



秦皇岛港股份有限公司

QINHUANGDAO PORT CO.,LTD.*

(a joint stock limited liability company incorporated in the People's Republic of China)
Stock Code : 3369



2023

INTERIM REPORT

*For identification purposes only

IMPORTANT NOTICE

- I. **The Board, the supervisory committee, the directors, supervisors and senior management of the Company hereby warrant that the contents of this interim report are true, accurate and complete, and there are no false representations, misleading statements or material omissions, and are jointly and severally responsible for the legal liabilities of the Company.**
- II. **All directors of the Company have attended the Board meetings.**
- III. **The interim report of the Company is unaudited.**
- IV. **ZHANG Xiaoqiang, the head of the Company, BU Zhouqing, the chief financial officer, and ZHAO Liangjun, the head of accounting department (Accounting Officer) have declared that they warrant the truthfulness, accuracy and completeness of the financial statements in this interim report.**
- V. **The profit distribution proposal or proposal to transfer capital reserve to share capital for the reporting period as resolved by the Board**
Not Applicable
- VI. **Statement for the risks involved in the forward-looking statements**
 Applicable Not applicable
Forward-looking statements, such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of investment risks.
- VII. **Is there any misappropriation of funds by the Controlling Shareholder and its related parties for non-operating purposes**
No
- VIII. **Is there any external guarantee made in violation of the required decision-making procedures**
No
- IX. **Are there more than half of the directors who cannot guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company**
No
- X. **Warning of major risks**
The Company has described relevant risks in this report. Please refer to “VII. (I) Potential Risks” of “Section III Management Discussion and Analysis” in this report for more details.
- XI. **Others**
 Applicable Not applicable

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| | |
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| Documents Available for Inspection | The interim report for the year 2023 signed by the Chairman of the Board |
| | Financial statements signed and affixed with the seal by the responsible person, chief financial officer and the head of the accounting department of the Company |
| | Originals of the Audit Report affixed with the seal by certified public accountant firm and signed and affixed with the seal by certified public accountants |

SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the meanings as follows:

DEFINITIONS OF USEFUL EXPRESSIONS

| | |
|--|---|
| QHD Port | Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司) |
| Company or the Company | Qinhuangdao Port Co., Ltd.* and its subsidiaries |
| Hebei Port, HPG, controlling shareholder or QHD Port Group | Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which directly holds 56.27% equity interest of the Company |
| Reporting Period | the six months ended 30 June 2023 |
| Corresponding period of 2022 | the six months ended 30 June 2022 |
| CSRC | China Securities Regulatory Commission |
| SSE | Shanghai Stock Exchange |
| Shanghai Listing Rules | the Rules Governing the Listing of Securities on the Shanghai Stock Exchange |
| Stock Exchange | The Stock Exchange of Hong Kong Limited |
| Hong Kong Listing Rules | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| Corporate Governance Code | the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules |
| Model Code | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules |
| Prospectus | the prospectus for the initial public offering and listing of A Shares of Qinhuangdao Port Co., Ltd. issued by the Company on SSE on 13 July 2017 |
| HPG Finance | Hebei Port Group Finance Company Limited* (河北港口集團財務有限公司) |
| Cangzhou Mineral Port | Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company established in the PRC with limited liability on 10 April 2012, with 97.59% of its equity interest held by the Company as at the date of this report |
| Caofeidian Coal Port | Tangshan Caofeidian Coal Stevedoring Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company established in the PRC with limited liability on 29 October 2009, with 51.00% of its equity interest held by the Company as at the date of this report |
| Caofeidian Shiye Port | Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company established in the PRC with limited liability on 4 September 2002, with 35.00% of its equity interest held by the Company as at the date of this report |
| A Share(s) | the domestic listed RMB ordinary share(s) in the share capital of QHD Port with a nominal value of RMB1.00 each, which are listed on the SSE |
| H Share(s) | Hong Kong listed ordinary share(s) in the share capital of QHD Port with a nominal value of RMB1.00 each, which are listed on the Stock Exchange |
| Harbor | land and water surface of the port within the territory of the port and demarcated by the administrative agency of local government |
| Qinhuangdao Port | Qinhuangdao Port in Qinhuangdao City, Hebei Province |
| Caofeidian Port | Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province |
| Huanghua Port | Huanghua Port in Cangzhou City, Hebei Province |
| Throughput | a measure of the volume of cargo handled by a port. Where cargoes are transhipped, each unloading and loading process is measured separately as part of throughput |
| Terminal | designated for mooring vessels, loading and unloading cargoes and boarding travelers |
| Berth | the place of a dock designated for a vessel to moor |
| Bulk cargo | loose commodity cargo that is transported in volume size including dry bulk cargo and liquid bulk cargo |

SECTION I DEFINITIONS

| | |
|-----------------------------------|---|
| General cargo | a general terms for cargoes of various varieties, nature and packaging forms |
| TEU | a statistical conversion unit for containers, a container of twenty feet in length (i.e. one TEU) |
| Economic hinterland or Hinterland | hinterland connected with the port by means of transportation, a territory scope in the port where cargoes are generated from or cargoes to be transshipped through the port are consumed |
| Daqin Railway | the railway line from Hanjialing Station in Datong County, Shanxi Province to the Liucun South Station in Qinhuangdao City, Hebei Province |
| Board or Board of Directors | the board of directors of QHD Port |
| Director(s) | Director(s) of QHD Port |
| PRC or China | the People's Republic of China which, for the purposes of this report, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| RMB or Renminbi | Renminbi, the lawful currency of the PRC |

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

I. PROFILE OF THE COMPANY

| | |
|-------------------------------------|----------------------------|
| Company name in Chinese | 秦皇島港股份有限公司 |
| Abbreviation in Chinese | 秦港股份 |
| Company name in English | QINHUANGDAO PORT CO., LTD. |
| Abbreviation in English | QHD PORT |
| Legal representative of the Company | ZHANG Xiaoqiang |

II. CONTACT PERSON AND CONTACT METHOD

| | Secretary to the Board | Securities Representative |
|-----------|---|---|
| Name | GAO Feng | ZHANG Nan |
| Address | 35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province | 35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province |
| Telephone | 0335-3099676 | 0335-3099676 |
| Facsimile | 0335-3093599 | 0335-3093599 |
| E-mail | qggf@portqhd.com | qggf@portqhd.com |

III. CHANGES IN BASIC INFORMATION

| | |
|---|---|
| Registered address of the Company | 35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province |
| Historical change of registered address of the Company | Not Applicable |
| Business address of the Company in the PRC | 35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province |
| Postal code of the business address of the Company in the PRC | 066001 |
| Website address of the Company | www.portqhd.com |
| E-mail | qggf@portqhd.com |
| Enquiry index for changes during the Reporting Period | Not Applicable |

IV. CHANGE PROFILE OF INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

| | |
|---|--|
| Name of media of information disclosure designated by the Company | China Securities Journal and Securities Times |
| Website address for publication of interim report | www.sse.com.cn www.hkexnews.hk |
| Place where interim report of the Company is available for inspection | Corporate Management Department (Legal and Risk Control Department) of the Company |
| Enquiry index for changes during the Reporting Period | Not Applicable |

V. SHARES OF QHD PORT

| Types of Shares | Stock exchanges of listing | Stock abbreviation | Stock codes | Stock abbreviation before changes |
|-----------------|---|--------------------|-------------|-----------------------------------|
| A Shares | Shanghai Stock Exchange | QHD PORT | 601326 | Not Applicable |
| H Shares | The Stock Exchange of Hong Kong Limited | QHD PORT | 03369 | Not Applicable |

VI. OTHER RELEVANT INFORMATION

Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Major accounting data

Unit: Yuan Currency: RMB

| Major accounting data | For the Reporting Period (January – June) | Corresponding period of last year | Increase/decrease for the Reporting Period as compared to the corresponding period of last year (%) |
|--|---|-----------------------------------|---|
| Operating revenue | 3,584,196,340.31 | 3,386,210,260.68 | 5.85 |
| Net profit attributable to Shareholders of the listed Company | 912,728,144.53 | 711,741,136.52 | 28.24 |
| Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses | 883,481,780.39 | 684,371,076.59 | 29.09 |
| Net cash flow generated from operating activities | 1,581,816,967.64 | 1,477,858,001.54 | 7.03 |

| | End of the Reporting Period | End of last year | Increase/decrease for the end of the Reporting Period as compared to the end of last year (%) |
|---|-----------------------------|-------------------|---|
| Net assets attributable to Shareholders of the listed Company | 17,900,201,338.91 | 17,321,605,086.27 | 3.34 |
| Total assets | 28,299,207,762.45 | 27,940,699,083.26 | 1.28 |

(II) Major financial indicators

| Major financial indicators | For the Reporting Period (January – June) | Corresponding period of last year | Increase/decrease for the Reporting Period as compared to the corresponding period of last year (%) |
|--|---|-----------------------------------|---|
| Basic earnings per share (RMB/Share) | 0.16 | 0.13 | 23.08 |
| Diluted earnings per share (RMB/Share) | 0.16 | 0.13 | 23.08 |
| Basic earnings per share after deducting non-recurring profits and losses (RMB/Share) | 0.16 | 0.12 | 33.33 |
| Weighted average return on net assets (%) | 5.13% | 4.31% | Increase by 0.82 percentage point |
| Weighted average return on net assets after deducting non-recurring profits and losses (%) | 4.96% | 4.14% | Increase by 0.82 percentage point |

Description of major accounting data and financial indicators of the Company

Applicable Not applicable

VIII. DIFFERENCE IN ACCOUNTING DATA BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

IX. NON-RECURRING PROFIT AND LOSS ITEMS AND THEIR AMOUNTS

Applicable Not applicable

Unit: Yuan Currency: RMB

| Non-recurring profit and loss items | Amount | Note (if applicable) |
|---|----------------------|----------------------|
| Profit or loss on disposal of non-current assets | 9,632,074.03 | |
| Tax refund or exemption in relation to documents of unauthorized approval or without formal approval or of incidental nature | | |
| Government grants recognized in profit or loss (except for the government grants that are closely related to the business of the Company and received in accordance with the uniform state's regulations) | 30,306,908.71 | |
| Fund possession cost paid by non-financial enterprises and recorded under current profit and loss | | |
| The excess of the fair value of identifiable net assets acquired over the cost for acquisition of subsidiaries, associates and joint ventures | | |
| Profit/loss of non-monetary asset swap | | |
| Profit/loss from entrusted investment or asset management | | |
| Provision for impairment of assets due to force majeure i.e. natural disaster | | |
| Profit/loss from debt restructuring | | |
| Corporate restructuring expenses, i.e. expenses on employee placement, integration costs, etc. | | |
| Profit/loss from the excess of the fair value of a transaction of unfair consideration | | |
| Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger | | |
| Profit/loss from contingencies irrelevant to the normal operations of the Company | | |
| Profit/loss from the change of fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment except for those gain/loss relating to the hedging transactions under Company's normal operating business | | |
| Write back of the provision for impairment of accounts receivable, contract assets that is individually tested for impairment | | |
| Profit/loss from external entrusted loans | | |
| Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement | | |
| Effects of one-off adjustment to current profit/loss in accordance with laws and regulations on taxation and accounting, etc. | | |
| Income of entrustment fees from entrusted operations | | |
| Other non-operating income or expenses other than the above items | 353,749.91 | |
| Other profit or loss items that fall within the meaning of non-recurring profit and loss | | |
| Less: Impact on income tax | 10,067,759.63 | |
| Impact on non-controlling interests (after tax) | 978,608.88 | |
| Total | 29,246,364.14 | |

Explanations for the Company's extraordinary gain or loss item as defined in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No.1 – Extraordinary Gains or Losses, and the extraordinary gain or loss item as illustrated in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Extraordinary Gains or Losses which has been defined as its recurring gain or loss items.

Applicable Not applicable

X. OTHERS

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. THE COMPANY'S INDUSTRY AND PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

(I) Principal Business

The Company provides highly integrated port services including stevedoring, stacking, warehousing, transportation and logistics services. We handle various types of cargoes mainly including coal, metal ores, oil and liquefied chemicals, containers, general cargoes and other goods.

(II) Operating Model

1. Procurement Model

The Company is mainly engaged in stevedoring and stacking cargo, port management and relevant supporting services, and as compared with production enterprises, it has less demand of raw materials. Major purchases of the Company include resources, stevedoring and transportation equipment.

The purchase of resources includes materials, low-value consumables, energy (including water and electricity) and accessories, among which, the purchase of energy accounts for the majority of the total purchase of the Company. All of the above production materials shall be independently purchased by the Company through entering into relevant contracts. Resources of more than RMB500 thousand and qualified for tendering shall be purchased by the Company by way of tendering. Resources of under RMB500 thousand, which are not subject to tendering, shall be purchased through comparison of quality and price, business negotiation and catalogue procurement.

The purchase of stevedoring and transportation equipment will be conducted by the technology and engineering department, resource supply center and various primary units according to the type of equipment.

2. Production Model

Main production processes of the Company include cargo stevedoring, cargo stacking and handling within the port, and stevedoring of cargoes by road transportation.

The Company has a complete production operation system and organizational management system, complete terminal and logistics facilities and ancillary machinery equipment system, complete and independent information operation, management and network system for the operation of various production businesses.

3. Marketing Model

The Company has an independent marketing system to continuously improve its service level, maintain its existing customer base, and actively explore new customer resources.

(1) Marketing Model of Coal Business

The port coal business is directly managed by the Company's production department with no distribution and agency system. The Company has set up offices in Taiyuan and Hohhot, covering the whole hinterland of cargo sources and coordinating cargo flow.

The Company mainly negotiated business by attending transportation conferences of various industries and order placing meetings across the country, and adopted the mode of mutual visits between ports and customers. At the same time, the Company continued to improve its service quality, carried out in-depth marketing work, established and improved its online marketing system to provide "one-stop" services to customers. The Company will adjust and optimize the existing business model according to the changes in the market situation, actively communicate with customers, carry out various featured businesses such as coal blending business, special facilities, quasi-liner shipping and online business platform, enter into long-term port operation contracts with major coal shipping enterprises and end users of coal, jointly determine the base of annual transshipment volume, and appropriately provide reserved stacking yards and berths to facilitate coal transshipment by customers using port resources.

(2) Marketing Model of Business of Other Types of Cargo

The Company made reference to the marketing model of coal business to determine the marketing model of business of other cargo types, so as to establish an extensive and stable sales network, actively explore business opportunities in the economic hinterland and establish stable and long-term cooperation relationship with customers.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

II. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable Not applicable

(I) The consolidation of port resources in Hebei Province brought new opportunities for the development of the Company in the future.

In July 2022, Hebei Province commenced the consolidation of port resources, where the equity interests of Tangshan Port Industrial Group Co., Ltd., Caofeidian Port Group Co., Ltd., and certain port companies in Caofeidian have been transferred to HPG, the controlling shareholder of the Company, to restructure to form a new HPG. The consolidation of port resources in Hebei will effectively solve the problems brought by the disorderly vicious competition among the ports and overlapping projects in Hebei Province and thus improve the overall competitiveness of the ports of Hebei Province. The new group will coordinate the business planning of different ports and optimize resource allocation, bringing new opportunities for the Company's development in the future.

(II) The Company is a leading public terminal operator for dry bulk cargoes in the world. It implements the cross-port operation strategy of Qinhuangdao Port, Tangshan Port and Cangzhou Port, and operates Qinhuangdao Port, which is an important port for seaborne coal in China, and focuses on expanding business in Caofeidian region and Cangzhou region.

As an important port of the "West-East coal transportation" and "North-South coal transportation" in coal transportation in China, Qinhuangdao Port plays an important role in ensuring the safety of national energy transportation. In recent years, the Company has further expanded its business in Tangshan Caofeidian and Cangzhou City. Phase 1 (expansion) of metal ores terminal project in Cangzhou Port has commenced operation. The Company obtained the Reply on the Approval for Phase 1 of Crude Oil Terminal in the Bulk Cargo Area of Huanghua Port (關於黃驊港散貨港區原油碼頭一期工程項目核准的批覆) issued by Hebei Development and Reform Commission and the Reply on the Approval for the Use of Deep-water Port Waterfront in Phase 1 of Crude Oil Terminal in the Bulk Cargo Area of Huanghua Port (關於黃驊港散貨港區原油碼頭一期工程使用港口深水岸線的批覆) issued by the Ministry of Transport for the 300,000-tonne crude oil terminal project of Huanghua Port in Cangzhou City.

(III) The economic hinterland of the Company covers a wide range of areas with large service radius, and has a solid foundation for development.

The economic hinterland of the Company mainly includes upstream and downstream parts: the upstream part mainly comprises North China, Northeast China and Northwest China, as well as Shandong and Henan and other regions. The above-mentioned regions are not only the main areas where resources are consumed in China, but also the areas where resources are scarce. Strategic materials such as oil, coal, iron ore and grain are required to be imported in large quantities or transported from other regions of China. The Company has continuously improved its economic service capacity for the hinterland, and has opened a number of inland ports, container depots and new routes, further enhancing its service capacity for the port hinterland in the "Three Norths" area and central and southern Hebei.

(IV) The Company has superior port resources and transportation conditions in bulk or sparse shipping.

The Bohai Rim region is located along the northern coast of China, with the coastline length accounting for approximately one-third of the country, and where more than 40 ports are widely distributed. The ports have good natural conditions, marine transportation, railways, highways and air transportation routes are highly concentrated, forming a three-dimensional land-sea-air transportation network centered on ports, and the collection and distribution are convenient. Daqin Railway, which relies on the Qinhuangdao and Caofeidian ports of the Company, is the largest modern and professional coal transportation line in the world in terms of annual transportation volume. The Company continues to promote the construction of the "transformation from road haulage to rail-freight transport" project to further enhance the railway port dredging capacity.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(V) The Company has mainly targeted at large-scale high-quality customers and constantly promotes marketing and improves service quality.

Our customers are mainly large-scale coal, electricity and steel enterprises, including National Coal Group, National Energy Investment Group, Zhejiang Energy Group, Yitai Group, Jinneng Holding Coal Industry Group, Shougang Group and Hebei Iron & Steel Group.

The Company has strengthened the implementation of grid-based marketing, further consolidated the “responsibility system of account managers”, optimized the business handling process of online business halls, and made every effort to meet the personalized reasonable requirements of customers and improve customer satisfaction.

(VI) The Company earnestly implements new development concepts and has achieved new breakthroughs in the construction of the three-type port.

The Company has formulated and issued three-year action plans for construction of smart port, green port and safe port, and the construction of the three-type port has been comprehensively upgraded and accelerated. In terms of smart port, the Company improves the function of “online business hall for production business”, realizes a series of business processing functions such as one-stop acceptance of document circulation, shipment operation entrustment, and vigorously enhances the independent research and development capabilities of science and technology; in terms of green port, the Company conducts targeted management and control of the environment in the port area to carry out precise dust treatment, thus driving the proportion of new energy equipment used and the utilization rate of port shore power rising; in terms of safe port, the Company has built up a safety management platform for “dual base and dual control” to improve the efficiency and quality of safety management, and achieved on-site monitoring visualization by integrating and adding on-site monitoring equipment.

III. OVERVIEW OF INDUSTRY ECONOMY IN THE FIRST HALF OF 2023

(I) Overall Situation

After preliminary accounting, China’s GDP amounted to RMB59,303.4 billion in the first half of 2023, representing a year-on-year increase of 5.5% if calculated at constant prices, up by 1.0 percentage point over the first quarter. In terms of industries, the added value of the primary industry was RMB3,041.6 billion, up by 3.7% over that of the previous year; that of the secondary industry was RMB23,068.2 billion, up by 4.3%; and that of the tertiary industry was RMB33,193.7 billion, up by 6.4%. In terms of quarters, China’s GDP grew by 4.5% year-on-year in the first quarter and grew by 6.3% in the second quarter. Calculated on a quarter-on-quarter basis, China’s GDP increased by 0.8% in the second quarter.

(II) Overview of Port Industry in the PRC

In the first half of 2023, China’s cargo throughput in ports reached 8.19 billion tonnes, representing a year-on-year increase of 8.0%, of which the second quarter achieved a year-on-year increase of 9.7%. In terms of structures, domestic trade throughput increased by 7.6% year on year, while foreign trade throughput increased by 8.9% year on year, mainly driven by imports of coal and other bulk materials. The container throughput completed reached 150 million TEUs, representing a year-on-year increase of 4.8%.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

IV. DISCUSSION AND ANALYSIS OF OPERATIONS

During the Reporting Period, the Company achieved a total cargo throughput of 196.48 million tonnes, representing an increase of 7.82 million tonnes or 4.15% as compared to the throughput of 188.66 million tonnes in the Corresponding period of 2022.

The throughputs generated from each of the ports of the Company are as follows:

| | First half of 2023 | | First half of 2022 | | Increase/ (decrease) (million tonnes) | Increase/ (decrease) (%) |
|------------------|--------------------------------|--|--------------------------------|--|---|--------------------------------|
| | Throughput (million tonnes) | Percentage of total throughput (%) | Throughput (million tonnes) | Percentage of total throughput (%) | | |
| Qinhuangdao Port | 92.29 | 46.97 | 97.22 | 51.53 | (4.93) | (5.07) |
| Caofeidian Port | 61.66 | 31.38 | 54.24 | 28.75 | 7.42 | 13.68 |
| Huanghua Port | 42.53 | 21.65 | 37.20 | 19.72 | 5.33 | 14.33 |
| Total | 196.48 | 100.00 | 188.66 | 100.00 | 7.82 | 4.15 |

During the Reporting Period, the Company achieved a cargo throughput of 92.29 million tonnes in Qinhuangdao Port, representing a decrease of 4.93 million tonnes or 5.07% from 97.22 million tonnes for the Corresponding period of 2022. The decrease was mainly due to the insufficient release of domestic terminal demand of coal, and the competitive situation in surrounding ports, which caused the decrease in the coal throughput in Qinhuangdao Port.

The Company achieved a cargo throughput of 61.66 million tonnes in Caofeidian Port, representing an increase of 7.42 million tonnes or 13.68% from 54.24 million tonnes for the Corresponding period of 2022, which was mainly attributed to active production of steel enterprises in Tangshan and the increased demand for iron ore.

The Company achieved a cargo throughput of 42.53 million tonnes in Huanghua Port, representing an increase of 5.33 million tonnes or 14.33% from 37.20 million tonnes for the Corresponding period of 2022. The increase was mainly due to the active production of steel enterprises in the port hinterland and the significant increase in the volume of iron ore. In addition, the Company strengthened market development and actively visited various customers and railway companies, and the growth of bauxite loading and unloading business was significant.

The cargo throughput of each type of cargoes handled by the Company is set out below:

| | First half of 2023 | | First half of 2022 | | Increase/ (decrease) (million tonnes) | Increase/ (decrease) (%) |
|-----------------------------|--------------------------------|--|--------------------------------|--|---|--------------------------------|
| | Throughput (million tonnes) | Percentage of total throughput (%) | Throughput (million tonnes) | Percentage of total throughput (%) | | |
| Coal | 111.39 | 56.69 | 112.94 | 59.86 | (1.55) | (1.37) |
| Metal ore | 64.55 | 32.85 | 54.51 | 28.89 | 10.04 | 18.42 |
| Oil and liquefied chemicals | 0.80 | 0.41 | 0.75 | 0.40 | 0.05 | 6.67 |
| Container | 6.78 | 3.45 | 8.46 | 4.49 | (1.68) | (19.86) |
| General and other cargoes | 12.96 | 6.60 | 12.00 | 6.36 | 0.96 | 8.00 |
| Total | 196.48 | 100.00 | 188.66 | 100.00 | 7.82 | 4.15 |

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

1. Coal handling services

During the Reporting Period, the Company achieved a total coal throughput of 111.39 million tonnes, representing a decrease of 1.55 million tonnes or 1.37% from 112.94 million tonnes for the Corresponding period of 2022, which was mainly due to (i) the insufficient release of the terminal demand of coal, and the continuous high level of inventories, downward overall coal price, and the low enthusiasm of carriage; and (ii) a significant increase in the imported coal with obvious price advantage and continuous impact on the domestic market.

