrowing – interest expenses	64,194	76,940

3. Financial Position Analysis

Unit: RMB' 000

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

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

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

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

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

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

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

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

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

4. Cash Flow Analysis

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

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

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

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

5. Liquidity and Financial Resources

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

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

6. Capital Structure

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

As at 31 December 2022, the Company had 6,491,100,000 issued shares, comprising of 5,392,075,000 A shares and 1,099,025,000 H shares. The total market capitalization and H share market capitalization of the Company was approximately RMB33,961 million and RMB3,711 million, respectively, which are calculated based on the closing price of RMB5.61 per share on the Shanghai Stock Exchange and the closing price of HKD3.78 per share on the Hong Kong Stock Exchange as at 30 December 2022.

7. Interest Rate and Exchange Rate Risks

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

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

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

8. Financial Indicators

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

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

9. Significant Capital Investment

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

10. Details of the Material Entrusted Wealth Management

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

Unit: RMB' 000

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

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

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

On 25 January 2022, (i) the Company entered into the absorption and merger agreement with Shandong Port Group, Shandong Port Finance Company, Rizhao Port Finance Company and RZP, pursuant to which, Rizhao Port Finance Company shall merge with Shandong Port Finance Company by way of absorption and merger. After completion of the above-mentioned absorption and merger, Shandong Port Finance Company (as the surviving merging party) shall remain subsist and undertake and inherit all the assets, liabilities, personnel and businesses of Rizhao Port Finance Company, and Rizhao Port Finance Company (as the merged party) shall be dissolved and deregistered, and (ii) the Company entered into the capital increase agreement with Shandong Port Group, RZP and Shandong Port Investment Holdings, pursuant to which, Shandong Port Group and Shandong Port Investment Holdings agreed to subscribe for RMB490.6325 million and RMB77.0299 million of the registered capital of Shandong Port Finance Company at the considerations of RMB797.0865 million and RMB125.1435 million, respectively, to increase the registered capital of Shandong Port Finance Company from RMB2,000 million to RMB2,567.6624 million. The above transaction has been considered and approved on the first extraordinary general meeting of 2022 of the Company on 25 February 2022. For further details, please refer to the announcements of the Company dated 25 January 2022 and 2 December 2022 and the circular of the Company dated 7 February 2022. As at 31 December 2022, the transaction has been completed.

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

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

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

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

12. Mortgages or Pledges of Assets

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

13. Contingent Liabilities

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

14. Employees

As at 31 December 2022, the Company engaged 3,313 employees, and the Company and its principal subsidiaries engaged 10,286 employees in total, among which, the female employees accounted for approximately 14% in the employees of the Company and its principal subsidiaries. The details of employees are set out as below:

Unit: per person

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

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

The employees' remunerations of the Group include basic salaries and performance incentives. The growth of employees' remunerations is determined by their working performance, economic environment, and supply and demand conditions of human resource market, under the "two matches" principle to match the employees' income growth with the growth of the Company's operating results and the increase of production rate. Meanwhile, the Group's remuneration policy is reviewed on a regular basis as well. The Group adhered to focus on people and safeguarded the legitimate rights and interests of employees, paid the social insurances, enterprise annuity and supplementary medical insurance as required by the relevant regulations of the PRC and provided extra welfare scheme for employees.

15. Description of Other Business Operations

As the Dagang port area is planned to be transformed and upgraded into an international home port for cruise liners, the business of the Dagang port area will be gradually relocated to the Dongjiakou port area and the Qianwan port area. In March 2020, Qingdao international home port for cruise liners started construction and the construction was gradually carried on as planned. As of 31 December 2022, the construction of international home port for cruise liners had no effect on the main business of the Dagang port area.

The government of Qingdao Economic and Technological Development Zone proposes to adopt a new urban planning scheme that may relocate the port operations in the Huangdao oil port area and operations of certain clients around the Huangdao oil port area to the Dongjiakou port area. As at 31 December 2022, the Group did not receive any relocation plan or relevant notice, and did not obtain any information in relation to such relocation of clients and businesses to the Dongjiakou port area, and the operation of the Huangdao oil port area was not affected.