2. Metal ore handling services

During the Reporting Period, the Company achieved a total metal ores throughput of 64.55 million tonnes, representing an increase of 10.04 million tonnes or 18.42% from 54.51 million tonnes for the Corresponding period of 2022, which was mainly due to the active production of steel enterprises in the port hinterland, the increase in the demand for iron ore, and the increase in the Company's synergistic cooperation with the railway companies to develop the market.

3. Oil and liquefied chemicals handling services

During the Reporting Period, the Company recorded an oil and liquefied chemicals throughput of 0.80 million tonnes, representing an increase of 0.05 million tonnes or 6.67% from 0.75 million tonnes for the Corresponding period of 2022. Such increase was mainly due to the stable offshore oil in terms of oils, resumption of work and production of the asphalt plants in the hinterland in April during the year, and the steady growth of refined oil products.

4. Container services

During the Reporting Period, the Company recorded a container throughput of 570,102 TEUs, equivalent to a total throughput of 6.78 million tonnes, representing a decrease in the number of containers handled and throughput of 250,032 TEUs (i.e. 30.49%) as compared with the number of containers handled and throughput of 820,134 TEUs and 8.46 million tonnes for the Corresponding period of 2022, respectively. The decrease was mainly due to the intensification of competition in the container business around the Bohai Sea ports during the Reporting Period.

5. General cargoes handling services

During the Reporting Period, the Company recorded a throughput of general and other cargoes of 12.96 million tonnes, representing an increase of 0.96 million tonnes or 8.00% from 12.00 million tonnes for the Corresponding period of 2022. The increase was primarily because the Company invested more in market research, strengthened market development, obtained information about cargo sources in the hinterland in time, made market analysis and judgment, and sourced cargo with purpose, plan and timeliness.

6. Ancillary port services and value-added services

The Company also provides a variety of ancillary port services and value-added services. Ancillary port services of the Company include tugging, tallying and trans-shipping services. Our value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services. In the first half of 2023, the revenue of ancillary port services and value-added services of the Company amounted to RMB44,450.3 thousand, representing an increase of RMB8,908.7 thousand or 25.07% from RMB35,541.6 thousand for the Corresponding period of 2022.

Significant changes in the Company's operating conditions during the Reporting Period and events that occurred during the Reporting Period that have a significant impact on the Company's operating conditions and are expected to have a significant impact in the future

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

V. OPERATING RESULTS OF MAJOR BUSINESSES FOR THE REPORTING PERIOD

(I) Analysis of major operating business

1 Analysis of the changes in the relevant items in income statement and statement of cash flows

Unit: Yuan Currency: RMB

| Item | Amount for the Reporting Period | Amount for the corresponding period of last year | Change in proportion (%) |
|--|---------------------------------|--|--------------------------|
| Operating revenue | 3,584,196,340.31 | 3,386,210,260.68 | 5.85 |
| Operating costs | 2,154,113,240.41 | 2,092,457,904.35 | 2.95 |
| Administrative expenses | 303,049,013.18 | 299,428,338.02 | 1.21 |
| Financial expenses | 83,256,173.02 | 85,177,019.82 | -2.26 |
| Research and development expenses | 43,058,280.77 | 16,318,315.10 | 163.86 |
| Net cash flows from operating activities | 1,581,816,967.64 | 1,477,858,001.54 | 7.03 |
| Net cash flows from investing activities | -749,418,806.24 | -786,958,328.63 | 4.77 |
| Net cash flows from financing activities | -718,103,707.57 | -421,687,889.44 | -70.29 |

Reasons for changes in operating revenue: During the Reporting Period, operating revenue of the Company amounted to RMB3,584,196.3 thousand, representing an increase of 5.85% as compared to the corresponding period of last year, mainly due to the increase in throughput.

Reasons for changes in operating costs: During the Reporting Period, operating costs of the Company amounted to RMB2,154,113.2 thousand, representing an increase of 2.95% as compared to the corresponding period of last year, mainly due to the increase in throughput.

Reasons for changes in administrative expenses: During the Reporting Period, the Company's administrative expenses amounted to RMB303,049.0 thousand, representing an increase of 1.21% as compared to the corresponding period of last year, mainly due to the increase in early retirement schemes as compared to the corresponding period of last year.

Reasons for changes in financial expenses: During the Reporting Period, the Company's financial expenses amounted to RMB83,256.2 thousand, representing a decrease of 2.26% as compared to the corresponding period of last year, mainly due to the decreased bank borrowings during the Reporting Period.

Reasons for changes in research and development expenses: During the Reporting Period, the Company's research and development expenses amounted to RMB43,058.3 thousand, representing an increase of 163.86% as compared to the corresponding period of last year, mainly due to the increase in research and development investment during the Reporting Period.

Reasons for changes in net cash flows from operating activities: During the Reporting Period, the Company's net cash flows from operating activities amounted to RMB1,581,817.0 thousand, representing an increase of 7.03% as compared to the corresponding period of last year, mainly due to the cash inflows of operating activities.

Reasons for changes in net cash flows from investing activities: During the Reporting Period, the Company's net cash flows from investing activities amounted to RMB-749,418.8 thousand, representing an increase of 4.77% as compared to the corresponding period of last year, mainly due to the time deposits with maturity of more than three months expired.

Reasons for changes in net cash flows from financing activities: During the Reporting Period, the Company's net cash flows from financing activities amounted to RMB-718,103.7 thousand, representing a decrease of 70.29% as compared to the corresponding period of last year, mainly due to the decrease in new borrowings and the increase in repayments of borrowings for the Reporting Period.

2 Detailed explanation of business types of the Company, major changes in the structure or sources of Company's profits for the Reporting Period

Applicable Not applicable

(II) Description of material changes in profits from non-major business

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

1. Assets and liabilities

Unit: Yuan

| Items | Amount at the end of the Reporting Period | Proportion of the amount at the end of the Reporting Period with respect to the total assets (%) | Amount at the end of last year | Proportion of the amount at the end of last year with respect to the total assets (%) | Percentage change in the amount at the end of the Reporting Period as compared to that at the end of last year (%) | Description |
|---|---|--|--------------------------------|---|--|-------------|
| Cash and bank balances | 5,682,314,424.30 | 20.08 | 4,847,758,214.85 | 17.35 | 17.22 | |
| Bills receivable | 74,300,580.00 | 0.26 | 91,361,696.00 | 0.33 | -18.67 | |
| Accounts receivable | 67,138,565.49 | 0.24 | 46,622,811.77 | 0.17 | 44.00 | |
| Financing receivables | 70,951,102.91 | 0.25 | 35,866,130.32 | 0.13 | 97.82 | |
| Prepayments | 18,684,110.17 | 0.07 | 23,630,461.95 | 0.08 | -20.93 | |
| Other receivables | 22,583,451.82 | 0.08 | 22,220,105.04 | 0.08 | 1.64 | |
| Inventories | 145,382,477.46 | 0.51 | 125,279,242.63 | 0.45 | 16.05 | |
| Other current assets | 10,500,230.36 | 0.04 | 82,539,575.60 | 0.30 | -87.28 | |
| Long-term equity investments | 3,790,685,825.75 | 13.40 | 3,595,010,502.57 | 12.87 | 5.44 | |
| Other equity investments | 1,172,742,023.33 | 4.14 | 1,136,892,279.11 | 4.07 | 3.15 | |
| Fixed assets | 13,245,266,834.25 | 46.80 | 11,548,007,158.30 | 41.33 | 14.70 | |
| Construction in progress | 306,103,334.09 | 1.08 | 2,478,720,446.03 | 8.87 | -87.65 | |
| Right-of-use assets | 131,062,349.18 | 0.46 | 141,869,720.26 | 0.51 | -7.62 | |
| Intangible assets | 2,959,910,202.73 | 10.46 | 2,950,070,241.42 | 10.56 | 0.33 | |
| Long-term prepaid expenses | 2,944,021.70 | 0.01 | 5,639,206.39 | 0.02 | -47.79 | |
| Deferred income tax assets | 409,264,043.91 | 1.45 | 439,589,423.33 | 1.57 | -6.90 | |
| Other non-current assets | 189,374,185.00 | 0.67 | 369,621,867.69 | 1.32 | -48.77 | |
| Short-term borrowings | 260,245,555.55 | 0.92 | 260,270,111.11 | 0.93 | -0.01 | |
| Accounts payable | 323,509,841.16 | 1.14 | 259,894,659.77 | 0.93 | 24.48 | |
| Contracts liabilities | 591,547,646.35 | 2.09 | 563,480,833.77 | 2.02 | 4.98 | |
| Employee benefits payable | 708,195,276.99 | 2.50 | 742,093,194.47 | 2.66 | -4.57 | |
| Taxes payable | 82,907,382.35 | 0.29 | 43,304,688.38 | 0.15 | 91.45 | |
| Other payables | 851,825,588.28 | 3.01 | 548,457,808.34 | 1.96 | 55.31 | |
| Non-current liabilities due within one year | 705,921,138.84 | 2.49 | 680,774,886.72 | 2.44 | 3.69 | |
| Long-term borrowings | 5,341,288,606.50 | 18.87 | 5,949,695,604.50 | 21.29 | -10.23 | |
| Lease liabilities | 8,112,422.75 | 0.03 | 16,720,143.33 | 0.06 | -51.48 | |
| Long-term payables | 34,000,000.00 | 0.12 | 34,000,000.00 | 0.12 | 0.00 | |
| Long-term employee benefits payable | 309,327,971.62 | 1.09 | 372,187,195.91 | 1.33 | -16.89 | |
| Deferred income | 126,186,221.03 | 0.45 | 143,939,129.50 | 0.52 | -12.33 | |
| Deferred income tax liabilities | 109,766,938.84 | 0.39 | 100,804,502.79 | 0.36 | 8.89 | |

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Other details

Accounts receivable as at 30 June 2023 amounted to RMB67,138.6 thousand, representing an increase of 44.00% from the beginning of the year, mainly due to the increase in the business volume of Caofeidian Coal Port, a subsidiary of the Company.

Financing receivables as at 30 June 2023 amounted to RMB70,951.1 thousand, representing an increase of 97.82% from the beginning of the year. Such increase was mainly due to the changes in Caofeidian Coal Port, a subsidiary of the Company.

Other current assets as at 30 June 2023 amounted to RMB10,500.2 thousand, representing a decrease of 87.28% from the beginning of the year, which was mainly due to the utilization of VAT credit by its parent company.

Construction in progress as at 30 June 2023 amounted to RMB306,103.3 thousand, representing a decrease of 87.65% from the beginning of the year, which was mainly due to Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port of Mineral transferred into fixed assets.

Long-term prepaid expenses as at 30 June 2023 amounted to RMB2,944.0 thousand, representing a decrease of 47.79% from the beginning of the year, mainly due to the amortization during the Reporting Period.

Other non-current assets as at 30 June 2023 amounted to RMB189,374.2 thousand, representing a decrease of 48.77% from the beginning of the year, which was mainly due to a decrease of term deposits over 1 year during the Reporting Period.

Taxes payable as at 30 June 2023 amounted to RMB82,907.4 thousand, representing an increase of 91.45% from the beginning of the year, mainly due to an increase in the enterprise income tax payable during the Reporting Period.

Other payables as at 30 June 2023 amounted to RMB851,825.6 thousand, representing an increase of 55.31% from the beginning of the year, mainly due to an increase of dividends payable during the Reporting Period.

Lease liabilities as at 30 June 2023 amounted to RMB8,112.4 thousand, representing a decrease of 51.48% from the beginning of the year, which was mainly due to the transfer into lease payments due within one year.

2. Overseas assets

Applicable Not applicable

(1) Assets scale

Including: overseas assets of 61,103,454.79 (Unit: Yuan, Currency: RMB), representing 0.22% of the total assets.

(2) Explanation of the relatively high proportion of overseas assets

Applicable Not applicable

3. Restrictions on major assets as at the end of the Reporting Period

Applicable Not applicable

4. Other explanation

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Investment analysis

1. Overall analysis of external equity investments

Applicable Not applicable

As at the end of the Reporting Period, the closing balance of external equity investments of the Company was RMB3,790,685.8 thousand, representing an increase of RMB195,675.3 thousand or 5.44% from the beginning of the Reporting Period. For details of such changes refer to “8. Long-term Equity Investments” set out in Section X “V. Notes to Key Items of the Consolidated Financial Statements” of the report.

(1) Substantial equity investments

Applicable Not applicable

(2) Substantial non-equity investments

Applicable Not applicable

(3) Financial assets measured at fair value

Applicable Not applicable

Unit: Yuan Currency: RMB

| Category of assets | Opening balance | Gains or losses on fair value change for the period | Total fair value change recorded in equity | Impairment for the period | Amount of purchase for the period | Amount of disposal/redemption for the period | Other changes | Ending balance |
|--------------------------------------|------------------|---|--|---------------------------|-----------------------------------|--|---------------|------------------|
| Financing receivables | 35,866,130.32 | | | | 35,084,972.59 | | | 70,951,102.91 |
| Other equity instruments investments | 1,136,892,279.11 | | 35,849,744.22 | | | | | 1,172,742,023.33 |
| Total | 1,172,758,409.43 | | 35,849,744.22 | | 35,084,972.59 | | | 1,243,693,126.24 |

Securities investment

Applicable Not applicable

Description of securities investment

Applicable Not applicable

Private equity investment

Applicable Not applicable

Derivative investment

Applicable Not applicable

(V) Sales of substantial assets and equity interest

Applicable Not applicable

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(VI) Analysis of major controlled companies and investees

Applicable Not applicable

Cangzhou Mineral Port is a substantial subsidiary of the Company. It was incorporated on 10 April 2012, with a registered capital of RMB5,266,348.2 thousand. Its headquarters is located in Bohai New District, Cangzhou City, Hebei Province. It mainly engages in stevedoring and stacking business. As at 30 June 2023, the total assets of Cangzhou Mineral Port were RMB9,788,019.4 thousand, of which the net assets were RMB6,231,968.6 thousand. For the six months ended 30 June 2023, the operating revenue of Cangzhou Mineral Port was RMB977,821.2 thousand, and the operating profit was RMB179,910.3 thousand. Net profit was RMB161,573.9 thousand, accounting for 17.70% of net profit attributable to the parent company.

Caofeidian Coal Port is a substantial subsidiary of the Company. It was incorporated on 29 October 2009, with a registered capital of RMB1,800,000.0 thousand. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in business including stevedoring and storage services. As at 30 June 2023, the total assets of Caofeidian Coal Port were RMB4,612,272.5 thousand, of which the net assets were RMB1,227,738.2 thousand. For the six months ended 30 June 2023, the operating revenue of Caofeidian Coal Port was RMB460,860.4 thousand and the operating profit was RMB67,652.1 thousand. Net profit was RMB67,659.2 thousand, accounting for 7.41% of net profit attributable to the parent company.

Caofeidian Shiye Port is a substantial investee of the Company. It was incorporated on 4 September 2002, with a registered capital of RMB2,000,000.0 thousand. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in businesses including operation of port business and investment in infrastructure. As at 30 June 2023, the total assets of Caofeidian Shiye Port were RMB7,256,190.6 thousand, of which the net assets were RMB6,149,355.0 thousand. For the six months ended 30 June 2023, the operating revenue of Caofeidian Shiye Port was RMB943,302.0 thousand, and the operating profit was RMB559,902.7 thousand. Net profit was RMB422,054.7 thousand, and the Company's share of investment income in proportion to shareholding accounted for 16.19% of net profit attributable to the parent company.

(VII) Structured entities under the control of the Company

Applicable Not applicable

VI. PROSPECTS IN THE SECOND HALF OF 2023

In the second half of 2023, with the recovery of the domestic economy and the upcoming “peak season in summer”, coal storage and transportation in winter, and other peak seasons with seasonal features, it is expected to boost, to a certain extent, the demand for bulk commodities, such as coal. Additionally, the Company's relevant production equipment has been put into operation successively, which enhances its market competitiveness.

Coal: In July, it is time to embrace the “peak season in summer”. Daily coal consumption by power plants will constantly operate at high levels, and the demand for industrial coal is expected to release effectively. In October, winter coal storage demand will gradually increase. Moreover, the hydroelectric generation has underperformed this year. On the whole, the coal demand in the second half of the year is expected to improve. The Company will actively expand its business and achieve steady growth in transportation volume by taking advantage of favorable conditions.

Metal ore: The Company will take advantage of railway transportation and actively make efforts to ensure that the cargoes from such remote hinterlands as Inner Mongolia and Ningxia arrive at ports, so as to realize the increase in cargo sources.

Oil and liquefied chemicals: The Company will continue to make efforts in the businesses of offshore oil and asphalt plants to ensure safe and steady production.

Containers: The Company will give full play to the advantages of collection and distribution of rail transport, make full use of the relevant supportive policies for container development to be introduced in the future, and make efforts in dry bulk to containers business and sea-rail transport business.

General cargoes and other goods: The Company will continue to make efforts in sourcing cargoes and market research and analysis, and strive to introduce new cargo sources while stabilizing existing customers.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

VII. OTHER DISCLOSURES

(I) Potential Risks

Applicable Not applicable

At present and for a long period of time in the future, the Company faces both challenges and opportunities. The port industry in which the Company operates is a fundamental sector of the national economy, and the development level of the industry is closely related to the development of the national economy. The macroeconomic situation has a certain impact on the Company's business performance. The Company mainly operates bulk commodities such as iron ore and coal, which are greatly influenced by the steel and energy industries. The goal of "peaking carbon dioxide emissions and carbon neutrality" will accelerate the transformation of the energy structure, and the proportion of coal in China's primary energy consumption structure will decline. At the same time, a series of national and local strategies and policies, such as the synergetic development of Beijing, Tianjin and Hebei, the Belt and Road Initiative, Xiong'an New Area, Hebei accelerating construction of a strong open province, have been successively introduced, adding vitality to the regional economic development and providing external conditions for the transformation and development of ports.

Recently, the Company's major risks include (i) the influx of imported coal, which formed a crowding-out effect on the domestic coal market, and the uncertainties of the subsequent impact; and (ii) continuous fierce competition among ports in spite of the remarkable success in integration of port resources in Hebei Province, which was due to the existence of a large number of dedicated ports.

(II) Other Disclosures

Applicable Not applicable

(1) Gross Profit Margin

During the Reporting Period, gross profit of the Company amounted to RMB1,430,083.1 thousand, representing an increase of 10.54% as compared to the corresponding period of last year. Gross profit margin of the Company for the Reporting Period was 39.90%, representing an increase of 1.69 percentage points as compared to the corresponding period of last year.

(2) Tax and Surcharges

During the Reporting Period, the tax and surcharges of the Company amounted to RMB68,254.3 thousand, representing an increase of 1.03% as compared to the corresponding period of last year, mainly due to the increase in environmental protection tax payable driven by throughput growth.

(3) Other Income

During the Reporting Period, the Company's other income amounted to RMB31,327.1 thousand, representing a decrease of 14.18% as compared to the corresponding period of last year, mainly due to the decrease in additional deduction on VAT.

(4) Investment Income

During the Reporting Period, the Company's investment income amounted to RMB172,114.5 thousand, representing an increase of 100.89% as compared to that for the corresponding period of last year, mainly due to the increase of net profit of the Company's associates for the current year.

(5) Net Non-operating Revenue and Expenses

During the Reporting Period, net non-operating revenue and expenses of the Company amounted to RMB3,412.6 thousand, representing an increase of 7.39% as compared to the corresponding period of last year, which was mainly due to the increase of the gains on obsolescence of non-current assets for the current period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(6) Income Tax Expense

The Company's income tax expenses decreased by RMB21,705.0 thousand to RMB202,368.9 thousand for the Reporting Period from RMB224,073.9 thousand for the corresponding period of last year. The Company's effective income tax rate decreased to 17.54% for the Reporting Period from 23.91% for the corresponding period of last year, mainly due to the its subsidiary, Cangzhou Mineral Port, is entitled to the preferential income tax treatments applicable to enterprise for the current year.

(7) Net Profit

The Company's net profit for the Reporting Period amounted to RMB951,141.9 thousand, representing an increase of 33.41% as compared to the corresponding period of last year, of which the net profit attributable to owners of the parent company amounted to RMB912,728.1 thousand, representing an increase of 28.24% as compared to the corresponding period of last year. Net profit margin of the Company was 25.47%, representing a year-on-year increase of 4.45 percentage points.

(8) Bank Loans and Other Borrowings

The details of bank borrowings and other borrowings of the Company as at 30 June 2023 are set out in "17. Short-term borrowings", "23. Non-current liabilities due within one year" and "24. Long-term borrowings" of Section X "V. Notes to Key Items of the Consolidated Financial Statements".

(9) Exchange Rate Risks

The operations of the Company are mainly located in the PRC, and substantially all of business assets, liabilities, operating revenue and expenses are denominated in or settled in RMB, while debts denominated in foreign currencies are mainly used to pay overseas agency fees. As such, the Company has not adopted any foreign exchange hedging arrangement.

(10) Pledge of Assets and Contingent Liabilities

The Company has no pledge of assets and contingent liabilities during the Reporting Period.

(11) Capital Commitments

Details of the Company's capital commitment during the Reporting Period are set out in "1. Significant commitments" of "X. Commitments and Contingencies" of Section X.

(12) Management of Working Capital

| | 30 June 2023 | 30 June 2022 |
|---|--------------|--------------|
| Current ratio (%) | 1.73 | 1.38 |
| Quick ratio (%) | 1.68 | 1.33 |
| Turnover days of trade receivables | 2.86 | 3.09 |
| Turnover days of trade payables | 24.37 | 22.33 |

As at 30 June 2023, the Company's current ratio and quick ratio were 1.73 and 1.68, respectively, representing an increase as compared with the current ratio of 1.38 and quick ratio of 1.33 as at 30 June 2022. During the Reporting Period, the turnover days of trade receivables were 2.86 days and the turnover days of trade payables were 24.37 days, representing a decrease of 0.23 days and an increase of 2.04 days respectively as compared with the turnover days of trade receivables (3.09 days) and the turnover days of trade payables (22.33 days) for the Corresponding period of 2022. The above indicators are within reasonable range.

SECTION IV CORPORATE GOVERNANCE

I. BRIEF INTRODUCTION OF GENERAL MEETING

| Session of Meeting | Date | Inquiry index at designated website for which the resolutions were published | Disclosure date of the resolutions published | Resolutions of the Meetings |
|---|------------------|--|--|---|
| The First Extraordinary General Meeting for 2023 | 28 February 2023 | www.sse.com.cn www.hkexnews.hk | 1 March 2023 28 February 2023 | For details, please refer to the announcement of the Company on the resolutions of the first extraordinary general meeting for 2023 (Announcement No.: 2023-010) |
| The Second Extraordinary General Meeting for 2023 | 27 April 2023 | www.sse.com.cn www.hkexnews.hk | 28 April 2023 27 April 2023 | For details, please refer to the announcement of the Company on the resolutions of the second extraordinary general meeting for 2023 (Announcement No.: 2023-026) |
| The 2022 Annual General Meeting | 28 June 2023 | www.sse.com.cn www.hkexnews.hk | 29 June 2023 28 June 2023 | For details, please refer to the announcement of the Company on the resolutions of the 2022 annual general meeting (Announcement No.: 2023-033) |

Request for Convening of Extraordinary General Meeting by the Shareholders of Preferred Shares Whose Voting Rights have been Restored

Applicable Not applicable

Information of General Meetings

Applicable Not applicable

On 28 February 2023, QHD Port held the first extraordinary general meeting for 2023. The first extraordinary general meeting for 2023 considered and approved one resolution, i.e. the resolution regarding the election of executive Directors of the fifth session of the Board of the Company.

On 27 April 2023, QHD Port held the second extraordinary general meeting for 2023. The second extraordinary general meeting for 2023 considered and approved three resolutions, i.e. the resolution regarding the change of business scope and amendment to the articles of association of the Company, the resolution regarding the election of executive Directors of the fifth session of the Board of the Company, and the resolution regarding the election of supervisors of the fifth session of the supervisory committee of the Company.

On 28 June 2023, QHD Port held the 2022 annual general meeting. Nine resolutions were considered and approved on the 2022 annual general meeting, including the resolution regarding the report of the Board of Directors of the Company for 2022; the resolution regarding the report of the supervisory committee of the Company for 2022; the resolution regarding the final financial report of the Company for 2022; the resolution regarding the 2022 profit distribution plan and the declaration of final dividend of the Company; the resolution regarding the re-appointment of the auditor of the Company for the year 2023 and the audit fees for the year 2023; the resolution regarding the re-appointment of the internal control auditor of the Company for the year 2023 and the internal control audit fees for the year 2023; the resolution regarding the Director's 2022 annual remuneration; the resolution regarding the supervisor's 2022 annual remuneration; the resolution regarding adjustment of the annual caps amount for continuing connected transactions under the general services agreement for 2023 and 2024.

SECTION IV CORPORATE GOVERNANCE

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF QHD PORT

√ Applicable □ Not applicable

| Name | Positions | Change |
|-----------------|--|-----------|
| CAO Ziyu | Executive Director and Chairman | resigned |
| SUN Wenzhong | Non-executive Director and Vice Chairman | resigned |
| YANG Wensheng | Executive Director and President | resigned |
| MA Xiping | Executive Director and Secretary to the Board | resigned |
| MENG Bo | Supervisor and Chairman of the Supervisory Committee | resigned |
| YANG Jun | Employee Representative Supervisor | resigned |
| ZHOU Chengtao | Employee Representative Supervisor | resigned |
| CHEN Lixin | Vice President | resigned |
| CAO Dong | Chief Financial Officer | resigned |
| ZHANG Xiaoqiang | Executive Director and Chairman | elected |
| NIE Yuzhong | Vice President | resigned |
| | Executive Director and Vice Chairman | elected |
| | President | appointed |
| GAO Feng | Executive Director | elected |
| | Secretary to the Board | appointed |
| ZHENG Guoqiang | Supervisor and Chairman of the Supervisory Committee | elected |
| QU Ying | Supervisor | elected |
| LI Yufeng | Employee Representative Supervisor | elected |
| PEI Baowen | Employee Representative Supervisor | elected |
| BU Zhouqing | Supervisor | resigned |
| | Chief Financial Officer | appointed |
| HU Zhaohui | Vice President | appointed |

SECTION IV CORPORATE GOVERNANCE

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF QHD PORT

Applicable Not applicable

On 7 February 2023, Mr. SUN Wenzhong resigned from his positions as a non-executive Director and the vice chairman of the Company, Mr. YANG Wensheng resigned from his positions as an executive Director, the chairman of the compliance management committee, the members of the remuneration and appraisal committee, the strategy committee and the risk management committee as well as the president of the Company, Mr. MA Xiping resigned from his positions as an executive Director, the secretary to the Board, the members of the compliance management committee and the risk management committee as well as the authorized representative of the Company, and Mr. NIE Yuzhong and Mr. CHEN Lixin resigned from the position as a vice president of the Company, due to the change of their work.

On 7 February 2023, the resolution on the appointment of Mr. NIE Yuzhong as the president of the Company was considered and passed on the 7th meeting of the fifth session of the Board of the Company, Mr. NIE Yuzhong was appointed as the president of the Company.

On 24 February 2023, Mr. CAO Dong resigned from his position as a chief financial officer of the Company due to the change of his work.

On 28 February 2023, the resolution on the election of executive Directors of the fifth session of the Board of the Company was considered and passed on the first extraordinary general meeting of 2023 of the Company, Mr. ZHANG Xiaoqiang and Mr. NIE Yuzhong were elected as the executive Directors of the fifth session of the Board of the Company.

On 28 February 2023, Mr. CAO Ziyu resigned from his positions as an executive Director, the chairman of the Board, the chairman of the strategy committee of the Company due to the change of his work.

On 28 February 2023, the resolution on the election of the chairman, vice chairman of the fifth session of the Board of the Company was considered and passed on the 8th meeting of the fifth session of the Board of the Company, the Board elected Mr. ZHANG Xiaoqiang and Mr. NIE Yuzhong as the chairman and the vice chairman of the fifth session of the Board of the Company, respectively.

On 14 March 2023, Mr. BU Zhouqing resigned from his position as a supervisor of the Company due to the change of his work.

On 15 March 2023, the resolution on the appointment of Mr. BU Zhouqing as the chief financial officer of the Company and the resolution on the appointment of Mr. HU Zhaohui as the vice president of the Company were considered and passed on the 9th meeting of the fifth session of the Board of the Company, the Board agreed to appoint Mr. BU Zhouqing and Mr. HU Zhaohui as the chief financial officer and the vice president of the Company, respectively.

On 31 March 2023, Mr. MENG Bo resigned as a supervisor and the chairman of the supervisory committee of the Company, and Mr. YANG Jun and Mr. ZHOU Chengtao resigned as employee representative supervisors of the Company, due to a change of job.

On 31 March 2023, the Company held a joint meeting, at which Mr. LI Yufeng and Mr. PEI Baowen were elected as employee representative supervisors of the fifth session of the supervisory committee of the Company.

On 27 April 2023, the resolution regarding the election of executive Directors of the fifth session of the Board of the Company and the resolution regarding the election of supervisors of the fifth session of the supervisory committee of the Company were considered and approved at the second extraordinary general meeting for 2023, at which Mr. GAO Feng was elected as an executive Director of the fifth session of the Board of the Company, and Mr. ZHENG Guoqiang and Ms. QU Ying were elected as shareholder representative supervisors of the fifth session of the supervisory committee of the Company.

On 27 April 2023, the resolution regarding appointing Mr. GAO Feng as the secretary to the Board of the Company was considered and approved at the eleventh meeting of the fifth session of the Board of the Company, and it was agreed to appoint Mr. GAO Feng as the secretary to the Board of the Company.

On 27 April 2023, the resolution on the election of the chairman of the fifth session of the supervisory committee of the Company was considered and approved at the eighth meeting of the fifth session of the supervisory committee of the Company, and Mr. ZHENG Guoqiang was elected by the supervisory committee as the chairman of the fifth session of the supervisory committee of the Company.

III. PLANS FOR PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVES

Plans for Profit Distribution or the Transfer of Capital Reserve to Share Capital for the Half Year

| | |
|--------------------------------|----|
| Distribution or capitalization | No |
|--------------------------------|----|

SECTION IV CORPORATE GOVERNANCE

IV. SHARE INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER INCENTIVE MEASURES FOR EMPLOYEES AND THEIR IMPACTS

(I) Incentives disclosed in extraordinary announcements without progress or change in the follow-up implementation

Applicable Not applicable

(II) Incentives not disclosed in extraordinary announcements or with progress in the follow-up implementation

Share incentive

Applicable Not applicable

Other explanations

Applicable Not applicable

Employee share scheme

Applicable Not applicable

Other incentive measures

Applicable Not applicable

V. AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim financial report of the Company for the six months ended 30 June 2023.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. INFORMATION ON ENVIRONMENTAL PROTECTION OF THE COMPANY

(I) Environmental protection of the Company and its subsidiaries categorized as major sewage discharge enterprises as published by the environmental protection department

Applicable Not applicable

1. Information about pollution discharge

Applicable Not applicable

The Company is one of the key pollutant discharge enterprises of Qinhuangdao City in 2023.

The Company manages the discharge of pollutants in strict compliance with the pollution discharge license. In the first half of 2023, the Company did not discharge production waste water. The exhaust emission reached the standard and met the requirements of pollution discharge license.

2. Construction and operation of pollution prevention facilities

Applicable Not applicable

In the first half of 2023, the Company is actively engaged in the operation, management and maintenance of various pollution prevention and control facilities, and pollution prevention equipments and facilities are well maintained.

3. Environmental impact assessment of construction projects and other permits granted by environmental department

Applicable Not applicable

The pollution discharge license is valid and the license number is 91130000673224391T001V, with effect from 16 August 2020 to 15 August 2023.

4. Contingency plans for environmental emergencies

Applicable Not applicable

In May 2022, the Company has revised and updated the Contingency Plans for Environmental Emergencies (2022). On 26 June 2023, comprehensive emergency drill for production safety accidents and sudden environmental incidents was organized and conducted by the Company, which fully examined the operability of the Plan.

5. Environmental self-monitoring plans

Applicable Not applicable

In the first half of 2023, the Company prepared and implemented the environment monitoring program on its own according to the monitoring requirements of pollutant discharge enterprises. Monitoring data has showed that all pollutants have reached the discharge standard.

6. Administrative penalties imposed for environmental problems during the Reporting Period

Applicable Not applicable

7. Other information about environmental protection which should be made public

Applicable Not applicable

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

(II) Information on environmental protection of companies not categorized as major sewage discharge enterprises

Applicable Not applicable

(III) Disclosed information on subsequent progress or changes of environmental protection during the Reporting Period

Applicable Not applicable

(IV) Information on ecological protection, pollution prevention and control, and fulfillment of environmental responsibility

Applicable Not applicable

In the first half of 2023, the Company continued to publicize and educate about ecological and environmental protection; conducted “5 June Environment Day” publicity activity with more than 2,300 employees participating in an environmental protection knowledge quiz; set up 29 environmental protection publicity display boards; posted more than 148 publicity banners; hung 49 environmental protection slogans; adopted both on-line and off-line popular science propaganda; and made use of Wechat ID, the official account and other new media tools to spread 19 articles about environmental protection; electronic display boards was used to display slogans, etc.

(V) Measures and effects taken to reduce its carbon emissions during the Reporting Period

Applicable Not applicable

As a key energy-using enterprise in Qinhuangdao City, the Company has always attached great importance to energy saving and emission reduction, and has set up a leading management group of energy saving and emission reduction since 2008, and has been improving its energy saving management system and improving its management system to promote the construction of a green port.

In the first half of 2023, the Company focused on enhancing the building of a “Green Port”, and took various measures to implement energy conservation and emission reduction. Adhering to the annual energy conservation as the outline, the Company comprehensively assigned and delegated energy-conservation tasks, and tracked and reported the energy consumption every month to strengthen the control of energy consumption; controlled the unit consumption of production, scientifically formulated the production plan, optimized the production process, and rationally managed and directed; increased investment in energy conservation to spare no effort to support the energy-conservation technological transformation projects in 2023; and carried out technical exchange learning of energy – conservation products with new technologies. The Company continued to promote the large-scale procurement of green electricity, so as to optimize the electricity utilization structure; increased the proportion of new energy-powered mobile devices, and has gradually carried out the substitution and updates of fuel oil equipment such as motor vehicles, mobile machinery, internal combustion locomotives and harbour tugboats with electrical equipment; and promoted the construction and transformation of shore power facilities for ships as planned.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

II. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF WORKS OF POVERTY ALLEVIATION AND REVITALIZATION OF VILLAGES

Applicable Not applicable

In the first half of 2023, to expand and strengthen the pumpkin planting and processing industry in Shimenzi Village, Guanchang Town, Qinglong County, Qinhuangdao City (hereinafter referred to as “Shimenzi Village”), the Company mainly performed the following tasks:(i) on-the-spot investigations at the breeding base to select and purchase excellent pumpkin breeds that meet the local planting conditions and are in high demand in the local market of Shimenzi Village; (ii) mobilizing more farmers in Shimenzi Village to participate in planting, encouraging Shimenzi Village in constantly expanding the planting area, and on this basis, proactively communicating and negotiating with other villages in Guanchang Towns on their participation in the planting; (iii) cooperating with Qinglong Manchu Autonomous County Shuanghesheng Ecology Agricultural Products Co., Ltd. (青龍滿族自治縣雙合盛生態農產品有限公司), and inviting technicians to conduct training seminars, explain and share the experience of pumpkin planting and management techniques.

According to the “Industrial Development Plan” formulated by the Company’s working crew in 2022, phase I project of the rural revitalization and assistance micro-factory reconstruction and expansion in Shimenzi Village was completed on time and came into service. We plan to implement phase II project of the rural revitalization and assistance micro-factory reconstruction and expansion in Shimenzi Village this year. The Company summed up the experience of construction and operation of phase I project of last year, constantly improved and refined the project plan, and continued to push forward the preliminary work for project approval, so as to further increase the production capacity of the quick-freeze equipment and expand the storage space through the completion and operation of phase II project. The Company has been perfecting the peripheral ancillary facilities, and gradually expanding and strengthening the processing of the raw materials of agricultural products in Shimenzi Village, so as to scale up and standardize such processing.

SECTION VI SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

(I) Undertakings made by undertaking parties, including the actual controller, Shareholders, related parties, acquirers of the Company and the Company given or subsisting in the Reporting Period

√ Applicable □ Not applicable

| Undertaking background | Type of undertaking | Undertaking party | Contents of undertaking | Time and term of undertaking | Whether there is a time limit for performance or not | Whether strictly performed in a timely manner | If not performed timely, describe the specific reasons | If not performed timely, describe plans in next steps |
|---------------------------------|-------------------------------------|-------------------|---|------------------------------|--|---|--|---|
| Undertakings in relation to IPO | Dealing with horizontal competition | HPG | <p>In order to avoid competition with QHD Port and its controlled enterprises, HPG issued the Non-competition Undertaking to QHD Port on 10 August 2015, which irrevocably undertakes and guarantees as follows:</p> <ol style="list-style-type: none"> None of the controlled enterprises of HPG and HPG (other than QHD Port) is or will be engaged in any business or activity in any form, directly or indirectly, in competition with or likely to be in competition with the principal businesses currently and in the future engaged by QHD Port and its controlled enterprises, both within and outside the PRC; HPG undertakes to use its best endeavours to procure that the companies in which HPG holds equity interests do not or will not engage in or participate in any form of business or activity which competes or is likely to compete, directly or indirectly, with the principal business of QHD Port and its controlled enterprises within or outside the PRC. If HPG or the controlled enterprise of HPG other than QHD Port identifies any new business opportunity that competes or may compete, directly or indirectly, with the principal business of QHD Port or its controlled enterprise, it shall immediately notify QHD Port in writing and use its best endeavours to procure that such business opportunity is first offered to QHD Port or its controlled enterprise on reasonable and fair terms and conditions. If QHD Port or its controlled enterprises abandon such competing new business opportunities and HPG or its controlled enterprises engage in such competing business other than QHD Port, QHD Port or its controlled enterprises shall have the right to acquire any equity interests, assets and other interests in the aforesaid competing business from HPG or its controlled enterprises at any time, either on a one-off or multiple occasions, or by QHD Port to entrust, lease or contract to operate the assets or businesses of HPG or its controlled enterprises other than QHD Port in the aforesaid competing business in a manner permitted by national laws and regulations. When HPG and HPG's controlled enterprises other than QHD Port intend to transfer, sell, lease, license or otherwise transfer or permit to use assets and businesses that compete or are likely to compete, directly or indirectly, with the principal businesses of QHD Port or its controlled enterprises, HPG and HPG's controlled enterprises other than QHD Port will provide QHD Port or its controlled enterprises with pre-emptive rights, and undertake to use their best efforts to procure HPG's shareholding enterprises to provide preemptive rights to QHD Port or its controlled enterprises in the above circumstances. From the date of this letter of undertaking, HPG undertakes to indemnify QHD Port or its controlled enterprises against all actual losses, damages and expenses suffered by HPG or its controlled enterprises as a result of any breach of any terms of this letter of undertaking. This letter of undertaking shall terminate when the following circumstances occur (whichever is earlier): <ol style="list-style-type: none"> HPG and any controlled enterprise of HPG directly or indirectly holds less than 30% of the total number of shares of QHD Port (on an aggregated basis); or The shares of QHD Port shall cease to be listed on the SSE and other internationally recognized stock exchanges (except for the suspension of trading of the shares of QHD Port for any reason). | Long term | No | Yes | | |

SECTION VI SIGNIFICANT EVENTS

| Undertaking background | Type of undertaking | Undertaking party | Contents of undertaking | Time and term of undertaking | Whether there is a time limit for performance or not | Whether strictly performed in a timely manner | If not performed timely, describe the specific reasons | If not performed timely, describe plans in next steps |
|------------------------|--|-------------------|--|------------------------------|--|---|--|---|
| | Undertaking of Disclosure of Information | QHD Port | <p>If the CSRC or other competent authorities determine that there are false representations, misleading statements or material omissions in the prospectus and such circumstances have a material and substantial impact on the determination of whether QHD Port is subject to the conditions of issuance as prescribed by the laws, Qinguangdao Port will repurchase all the new shares issued under this issuance in accordance with the following methods:</p> <p>1) If the above circumstances occur during the stage when the new shares issued under this issuance by QHD Port are issued but not traded, QHD Port will return the proceeds raised from this issuance to the investors who have paid the subscription monies according to the issue price plus bank deposit interest for the same period within 5 working days from the date of the above circumstances. 2) If the above situation occurs after the new shares to be issued by QHD Port have been listed and traded, QHD Port will convene a board meeting within 15 trading days after the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the existence of the above - mentioned facts of QHD Port, formulate a share repurchase plan for the new shares to be issued and submit it to the general meeting for consideration and approval, and repurchase all the new shares to be issued under the issuance through the trading system of the SSE in accordance with the specific share repurchase plan considered and approved by the Board and the general meeting at a price not lower than the issue price of the shares to be issued under the issuance plus interest on current bank deposits for the relevant period from the issuance of shares to the repurchase or such other price as recognized by the CSRC. In case of any ex-right or ex-dividend activities such as profit distribution, conversion of capital reserve into share capital, additional issuance and placing of shares of QHD Port after the issuance and before the repurchase, the above issue price shall be the ex-right and ex-dividend price. Should there be any false representation, misleading statement or material omission in the prospectus of QHD Port which results in losses suffered by investors in securities trading, QHD Port shall compensate the investors in full and in a timely manner according to the final decision or effective judgment of the competent authorities such as the CSRC or the People's Court.</p> | Long term | No | Yes | | |

SECTION VI SIGNIFICANT EVENTS

| Undertaking background | Type of undertaking | Undertaking party | Contents of undertaking | Time and term of undertaking | Whether there is a time limit for performance or not | Whether strictly performed in a timely manner | If not performed timely, describe the specific reasons | If not performed timely, describe plans in next steps |
|------------------------|--|-----------------------|--|------------------------------|--|---|--|---|
| | Undertaking of Disclosure of Information | HPG | HPG, the controlling shareholder of QHD Port, undertakes that if the prospectus of QHD Port contains false representations, misleading statements or material omissions, which have material and substantial impact on the determination of the conditions of issuance as stipulated by the laws, it will repurchase the transferred original restricted shares in accordance with the laws after the competent authorities such as the CSRC or the People's Court have made the final determination or effective judgment of the aforesaid facts in the prospectus of QHD Port. The repurchase price shall not be lower than the issue price of the shares of QHD Port plus interest on bank demand deposits for the relevant period from the issuance of the shares to the issuance of the repurchase offer or such other price as recognized by the CSRC, and shall be implemented in accordance with the procedures stipulated by relevant laws and regulations. If there is any ex-right or ex-dividend activities such as profit distribution, conversion of capital reserve into share capital, additional issuance or distribution of shares after listing of QHD Port, the above issue price shall be the ex-right or ex-dividend price. If the prospectus of QHD Port contains any false record, misleading statement or material omission which causes losses to the investors in securities trading, it will compensate the investors in full and in a timely manner according to the final decision or effective judgment of the competent authorities such as the CSRC or the People's Court. In the event that there is any false representation, misleading statement or material omission in the prospectus of QHD Port, which has material and substantial impact on the determination of whether the issue conditions stipulated by the laws of the People's Republic of China have been fulfilled by the competent authorities such as the CSRC or the People's Court, which have made the final determination or effective judgment of the issuer, it has undertaken to procure QHD Port to perform the decision-making procedures for the share repurchase, and in the event that QHD Port convenes a general meeting to resolve on the share repurchase, it has undertaken to vote for the share repurchase at the general meeting. | Long term | No | Yes | | |
| | Undertaking of Disclosure of Information | Directors of QHD Port | If there is any false representation, misleading statement or material omission in the prospectus of QHD Port that result in losses suffered by investors in securities trading, and the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the aforesaid facts in the prospectus of QHD Port, they will compensate the investors for the direct losses actually suffered by them in accordance with the scope of compensation, compensation standards, compensation amount and other factors determined by such final determination or effective judgment. If there is any false representation, misleading statement or material omission in the prospectus of QHD Port, which has material and substantial impact on the determination of whether the issuance conditions stipulated by the laws by QHD Port have resulted in losses to investors in securities trading, and if the final determination or effective judgment of the above facts of QHD Port has been made by the competent authorities such as the CSRC or the People's Court, at the time of convening the relevant board of directors to resolve on the repurchase of shares, QHD Port undertakes to vote in favour of the relevant resolution in relation to the repurchase of shares. | Long term | No | Yes | | |

SECTION VI SIGNIFICANT EVENTS

| Undertaking background | Type of undertaking | Undertaking party | Contents of undertaking | Time and term of undertaking | Whether there is a time limit for performance or not | Whether strictly performed in a timely manner | If not performed timely, describe the specific reasons | If not performed timely, describe plans in next steps |
|------------------------|--|---|--|------------------------------|--|---|--|---|
| | Undertaking of Disclosure of Information | Directors and senior management of QHD Port | The directors and senior management of QHD Port have made undertakings on the effective implementation of the remedial measures for returns of the Company in accordance with the relevant requirements of the CSRC, details of which are as follows: Not to transfer to other entities or individuals for free or under unfair conditions, nor otherwise to prejudice the interests of QHD Port; To restrict job-related consumption; The assets of QHD Port will not be used for investment and consumption activities unrelated to the performance of their duties; The remuneration system formulated by the Board of Directors or the Remuneration Committee is linked to the implementation of the remedial measures for returns of QHD Port; If QHD Port proposes to implement an equity incentive, it will link the exercise conditions of the equity incentive formulated by QHD Port with the implementation of the remedial measures for returns of QHD Port; The Company will duly implement the relevant remedial measures for returns formulated by QHD Port, and if there is any breach of such undertakings which causes losses to QHD Port or investors, it will be liable for the compensation to QHD Port and investors in accordance with the laws; Prior to the completion of the offering and listing of QHD Port, if the CSRC imposes other new regulatory requirements in relation to the remedial measures for returns and its undertakings, and such undertakings fail to meet such requirements of the CSRC, it will make supplemental undertakings in accordance with the latest requirements of the CSRC. | Long term | No | Yes | | |
| | Resolving Title Defects Including that of Properties | HPG | QHD Port leased from HPG the properties without building ownership certificates, and HPG issued an undertaking letter, undertaking that it is the sole owner of such properties, and that there are no third party rights or any ownership disputes on such properties, and it is entitled to lease such properties to QHD Port; In the event that HPG or any third party causes any interruption or interference to the leasing and use of such properties by QHD Port due to the reasons for the ownership of such properties, which causes economic loss or other burden to QHD Port, HPG undertakes to compensate or bear any loss or burden caused to QHD Port by the aforesaid reasons. | Long term | No | Yes | | |

SECTION VI SIGNIFICANT EVENTS

| Undertaking background | Type of undertaking | Undertaking party | Contents of undertaking | Time and term of undertaking | Whether there is a time limit for performance or not | Whether strictly performed in a timely manner | If not performed timely, describe the specific reasons | If not performed timely, describe plans in next steps |
|------------------------|---|-------------------|---|------------------------------|--|---|--|---|
| | Restraint Measures for Failure to Perform the Undertaking by the Subject of Undertaking | QHD Port | <p>QHD Port will strictly perform all the public undertakings made by QHD Port in relation to the issuance and actively accept social supervision. In the event that the undertaking of QHD Port fails to be performed, is unable to be performed or is unable to be performed on schedule (except for reasons beyond the control of QHD Port due to objective reasons such as changes in relevant laws and regulations, policies, natural disasters and other force majeure), QHD Port will take the following measures: 1) to timely and fully disclose the specific reasons for the failure to perform, the inability to perform or the inability to perform on schedule by QHD Port; 2) to provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors as much as possible; 3) to submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) to impose penalties in the form of reduction or suspension of remuneration or allowances or demotion of duties on the relevant responsible person; At the same time, QHD Port will immediately cease the formulation or implementation of major asset purchases and disposals, as well as capital operation activities such as issuance of new shares, issuance of corporate bonds and major asset restructuring until QHD Port has fulfilled the relevant undertakings; 5) to publicly explain the specific reasons for non-performance of the undertakings at the general meeting and the media designated by the CSRC for disclosure, and apologize to the shareholders and the public investors. If the undertaking of QHD Port fails to be performed, is unable to be performed or is unable to be performed on schedule due to objective reasons beyond the control of QHD Port, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, QHD Port will adopt the following measures: 1) to timely and fully disclose the specific reasons for the failure, inability or inability to perform the undertaking of QHD Port; 2) to provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors of QHD Port as much as possible; 3) to publicly explain the specific reasons for non-performance of the undertaking and apologize to the shareholders and public investors at the general meeting and the media designated by the CSRC for disclosure.</p> | Long term | No | Yes | | |