16. Outlook for 2023

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

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

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

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

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

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

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

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

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

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

1. 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: RMB' 000

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

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

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

Unit: RMB' 000

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

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

2. Changes of use of proceeds for investment projects of H Share Placing

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

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

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

USE OF PROCEEDS

The net proceeds from the H Shares Placing of the Company in 2017 were approximately HKD1,035 million, equivalent to approximately RMB912 million. As at 31 December 2021, approximately HKD648 million (which was calculated based on the exchange rate of 31 December 2021, including accumulated interest income) was carried over to this year. For the year ended 31 December 2022, the Company had invested the fundraising of approximately HKD460.45 million in the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used to pay for the equity acquisition of COSCO SHIPPING Ports (Abu Dhabi) Co., Ltd., and the Company has not yet use it in the way as disclosed in the announcements of the Company dated 28 October 2022 and 23 December 2022 and the circular of the Company dated 18 November 2022. The Company will use the remaining proceeds in accordance with the progress of the investment projects and business development, which are expected to be used up by the year 2024.

The net proceeds from the initial public offering of A shares of the Company were approximately RMB1,979 million. As at 31 December 2021, approximately RMB978 million (including accumulated interest income) was carried over to this year. For the year ended 31 December 2022, approximately RMB482 million of the proceeds had been used into the investment projects in the way as disclosed in the Company's initial public offering of A shares prospectus and the Company's announcements dated 26 March 2020, 10 June 2020, 24 May 2021 and 28 June 2021 and circulars dated 26 May 2020 and 27 May 2021, which was mainly used for construction of the project of Qingdao Port Investment multi-purpose berths and north jetty II rear ancillary stacking yards in Dongjiakou Port Area, purchase of equipment and the intelligent port area upgrading project, etc.. The Company shall use the remaining proceeds in accordance with the progress of the investment projects and business development, which are expected to be used up by the year 2024.

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

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

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

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules for the year ended 31 December 2022.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

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

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

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

CLOSURE OF REGISTER

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

MATERIAL LITIGATIONS

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

SUBSEQUENT EVENTS

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

PUBLICATION OF THE COMPANY'S 2022 ANNUAL RESULTS ANNOUNCEMENT AND THE 2022 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 2022 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.
SU Jianguang
Chairman

Qingdao, the PRC, 29 March 2023

As at the date of this announcement, the executive Directors are Mr. SU Jianguan and Mr. ZHANG Baohua; the non-executive Directors are Mr. LI Wucheng, Mr. ZHU Tao, Ms. WANG Fuling and Mr. XUE Baolong; and the independent non-executive Directors are Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.

DEFINITIONS

“2022 AGM”	the 2022 annual general meeting of the Company to be held on 6 June 2023
“A share(s)”	share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the main board of Shanghai Stock Exchange (stock code: 601298) and traded in RMB
“A Share Offering”	the Company’s public offering 454,376,000 A shares, which are listed on the main board of Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“CFS”	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
“Commonly Held Entities”	has the meaning ascribed to it in the Hong Kong Listing Rules
“Company”	Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013
“Consolidated Group Companies”	the subsidiaries of the Company (including its branches) which are consolidated into the consolidated financial statements of the Company

“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited* (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the main board of the Hong Kong Stock Exchange (Stock Code: 01199), holding approximately 20% equity interests in the Company as at the date of this announcement, which is a substantial shareholder and a connected person of the Company
“Director(s)”	the director(s) of the Company
“Distributable Profit”	calculated by net profit attributable to shareholders of the Company in the scope of the consolidated financial statements prepared in the PRC Accounting Standards for Business Enterprise, deducting recovery of accumulated losses, appropriation to statutory surplus reserve and other necessary reserve by the parent company and subsidiaries as well as the impact of the appraisal value-added amount of the asset invested in the Company by Qingdao Port Group, the promoter at the establishment of the Company, on net profit for the year, etc.
“Dongjiakou Oil”	Qingdao Port Haiye Dongjiakou Oil Co., Ltd.* (青島港海業董家口油品有限公司, formerly known as Qingdao Haiye Mercuria Oil Terminal Co., Ltd.* (青島海業摩科瑞倉儲有限公司)), a company established in the PRC with limited liability on 23 May 2011 and a subsidiary of the Company, which is mainly engaged in terminal stevedoring and warehousing services of liquid bulk. As at the date of this announcement, the Company holds 70% equity interests of it
“Equipment Group”	Shandong Port Equipment Group Co., Ltd.* (山東港口裝備集團有限公司), a company established in the PRC with limited liability on 27 March 2020, which is mainly engaged in port equipment manufacturing, marine equipment manufacturing, ship repair and other businesses. As at the date of this announcement, the Company holds 16.56% equity interests of it