SECTION VI SIGNIFICANT EVENTS

| Undertaking background | Type of undertaking | Undertaking party | Contents of undertaking | Time and term of undertaking | Whether there is a time limit for performance or not | Whether strictly performed in a timely manner | If not performed timely, describe the specific reasons | If not performed timely, describe plans in next steps |
|------------------------|---|--|---|------------------------------|--|---|--|---|
| | Restraint Measures for Failure to Perform the Undertaking by the Subject of Undertaking | HPG, State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City | It will strictly comply with all public undertakings made in relation to the issuance of QHD Port and actively accept social supervision. If its undertaking is not performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond its control, such as relevant laws and regulations, policy changes, natural disasters and other force majeure), it will take the following measures: 1) to fully disclose the specific reasons for his failure to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) to submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) the proceeds obtained by it from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, it shall compensate QHD Port or the investors in accordance with the law, and shall be compensated in accordance with the following procedures: ① The cash dividends payable to it shall be directly used by QHD Port for the execution of the outstanding undertaking or to compensate for the losses incurred by QHD Port or the investors due to the non-performance of the undertaking; ② If it reduces its shareholding prior to the full performance of its undertaking or the completion of compensation, it shall transfer the funds received from the reduction to the Board of Directors of QHD Port for specific performance of its undertaking or for compensation until it has fulfilled its undertaking or made up for the losses of QHD Port and the investors. If its undertakings cannot be performed, cannot be performed or cannot be performed on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, it will take the following measures: 1) to timely and fully disclose the specific reasons for its failure, inability or inability to perform on schedule through QHD Port; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible. | Long term | No | Yes | | |

SECTION VI SIGNIFICANT EVENTS

| Undertaking background | Type of undertaking | Undertaking party | Contents of undertaking | Time and term of undertaking | Whether there is a time limit for performance or not | Whether strictly performed in a timely manner | If not performed timely, describe the specific reasons | If not performed timely, describe plans in next steps |
|------------------------|---|--|--|------------------------------|--|---|--|---|
| | Restraint Measures for Failure to Perform the Undertaking by the Subject of Undertaking | Executive Directors, Non-executive Directors and Senior Management of QHD Port | It will strictly perform all its public undertakings in relation to the issue of QHD Port and actively accept social supervision. If his/her undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) to fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) to submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) in the event that he/she fails to put forward the specific plan for increase in shareholding as stated in the share price stabilization plan, or fails to implement the plan for increase in shareholding as disclosed, he/she shall irrevocably authorize QHD Port to withhold 20% of the total remuneration received from QHD Port for the previous year and perform the obligation of increase in shareholding on his/her behalf; 5) the gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QHD Port or the investors in accordance with the following procedures: if he/she receives remuneration from QHD Port, he/she agrees that QHD Port shall cease to pay remuneration to it and use it directly to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the non-performance of the undertaking. In the event of any failure to perform, inability to perform or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, he/she will take the following measures: 1) to timely and fully disclose the specific reasons for the failure to perform, inability to perform or inability to perform on schedule the undertaking through QHD Port; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible. | Long term | No | Yes | | |

SECTION VI SIGNIFICANT EVENTS

| Undertaking background | Type of undertaking | Undertaking party | Contents of undertaking | Time and term of undertaking | Whether there is a time limit for performance or not | Whether strictly performed in a timely manner | If not performed timely, describe the specific reasons | If not performed timely, describe plans in next steps |
|------------------------|---|---|---|------------------------------|--|---|--|---|
| | Restraint Measures for Failure to Perform the Undertaking by the Subject of Undertaking | Independent Non-executive Directors and Supervisors of QHD Port | It will strictly perform all its public undertakings in relation to the issue of QHD Port and actively accept social supervision. If his/her undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) to fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) to submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) the gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QHD Port or the investors in accordance with the following procedures: if he/she receives remuneration from QHD Port, he/she agrees that QHD Port shall cease to pay remuneration to it, and this will be directly used to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the nonperformance of the undertaking. In the event of any failure to perform, inability to perform or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, he/she will take the following measures: 1) to timely and fully disclose the specific reasons for the failure to perform, inability to perform or inability to perform on schedule the undertaking through QHD Port; 2) to provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible. | Long term | No | Yes | | |

II. IS THERE ANY MISAPPROPRIATION OF FUNDS BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES FOR NON-OPERATING PURPOSES

Applicable Not applicable

III. IS THERE ANY ILLEGAL GUARANTEE

Applicable Not applicable

IV. AUDIT ON INTERIM REPORT

Applicable Not applicable

V. CHANGES IN MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS ON ANNUAL REPORT FOR THE PREVIOUS YEAR AND THEIR HANDLING

Applicable Not applicable

VI. MATTERS RELATING TO BANKRUPTCY AND REORGANISATION

Applicable Not applicable

VII. MATERIAL LITIGATIONS AND ARBITRATION

The Company had material litigations and arbitrations during the Reporting Period

The Company had no material litigations and arbitration during the Reporting Period

SECTION VI SIGNIFICANT EVENTS

VIII. VIOLATION OF LAWS AND RULES AND PENALTY AND RECTIFICATION AGAINST THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLER AND ACQUIRER

Applicable Not applicable

IX. EXPLANATION ON INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

Applicable Not applicable

During the Reporting Period, QHD Port and its controlling shareholders, de facto controllers did not have refusal to implement effective judgments of a court or failure to meet debt repayment schedules in a relatively large amount.

X. MATERIAL RELATED TRANSACTIONS

(I) Related transactions related to daily operation

1. Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation
 Applicable Not applicable
2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation
 Applicable Not applicable

Lease Framework Agreement

Considered and approved at the 29th meeting of the fourth session of the Board of the Company, on 28 October 2021, the Company entered into lease framework agreement with HPG, with effect from 1 January 2022 to 31 December 2024. According to lease framework agreement, HPG (including subsidiaries and units, same as in the following section) leased its properties, civil construction facilities, equipment and other assets managed by HPG to the Company. The pricing principle of rentals is cost plus reasonable profit of lease target. Pursuant to which, the Company paid the rentals of a maximum amount of RMB133,753.0 thousand per annum to HPG. They agreed that the total rentals paid by the Company to HPG shall be adjusted in accordance with the lease execution agreement, for the purpose of certain discontinued assets. For the details of the lease framework agreement, please refer to the announcement on related transactions in ordinary course of business (Announcement No. 2021-032) on the website of the SSE on 29 October 2021 and the renewal of continuing connected transactions and major transactions on the website of the Stock Exchange on 28 October 2021 published by QHD Port.

In the first half of 2023, the Company incurred the rental of RMB58,952,558.23 according to lease framework agreement.

General Services Agreement

Considered and approved by the first extraordinary general meeting of 2021, on 28 October 2021, the Company entered into general services agreement with HPG, with effect from 1 January 2022 to 31 December 2024. Pursuant to general services agreement, the Company offers general services to HPG mutually and the price of each service shall be determined according to the following principles and orders; (1) government price: At all times, government price is applicable to any specific product and service, and such products and services will be provided according to applicable government price (whether national or regional); (2) government guidance price: Price shall be determined within the scope of the government guidance price if there is a standard of government guidance fee; (3) market price: The price will be determined with reference to the market price at that time if there is no above two pricing standards but the price of same or similar products, technology and services provided by independent third parties during the ordinary course of business on normal commercial terms; The management of the two parties shall refer to at least two comparable transactions with independent third parties when determining whether the transaction price of any product under the general services agreement is the market price; (4) agreement price: The charging standard will be determined according to reasonable costs plus reasonable profits of services provided where there is no above standards. The management shall refer to at least two comparable transactions with independent third parties when determining reasonable profits of the relevant services under the general services agreement, not higher than 15% of the cost in principle, save as otherwise agreed in the specific agreement.

SECTION VI SIGNIFICANT EVENTS

Pursuant to general services agreement, HPG provides the following services to the Company: (1) social services: medical service, printing and other related or similar services; (2) living logistic services: property management services (including elevator maintenance, etc.), office rental, office supplies and other daily rental, sanitation, greening and other related or similar services; and (3) production services: labor service, equipment manufacturing, survey and design, supervision, port construction, real estate development, project agent construction, port engineering maintenance, material supply and other related or similar services; The Company will provide the following services to HPG: port service, port electricity management, transportation service, software service, labor service, lease service, material supply service and other related or similar services. For details of the general services agreement, please refer to the announcement on related transactions in ordinary course of business (Announcement No. 2021-032) on the website of the SSE on 29 October 2021 and the renewal of continuing connected transactions and major transactions on the website of the Stock Exchange on 28 October 2021 published by QHD Port.

On 28 June 2023, the 2022 annual general meeting of the Company was held, at which the resolution regarding the adjustment of the cap amounts of continuing connected transactions under the comprehensive service agreement for 2023-2024 was considered and approved. After the adjustment, the Company provides services to HPG with the amount of the annual cap of RMB166,000.0 thousand, RMB200,000.0 thousand and RMB200,000.0 thousand in 2022, 2023, 2024, respectively; HPG provides services to the Company with the amount of the annual cap of RMB607,000.0 thousand, RMB1,239,400.0 thousand and RMB1,363,340.0 thousand in 2022, 2023, 2024, respectively.

In the first half of 2023, the Company provided services to HPG with an amount of RMB49,806,958.54; HPG provided services to the Company with an amount of RMB315,448,057.25.

Financial Services Framework Agreement

Considered and approved by the first extraordinary general meeting of 2021, on 28 October 2021, the Company entered into financial services framework agreement with HPG Finance, with effect from 1 January 2022 to 31 December 2024. Pursuant to financial services framework agreement, HPG Finance provides services to the Company, including deposit services, loan services, settlement services and settlement related auxiliary business, entrusted loan services, bill discount, guarantee services, financial and financing consultation services, credit verification services and relevant consultancy and agency services, and other financial services ("Other Financial Services") provided by financial companies according to applicable laws and regulations; Of which, the daily maximum balance of deposits and interest income for 2022, 2023, 2024 is RMB5.500 billion, RMB6.000 billion and RMB6.500 billion, respectively, and the daily maximum balance of loan and interest expenses for 2022, 2023, 2024 is RMB1.500 billion, RMB1.800 billion and RMB2.000 billion, respectively, and the total charges of Other Financial Services for 2022, 2023, 2024 are RMB0.050 billion.

The price and charges of HPG Finance's services is required to be determined by consideration between two parties and comply with the following requirements:

1. Deposit services:

HPG Finance absorbs the interest rate of deposits from the Company and its subsidiaries and units, which shall be determined in compliance with the relevant requirements of the People's Bank of China, the benchmark deposit rate (if any) regularly issued by the People's Bank of China and determined interest rate when relevant commercial banks provide the same type of deposit services at the same period to the Company and its subsidiaries and units as well as ordinary commercial items, and not lower than the deposit interest rate of same type when HPG and its subsidiaries and units (except for the Company and its subsidiaries and units) place the deposits in HPG Finance in the same period.

2. Loan services:

The loan interest rate provided to the Company and its subsidiaries and units by HPG Finance, shall be in compliance with the relevant requirements of the People's Bank of China and the benchmark loan rate (if any) regularly issued by the People's Bank of China and determined interest rate when relevant commercial banks provide the same type of loan services at the same period to the Company and its subsidiaries and units as well as ordinary commercial items, and not higher than the loan interest rate of same type when HPG Finance grants the loan to HPG and its subsidiaries and units (except for the Company and its subsidiaries and units) in the same period.

SECTION VI SIGNIFICANT EVENTS

3. Other Financial Services:

3.1 Settlement Services: settlement services and settlement related auxiliary business (free of charges).

3.2 The fees charged by HPG Finance for the provision of discounted bills, entrusted loans, guarantee services, financial and financing consultation, credit verification grant and relevant consultancy and agency services as well as other financial services provided by HPG Finance in accordance with the applicable laws and regulations to the Company and its subsidiaries and units, shall be determined according to the following standards:

- (1) the fees shall be in accordance with the relevant benchmark rates mandatorily determined by the PBOC or the CBRC (if any); and
- (2) if there is no such provision, the service fees charged by HPG Finance for the provision of such financial services to the Company and its subsidiaries and units shall not be higher than those charged by the relevant domestic commercial banks for the provision of the same type of financial services to the Company and its subsidiaries and units in the same period, and shall not exceed those charged by HPG Finance for the provision of the same type of financial services to HPG and its subsidiaries and units (other than the Company and its subsidiaries and units) in the same period. The service fees shall be paid by the Company and its subsidiaries and units in one lump sum or by installment in accordance with specific circumstances. For details of the financial services framework agreement, please refer to the announcement on related transactions in ordinary course of business (Announcement No. 2021-032) on the website of the SSE on 29 October 2021 and the renewal of continuing connected transactions and major transactions on the website of the Stock Exchange on 28 October 2021 published by QHD Port.

As for the first half ended 30 June 2023, the maximum deposit balance of deposit service (namely maximum daily deposit and interest income balance) and the maximum amount of loan granted in respect of loan service (namely maximum daily loan and interest expense balance) at the actual transaction date were RMB4,820,016,239.30 and RMB618,600,000.00, respectively. In terms of other financial services, the actual transaction amount was RMB0.

3. Matters not disclosed in extraordinary announcements

Applicable Not applicable

(II) Related transactions in relation to acquisition or disposal of assets or equity

1. Matters disclosed in extraordinary announcements without further development or change in subsequent implementation

Applicable Not applicable

2. Matters disclosed in extraordinary announcements and with further development or change in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in extraordinary announcements

Applicable Not applicable

4. If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed

Applicable Not applicable

SECTION VI SIGNIFICANT EVENTS

(III) Major related transactions relating to joint external investments

1. Matters disclosed in extraordinary announcements without progress or change in the subsequent implementation
 Applicable Not applicable
2. Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation
 Applicable Not applicable
3. Matters which were not disclosed in extraordinary announcements
 Applicable Not applicable

(IV) Amounts due from/to related parties

1. Matters disclosed in extraordinary announcements without progress or change in the subsequent implementation
 Applicable Not applicable
2. Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation
 Applicable Not applicable
3. Matters not disclosed in extraordinary announcements
 Applicable Not applicable

(V) Financial Business Between the Company and Related Financial Companies, the Company's Controlling Financial Companies and Related Parties

Applicable Not applicable

1. Deposit business
 Applicable Not applicable

Unit: Yuan Currency: RMB

| Related party | Relations with related party | Maximum daily deposit limit | Interest scope of deposit | Opening balance | Amount incurred | | Closing balance |
|------------------------------------|--------------------------------------|-----------------------------|---------------------------|------------------|--|--|------------------|
| | | | | | Total amount deposited during the period | Total amount withdrawn during the period | |
| Hebei Port Group Finance Co., Ltd. | Controlling subsidiary of the parent | 6,000,000,000.00 | 1.15%-3.85% | 4,249,298,698.27 | 8,091,963,979.24 | 7,531,529,138.40 | 4,809,733,539.11 |
| Total | / | / | / | 4,249,298,698.27 | 8,091,963,979.24 | 7,531,529,138.40 | 4,809,733,539.11 |

SECTION VI SIGNIFICANT EVENTS

2. Loan business

Applicable Not applicable

Unit: Yuan Currency: RMB

| Related party | Relations with related party | Loan limitation | Interest scope of loan | Opening balance | Amount incurred | | Closing balance |
|------------------------------------|--------------------------------------|------------------|------------------------|-----------------|-------------------------------------|--|-----------------|
| | | | | | Total loan amount during the period | Total repayment amount during the period | |
| Hebei Port Group Finance Co., Ltd. | Controlling subsidiary of the parent | 1,800,000,000.00 | 3.40%-3.85% | 618,600,000.00 | | 85,100,000.00 | 533,500,000.00 |
| Total | / | / | / | 618,600,000.00 | | 85,100,000.00 | 533,500,000.00 |

3. Credit business or other financial business

Applicable Not applicable

4. Other explanation

Applicable Not applicable

(VI) Other Material Related Transaction

Applicable Not applicable

In order to solve and avoid the problem of horizontal competition among the Company, its Controlling Shareholders and their subsidiaries, the resolution regarding the execution of Equity Custodian Agreement between Qinhuangdao Port Co., Ltd. and Caofeidian Port Group Co., Ltd. and the resolution regarding the execution of Equity Custodian Agreement between Qinhuangdao Port Co., Ltd. and Hebei Port Group Co., Ltd. were considered and approved at the thirteenth meeting of the fifth session of the Board of the Company on 28 June 2023, and it was agreed that the Company would sign the Equity Custodian Agreement with Caofeidian Port Group Co., Ltd. (hereinafter referred to as "Cao Port") and Hebei Port Group, respectively, and be entrusted to manage 40% equity interests in Hebei Huadian Caofeidian Storage and Transportation Co., Ltd., 23% equity interests in Huaneng Caofeidian Port Co., Ltd. and 21% equity interests in Tangshan Caofeidian Coal Port Co., Ltd. held by Cao Port, and 43.0257% equity interest in Qinhuangdao Qinshan Chemical Port Co., Ltd. held by Hebei Port Group. For details of the matter, please refer to the Announcement on the Execution of Equity Custodian Agreement and Related Transactions (Announcement No.: 2023-035) published on the website of the SSE by QHD Port on 29 June 2023.

(VII) Others

Applicable Not applicable

XI. MATERIALS CONTRACTS AND THEIR EXECUTION

1 Trusteeship, contracting and leasing

Applicable Not applicable

2 Substantial guarantee performed or outstanding during the Reporting Period

Applicable Not applicable

3 Other material contracts

Applicable Not applicable

SECTION VI SIGNIFICANT EVENTS

XII. EXPLANATION FOR OTHER SIGNIFICANT EVENTS

Applicable Not applicable

XIII. COMPLIANCE WITH THE HONG KONG LISTING RULES AND THE CORPORATE GOVERNANCE CODE

During the Reporting Period, save as disclosed below, to the knowledge of the Directors of QHD Port, the Company has complied with the Hong Kong Listing Rules and the code provisions of the Corporate Governance Code without any deviation from such provisions.

During the Reporting Period, QHD Port failed to comply with the requirement under Rule 3.05 of the Listing Rules that an issuer shall appoint two Authorized Representatives. The Board is currently identifying suitable candidates to fill the vacancies of the Authorized Representatives and will ensure that the suitable candidates will be appointed as soon as practicable to ensure compliance by the QHD Port with Rule 3.05 of the Listing Rules. As disclosed in the announcement dated 7 February 2023, further announcement(s) will be made by QHD Port as and when appropriate.

XIV. COMPLIANCE WITH MODEL CODE

During the Reporting Period, QHD Port has adopted the Model Code as the conduct code for securities transactions by the Directors and Supervisors of QHD Port to regulate the securities transactions of the Directors and Supervisors. Following specific enquiries made by all Directors and Supervisors, they have confirmed that they have fully complied with the required standards set out in the Model Code.

XV. USE OF PROCEEDS FROM ISSUANCE OF H SHARES

The H Shares of the QHD Port have been listed and traded on the Stock Exchange since 12 December 2013. After deducting related expenses, the net proceeds from H shares of QHD Port amounted to HK\$3,823 million. The use of proceeds from H shares disclosed in the section “Future Plans and Use of Proceeds” in the Prospectus from the QHD Port’s listing of H shares in December 2013 to nowadays (except for working capital and general corporate purposes) has been completed as planned, with the actual investment amount slightly more than the allocated amount set out in the Prospectus. In order to increase the efficiency of the use of proceeds from H shares, the Board of Directors of QHD Port considers that it is necessary to adjust the use of proceeds from H shares of the plan and has already made a resolution to approve the adjustment of the unused proceeds from H shares into working capital and general corporate purposes. The Board believes that the above all adjustments to the use of proceeds from H shares will increase the flexibility of the Company’s financial management and reduce other financing costs as well as in line with the overall interests of the QHD Port and its Shareholders. For details, please refer to the announcement published on the websites of the Stock Exchange on 27 October 2017.

During the Reporting Period, the Company has used the proceeds from H Shares of HK\$1.1802 million mainly for working capital and general corporate purposes. As of 30 June 2023, HK\$3,846.3296 million of the proceeds from H Shares have been used by the Company and HK\$12.9584 million of the proceeds from H Shares remain unused, including the self-raised funds for the payment of the listing expenses of HK\$24.0174 million and the net interest income relating to the proceeds from H Shares of HK\$12.5980 million. During the Reporting Period, the use of proceeds from H Shares by the Company was in line with the planned use as disclosed in previous announcements and has no material change.

The balance of proceeds from H shares of HK\$12.9584 million are expected to be used for the working capital and general corporate purposes of the Company in the next five years, including the payment of dividend to the shareholders of H Shares, if any, and the payment of relevant fees to the overseas intermediaries in relation to the listing of H Shares. “The balance of proceeds from H shares” shall represent the balance of proceeds from H shares kept in the Designated Account.

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Table for changes in shares

During the Reporting Period, there was no change in the total number of shares or share capital structure of the Company.

2. Explanation on the changes in shares

Applicable Not applicable

3. Impacts on financial indicators including earnings per share, net assets per share, etc. from changes in shares during the period from the end of the Reporting Period to the issuance of interim report (if any)

Applicable Not applicable

4. Other information on the disclosure of which is deemed necessary by the Company or is required by securities regulatory authorities

Applicable Not applicable

(II) Changes in shares subject to selling restrictions

Applicable Not applicable

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of Shareholders:

Total number of ordinary Shareholders as at the end of the Reporting Period (Person) 71,378

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

(II) Table of shareholding of the top 10 Shareholders and top 10 Shareholders with tradable shares (or Shareholders not subject to selling restrictions) as at the end of the Reporting Period

Unit: share

| Shareholding of the top 10 Shareholders | | | | | | | |
|---|------------------------------------|--|----------------|--|---------------------------|--------|--------------------------|
| Name of Shareholder (full name) | Change during the Reporting Period | Number of Shares held at the end of the period | Percentage (%) | Number of Shares subject to selling restrictions | Pledged, marked or frozen | | Nature of Shareholder |
| | | | | | Status of Shares | Amount | |
| Hebei Port Group Co., Ltd. | | 3,144,268,078 | 56.27 | | Nil | | State-owned legal person |
| HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ^{Note} | -35,500 | 827,441,873 | 14.81 | | Unknown | | Overseas legal person |
| Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產監督管理委員會) | | 509,715,485 | 9.12 | | Nil | | Country |
| Hebei Jiantou Traffic Investment Co., Ltd. (河北建投交通投資有限責任公司) | 9,779,000 | 209,866,757 | 3.76 | | Nil | | State-owned legal person |
| Daqin Railway Co., Ltd. (大秦鐵路股份有限公司) | | 42,750,000 | 0.77 | | Nil | | State-owned legal person |
| COSCO SHIPPING (Tianjin) Co., Ltd. (中遠海運(天津)有限公司) | | 41,437,588 | 0.74 | | Nil | | State-owned legal person |
| Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司) | | 41,437,588 | 0.74 | | Nil | | State-owned legal person |
| Hong Kong Securities Clearing Company Ltd. (Shanghai-Hong Kong Stock Connect) (香港中央結算有限公司(滬股通)) | 11,071,427 | 41,015,540 | 0.73 | | Unknown | | Overseas legal person |
| Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室) | | 30,538,764 | 0.55 | | Nil | | Other |
| He Qiao (何喬) | 7,624,900 | 7,624,900 | 0.14 | | Nil | | Domestic natural person |

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

| Shareholding of top 10 Shareholders not subject to selling restrictions | | | |
|--|---|---------------------------------|------------------|
| Name of Shareholder | Number of tradable shares held not subject to selling restrictions | Types and number of Shares | |
| | | Types of shares | Number of shares |
| Hebei Port Group Co., Ltd.* (河北港口集團有限公司) | 3,144,268,078 | RMB-denominated ordinary shares | 3,144,268,078 |
| HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ^{Note} | 827,441,873 | Overseas-listed foreign shares | 827,441,873 |
| Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產監督管理委員會) | 509,715,485 | RMB-denominated ordinary shares | 509,715,485 |
| Hebei Jiantou Traffic Investment Co., Ltd. (河北建投交通投資有限責任公司) | 209,866,757 | RMB-denominated ordinary shares | 209,866,757 |
| Daqin Railway Co., Ltd. (大秦鐵路股份有限公司) | 42,750,000 | RMB-denominated ordinary shares | 42,750,000 |
| COSCO SHIPPING (Tianjin) Co., Ltd. (中遠海運(天津)有限公司) | 41,437,588 | RMB-denominated ordinary shares | 41,437,588 |
| Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司) | 41,437,588 | RMB-denominated ordinary shares | 41,437,588 |
| Hong Kong Securities Clearing Company Ltd. (Shanghai-Hong Kong Stock Connect) (香港中央結算有限公司(滬股通)) | 41,015,540 | RMB-denominated ordinary shares | 41,015,540 |
| Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室) | 30,538,764 | RMB-denominated ordinary shares | 30,538,764 |
| He Qiao (何喬) | 7,624,900 | RMB-denominated ordinary shares | 7,624,900 |
| Explanations on the repurchase of special accounts among the top ten shareholders | Not applicable | | |
| Explanation of the above-mentioned shareholders' entrusting voting rights, entrusted voting rights, and abstaining from voting | Not applicable | | |
| Explanations on the connections or parties acting in concert among the aforesaid Shareholders | The Company is not aware of the existence of any connections among the aforesaid Shareholders, or whether they are parties acting in concert within the requirements of the Administrative Measures on Takeover of Listed Companies | | |
| Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held | Not applicable | | |

Note: As at the end of the Reporting Period, HPG held 71,303,000 H Shares of QHD Port through HEBEI PORT GROUP International (Hong Kong) Co., Ltd., an overseas wholly-owned subsidiary, accounting for 1.28% of the total equity of QHD Port. Those shares are included in total shares held by HKSCC Nominees Limited.

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Number of Shares held by top 10 shareholders subject to selling restrictions and information on the selling restrictions

Applicable Not applicable

(III) Strategic investors or general legal persons became one of the top 10 Shareholders as a result of the placing of the new Shares

Applicable Not applicable

III. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES OF QHD PORT

As at 30 June 2023, so far as the Directors and Supervisors of QHD Port are aware, other than the Directors, Supervisors, the senior management of QHD Port and their respective associates, the following persons had or deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by QHD Port pursuant to Section 336 of the Securities and Futures Ordinance:

| Name of Shareholders | Number of Shares held | Capacity | Class of Shares | Approximate percentage of the total number of relevant class of issued share capital of QHD Port | Approximate percentage to total issued share capital of QHD Port | Long position/ short position |
|---|---------------------------|------------------------------------|-----------------|--|--|-------------------------------|
| State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province | 3,144,268,078 (Note 1) | Interest of controlled corporation | A Share | 66.09% | 56.27% | Long position |
| Hebei Port Group Co., Ltd. | 3,144,268,078 | Beneficial owner | A Share | 66.09% | 56.27% | Long position |
| Hebei Port Group Co., Ltd. | 71,303,000 (Note 2) | Interest of controlled corporation | H Share | 8.59% | 1.28% | Long position |
| HEBEI PORT GROUP International (Hong Kong) Co., Ltd. | 71,303,000 (Note 2) | Beneficial owner | H Share | 8.59% | 1.28% | Long position |
| China Shipping Group Company Limited | 44,296,500 (Note 3) | Interest of controlled corporation | H Share | 5.34% | 0.79% | Long position |
| China Shipping (Hong Kong) Holdings Co., Limited | 44,296,500 (Note 3) | Interest of controlled corporation | H Share | 5.34% | 0.79% | Long position |
| China Shipping Ports Development Co., Ltd. | 44,296,500 | Beneficial owner | H Share | 5.34% | 0.79% | Long position |

Notes:

1. State-owned Assets Supervision & Administration Commission of the People's Government of Hebei Province is the controlling shareholder of HPG, and therefore, is deemed to be interested in 3,144,268,078 Shares of QHD Port under the Securities and Futures Ordinance;
2. HPG, the controlling shareholder of HEBEI PORT GROUP International (Hong Kong) Co., Ltd., is deemed to be interested in 71,303,000 Shares of QHD Port under the Securities and Futures Ordinance;
3. China Shipping Group Company Limited (the direct controlling shareholder of China Shipping (Hong Kong) Holdings Co., Limited) and China Shipping (Hong Kong) Holdings Co., Limited (the direct controlling shareholder of China Shipping Ports Development Co., Ltd.) were deemed to be interested in 44,296,500 Shares of QHD Port respectively under the Securities and Futures Ordinance.

Save as disclosed above, as at 30 June 2023, so far as the Directors, supervisors and senior management of QHD Port are aware, no other persons or substantial Shareholders of the Company (as defined in the Hong Kong Listing Rules) had or deemed to have an interest or short position in the Shares or underlying Shares (as the case may be) of QHD Port which was required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV under the Securities and Futures Ordinance.

SECTION VII CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

IV. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF QHD PORT

The Company did not purchase, sell or redeem any of the listed securities of QHD Port during the Reporting Period.

V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Particulars of changes in shareholding of current and resigned Directors, Supervisors and senior management during the Reporting Period

Applicable Not applicable

Other descriptions

Applicable Not applicable

(II) Share incentives granted to Directors, Supervisors and senior management during the Reporting Period

Applicable Not applicable

(III) Directors', Supervisors' and Senior Management's interests and short positions in the Shares, underlying Shares and debentures of QHD Port and its associated corporations

Applicable Not applicable

As at 30 June 2023, as far as the Directors are aware, none of the Directors, supervisors or chief executives of QHD Port and their respective associates had, or was deemed to have, any interest or short position in Shares, underlying Shares and debentures of QHD Port and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be recorded in the register kept by QHD Port under Section 352 of the Securities and Futures Ordinance or which were required to be notified to QHD Port and the Stock Exchange pursuant to the Model Code.

VI. CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLERS

Applicable Not applicable

SECTION VIII INFORMATION OF PREFERENCE SHARES

Applicable Not applicable

SECTION IX INFORMATION OF BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

SECTION X REVIEW REPORT

Ernst & Young Hua Ming (2023) Zhuan Zi No. 61063699_S05

Qinhuangdao Port Co., Ltd.

To the Shareholders of Qinhuangdao Port Co., Ltd.:

We have reviewed the interim financial statements of Qinhuangdao Port Co., Ltd. (the “Company”), which comprised the consolidated and Company’s balance sheets as at 30 June 2023, and the consolidated and Company’s income statements, statements of changes in equity and statements of cash flows for the period from 1 January to 30 June 2023, and notes to the financial statements (hereinafter collectively referred to as the “Interim Financial Statements”). The preparation of the Interim Financial Statements is the responsibility of the management of Qinhuangdao Port Co., Ltd.. Our responsibility is to deliver a report on review of the Interim Financial Statements based on our review.

We conducted our review in accordance with China Certified Public Accountant Review Standard No.2101 – Review of Financial Statements. This Standard requires us to plan and perform the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatements. A review is limited primarily to procedures as enquiry of personnel of Qinhuangdao Port Co., Ltd. and analytical review procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements of Qinhuangdao Port Co., Ltd. are not prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the consolidated and Company’s financial position, operating results and cash flows.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Meng Dong

Chinese Certified Public Accountant: Wang Junqi

Beijing, PRC

29 August 2023

CONSOLIDATED BALANCE SHEET

30 June 2023

RMB

| Assets | Note V | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|--------|-----------------------------|--------------------------|
| Current assets | | | |
| Cash and bank balances | 1 | 5,682,314,424.30 | 4,847,758,214.85 |
| Including: deposits with finance companies | | 4,797,733,539.11 | 4,049,298,698.27 |
| Bills receivable | 2 | 74,300,580.00 | 91,361,696.00 |
| Accounts receivable | 3 | 67,138,565.49 | 46,622,811.77 |
| Financing receivable | 4 | 70,951,102.91 | 35,866,130.32 |
| Prepayments | | 18,684,110.17 | 23,630,461.95 |
| Other receivables | 5 | 22,583,451.82 | 22,220,105.04 |
| Inventories | 6 | 145,382,477.46 | 125,279,242.63 |
| Other current assets | 7 | 10,500,230.36 | 82,539,575.60 |
| Total current assets | | 6,091,854,942.51 | 5,275,278,238.16 |
| Non-current assets | | | |
| Long-term equity investments | 8 | 3,790,685,825.75 | 3,595,010,502.57 |
| Other equity instruments investments | 9 | 1,172,742,023.33 | 1,136,892,279.11 |
| Fixed assets | 10 | 13,245,266,834.25 | 11,548,007,158.30 |
| Construction in progress | 11 | 306,103,334.09 | 2,478,720,446.03 |
| Right-of-use assets | 12 | 131,062,349.18 | 141,869,720.26 |
| Intangible assets | 13 | 2,959,910,202.73 | 2,950,070,241.42 |
| Long-term prepaid expenses | 14 | 2,944,021.70 | 5,639,206.39 |
| Deferred income tax assets | 15 | 409,264,043.91 | 439,589,423.33 |
| Other non-current assets | 16 | 189,374,185.00 | 369,621,867.69 |
| Total non-current assets | | 22,207,352,819.94 | 22,665,420,845.10 |
| Total assets | | 28,299,207,762.45 | 27,940,699,083.26 |

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED BALANCE SHEET

30 June 2023

RMB

| Liabilities and shareholders' equity | Note V | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|--------|-----------------------------|--------------------------|
| Current liabilities | | | |
| Short-term borrowings | 17 | 260,245,555.55 | 260,270,111.11 |
| Accounts payable | 18 | 323,509,841.16 | 259,894,659.77 |
| Contract liabilities | 19 | 591,547,646.35 | 563,480,833.77 |
| Employee benefits payable | 20 | 708,195,276.99 | 742,093,194.47 |
| Taxes payable | 21 | 82,907,382.35 | 43,304,688.38 |
| Other payables | 22 | 851,825,588.28 | 548,457,808.34 |
| Non-current liabilities due within one year | 23 | 705,921,138.84 | 680,774,886.72 |
| Total current liabilities | | 3,524,152,429.52 | 3,098,276,182.56 |
| Non-current liabilities | | | |
| Long-term borrowings | 24 | 5,341,288,606.50 | 5,949,695,604.50 |
| Lease liabilities | 25 | 8,112,422.75 | 16,720,143.33 |
| Long-term payable | 26 | 34,000,000.00 | 34,000,000.00 |
| Long-term employee benefits payable | 27 | 309,327,971.62 | 372,187,195.91 |
| Deferred income | 28 | 126,186,221.03 | 143,939,129.50 |
| Deferred income tax liabilities | 15 | 109,766,938.84 | 100,804,502.79 |
| Total non-current liabilities | | 5,928,682,160.74 | 6,617,346,576.03 |
| Total liabilities | | 9,452,834,590.26 | 9,715,622,758.59 |
| Shareholders' equity | | | |
| Share capital | 29 | 5,587,412,000.00 | 5,587,412,000.00 |
| Capital reserve | 30 | 5,207,670,068.40 | 5,207,670,068.40 |
| Other comprehensive income | 31 | 696,699,623.09 | 639,705,620.44 |
| Special reserve | 32 | 197,686,531.97 | 192,106,174.51 |
| Surplus reserve | 33 | 1,634,203,017.11 | 1,634,203,017.11 |
| Retained profit | 34 | 4,576,530,098.34 | 4,060,508,205.81 |
| Total equity attributable to shareholders of the parent | | 17,900,201,338.91 | 17,321,605,086.27 |
| Minority interests | | 946,171,833.28 | 903,471,238.40 |
| Total shareholders' equity | | 18,846,373,172.19 | 18,225,076,324.67 |
| Total liabilities and shareholders' equity | | 28,299,207,762.45 | 27,940,699,083.26 |

The financial statements have been signed by:

Legal representative:
Zhang Xiaoqiang

Person in charge of business operation:
Nie Yuzhong

Chief financial officer:
Bu Zhouqing

Head of accounting department:
Zhao Liangjun

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

RMB

| | Note V | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|--------|--|--|
| Revenue | 35 | 3,584,196,340.31 | 3,386,210,260.68 |
| Less: Operating costs | 35 | 2,154,113,240.41 | 2,092,457,904.35 |
| Tax and surcharges | 36 | 68,254,260.56 | 67,557,929.28 |
| Administrative expenses | 37 | 303,049,013.18 | 299,428,338.02 |
| Research and development expenses | 38 | 43,058,280.77 | 16,318,315.10 |
| Financial costs | 39 | 83,256,173.02 | 85,177,019.82 |
| Including: Interest expense | | 125,184,229.85 | 127,109,783.89 |
| Interest income | | 41,370,948.34 | 41,165,448.89 |
| Add: Other income | 40 | 31,327,078.52 | 36,502,764.33 |
| Investment income | 41 | 172,114,476.21 | 85,675,448.20 |
| Including: Investment income from associates and joint ventures | | 136,114,476.21 | 73,479,928.44 |
| Credit impairment reversal/(loss) | 42 | 7,618,031.35 | (13,584,294.10) |
| Gains from the disposal of assets | 43 | 6,573,175.12 | – |
| Operating profit | | 1,150,098,133.57 | 933,864,672.54 |
| Add: Non-operating income | 44 | 4,469,076.46 | 3,669,009.01 |
| Less: Non-operating expenses | 45 | 1,056,427.64 | 491,171.53 |
| Total profit | | 1,153,510,782.39 | 937,042,510.02 |
| Less: Income tax expenses | 47 | 202,368,919.08 | 224,073,894.81 |
| Net profit | | 951,141,863.31 | 712,968,615.21 |
| Classified by business continuity | | | |
| Net profit from continuing operations | | 951,141,863.31 | 712,968,615.21 |
| Classified by ownership | | | |
| Net profit attributable to shareholders of the parent | | 912,728,144.53 | 711,741,136.52 |
| Minority interests | | 38,413,718.78 | 1,227,478.69 |

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

RMB

| | Note V | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|--------|--|--|
| Other comprehensive income, net of tax | | 59,246,885.66 | 185,293,647.46 |
| Other comprehensive income attributable to shareholders of the parent, net of tax | 31 | 56,994,002.65 | 192,053,879.20 |
| Other comprehensive income not to be reclassified to profit or loss | | | |
| Other comprehensive income not to be taken to profit or loss using the equity method | | 30,825,169.52 | 91,103,323.62 |
| Changes in fair value of investments in other equity instruments | | 24,634,425.16 | 99,011,060.10 |
| Other comprehensive income to be reclassified into profit or loss | | | |
| Exchange differences on foreign currency translation | | 1,534,407.97 | 1,939,495.48 |
| Other comprehensive income attributable to minority shareholders, net of tax | 31 | 2,252,883.01 | (6,760,231.74) |
| Total comprehensive income | | 1,010,388,748.97 | 898,262,262.67 |
| Including: | | | |
| Total comprehensive income attributable to shareholders of the parent | | 969,722,147.18 | 903,795,015.72 |
| Total comprehensive income attributable to minority shareholders | | 40,666,601.79 | (5,532,753.05) |
| Earnings per share | 48 | | |
| Basic and diluted earnings per share | | 0.16 | 0.13 |

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

RMB

| | For the six months ended 30 June 2023 (Unaudited) | | | | | | | | |
|---------------------------------------|---|------------------|----------------------------|-----------------|------------------|------------------|-------------------|--------------------|----------------------------|
| | Equity attributable to shareholders of the parent | | | | | | | | Total shareholders' equity |
| | Share capital | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profit | Sub-total | Minority interests | |
| I. Current period's opening balance | 5,587,412,000.00 | 5,207,670,068.40 | 639,705,620.44 | 192,106,174.51 | 1,634,203,017.11 | 4,060,508,205.81 | 17,321,605,086.27 | 903,471,238.40 | 18,225,076,324.67 |
| II. Changes during the period | | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | | |
| 1. Net profit | - | - | - | - | - | 912,728,144.53 | 912,728,144.53 | 38,413,718.78 | 951,141,863.31 |
| 2. Other comprehensive income | - | - | 56,994,002.65 | - | - | - | 56,994,002.65 | 2,252,883.01 | 59,246,885.66 |
| (II) Profit distribution | | | | | | | | | |
| 1. Distribution to Shareholders | - | - | - | - | - | (396,706,252.00) | (396,706,252.00) | - | (396,706,252.00) |
| (III) Special reserve | | | | | | | | | |
| 1. Accrual | - | - | - | 35,443,701.45 | - | - | 35,443,701.45 | 2,553,940.58 | 37,997,642.03 |
| 2. Usage | - | - | - | (29,863,343.99) | - | - | (29,863,343.99) | (519,947.49) | (30,383,291.48) |
| III. Current period's closing balance | 5,587,412,000.00 | 5,207,670,068.40 | 696,699,623.09 | 197,686,531.97 | 1,634,203,017.11 | 4,576,530,098.34 | 17,900,201,338.91 | 946,171,833.28 | 18,846,373,172.19 |

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

RMB

| For the six months ended 30 June 2022 (Unaudited) | | | | | | | | | |
|---|------------------|------------------|----------------------------|-----------------|------------------|------------------|-------------------|--------------------|----------------------------|
| Equity attributable to shareholders of the parent | | | | | | | | | |
| | Share capital | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profit | Sub-total | Minority interests | Total shareholders' equity |
| I. Current period's opening balance | 5,587,412,000.00 | 5,207,670,068.40 | 398,289,967.40 | 162,786,888.70 | 1,529,961,605.48 | 3,169,225,628.95 | 16,055,346,158.93 | 854,347,870.49 | 16,909,694,029.42 |
| II. Changes during the period | | | | | | | | | |
| (I) Total comprehensive income | | | | | | | | | |
| 1. Net profit | - | - | - | - | - | 711,741,136.52 | 711,741,136.52 | 1,227,478.69 | 712,968,615.21 |
| 2. Other comprehensive income | - | - | 192,053,879.20 | - | - | - | 192,053,879.20 | (6,760,231.74) | 185,293,647.46 |
| (II) Profit distribution | | | | | | | | | |
| 1. Distribution to Shareholders | - | - | - | - | - | (312,895,072.00) | (312,895,072.00) | - | (312,895,072.00) |
| (III) Special reserve | | | | | | | | | |
| 1. Accrual | - | - | - | 33,685,852.98 | - | - | 33,685,852.98 | 2,176,513.21 | 35,862,366.19 |
| 2. Usage | - | - | - | (13,845,931.90) | - | - | (13,845,931.90) | (237,721.04) | (14,083,652.94) |
| III. Current period's closing balance | 5,587,412,000.00 | 5,207,670,068.40 | 590,343,846.60 | 182,626,809.78 | 1,529,961,605.48 | 3,568,071,693.47 | 16,666,086,023.73 | 850,753,909.61 | 17,516,839,933.34 |

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

RMB

| | Note V | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|--------|--|--|
| I. Cash flows from operating activities: | | | |
| Cash received from sale of goods or rendering of services | | 3,704,342,402.90 | 3,422,283,026.88 |
| Refund of taxes and levies | | 3,105,791.19 | 165,820,341.12 |
| Cash received relating to other operating activities | 49 | 51,241,206.25 | 53,838,364.57 |
| Sub-total of cash inflows | | 3,758,689,400.34 | 3,641,941,732.57 |
| Cash paid for goods and services | | 886,767,181.87 | 782,339,163.52 |
| Cash paid to and on behalf of employees | | 931,594,613.96 | 931,919,394.49 |
| Cash paid for all taxes | | 209,525,112.12 | 292,983,984.43 |
| Cash paid relating to other operating activities | 49 | 148,985,524.75 | 156,841,188.59 |
| Sub-total of cash outflows | | 2,176,872,432.70 | 2,164,083,731.03 |
| Net cash flows from operating activities | 50 | 1,581,816,967.64 | 1,477,858,001.54 |
| II. Cash flows from investing activities: | | | |
| Cash received from return of investment | | 635,500,000.00 | 34,000,000.00 |
| Cash received from investment income | | 36,000,000.00 | 12,195,519.76 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 4,964,645.26 | 1,372,810.16 |
| Net cash received for the disposal of subsidiaries and other business units | 50 | 10,712,597.92 | - |
| Sub-total of cash inflows | | 687,177,243.18 | 47,568,329.92 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | | 265,571,177.14 | 408,026,658.55 |
| Cash paid for investments | | 1,165,630,348.40 | 426,500,000.00 |
| Cash paid relating to other investing activities | 49 | 5,394,523.88 | - |
| Sub-total of cash outflows | | 1,436,596,049.42 | 834,526,658.55 |
| Net cash flows used in investing activities | | (749,418,806.24) | (786,958,328.63) |

The accompanying notes of the financial statements form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

RMB

| | Note V | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--------|--|--|
| III. Cash flows from financing activities: | | | |
| Cash received from borrowings | | – | 190,000,000.00 |
| Sub-total of cash inflows | | – | 190,000,000.00 |
| Cash paid for repayments of borrowings | | 582,277,000.00 | 441,492,000.00 |
| Cash paid for distribution of dividends or profits and for interest expenses | | 126,951,819.55 | 160,809,378.74 |
| Cash paid relating to other financing activities | 49 | 8,874,888.02 | 9,386,510.70 |
| Sub-total of cash outflow | | 718,103,707.57 | 611,687,889.44 |
| Net cash flows used in financing activities | | (718,103,707.57) | (421,687,889.44) |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | 2,131,407.22 | 2,746,717.03 |
| V. Net increase in cash and cash equivalents | | 116,425,861.05 | 271,958,500.50 |
| Add: Balance of cash and cash equivalents at the beginning of the period | | 3,446,027,714.85 | 2,558,919,206.70 |
| VI. Balance of cash and cash equivalents at the end of the period | 50 | 3,562,453,575.90 | 2,830,877,707.20 |

The accompanying notes of the financial statements form part of these financial statements

BALANCE SHEET

30 June 2023

RMB

| Assets | Note XIII | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------|-----------------------------|--------------------------|
| Current assets | | | |
| Cash and bank balances | | 4,574,818,941.71 | 3,723,257,308.61 |
| Including: deposits with financial companies | | 4,111,962,755.68 | 3,357,757,408.51 |
| Accounts receivable | 1 | 24,626,860.93 | 30,734,950.60 |
| Financing receivables | | 17,225,500.00 | 27,200,000.00 |
| Prepayments | | 7,296,847.83 | 8,499,927.92 |
| Other receivables | | 2,794,515.49 | 1,566,165.54 |
| Inventories | | 80,592,425.65 | 70,607,319.23 |
| Other current assets | | – | 59,043,179.77 |
| Total current assets | | 4,707,355,091.61 | 3,920,908,851.67 |
| Non-current assets | | | |
| Long-term equity investments | 2 | 10,136,933,637.94 | 9,970,150,573.41 |
| Other equity instruments investments | 3 | 964,875,990.32 | 935,156,540.00 |
| Fixed assets | | 3,121,055,005.73 | 3,253,905,786.53 |
| Construction in progress | | 215,460,685.37 | 105,205,106.93 |
| Right-of-use assets | | 25,648,688.46 | 34,198,251.26 |
| Intangible assets | | 386,040,232.88 | 393,202,246.73 |
| Deferred income tax assets | | 301,314,674.89 | 329,443,882.47 |
| Other non-current assets | | 93,812,262.28 | 284,629,115.99 |
| Total non-current assets | | 15,245,141,177.87 | 15,305,891,503.32 |
| Total assets | | 19,952,496,269.48 | 19,226,800,354.99 |

The accompanying notes of the financial statements form part of these financial statements