“Global Offering”	the Hong Kong Public Offering and the International Offering (as defined in the Prospectus) conducted by the Company in May 2014 subject to and in accordance with the terms and conditions set out in the Prospectus and the related application forms
“Group”	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associates of the Company
“H share(s)”	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the main board of the Stock Exchange (stock code: 06198) and are traded in HKD
“H Share(s) Placing”	the Company issued the 243,000,000 H shares by way of placing and has been listed on the Hong Kong Stock Exchange
“Haiwan Liquid Chemical”	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd.* (青島海灣液體化工港務有限公司), a company established in the PRC with limited liability on 26 August 2011 and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Land-Sea Logistics Group”	Shandong Port Land-Sea International Logistics Group Co., Ltd.* (山東港口陸海國際物流集團有限公司), a company established in the PRC with limited liability on 27 December 2019 and a wholly-owned subsidiary of the Shandong Port Group, which is mainly engaged in domestic and international freight forwarding, road transportation, import and export agency, bonded logistics center operation and international shipping agency

“Mainstay circulation and Dual circulation”	Domestic circulation as the mainstay and domestic and international circulations reinforcing each other
“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
“Ocean Bridge International”	Ocean Bridge International Ports Management Co., Ltd.* (海路國際港口運營管理有限公司), a joint stock company established in Hong Kong on 16 March 2018 and a joint venture in which the Company holds 49% equity interests, which is mainly engaged in investment and management of foreign projects and other businesses
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Prospectus”	the listing document of the Company in relation to the Global Offering dated 26 May 2014
“QDOT”	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.* (青島港董家口礦石碼頭有限公司), a company established in the PRC with limited liability on 9 January 2014 and a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services
“Qingdao Port Engineering”	Qingdao Port (Group) Engineering Co., Ltd.* (青島港(集團)港務工程有限公司), a company established in the PRC with limited liability on 13 May 1992 and a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of construction engineering, architectural decoration and engineering design services, and other business
“Qingdao Port Equipment”	Qingdao Port Equipment Manufacturing Co., Ltd.* (青島港口裝備製造有限公司), a company established in PRC with limited liability on 16 November 2020, which is mainly engaged in port equipment manufacturing, engineering construction, maintenance and repair and other business. As at the date of this announcement, the Company holds 49% equity interests of it

“Qingdao Port Group”	Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司), a company established in the PRC with limited liability on 12 August 1988 and the controlling shareholder of the Company, holding approximately 55.77% equity interests in the Company as at the date of this announcement. When references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by Qingdao Port Group and the Commonly Held Entities of Qingdao Port Group (if applicable)
“Qingdao Port International Trade”	Qingdao Port International Trade Logistics Co., Ltd.* (青島港國際貿易物流有限公司), a company established in the PRC with limited liability on 15 September 2014, which is mainly engaged in port spot trading of commodities and agency services for import and export. As at the date of this announcement, Qingdao Port Logistics, CIMC Wetrans Logistics Management Co., Ltd.* (中集世聯達物流管理有限公司) and Land-Sea International Logistics hold 49%, 40% and 11% equity interests of it, respectively
“Qingdao Port Logistics”	Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司), a company established in the PRC with limited liability on 2 February 2004 and a wholly-owned subsidiary of the Company, which is mainly engaged in the business of logistics and port value-added services, such as transportation, agency and warehousing services
“Qingdao SASAC”	the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會)
“Qingdao Shihua”	Qingdao Shihua Crude Oil Terminal Co., Ltd.* (青島實華原油碼頭有限公司), a company established in the PRC with limited liability on 23 February 2006 and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services

“QQCT”	Qingdao Qianwan Container Terminal Co., Ltd.* (青島前灣集裝箱碼頭有限責任公司), a company established in the PRC with limited liability on 17 May 2020 and a joint venture in which the Company holds 51% equity interests (but is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), which is mainly engaged in the business of container handling and ancillary services
“RCEP”	Regional Comprehensive Economic Partnership
“Rizhao Port Finance Company”	Rizhao Port Group Finance Co., Ltd.* (日照港集團財務有限公司), a company established in the PRC with limited liability on 20 May 2016, which is mainly engaged in absorbing deposit of member units, assisting member units to realize the receipt and payment of transaction funds, handling internal transfer and settlement between member units, self-operated loan business, entrusted loan business, letter of guarantee business, electronic bank acceptance bill business, discount business, inter-bank lending and other services, which was deregistered on 18 November 2022
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd.* (山東港口日照港集團有限公司), a company established in the PRC with limited liability on 24 February 2004 and a wholly-owned subsidiary of Shandong Port Group, which is mainly engaged in port operation, port industry investment, port infrastructure construction, port and shipping ancillary services and other businesses
“RMB”	Renminbi, the lawful currency of the PRC
“RZP”	Rizhao Port Co., Ltd.* (日照港股份有限公司), a joint stock company established in the PRC with limited liability on 15 July 2002, A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600017), which is mainly engaged in bulk cargo handling, storage and transshipment business
“Shandong Free Trade Zone”	China (Shandong) Pilot Free Trade Zone