BALANCE SHEET

30 June 2023

RMB

| Liabilities and shareholders' equity | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|--------------------------|
| Current liabilities | | |
| Accounts payable | 142,964,693.51 | 135,295,406.54 |
| Contract liabilities | 387,578,147.63 | 372,344,141.85 |
| Employee benefits payable | 676,992,056.36 | 710,618,485.04 |
| Taxes payable | 70,612,456.18 | 8,744,024.34 |
| Other payables | 651,790,608.68 | 268,695,827.10 |
| Non-current liabilities due within one year | 21,066,734.58 | 20,555,111.86 |
| Total current liabilities | 1,951,004,696.94 | 1,516,252,996.73 |
| Non-current liabilities | | |
| Lease liabilities | 8,109,141.14 | 16,551,504.71 |
| Long-term payable | 34,000,000.00 | 34,000,000.00 |
| Long-term employee benefits payable | 287,171,211.10 | 346,187,808.29 |
| Deferred income | 120,401,703.29 | 137,614,391.14 |
| Deferred income tax liabilities | 94,530,908.08 | 87,101,045.50 |
| Total non-current liabilities | 544,212,963.61 | 621,454,749.64 |
| Total liabilities | 2,495,217,660.55 | 2,137,707,746.37 |
| Shareholders' equity | | |
| Share capital | 5,587,412,000.00 | 5,587,412,000.00 |
| Capital reserve | 5,197,336,468.67 | 5,197,336,468.67 |
| Other comprehensive income | 667,214,784.64 | 614,100,027.38 |
| Special reserve | 135,345,912.68 | 138,466,080.24 |
| Surplus reserve | 1,634,064,672.34 | 1,634,064,672.34 |
| Retained profit | 4,235,904,770.60 | 3,917,713,359.99 |
| Total shareholders' equity | 17,457,278,608.93 | 17,089,092,608.62 |
| Total liabilities and shareholders' equity | 19,952,496,269.48 | 19,226,800,354.99 |

The accompanying notes of the financial statements form part of these financial statements

INCOME STATEMENT

For the six months ended 30 June 2023

RMB

| | Note XIII | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|-----------|---|---|
| Revenue | 4 | 2,099,582,462.15 | 2,192,053,483.00 |
| Less: Operating costs | 4 | 1,111,456,899.68 | 1,192,300,971.89 |
| Tax and surcharges | | 39,906,224.88 | 44,465,593.50 |
| Administrative expenses | | 246,153,933.48 | 242,770,519.78 |
| Research and development expenses | | 34,727,878.05 | 13,586,481.81 |
| Financial costs | | (31,807,548.09) | (35,000,451.46) |
| Including: Interest expense | | 781,396.17 | 1,170,780.35 |
| Interest income | | 32,224,385.54 | 35,626,621.67 |
| Add: Other income | | 24,763,488.89 | 29,708,799.81 |
| Investment income | 5 | 170,425,153.69 | 70,814,761.82 |
| Including: Investment income from associates and joint ventures | | 134,425,153.69 | 70,814,761.82 |
| Credit impairment reversal/(loss) | | 520,210.01 | (101,893.69) |
| Gains from the disposal of assets | | 67,831.54 | – |
| Operating profit | | 894,921,758.28 | 834,352,035.42 |
| Add: Non-operating income | | 4,330,630.31 | 3,642,992.81 |
| Less: Non-operating expenses | | 885,272.37 | 441,450.57 |
| Total profit | | 898,367,116.22 | 837,553,577.66 |
| Less: Income tax expenses | | 183,469,453.61 | 198,345,332.47 |
| Net profit | | 714,897,662.61 | 639,208,245.19 |
| Including: Net profit from continuing operations | | 714,897,662.61 | 639,208,245.19 |
| Other comprehensive income, net of tax | | 53,114,757.26 | 197,150,543.29 |
| Other comprehensive income not to be reclassified to profit or loss | | | |
| Other comprehensive income not to be taken to profit or loss using the equity method | | 30,825,169.52 | 91,103,323.62 |
| Changes in fair value of investments in other equity instruments | | 22,289,587.74 | 106,047,219.67 |
| Total comprehensive income | | 768,012,419.87 | 836,358,788.48 |

The accompanying notes of the financial statements form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

RMB

| | For the six months ended 30 June 2023 (Unaudited) | | | | | | |
|---------------------------------------|---|------------------|----------------------------|-----------------|------------------|------------------|----------------------------|
| | Share capital | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profit | Total shareholders' equity |
| I. Current period's opening balance | 5,587,412,000.00 | 5,197,336,468.67 | 614,100,027.38 | 138,466,080.24 | 1,634,064,672.34 | 3,917,713,359.99 | 17,089,092,608.62 |
| II. Changes during the period | | | | | | | |
| (I) Total comprehensive income | | | | | | | |
| 1. Net profit | - | - | - | - | - | 714,897,662.61 | 714,897,662.61 |
| 2. Other comprehensive income | - | - | 53,114,757.26 | - | - | - | 53,114,757.26 |
| (II) Profit distribution | | | | | | | |
| 1. Distribution to Shareholders | - | - | - | - | - | (396,706,252.00) | (396,706,252.00) |
| (III) Special reserve | | | | | | | |
| 1. Accrual | - | - | - | 23,696,018.12 | - | - | 23,696,018.12 |
| 2. Usage | - | - | - | (26,816,185.68) | - | - | (26,816,185.68) |
| III. Current period's closing balance | 5,587,412,000.00 | 5,197,336,468.67 | 667,214,784.64 | 135,345,912.68 | 1,634,064,672.34 | 4,235,904,770.60 | 17,457,278,608.93 |

| | For the six months ended 30 June 2022 (Unaudited) | | | | | | |
|---------------------------------------|---|------------------|----------------------------|-----------------|------------------|------------------|----------------------------|
| | Share capital | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Retained profit | Total shareholders' equity |
| I. Current period's opening balance | 5,587,412,000.00 | 5,197,336,468.67 | 374,283,432.66 | 121,482,157.51 | 1,529,823,260.71 | 3,292,435,727.37 | 16,102,773,046.92 |
| II. Changes during the period | | | | | | | |
| (I) Total comprehensive income | | | | | | | |
| 1. Net profit | - | - | - | - | - | 639,208,245.19 | 639,208,245.19 |
| 2. Other comprehensive income | - | - | 197,150,543.29 | - | - | - | 197,150,543.29 |
| (II) Profit distribution | | | | | | | |
| 1. Distribution to Shareholders | - | - | - | - | - | (312,895,072.00) | (312,895,072.00) |
| (III) Special reserve | | | | | | | |
| 1. Accrual | - | - | - | 24,065,028.94 | - | - | 24,065,028.94 |
| 2. Usage | - | - | - | (11,643,791.91) | - | - | (11,643,791.91) |
| III. Current period's closing balance | 5,587,412,000.00 | 5,197,336,468.67 | 571,433,975.95 | 133,903,394.54 | 1,529,823,260.71 | 3,618,748,900.56 | 16,638,658,000.43 |

The accompanying notes of the financial statements form part of these financial statements

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

RMB

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods or rendering of services | 2,199,551,244.52 | 2,212,077,245.58 |
| Cash received relating to other operating activities | 35,351,969.16 | 42,319,880.00 |
| Sub-total of cash inflows | 2,234,903,213.68 | 2,254,397,125.58 |
| Cash paid for goods and services | 468,946,610.90 | 358,173,922.64 |
| Cash paid to and on behalf of employees | 783,101,129.09 | 800,521,871.26 |
| Cash paid for all taxes | 119,715,958.44 | 249,619,876.09 |
| Cash paid relating to other operating activities | 86,721,170.44 | 88,406,397.76 |
| Sub-total of cash outflows | 1,458,484,868.87 | 1,496,722,067.75 |
| Net cash flows from operating activities | 776,418,344.81 | 757,675,057.83 |
| II. Cash flows from investing activities: | | |
| Cash received from return of investment | 600,000,000.00 | - |
| Cash received from investment income | 36,000,000.00 | - |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 4,945,009.47 | 621,191.90 |
| Sub-total of cash inflows | 640,945,009.47 | 621,191.90 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 156,268,744.93 | 96,915,243.53 |
| Cash paid for investments | 1,001,190,288.66 | 399,000,000.00 |
| Sub-total of cash outflows | 1,157,459,033.59 | 495,915,243.53 |
| Net cash flows from investing activities | (516,514,024.12) | (495,294,051.63) |

The accompanying notes of the financial statements form part of these financial statements

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

RMB

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| III. Cash flows from financing activities: | | |
| Cash paid for distribution of dividends or profits and for interest expenses | 757.65 | 944.63 |
| Cash paid relating to other financing activities | 8,712,137.02 | 9,223,759.70 |
| Sub-total of cash outflow | 8,712,894.67 | 9,224,704.33 |
| Net cash flows used in financing activities | (8,712,894.67) | (9,224,704.33) |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | 370,207.08 | 549,236.48 |
| V. Net increase in cash and cash equivalents | 251,561,633.10 | 253,705,538.35 |
| Add: Balance of cash and cash equivalents at the beginning of the period | 2,523,257,308.61 | 1,997,325,263.96 |
| VI. Balance of cash and cash equivalents at the end of the period | 2,774,818,941.71 | 2,251,030,802.31 |

The accompanying notes of the financial statements form part of these financial statements

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

I. GENERAL INFORMATION

Qinhuangdao Port Co., Ltd. (the “Company”) is a joint stock company with limited liability incorporated in Hebei Province, the People’s Republic of China on 31 March 2008. The H shares and A shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 12 December 2013 and the Shanghai Stock Exchange on 16 August 2017 respectively. The office address and headquarter of the Company is located at 35 Haibin Road, Qinhuangdao, Hebei Province.

The main operating activities of the Company and its subsidiaries (collectively referred to as the “Group”) are: provision of terminal facilities for vessels and provision of port services such as loading and discharging, stacking, warehousing, transportation, container stacking and less than container load services; other port related services such as tugboat service, lease and repair of harbor facilities, equipment and machinery, cargo weighing, freight forwarding, port tallying and provision of power and electrical engineering services; and import and export services of goods, labor dispatch. The Group’s port services mainly handle coal and metal ores as well as other types of cargo including oil and liquefied chemicals and general cargo and containers.

The parent and ultimate parent of the Group is Hebei Port Group Co., Ltd. (“HPG”), which was established in the People’s Republic of China.

These financial statements have been approved for issue by the board of directors of the Company by resolutions on 29 August 2023.

The consolidation scope of these consolidated financial statements is determined on the basis of control, and the consolidation scope for the period is consistent with that for the previous year.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These interim financial statements have been prepared in accordance with Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting issued by the Ministry of Finance. The accounting policies adopted in these interim financial statements are consistent with the accounting policies adopted when the Group prepared the financial statements for the year ended 2022, except for the adoption of the relevant newly issued or revised accounting standards. These interim financial statements should be read in conjunction with the financial statements of the Group for the year ended 2022.

These financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

These financial statements, except for certain financial instruments, have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group adopts specific accounting policies and accounting estimates according to the actual production and management features, which include provision for bad debt of receivables, provision for fixed assets depreciation, intangible assets amortization, and recognition and measurement of revenue.

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 30 June 2023 and their financial performance and cash flows for the six months ended 30 June 2023.

2. Accounting Period

The accounting year for the Group is from 1 January to 31 December of each calendar year, except for that the accounting period of the interim financial statements is from 1 January to 30 June.

3. Functional Currency

The Company’s reporting and presentation currency is Renminbi (“RMB”). Unless otherwise stated, the unit of the currency is RMB yuan.

The reporting currencies of the subsidiaries, joint ventures and associates of the Group are subject to their respective principal economic environment, and will be denominated in RMB for the preparation of the financial statements.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Consolidated Financial Statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural body controlled by the Company, etc.) that is controlled by the Company.

In preparation of consolidated financial statements, the subsidiaries use the same accounting year and accounting policies as those of the Company. All assets, liabilities, interests, income, fees and cash flows resulting from intragroup transactions are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against minority interests.

For subsidiaries acquired through a business combination not under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing consolidated financial statements, adjustments shall be made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities determined at the acquisition date.

For subsidiaries acquired through a business combination under common control, the operating results and cash flows of the acquiree are included in the consolidated financial statements from the beginning of the combination year. In preparing and comparing consolidated financial statements, adjustments shall be made to related items of prior year's financial statements, as if the reporting entities after the combination had existed from the date when the combining entities first came under control of the ultimate controlling party.

Where change in relevant facts and conditions lead to the change in one or more control elements, the Group will reevaluate its control over the investee.

Change in non-controlling interests that does not result in the loss of control over the subsidiary is accounted for as an equity transaction.

5. Classifications of Joint Arrangement and Joint Operations

Joint arrangement is classified as joint operations and joint ventures. Joint operation refers the joint arrangement where the joint venture parties are entitled to the underlying assets of the relevant arrangement and assume liabilities of the joint arrangements. Joint venture refers the joint arrangement where the joint venture party is only entitled to the right of the net assets of the arrangements.

The joint venture parties recognize in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses, including its share of any expenses incurred jointly.

6. Cash and Cash Equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand for payment purposes. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Foreign Currency Transactions and Translation of the Financial Statements Prepared in Foreign Currencies

The Group translates the amounts of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded on initial recognition, in their functional currencies, by applying to the foreign currency amounts at the spot exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates at the balance sheet date. All the resulting exchange differences are taken to profit or loss for the current period, except for those relating to foreign currency borrowings specifically for acquisition and construction of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rates prevailing at the date on which the fair values are determined. The exchange differences thus resulted are recognized in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

For foreign operations, the Group translates all amounts of functional currencies into RMB for the preparation of the financial statements. For assets and liabilities in the balance sheet, spot exchange rates at the balance sheet date are used for translation, while, for shareholder's equity, spot exchange rates prevailing on the transaction dates are adopted for items other than "retained profits". For items of income and expenses in the income statement, average exchange rates for the period during which the transactions occur are adopted. Translation differences of functional currencies resulting from the translations mentioned above are recognized as other comprehensive income. For the disposal of foreign operations, other comprehensive incomes relating to foreign operations transfer to profit or loss for the current period for disposal, subject to the ratio of disposal.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

8. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognizes and writes off a financial asset (or part of a financial asset, or part of a group of similar financial assets) from its account and balance sheet when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognized and derecognized on the transaction date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period as specified by regulations or conventions in the marketplace. Transaction date is the date that the Group commits to purchase or sell the asset.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Financial Instruments (Continued)

Classification and measurement of financial assets

The financial assets of the Group are classified at the initial recognition based on the business model of the Group's corporate management financial assets and the contractual cash flow characteristics of the financial assets: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVTOCI), and financial assets measured at fair value through profit or loss (FVTPL).

Financial assets are measured at fair value at the initial recognition. However, if the accounts receivable or bills receivable arising from the sale of goods or provision of services do not contain significant financing components or do not take into account financing components not exceeding one year, initial measurement shall be made based on the transaction price. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

The subsequent measurement of financial assets depends on its category as follows:

Debt instrument investment measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if they meet the following conditions: the business model for managing the financial assets is targeted at collecting contractual cash flows; the contractual terms of the financial assets stipulate that cash flows in specific dates are solely for the payments of the principals and interests incurred from the outstanding principals. Such financial assets are recognized as interest income using the effective interest rate method. The gains or losses arising from the derecognition, modification or impairment are recognized in profit or loss for the period.

Debt instrument investment at fair value through other comprehensive income

Financial assets that meet the following conditions are classified as financial assets at fair value through other comprehensive income: the financial asset is held by the Group within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The interest income from such financial assets is recognized using the effective interest method. Except for interest income, impairment losses and exchange differences, which are recognised in profit or loss for the period, other changes in fair value are included in other comprehensive income. When the financial assets are derecognised, accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and recognised in profit or loss for the current period.

Equity instrument investment at fair value through other comprehensive income

The Group irrevocably chooses to designate certain non-tradable equity instrument investments as financial assets that are measured at fair value through other comprehensive income. The related dividend income (except for dividend income recovered as part of the investment cost) is only recognised in profit or loss for the current period. Subsequent changes in fair value are included in other comprehensive income and no impairment provision is required. When the financial assets are derecognised, accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and recognised in retained earnings.

Financial assets measured at fair value through profit or loss

The above-mentioned financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and except for hedge accounting, all changes in fair value are recognised in profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Financial Instruments (Continued)

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into the following categories: financial liabilities at fair value through profit or loss and financial liabilities measured at amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period, and transaction costs relating to financial liabilities measured at amortised cost are included in the amount initially recognized.

The subsequent measurement of financial liabilities depends on its category as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and those designated upon initial recognition at fair value through profit or loss. For financial liabilities held for trading (including derivatives that are financial liabilities), fair values are adopted for subsequent measurement, and all changes in fair value are recognised in profit or loss for the current period. Financial liabilities that are designated as at FVTPL are measured at fair value subsequently, and other changes in fair value are included in current profit or loss except that the changes in fair value driven by credit risk variations of the Group; If accounting mismatch in profit or loss results from or is increased from the changes in fair value as a result of credit risk variations of the Group included in other comprehensive income, the Group include all changes in fair value (including the amount affected by its own credit risk changes) in the current profit or loss.

Financial liabilities measured at amortised cost

For such financial liabilities, the actual interest rate method is adopted and the subsequent measurement is carried out according to the amortized cost.

Financial instrument impairment

On the basis of expected credit losses, the Group performs the impairment treatment on financial assets measured at amortized cost, and confirms the loss provision.

For receivables that do not contain significant financing components, the Group uses a simplified measurement method to measure loss provision based on the amount of expected credit losses for the entire duration of the life.

For receivables with significant financing components, the Group uses a simplified measurement method to measure loss provisions based on the amount of expected credit losses for the entire duration of the life.

In addition to the measurement of financial assets using a simplified measurement method as described above, the Group also assesses at each balance sheet date whether its credit risk has increased significantly since the initial recognition. If the credit risk has not increased significantly since the initial recognition, it is in the first stage, and the Group measures provision for losses based on the amount of expected credit loss over the next 12 months and calculates the interest income according to the book balance and the actual interest rate. If the credit risk has increased significantly since the initial recognition but the credit impairment has not occurred, it is in the second stage, and the Group measures loss provisions based on the amount of expected credit losses for the entire duration of the life and calculates the interest income according to the book balance and the actual interest rate. If the credit impairment occurs after the initial recognition, it is in the third stage, and the Group measures loss provisions based on the amount of expected credit losses for the entire duration of the life and calculates the interest income according to the amortized cost and the actual interest rate. For financial instruments with only low credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition.

Expected credit losses of financial instruments are assessed on an individual basis and group basis. The Group considered the credit risk characteristics of different customers and assessed the expected credit losses of the receivables based on the age group.

The Group's criteria for judging the significant increase in credit risk and the definition of assets with credit impairment are disclosed in Note VII. 3.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Financial Instruments (Continued)

Financial instrument impairment (Continued)

The factors reflected in the Group's methods of measuring ECL of financial instruments include: the unbiased probability weighted average amount determined by evaluating a series of possible results; the time value of money; the reasonable and supportable information about past events, current situation and future economic situation forecast that is available without undue costs or efforts on the balance sheet date.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied: the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable; the Group intends either to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously.

Transfers of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Group derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transactions as follows: if the Group has not retained control, it derecognises the financial asset and recognises any resulting assets or liabilities; if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability.

When the entity's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of the carrying amount of the asset and finance guarantee amount. The finance guarantee amount refers to the maximum amount of the consideration received that the entity could be required to repay.

9. Inventories

Inventories include raw materials, fuels, spare parts, low-cost consumables.

Inventories are initially carried at the actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Low-cost consumables and spare parts are amortized by using one-off amortization method.

The Group adopts perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognized in profit or loss for the current period. Net realizable value is the estimated selling price in the ordinary course of business deducted by the estimated costs to completion, the estimated selling expenses and the related taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments were initially recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the owners' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained profits). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held prior to the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognized under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to retained profits upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The accumulated fair value change of equity investments held prior to the date of acquisition and included in the other comprehensive income as financial instruments shall be transferred in full to retained profits upon the change to cost accounting. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments; for those acquired by way of issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost accounting method in the Company's financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or reduction of investments, the cost of long-term equity investments is adjusted. Cash dividends or profits declared to be distributed by the investee should be recognized as investment income in the current period.

The equity method is adopted in accounting for long-term equity investments when the Group holds joint control, or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making in the financial and operating policies of the investee but is not the power to control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets, such excess is included in the initial investment cost of the long-term equity investment. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Long-term Equity Investments (Continued)

Under the equity method, the Group recognizes, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognizes its share of the investee's net profits or losses, except that the assets invested or disposed of constitute a business, after making appropriate adjustments to the investee's net profits based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investor according to its share ratio (but impairment losses for assets arising from internal transactions shall be recognized in full). The carrying amount of the long-term equity investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group shall discontinue recognizing its share of the losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in shareholders' equity of the investees (other than the net profits or losses, other comprehensive income and profit allocation of the investee), and includes the corresponding adjustment in equity.

On disposal of the long-term equity investments, the difference between book value and actual proceeds received is recognized in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued for disposal, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred in full to current profit and loss. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee and transferred to current profit and loss on a pro-rata basis. Shareholders' equity recognized as a result of changes in shareholders' equity other than the net profits or losses, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss on a pro-rata basis.

11. Fixed Assets

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditures shall be recognized in profit or loss for the period during which they are incurred.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any other directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual value ratio and annual depreciation rate of fixed assets are as follows:

| | Useful life | Estimated net residual value ratio | Annual depreciation rate |
|--------------------------------------|---------------|------------------------------------|--------------------------|
| Buildings | 20 – 35 years | 3% | 2.77 – 4.85% |
| Terminal facilities | 20 – 30 years | 3% | 3.23 – 4.85% |
| Machinery and equipment | 6 – 20 years | 3% | 4.85 -16.17% |
| Vessels and transportation equipment | 6 – 10 years | 3% | 9.70 -16.17% |
| Office and other equipment | 6 years | 3% | 16.17% |

Where individual component parts of an item of fixed assets have different useful lives or provide benefits to the enterprise in different patterns, different depreciation rates are applied.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and makes adjustments if necessary.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Construction in Progress

The cost of construction in progress is recognized based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalized borrowing costs on related borrowed funds before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets or intangible assets when the asset is ready for its intended use.

13. Borrowing Costs

Directly attributable to the acquisition or construction of qualifying assets or borrowing cost for production are capitalized. Other borrowing costs are recognized in profit or loss for the current period. Assets qualifying for capitalization refer to fixed assets necessarily taking a substantial period of time for acquisition or construction or production activities to get ready for their intended use.

The capitalization of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred;
- (3) activities relating to the acquisition or construction or production of the asset that are necessary to prepare the asset for its intended use or saleable status have commenced.

Capitalization of borrowing costs ceases when the qualifying asset being acquired or constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognized in profit or loss for the current period.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any temporary interest earned from deposits or investment income;
- (2) where funds are borrowed for a general purpose, the amount of interest to be capitalized is determined by multiplying the weighted average of the excess amounts of accumulated expenditure on asset over the expenditure of specific-purpose borrowings by the weighted average interest rate.

Capitalization of borrowing costs is suspended when the acquisition or construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, while the interruption lasts for more than three consecutive months. Borrowing costs incurred during these periods are recognized as expenses in profit or loss for the current period until the acquisition or construction or production is resumed.

14. Right-of-use Assets

On the commencement date of the lease term, the Group recognizes its right to use the leased asset over the lease term as the right-of-use asset which is initially measured at cost, including: the initial measurement amount of the lease liability; the payment on or before the commencement date of the lease term, the amount of the lease payment if there is a lease incentive, deducting the relevant amount of the lease incentives already enjoyed; the initial direct expenses incurred by the lessee; the cost expected to be incurred by the lessee to dismantle and remove the leased assets, restore the site where the leased assets are located at or recover the leased assets to the status as agreed in the lease terms. The Group adjusts the carrying amount of the right-to-use assets accordingly when re-measuring the lease liabilities as a result of the change in the amount of lease payment. The Group's subsequent years of averaging method is used to depreciate the right-of-use assets. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Group will depreciate the remaining useful life of the leased asset. If it is not reasonable to determine that the leasehold asset can be acquired at the expiration of the lease term, the Group depreciates during the shorter period between the lease term and the remaining useful life of the leased asset.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Intangible Assets

An intangible asset shall be recognized only when its related economic benefits will probably flow to the Group and its costs can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination not under common control with a fair value that can be measured reliably are recognized separately as intangible assets and measured at fair value.

The useful life of an intangible asset is determined according to the period over which it is estimated to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when the period over which the asset is estimated to generate economic benefits for the Group is uncertain.

The useful lives of the intangible assets are as follows:

| | Useful lives |
|---------------------|--------------|
| Land use rights | 40-50 years |
| Sea area use rights | 50 years |
| Software | 5-10 years |

The Group accounts for its land use rights and sea area use rights as intangible assets. For buildings such as plants that are developed and constructed by the Group, the relevant land use rights and buildings are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

Intangible assets with finite useful lives are amortized over the useful lives on the straight-line basis. The Group reviews the useful lives and the amortization method of intangible assets with finite useful lives, and adjusts if appropriate, at least at the end of each year.

The Group classifies the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase of an internal research and development project is recognized in profit or loss for the period in which it is incurred. Expenditure on the development phase is capitalized when the Group can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; how the intangible asset will generate probable future economic benefits, including that the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, that if it is to be used internally, the usefulness of the intangible asset; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the intangible asset during its development phase. Expenditure on the development phase that does not meet the above criteria is recognized in profit or loss for the current period in which it is incurred.

16. Asset Impairment

The impairment of an asset other than inventories, deferred income tax and financial assets is determined as follows: The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group will estimate the recoverable amount of the asset and perform test for impairment. Intangible assets with an indefinite useful life and intangible assets that have not been ready for intended use are tested for impairment at least at the end of each year, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less disposal costs and the present value of the future cash flows estimated to be derived from the asset. The Group estimates the recoverable amount on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent from cash inflows of other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is recognized in profit or loss for the current period and a provision for impairment loss of the asset is recognized accordingly.

Once the above asset impairment loss is recognized, it cannot be reversed in the subsequent accounting periods.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Long-term Prepaid Expenses

Long-term prepaid expenses are expenses which have incurred but shall be amortised over the current period and subsequent periods of more than one year. Long-term prepaid expenses are amortised evenly over the estimated benefit period.

18. Employee Benefits

Employee benefits are all forms of considerations given by the Group in exchange for services rendered by its employees or for the termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the Group to employees' spouse, children, dependents, families of deceased employees and other beneficiaries also belong to employee benefits.

Short-term employee benefits

In the accounting period which services are rendered by the employees, short-term employee benefits are actually recognized as liabilities and charged to profit or loss or related costs of assets for the current period.

Post-employment benefits (defined contribution plans)

Employees of the Group participate in the endowment insurance and unemployment insurance plans managed by local governments as well as enterprise annuity, and the relevant expenditure is recognized, when incurred, in the cost of relevant asset or profit or loss for the current period.

Termination benefits

Where the Group provides termination benefits to its employees, the employee remuneration liabilities arising from termination benefits are recognized in profit or loss for the current period upon the occurrence of the earlier of the following: termination benefits provided as a result of termination of employment plan or downsizing proposal cannot be unilaterally withdrawn by an entity; or reorganization-related costs or expenses involving payment of termination benefits are recognized by an entity.

For the employee's internal retirement plan, the Group will use the salary of the early retired employee to be paid by the enterprise on a monthly basis and the social insurance premium as the termination benefits from the period when the employee stops providing the service to the normal retirement date, and account for them adopting the same principle as the above-mentioned termination benefits. The specific terms of each termination benefit and the employee's internal retirement plan vary according to the relevant employee's position, service years and regions and other factors.

Other long-term employee benefits

Other long-term benefits provided to the employees are net debt liabilities or net assets of other long-term employee benefits recognized or measured according to the requirements applicable to post-employment benefits. Changes arising from the measurement will be recognized in profit or loss or cost of relevant assets for the current period.

19. Lease Liabilities

On the commencement date of the lease term, the Group recognizes the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. Lease payments include fixed payment amount and actual fixed payment amount after deducting relevant amount of lease incentive, variable lease payments depending on index or ratio, the amount expected to be paid according to the guaranteed residual value as well as the exercise price of the purchase option and the payment required to exercise the option to terminate the lease, provided the Group reasonably determines that the option will be exercised or the lease term reflects that the Group will exercise the option to terminate the lease.

In calculating the present value of the lease payments, the Group uses the leased interest rate as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognizes it in profit or loss for the current period, unless otherwise specified in the cost of relevant asset. The variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss when incurred, unless otherwise specified in the cost of relevant asset.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Lease Liabilities (Continued)

After the commencement date of the lease period, the Group increases the carrying amount of lease liabilities when recognizing interests and decreases the carrying amount of lease liabilities when paying lease payments. When the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, or the evaluation results or actual exercise of rights of the purchase option, the renewal option or the termination option change, the Group re-measures the lease liability based on the present value of the changed lease payments.

20. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognizes an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

21. Revenue from Contracts with Customers

The revenue is recognized when the Group has fulfilled its performance obligations in the contract, that is, the customer obtains control of the relevant goods or services. Obtaining control of the relevant goods or services means being able to dominate the use of the good or the provision of the service and obtains substantially all of its economic benefits.

Contracts for the provision of service

The service contract between the Group and the customers usually includes performance obligations such as port operations services. The Group conducts an analysis based on the terms of the contract and the substance of the transaction. The comprehensive judgment service is performed within a certain period of time or at a certain point of time. For the performance obligations to be fulfilled within a certain period of time, the Group recognizes the revenue based on the progress of the performance, except for the progress of the performance that cannot be reasonably determined. The Group determines the progress of the performance of the services provided in accordance with the input method. For the progress of the performance that cannot be reasonably determined, when the costs incurred by the Group are expected to be compensated, the revenue is recognized based on the amount of costs incurred until the progress of the performance can be reasonably determined. For performance obligations performed at a certain point of time, the Group recognizes the revenue when the customer obtains relative control right of the service.

Contracts for the sales of goods

The contract for the sale of goods between the Group and the customers usually includes only performance obligations of transferring the goods. The Group generally recognizes revenue at a point of time when the customer obtains the control of the relevant goods based on the following factors. This includes obtaining the current collection rights of the goods, the transfer of the main risks and rewards of the ownership of the goods, the transfer of the legal ownership of the goods, the transfer of the physical assets of the goods, and the acceptance of the goods by the customer.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Contract Assets and Contract Liabilities

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and customer payments. The Group will offset the contract assets and contract liabilities under the same contract and present them on a net basis.

Contract assets

A contract asset represents the right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional.

Contract liabilities

The Group's obligation to transfer goods to customers for consideration received or receivable from customers is presented as contract liabilities, such as payments received by the enterprise prior to the transfer of the promised goods.

23. Government Grants

Government grants are recognized when all respective conditions will be complied with and the grant will be received. The government grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably determined, it should be measured at nominal value.

In accordance with the stipulations of the government documents, government grants applied towards acquisition or construction or the formation of long-term assets in other manners are asset-related government grants. Those unspecified in the documents refer to the exercise of judgement based on the basic conditions for receiving the asset related grant applied towards acquisition or construction or the formation of long-term assets in other manners. All other grants are recognized as income-related government grants.

Government grants relating to income which are used to compensate relevant cost expenses or losses in subsequent periods are recognized as deferred income and are accounted in profit and loss in the current period where relevant cost expenses or losses are recognized; those used to compensate relevant cost expenses or losses in the current period are directly accounted in profit and loss in the current period.

Government grants relating to assets are recognized in deferred income and accounted in profit or loss in stages in a reasonable and systematic method during the service lives of the relevant assets (however, those measured in nominal values shall be recorded in profit and loss in the current period). Where the relevant assets are sold, transferred, scrapped or damaged before the end of their service lives, the unallocated balance of related deferred income shall be transferred to the profit or loss of the period where the relevant assets are disposed.

24. Deferred Income Tax

The Group recognizes deferred tax based on temporary differences using balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying amounts and tax bases of items not recognized as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Deferred Income Tax (Continued)

A deferred income tax asset is recognized for deductible temporary differences, and unused deductible tax losses and tax credits that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilized, except:

- (1) where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss;
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred income tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilized in the future.

At the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is recovered or the liability is settled, according to the requirements of tax laws. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred income tax assets is reviewed at the balance sheet date and reduced to the extent that taxable profit is no longer sufficient in future periods to allow the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered.

When all of the following conditions are satisfied simultaneously, the deferred income tax assets and deferred income tax liabilities are listed as the net amount after offsetting: the Group have a legal right to settle current tax assets and liabilities on a net basis; the deferred taxes are related to the same tax payer within the Group and the same taxation authority, or related to different tax payers but during the period when each of the significant deferred income tax assets and deferred income tax liabilities are reversed and the tax payer involved intends to settle the current income tax asset and current income tax liability on a net basis, or simultaneously obtain assets and pay off the debts.

25. Leases

On the contract start date, the Group assesses whether the contract is a lease or includes a lease. If one of the parties transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is leased or included lease.

As a lessee

Save for short-term lease and Low value asset leasing, the Group recognizes right-of-use assets and lease liabilities for the leases. For the accounting treatment, refer to Note III. 14 and Note III. 19.

Short-term lease and Low value asset leasing

The Group will be on the commencement date of the lease term, the lease term is not more than 12 months, and the lease that does not include the purchase option is recognized as a short-term lease; the lease of not more than RMB30,000.00 when the single leased asset is a new asset is recognized as a low value. If the Group subleases or expects to sublease the leased assets, the original lease is not recognized as a low value asset lease. The Group does not recognize the right-of-use assets and lease liabilities for short-term leases and low-value asset leases, which is included in the related asset cost or current profit or loss on a straight-line basis over the lease term.

As a lessor

Leases that transfer substantially all of the risks and rewards associated with the ownership of the leased asset on the lease start date are finance leases, and all other leases are operating leases.

As an operating lease lessor

Rental income from operating leases is recognized on a straight-line basis over the lease term in profit or loss. The initial direct costs are capitalized and amortized over the lease term on the same basis as rental income is recognized, recognized in profit or loss in the current period.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Profit Distribution

Cash dividend of the Company is recognized as a liability upon being approved at the shareholders' general meeting.

27. Production Safety Expenses

Production safety expenses appropriated pursuant to the related regulations is recognized in the cost of the relevant products or in profit or loss for the current period, and also in the specialized reserve. The cost shall be handled according to whether a fixed asset is formed. The cost incurred through expenditure will be reduced directly from the specialized reserve. The cost incurred for a fixed asset shall be pooled and recognized as a fixed asset when it reaches the working condition for its intended use; meanwhile an equivalent amount shall be deducted from the specialized reserve and recognized as accumulated depreciation.

28. Fair Value Measurement

The Group measures its financial assets held for trading and non-listed equity instrument investment at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date; Level 2 – based on observable input, either directly or indirectly, of relevant assets or liabilities other than level 1 inputs; Level 3 – based on unobservable input of relevant assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at each balance sheet date.

29. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgment

During the application of the Group's accounting policies, the management made the following judgments that had a significant impact on the amounts recognized in the financial statements:

The business model

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. When judging the business model, the Group considers taking into account the way in which financial asset performance is evaluated by company and reported to key managers, the risks affecting financial asset performance, and how they are managed, and the way in which the relevant business managers receive compensation. In assessing whether to target contractual cash flow, the Group needs to analyze and judge the reasons, time, frequency and value of the sale of the financial asset before its maturity date.

The contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal, the correction of the time value of the currency is included. In the assessment, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow, and for the financial assets including the prepayment characteristics, it is necessary to judge whether the fair value of the early repayment characteristics is very small.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Significant Accounting Judgments and Estimates (Continued)

Uncertainty of estimation

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may cause a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are discussed below.

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. Different estimation may have an impact on provision of impairment allowance and the impairment allowance provided may not equal to the loss amount of future effective impairment.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there is any indication of impairment for all non-current assets other than financial assets at the balance sheet date. For intangible assets with an indefinite useful life, in addition to the annual impairment test, when there is an indication of impairment, the impairment test is also carried out. Other non-current assets other than financial assets are tested for impairment when there is an indication that the carrying amount is not recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e., the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in the relevant sales agreement or an observable market price of similar assets in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. When calculating the present value of expected future cash flows from an asset or asset group, management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate to determine the present value of future cash flows.

Fair value of unlisted equity investments

The Group determines the fair value of unlisted equity investments by market method. This requires the Group to identify comparable listed companies, select market multiples and estimate liquidity discounts and is therefore uncertain.

Deferred income tax assets

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable profit could be generated against deductible losses. Significant management judgments are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Lessee's incremental borrowing rate

For leases that the interest rate included in the lease cannot be determined, the Group measures the present value of the lease payments using the lessee's incremental borrowing rate as the discount rate. When determining the incremental borrowing rate, the Group uses the observable interest rate as the reference basis for determining the incremental borrowing rate on the basis of its economic environment. On this basis, the Group adjusts the reference interest rate according to its own situation, the targeted asset situation, lease period, the amount of lease liabilities and other specific conditions of lease business to obtain the applicable incremental borrowing rate.

Useful lives and residual values of fixed assets

The Company's management determines the estimated useful lives and residual values of fixed assets and related depreciation charges. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets with similar nature and functions. It can change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives and residual values are less than previous estimations, or it will write off or write down the fixed assets technically obsolete or abandoned or sold.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Changes in Accounting Policies

Recognition of deferred income taxes in relation to the lease

Pursuant to the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31) issued by the Ministry of Finance on 30 November 2022, a single transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss, and where the equivalent taxable temporary differences and deductible temporary differences arise from the initial recognition of assets and liabilities, is not applicable to the provisions in relation to exemption of the initial recognition of deferred income taxes. The above provisions came into force since 1 January 2023, for lease transaction that lease liabilities are initially recognized and included in the right-of-use assets on the commencement date of the lease term, it shall recognize corresponding deferred income tax liabilities and deferred income tax assets, respectively, instead of the original unrecognition of deferred income taxes due to the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities. According to the transitional provisions, the Group made adjustments to the above-mentioned transactions that occurred between the beginning of the earliest period of presentation of financial statements in which the interpretation was first applied and the date of change in accounting policies. For taxable temporary differences and deductible temporary differences arising from the lease liabilities and right-of-use assets recognized due to the above-mentioned transactions that applied such interpretation at the beginning of the earliest period of presentation of financial statement in which the interpretation was first applied, the cumulative impact should be adjusted against the retained earnings and other relevant financial statement items at the beginning of the earliest period of presentation of financial statements. The Group, after evaluation, believes that adoption of these provisions caused no significant impact on the financial statements at the beginning of such adoption.

IV. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

| | | |
|---------------------------------------|---|---|
| Value-added tax ("VAT") | - | The Group is subject to output VAT at a tax rate of 13% on the taxable sales; related port service revenues are taxable to output VAT at a tax rate of 6%, and is levied after deducting deductible input VAT for the current period. |
| City maintenance and construction tax | - | It is levied at 7% of VAT paid actually. |
| Enterprise income tax | - | It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences. The tax rate for overseas subsidiaries is 16.5%. |
| Property tax | - | Property tax on self-occupied properties is calculated at the applicable tax rate of 1.2% using the tax base of 70% of the initial cost of the properties; lease properties are taxable on the tax base of rental income at the applicable tax rate of 12%. |
| Land use tax | - | It is levied in accordance with unit tax amount prescribed in the tax law based on the actual area of land used by the taxpayer. |
| Environmental protection tax | - | The taxable amount of the Group's taxable pollutants shall be paid in accordance with the applicable taxable amount stipulated by the Environmental Protection Tax Law. |

2. Tax Concessions

Land use tax

Pursuant to the Provisional Regulations of the People's Republic of China on Land Use Tax in respect of Urban and Town Land (《中華人民共和國城鎮土地使用稅暫行條例》) and the Announcement of the Ministry of Finance and the State Taxation Administration on the Extended Implementation of the Preferential Policies on Land Use Tax in respect of Urban and Town Land for Bulk Commodity Storage Facility of Logistics Companies (《財政部、國家稅務總局關於繼續實施物流企業大宗商品倉儲設施用地城鎮土地使用稅優惠政策的公告》) (Cai Shui [2020] No. 16), during the period from 1 January 2020 to 31 December 2022, urban and town land use tax will be reduced by 50% of the rate applicable to the standards of such land owned in respect of bulk commodity storage facilities owned by logistics companies (including self-owned and leased land). In respect of land used for bulk commodity storage facilities owned by the Company and Cangzhou Huanghuagang Mineral Port Co., Ltd. (hereinafter referred to as "Cangzhou Mineral") and Tangshan Caofeidian Coal Port Co., Ltd., subsidiaries of the Company, land use tax will be reduced by 50%. Pursuant to the Announcement on the Extended Implementation of the Preferential Policies on Land Use Tax in respect of Urban and Town Land for Bulk Commodity Storage Facilities of Logistics Companies (《關於繼續實施物流企業大宗商品倉儲設施用地城鎮土地使用稅優惠政策的公告》) (the Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 5), the implementation term for the preferential policies on land use tax in respect of urban and town land for bulk commodity storage facilities of logistics companies shall be extended to 31 December 2027.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IV. TAXATION (CONTINUED)

2. Tax Concessions (Continued)

Value-added tax

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Clarification of the VAT Exemption Policy and other Policies for Small-scale VAT Taxpayers (Announcement of the Ministry of Finance and the State Administration of Taxation, [2023] No. 1), the Company and some of its subsidiaries, as the taxpayers of the production service industry and the life service industry, are allowed to deduct their tax payable by adding 5% and 10% to the current deductible input tax, respectively, from 1 January 2023 to 31 December 2023.

Enterprise income tax

According to the Implementation Rules of the PRC Enterprise Income Tax Law 《中華人民共和國企業所得稅法實施條例》 (Order No. 512 of the State Council) and the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment 《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》 (Guo Shui Fa [2009] No. 80), Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port of Cangzhou Mineral, a subsidiary of the Company, is eligible for tax preferences for public infrastructure projects under key support of the State. Income derived by Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port of Cangzhou Mineral from the investment in, and the operation of, public infrastructure projects under key support from the State, is eligible for a tax exemption from enterprise income tax for the first year to the third year, and a 50% reduction in enterprise income tax for the fourth year to the sixth year, starting from the year in which the project first generates operating income. Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port of Cangzhou Mineral first generated its operating income in 2023, and started to be entitled to the tax preferences of enterprise income tax.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Cash on hand | 11,113.99 | 25,508.88 |
| Bank deposits | 5,682,302,810.31 | 4,847,732,205.97 |
| Other cash and bank balances | 500.00 | 500.00 |
| | 5,682,314,424.30 | 4,847,758,214.85 |
| Including: Secured bank deposits from bidding deposits | 500.00 | 500.00 |

As at 30 June 2023, the cash and bank balances deposited overseas by the Group were equivalent to RMB61,095,617.96 (31 December 2022: RMB59,014,402.57).

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for time deposits vary from 3 months to 1 year depending on the cash requirements of the Group and earn interest at the respective deposit rates.

2. Bills Receivable

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|-----------------------|-----------------------------|------------------|
| Bank acceptance notes | 74,300,580.00 | 91,361,696.00 |

As at 30 June 2023 and 31 December 2022, no bank acceptance notes of the Group was pledged.

As at 30 June 2023 and 31 December 2022, the Group did not transfer any bills receivable to accounts receivable due to non-performance of drawers.

Bills receivable which were endorsed but undue as at the balance sheet date are as follows:

| | 30 June 2023(Unaudited) | | 31 December 2022 | |
|-----------------------|-------------------------|------------------|------------------|------------------|
| | Derecognized | Not derecognized | Derecognized | Not derecognized |
| Bank acceptance notes | - | 4,877,616.00 | - | 18,307,584.00 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts Receivable

The credit period of accounts receivable is usually not more than 90 days. The accounts receivable bear no interest.

An ageing analysis of the accounts receivable is as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Within 1 year | 72,898,353.41 | 51,506,942.00 |
| 1 to 2 years | 990,673.51 | 860,169.46 |
| 2 to 3 years | 113,310.75 | 9,728.80 |
| Over 3 years | 1,633,960.63 | 1,633,960.63 |
| | 75,636,298.30 | 54,010,800.89 |
| Less: Provision for bad debts of accounts receivable | 8,497,732.81 | 7,387,989.12 |
| | 67,138,565.49 | 46,622,811.77 |

| | 30 June 2023 (Unaudited) | | | | Carrying amount |
|--|--------------------------|----------------|-------------------------|-----------------------------|-----------------|
| | Balance | | Provision for bad debts | | |
| | Amount | Percentage (%) | Amount | Percentage of provision (%) | |
| Individual provision for bad debts | 3,252,364.00 | 4 | 3,252,364.00 | 100 | - |
| Provision for bad debts made by portfolio of credit risk characteristics | 72,383,934.30 | 96 | 5,245,368.81 | 7 | 67,138,565.49 |
| | 75,636,298.30 | 100 | 8,497,732.81 | 11 | 67,138,565.49 |

| | 31 December 2022 | | | | Carrying amount |
|--|------------------|----------------|-------------------------|-----------------------------|-----------------|
| | Balance | | Provision for bad debts | | |
| | Amount | Percentage (%) | Amount | Percentage of provision (%) | |
| Individual provision for bad debts | 3,252,364.00 | 6 | 3,252,364.00 | 100 | - |
| Provision for bad debts made by portfolio of credit risk characteristics | 50,758,436.89 | 94 | 4,135,625.12 | 8 | 46,622,811.77 |
| | 54,010,800.89 | 100 | 7,387,989.12 | 14 | 46,622,811.77 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts Receivable (Continued)

As at 30 June 2023, accounts receivable with individual provision for bad debts were as follows (unaudited):

| | Balance | Provision for bad debts | Expected credit loss ratio | Reason for provision |
|---|--------------|-------------------------|----------------------------|-------------------------------|
| China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司) | 61,460.00 | 61,460.00 | 100% | Debtor involved in litigation |
| Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司) | 3,190,904.00 | 3,190,904.00 | 100% | Debtor involved in litigation |
| | 3,252,364.00 | 3,252,364.00 | | |

As at 31 December 2022, accounts receivable with individual provision for bad debts were as follows:

| | Balance | Provision for bad debts | Expected credit loss ratio | Reason for provision |
|---|--------------|-------------------------|----------------------------|-------------------------------|
| China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司) | 61,460.00 | 61,460.00 | 100% | Debtor involved in litigation |
| Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司) | 3,190,904.00 | 3,190,904.00 | 100% | Debtor involved in litigation |
| | 3,252,364.00 | 3,252,364.00 | | |

Accounts receivable which are subject to provision for bad debts made by portfolio of credit risk characteristics are as follows:

| | 30 June 2023 (Unaudited) | | | 31 December 2022 | | |
|---------------|--|--------------------------------|-------------------------------|--|--------------------------------|-------------------------------|
| | Estimated balance arising from default | Expected credit loss ratio (%) | Lifetime expected credit loss | Estimated balance arising from default | Expected credit loss ratio (%) | Lifetime expected credit loss |
| Within 1 year | 69,929,030.41 | 5 | 3,506,651.70 | 48,254,578.00 | 5 | 2,412,728.90 |
| 1 to 2 years | 707,632.51 | 10 | 70,763.25 | 860,169.46 | 10 | 86,016.95 |
| 2 to 3 years | 113,310.75 | 30 | 33,993.23 | 9,728.80 | 30 | 2,918.64 |
| Over 3 years | 1,633,960.63 | 100 | 1,633,960.63 | 1,633,960.63 | 100 | 1,633,960.63 |
| | 72,383,934.30 | 7 | 5,245,368.81 | 50,758,436.89 | 8 | 4,135,625.12 |

The movements in provision for bad debts of accounts receivable are as follows:

| | Opening balance | Provision for the period/year | Recover or reversal in the period/year | Write-off in the period/year | Closing balance |
|---|-----------------|-------------------------------|--|------------------------------|-----------------|
| For the six months ended 30 June 2023 (unaudited) | 7,387,989.12 | 1,607,103.54 | (497,359.85) | – | 8,497,732.81 |
| For the year of 2022 | 4,706,918.38 | 3,343,995.54 | (610,985.17) | (51,939.63) | 7,387,989.12 |

For the six months ended 30 June 2023, the Group did not write off accounts receivable (2022: RMB51,939.63).