“Shandong Port Finance Company”	Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司, formerly known as Qingdao Port Finance Co., Ltd.* (青島港財務有限責任公司)), a company established in the PRC with limited liability on 22 July 2014. As at the date of this announcement, the Company holds 34.63% equity interests in it
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company with limited liability established on 2 August 2019 in the PRC, holding 100% equity interests in Qingdao Port Group as at the date of this announcement, and an indirect controlling shareholder of the Company, with Shandong SASAC as the actual controller. When references are made to connected transactions, also including its subsidiaries and associates (if applicable)
“Shandong Port Investment Holdings”	Shandong Port Investment Holdings Limited* (山東港口投資控股有限公司, formerly known as Shandong Port Financial Holdings Limited* (山東港口金融控股有限公司)), a company established in the PRC with limited liability on 19 April 2017 and a subsidiary of Qingdao Port Group, in which Qingdao Port Group holds 78.17% equity interests. When references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by Shandong Port Investment Holdings and the Commonly Held Entities of Shandong Port Investment Holdings (if applicable)
“Shandong Port Lianhua”	Shandong Port Lianhua Pipeline Petroleum Transportation Co., Ltd.* (山東港聯化管道石油輸送有限公司), a company established in the PRC with limited liability on 9 December 2015 and a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“Shandong Port Technology Qingdao Company”	Shandong Port Technology Group Qingdao Co., Ltd.* (山東港口科技集團青島有限公司), a company established in the PRC with limited liability on 15 December 2014 and a joint venture in which the Company holds 49% equity interests, which is mainly engaged in computer software and hardware development, computer system integration, multimedia technology design and production, computer graphics and animation design, computer engineering and other related businesses

“Shandong SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shandong Province* (山東省人民政府國有資產監督管理委員會)
“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 on 18 February 2008 and a wholly-owned subsidiary of COSCO SHIPPING Ports, holding approximately 15.64% equity interests in the Company as at the date of this announcement
“Shanghai Cooperation Demonstration Zone”	China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone
“Supervisor(s)”	the supervisor(s) of the Company
“TEU”	an abbreviation of Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of 20 feet, a width of eight feet and a height of eight feet and six inches, also known as the international unit of standard container
“Weihai Port”	Shandong Port Weihai Port Co., Ltd.* (山東港口威海港有限公司), a company established in the PRC with limited liability on 7 November 1997 and a wholly-owned subsidiary of Qingdao Port Group, which is mainly engaged in the handling of international express, passenger and vehicle, warehousing, transportation, agency services and other businesses
“Weihai Port Development Company”	Shandong Weihai Port Development Co., Ltd.* (山東威海港發展有限公司), a company established in the PRC with limited liability on 19 December 2001, which is mainly engaged in handling of containers and dry bulk cargo warehousing, road transportation, freight forwarding and other businesses. As at the date of this announcement, the Company and Weihai Port hold 51% equity interests and 49% equity interests of it, respectively

“Weihai Qingwei”

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

“West United”

Qingdao Qianwan West Port United Terminal Co., Ltd.* (青島前灣西港聯合碼頭有限責任公司), a company established in the PRC with limited liability on 9 June 2010 and a joint venture in which the Company holds 51% equity interests (but is not consolidated into consolidated financial statements of the Company as the Company does not have control over it), and which is mainly engaged in the business of dry bulk cargo and break bulk cargo handling and ancillary services

“Yantai Port Group”

Shandong Port Yantai Port Group Co., Ltd.* (山東港口煙台港集團有限公司), a company established in PRC with limited liability on 27 November 1984 and a wholly-owned subsidiary of Shandong Port Group, which is mainly engaged in handling of containers, liquid bulk, dry bulk and logistics 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.*