As at 30 June 2023 and 31 December 2022, no accounts receivable of the Group was pledged.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts Receivable (Continued)

As at 30 June 2023, accounts receivable from the five largest customers are as follows (unaudited):

| | Balance | | Provision for bad debts | |
|--|---------------|----------------|-------------------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Hebei Xinshenggang International Logistics Co., Ltd. (河北新盛港國際物流有限公司) | 20,113,328.12 | 26.59 | 1,005,666.41 | 5 |
| Angang Group International Trade Co., Ltd. (安鋼集團國際貿易有限責任公司) | 5,618,098.29 | 7.44 | 280,904.91 | 5 |
| China Coal Energy Company Limited (中國中煤能源股份有限公司) | 5,523,680.00 | 7.30 | 276,184.00 | 5 |
| Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司) | 4,276,457.00 | 5.65 | 213,822.85 | 5 |
| China Coal Industry Qinhuangdao Import & Export Co., Ltd. (中國煤炭工業秦皇島進出口有限公司) | 3,608,880.00 | 4.77 | 180,444.00 | 5 |
| | 39,140,443.41 | 51.75 | 1,957,022.17 | 5 |

As at 31 December 2022, accounts receivable from the five largest customers were as follows:

| | Balance | | Provision for bad debts | |
|--|---------------|----------------|-------------------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Hebei Xinshenggang International Logistics Co., Ltd. (河北新盛港國際物流有限公司) | 12,941,528.12 | 23.96 | 647,076.41 | 5 |
| Ningxia Tianyuan Logistics Group Co., Ltd. (寧夏天元物流集團有限公司) | 4,952,663.00 | 9.17 | 247,633.15 | 5 |
| Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) | 3,212,272.68 | 5.95 | 165,007.14 | 5 |
| Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司) | 3,190,904.00 | 5.91 | 3,190,904.00 | 100 |
| Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司) | 2,847,525.00 | 5.27 | 142,376.25 | 5 |
| | 27,144,892.80 | 50.26 | 4,392,996.95 | 16 |

4. Financing Receivable

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|-----------------------|-----------------------------|------------------|
| Bank acceptance notes | 70,951,102.91 | 35,866,130.32 |

As at 30 June 2023 and 31 December 2022, no issued bank acceptance notes of the Group was pledged.

As at 30 June 2023 and 31 December 2022, the Group did not transfer any bills receivable to accounts receivable due to non-performance of drawers.

Financing receivable which were endorsed but undue as at the balance sheet date are as follows:

| | 30 June 2023 (Unaudited) | | 31 December 2022 | |
|-----------------------|--------------------------|------------------|------------------|------------------|
| | Derecognized | Not derecognized | Derecognized | Not derecognized |
| Bank acceptance notes | 41,030,000.00 | – | 79,636,000.46 | – |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other Receivables

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|----------------------|-----------------------------|------------------|
| Dividend receivables | 699,473.92 | – |
| Other receivables | 21,883,977.90 | 22,220,105.04 |
| | 22,583,451.82 | 22,220,105.04 |

Dividend receivables

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司) | 699,473.92 | – |

Other receivables

Other receivables by nature are as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Assets transfer consideration receivable | 27,816,839.00 | 27,816,839.00 |
| Equity transfer consideration receivable | 10,712,597.91 | 21,425,195.83 |
| Utilities receivable | 19,769,958.19 | 18,551,831.75 |
| Other | 7,769,641.13 | 7,339,071.83 |
| | 66,069,036.23 | 75,132,938.41 |
| Less: Provision for bad debts of other receivables | 44,185,058.33 | 52,912,833.37 |
| | 21,883,977.90 | 22,220,105.04 |

An ageing analysis of other receivables is as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Within 1 year | 8,612,755.63 | 9,079,162.90 |
| 1 to 2 years | 8,097,825.58 | 8,395,055.06 |
| 2 to 3 years | 8,677,207.76 | 8,166,887.07 |
| Over 3 years | 40,681,247.26 | 49,491,833.38 |
| | 66,069,036.23 | 75,132,938.41 |
| Less: Provision for bad debts of other receivables | 44,185,058.33 | 52,912,833.37 |
| | 21,883,977.90 | 22,220,105.04 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other Receivables (Continued)

Other receivables (Continued)

Changes in bad debts provision for other receivables based on the expected credit loss in the next 12 months and the entire lifetime were as follows respectively:

For the six months ended 30 June 2023 (Unaudited)

| | Stage 1 12m ECL | Stage 2 Lifetime ECL | Stage 3 Credit-impaired financial assets (Lifetime ECL) | Total |
|----------------------------|--------------------|-------------------------|--|----------------|
| Opening balance | 25,095,994.37 | – | 27,816,839.00 | 52,912,833.37 |
| Provision for the period | 9,924.85 | – | – | 9,924.85 |
| Reversal during the period | (8,737,699.89) | – | – | (8,737,699.89) |
| Closing balance | 16,368,219.33 | – | 27,816,839.00 | 44,185,058.33 |

2022

| | Stage 1 12m ECL | Stage 2 Lifetime ECL | Stage 3 Credit-impaired financial assets (Lifetime ECL) | Total |
|--------------------------|--------------------|-------------------------|--|---------------|
| Opening balance | 11,466,824.70 | – | 27,816,839.00 | 39,283,663.70 |
| Provision for the year | 13,745,889.42 | – | – | 13,745,889.42 |
| Reversal during the year | (116,719.75) | – | – | (116,719.75) |
| Closing balance | 25,095,994.37 | – | 27,816,839.00 | 52,912,833.37 |

Changes in bad debts provision for other receivables were as follows:

| | Opening balance | Provision for the period/year | Recover during the period/year | Write-off during the period/year | Closing balance |
|--|--------------------|----------------------------------|-----------------------------------|-------------------------------------|--------------------|
| For the six months ended 30 June 2023 (unaudited) | 52,912,833.37 | 9,924.85 | (8,737,699.89) | – | 44,185,058.33 |
| 2022 | 39,283,663.70 | 13,745,889.42 | (116,719.75) | – | 52,912,833.37 |

For the six months ended 30 June 2023, the Group had no other receivable actually written off (2022: Nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other Receivables (Continued)

Other receivables (Continued)

As at 30 June 2023, the top five amounts of other receivables are as follows (unaudited):

| | Closing balance | Percentage of total balance of other receivables (%) | Nature | Aging | Closing balance of bad debt provision |
|--|-----------------|--|---|--------------------------------|---------------------------------------|
| Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (滄州市國土資源局渤海新區分局) | 23,222,539.00 | 35.15 | Assets transfer consideration | 3 to 4 years | 23,222,539.00 |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 18,429,519.03 | 27.89 | Utilities, charges for sea area utilization and rental expenses | Within 1 year and 1 to 4 years | 5,226,723.14 |
| Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | 10,712,597.91 | 16.21 | Equity transfer consideration | 4 to 5 years | 10,712,597.91 |
| Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司) | 4,647,325.00 | 7.03 | Assets transfer consideration, utilities | Within 1 year and 4 to 5 years | 4,596,951.25 |
| Qinhuangdao Branch of PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司秦皇島市分公司) | 1,592,920.35 | 2.41 | Insurance indemnity | 1 to 2 years | 159,292.04 |
| | 58,604,901.29 | 88.69 | | | 43,918,103.34 |

As at 31 December 2022, the top five amounts of other receivables were as follows:

| | Closing balance | Percentage of total balance of other receivables (%) | Nature | Aging | Closing balance of bad debt provision |
|--|-----------------|--|---|--------------------------------|---------------------------------------|
| Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (滄州市國土資源局渤海新區分局) | 23,222,539.00 | 30.91 | Assets transfer consideration | 3 to 4 years | 23,222,539.00 |
| Bohai Jin-Ji Port Investment Development Co., Ltd. (渤海津冀港口投資發展有限公司) | 21,425,195.83 | 28.52 | Equity transfer consideration | 3 to 4 years and over 5 years | 21,425,195.83 |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 16,366,587.83 | 21.78 | Utilities, charges for sea area utilization and rental expenses | Within 1 year and 1 to 4 years | 3,139,859.98 |
| Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司) | 4,594,300.00 | 6.11 | Assets transfer consideration | 3 to 4 years | 4,594,300.00 |
| Qinhuangdao Branch of PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司秦皇島市分公司) | 1,593,246.30 | 2.12 | Insurance indemnity | Within 1 year and 1 to 2 years | 159,308.33 |
| | 67,201,868.96 | 89.44 | | | 52,541,203.14 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Inventories

| | 30 June 2023 (Unaudited) | | | 31 December 2022 | | |
|----------------------|--------------------------|--------------------------|-----------------|------------------|--------------------------|-----------------|
| | Balance | Provision for impairment | Carrying amount | Balance | Provision for impairment | Carrying amount |
| Materials | 48,651,608.49 | 7,678,452.58 | 40,973,155.91 | 37,498,767.60 | 7,704,743.48 | 29,794,024.12 |
| Fuels | 2,196,489.68 | - | 2,196,489.68 | 1,561,084.99 | - | 1,561,084.99 |
| Spare parts | 115,215,704.77 | 15,546,427.01 | 99,669,277.76 | 107,049,206.96 | 15,562,073.14 | 91,487,133.82 |
| Low-cost consumables | 2,685,479.46 | 141,925.35 | 2,543,554.11 | 2,586,811.92 | 149,812.22 | 2,436,999.70 |
| | 168,749,282.40 | 23,366,804.94 | 145,382,477.46 | 148,695,871.47 | 23,416,628.84 | 125,279,242.63 |

Change in provision for impairment of inventories is as follows:

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Provision for the period | Decrease in the period | | Closing balance |
|----------------------|-----------------|--------------------------|------------------------|-------------|-----------------|
| | | | Reversal | Write-off | |
| Materials | 7,704,743.48 | - | - | (26,290.90) | 7,678,452.58 |
| Spare parts | 15,562,073.14 | - | - | (15,646.13) | 15,546,427.01 |
| Low-cost consumables | 149,812.22 | - | - | (7,886.87) | 141,925.35 |
| | 23,416,628.84 | - | - | (49,823.90) | 23,366,804.94 |

For the year of 2022

| | Opening balance | Provision for the year | Decrease in the year | | Closing balance |
|----------------------|-----------------|------------------------|----------------------|----------------|-----------------|
| | | | Reversal | Write-off | |
| Materials | 7,045,116.52 | 2,198,445.72 | - | (1,538,818.76) | 7,704,743.48 |
| Spare parts | 13,946,108.90 | 5,891,576.25 | - | (4,275,612.01) | 15,562,073.14 |
| Low-cost consumables | 191,448.82 | 40,638.26 | - | (82,274.86) | 149,812.22 |
| | 21,182,674.24 | 8,130,660.23 | - | (5,896,705.63) | 23,416,628.84 |

7. Other Current Assets

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|-------------------------------|--------------------------|------------------|
| Input VAT to be certified | 8,669,111.67 | 18,269,448.70 |
| Outstanding VAT credit | 1,501,175.97 | 15,761,277.80 |
| Prepaid enterprise income tax | 329,942.72 | 48,508,849.10 |
| | 10,500,230.36 | 82,539,575.60 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Long-term Equity Investments

For the six months ended 30 June 2023 (Unaudited)

| Equity method | Opening balance | Investment costs | Investment gain or loss under the equity method | Other comprehensive income | Change within the period | | | | | Closing carrying amount | Including provision for impairment | |
|--|------------------|------------------|---|----------------------------|--------------------------|---------------|------------------------------|--------------------------|---|-------------------------|------------------------------------|------------------|
| | | | | | Other equity movements | Other changes | Declaration of cash dividend | Provision for impairment | | | | |
| Joint ventures | | | | | | | | | | | | |
| Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | | | | | | | | | | | | |
| | 98,610,616.82 | - | (24,476,920.75) | - | 160,428.42 | - | - | - | - | - | 74,294,124.49 | (81,850,806.99) |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | | | | | | | | | | | | |
| | 18,101,561.98 | - | (5,421,388.36) | - | 35,650.76 | - | - | - | - | - | 12,715,824.38 | (18,119,045.54) |
| Gangzhou Bohai New Area Port Real Estate Development Co., Ltd. (瀋州渤海新區港口房地產開發有限公司) (Note) | | | | | | | | | | | | |
| | 26,610,200.00 | 33,389,800.00 | (6,510,249.66) | - | - | - | - | - | - | - | 53,489,750.34 | - |
| Sub-total | 143,322,378.80 | 33,389,800.00 | (36,408,558.77) | - | 196,079.18 | - | - | - | - | - | 140,499,699.21 | (89,969,862.53) |
| Associates | | | | | | | | | | | | |
| Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) | | | | | | | | | | | | |
| | 712,851,197.75 | - | 14,955,131.40 | - | - | - | - | - | - | - | 727,206,329.15 | - |
| Tangshan Caofeidian Shive Port Co., Ltd. (唐山曹妃甸豐泰港務有限公司) | | | | | | | | | | | | |
| | 1,956,458,916.52 | - | 147,776,474.80 | 30,825,169.52 | 2,036,136.06 | - | - | - | - | - | 2,139,098,696.90 | - |
| Qinhuangdao Xing ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司) | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | (20,800,000.00) |
| Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司) | | | | | | | | | | | | |
| | 210,850,327.05 | - | (2,372,151.12) | - | 10,406.76 | - | - | - | - | - | 208,488,582.69 | - |
| Tangshan Jingqiang Railway Co., Ltd. (唐山京唐鐵路有限公司) | | | | | | | | | | | | |
| | 280,000,000.00 | - | - | - | - | - | - | - | - | - | 280,000,000.00 | - |
| Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (瀋州渤海新區港興船務有限公司) | | | | | | | | | | | | |
| | 160,982,588.71 | - | 4,815,989.09 | - | 312,933.37 | - | - | - | - | - | 166,111,511.17 | - |
| Xin Lichang Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理豐有限公司) | | | | | | | | | | | | |
| | 1,186,340.99 | - | 118,605.50 | - | - | - | - | - | - | - | 1,304,946.49 | - |
| Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司) | | | | | | | | | | | | |
| | 12,396,342.13 | - | 420,090.55 | - | - | - | - | - | - | (699,473.92) | 12,116,958.76 | - |
| Y'hai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉里(秦皇島)糧油工業有限公司) | | | | | | | | | | | | |
| | 114,982,410.62 | - | 896,690.76 | - | - | - | - | - | - | - | 115,859,101.38 | - |
| Sub-total | 3,451,688,123.77 | - | 166,012,830.98 | 30,825,169.52 | 2,359,476.19 | - | - | (699,473.92) | - | - | 3,650,186,126.54 | (20,800,000.00) |
| Total | 3,595,010,502.57 | 33,389,800.00 | 129,604,272.21 | 30,825,169.52 | 2,555,555.37 | - | - | (699,473.92) | - | - | 3,790,685,825.75 | (120,769,862.53) |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Long-term Equity Investments (Continued)

2022

| Equity method | Opening balance | Investment costs | Investment gain or loss under the equity method | Change within the year | | | | | Closing carrying amount | Including: Closing provision for impairment |
|---|------------------|------------------|---|----------------------------|------------------------|---------------|------------------------------|--------------------------|-------------------------|---|
| | | | | Other comprehensive income | Other equity movements | Other changes | Declaration of cash dividend | Provision for impairment | | |
| Joint ventures | | | | | | | | | | |
| Bohai Jiri-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | 66,022,918.68 | 81,000,000.00 | (48,430,683.68) | - | 18,381.82 | - | - | - | 98,610,616.82 | (81,850,806.99) |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 10,868,214.61 | 18,000,000.00 | (10,770,737.48) | - | 4,084.85 | - | - | - | 18,101,561.98 | (18,119,045.54) |
| Gangzhou Bohai New Area Port Real Estate Development Co., Ltd. (瀘州渤海新區港口房地產開發有限公司) | - | 26,610,200.00 | - | - | - | - | - | - | 26,610,200.00 | - |
| Sub-total | 76,891,133.29 | 125,610,200.00 | (59,201,421.16) | - | 22,466.67 | - | - | - | 143,322,378.80 | (99,969,852.53) |
| Associates | | | | | | | | | | |
| Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) | 698,727,822.19 | - | 27,823,375.56 | - | - | - | (13,200,000.00) | - | 712,851,197.75 | - |
| Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) | 1,825,718,803.53 | - | 246,572,107.41 | 65,142,567.44 | 3,025,438.14 | - | (182,000,000.00) | - | 1,958,458,916.52 | - |
| Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興濤港能運有限公司) | - | - | - | - | - | - | - | - | - | (20,800,000.00) |
| Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司) | 207,988,633.84 | - | 2,861,683.21 | - | - | - | - | - | 210,850,327.05 | - |
| Tangshan Jingqiang Railway Co., Ltd. (唐山京唐鐵路有限公司) | 280,000,000.00 | - | - | - | - | - | - | - | 280,000,000.00 | - |
| Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (瀘州渤海新區港興拖輪有限公司) | 156,609,999.80 | - | 4,214,179.40 | - | 158,409.51 | - | - | - | 160,982,588.71 | - |
| Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區倉庫管理責任有限公司) | 671,637.41 | - | 514,703.58 | - | - | - | - | - | 1,186,340.99 | - |
| Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司) | 12,264,297.81 | - | 792,344.23 | - | - | - | (660,299.91) | - | 12,396,342.13 | - |
| Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉里(秦皇島)糧油工業有限公司) | - | 115,000,000.00 | (37,589.38) | - | - | - | - | - | 114,962,410.62 | - |
| Sub-total | 3,181,981,194.58 | 115,000,000.00 | 282,240,814.01 | 65,142,567.44 | 3,183,847.65 | - | (195,860,299.91) | - | 3,451,688,123.77 | (20,800,000.00) |
| Total | 3,258,872,327.87 | 240,610,200.00 | 223,039,392.85 | 65,142,567.44 | 3,206,314.32 | - | (195,860,299.91) | - | 3,595,010,502.57 | (120,769,852.53) |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Long-term Equity Investments (Continued)

2022 (Continued)

Note: In 2022, Cangzhou Mineral Port, a subsidiary of the Company, entered into a capital increase agreement with HPG Real Estate Development Co., Ltd., a subsidiary of HPG, to make a capital increase to Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司) (hereinafter referred to as “Cangzhou Bohai Port Real Estate Company”), agreeing to contribute RMB26,610,200.00 in cash, RMB33,389,800.00 in land use right, with a total capital increase of RMB60,000,000.00. Upon the capital increase, the Group’s shareholding in Cangzhou Bohai Port Real Estate Company is 50%. In December 2022 and February 2023, Cangzhou Mineral Port completed cash contribution of RMB26,610,200.00 and land use right contribution of RMB33,389,800.00 respectively. According to the requirements of the articles of association of Cangzhou Bohai Port Real Estate Company, a resolution is valid only when it is approved by the shareholders of the company representing more than half of the voting rights by poll at the Board meeting, the company is therefore under common control of Cangzhou Mineral Port and HPG Real Estate Development Co., Ltd., and is accounted for as a joint venture.

Provision for impairment of the long-term equity investments:

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|--|-----------------|------------------------|------------------------|-----------------|
| Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司) | 20,800,000.00 | - | - | 20,800,000.00 |
| Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | 81,850,806.99 | - | - | 81,850,806.99 |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 18,119,045.54 | - | - | 18,119,045.54 |
| | 120,769,852.53 | - | - | 120,769,852.53 |

2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|--|-----------------|----------------------|----------------------|-----------------|
| Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司) | 20,800,000.00 | - | - | 20,800,000.00 |
| Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | 81,850,806.99 | - | - | 81,850,806.99 |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 18,119,045.54 | - | - | 18,119,045.54 |
| | 120,769,852.53 | - | - | 120,769,852.53 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Other Equity Instruments Investments

For the six months ended 30 June 2023 (Unaudited)

| | Changes in fair value accumulated in other comprehensive income | Fair value | Dividend income in current period | | Reasons for designated as at fair value through other comprehensive income |
|--|---|------------------|---|-------------------------|--|
| | | | Equity instruments derecognized in current period | Equity instruments held | |
| SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司) | 396,629,091.25 | 894,629,091.25 | - | 36,000,000.00 | Non-tradable equity instrument |
| Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島曹港煤炭物流有限公司) | (17,129,912.50) | 16,870,087.50 | - | - | Non-tradable equity instrument |
| Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司) | 4,317,280.03 | 35,069,637.98 | - | - | Non-tradable equity instrument |
| China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司) | (5,692,826.41) | 18,307,173.59 | - | - | Non-tradable equity instrument |
| Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司) | (16,835,363.60) | 48,204,636.40 | - | - | Non-tradable equity instrument |
| Tangshan Caofeidian Tugboat Co., Ltd. (唐山曹妃甸拖船有限公司) | 77,779,486.61 | 159,661,396.61 | - | - | Non-tradable equity instrument |
| | 439,067,755.38 | 1,172,742,023.33 | - | 36,000,000.00 | |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Other Equity Instruments Investments (Continued)

2022

| | Changes in fair value accumulated in other comprehensive income | Fair value | Dividend income in current year | | Reasons for designated as at fair value through other comprehensive income |
|--|---|------------------|---|-------------------------|--|
| | | | Equity instruments derecognized in current year | Equity instruments held | |
| SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司) | 366,910,190.24 | 864,910,190.24 | - | - | Non-tradable equity instrument |
| Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島曹妃甸港煤炭物流有限公司) | (17,071,429.33) | 16,928,570.67 | - | - | Non-tradable equity instrument |
| Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司) | 3,118,801.15 | 33,871,159.10 | - | - | Non-tradable equity instrument |
| China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司) | (4,553,380.01) | 19,446,619.99 | - | - | Non-tradable equity instrument |
| Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司) | (16,835,363.60) | 48,204,636.40 | - | - | Non-tradable equity instrument |
| Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司) | 71,649,192.71 | 153,531,102.71 | - | 12,195,519.76 | Non-tradable equity instrument |
| | 403,218,011.16 | 1,136,892,279.11 | - | 12,195,519.76 | |

10. Fixed Assets

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--------------------------|-----------------------------|-------------------|
| Fixed Assets | 13,241,223,783.48 | 11,543,919,367.83 |
| Disposal of fixed assets | 4,043,050.77 | 4,087,790.47 |
| | 13,245,266,834.25 | 11,548,007,158.30 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Fixed Assets (Continued)

For the six months ended 30 June 2023 (Unaudited)

| | Properties and buildings | Terminal facilities | Machinery and equipment | Vessels and transportation equipment | Office and other equipment | Total |
|---|--------------------------|---------------------|-------------------------|--------------------------------------|----------------------------|-------------------|
| Cost | | | | | | |
| Opening balance | 6,674,941,190.58 | 8,295,706,592.20 | 10,513,979,058.91 | 463,061,714.62 | 241,891,231.90 | 26,189,579,788.21 |
| Purchase | - | - | 528,088.68 | - | 218,179.47 | 746,268.15 |
| Transferred from construction in progress | 365,999,470.67 | 905,851,293.60 | 1,048,149,181.07 | 7,555,127.17 | 15,852,969.09 | 2,343,408,041.60 |
| Disposal for the period | - | - | (52,209,523.77) | (1,742,484.63) | (3,402,763.36) | (57,354,771.76) |
| Transferred to construction in progress | (9,720,664.00) | (57,833,226.31) | - | - | - | (67,553,890.31) |
| Closing balance | 7,031,219,997.25 | 9,143,724,659.49 | 11,510,446,804.89 | 468,874,357.16 | 254,559,617.10 | 28,408,825,435.89 |
| Accumulated depreciation | | | | | | |
| Opening balance | 2,668,786,656.11 | 3,392,387,936.66 | 7,858,374,578.12 | 407,778,547.98 | 188,062,867.01 | 14,515,390,585.88 |
| Provision for the period | 144,997,570.29 | 168,206,443.37 | 284,499,974.32 | 6,062,553.10 | 9,335,291.98 | 613,101,833.06 |
| Disposal for the period | - | - | (50,530,663.52) | (1,565,135.04) | (3,300,499.88) | (55,396,298.44) |
| Transferred to construction in progress | (6,571,167.85) | (29,077,436.39) | - | - | - | (35,648,604.24) |
| Closing balance | 2,807,213,058.55 | 3,531,516,943.64 | 8,092,343,888.92 | 412,275,966.04 | 194,097,659.11 | 15,037,447,516.26 |
| Provision for impairment | | | | | | |
| Opening balance | 20,552,470.15 | 34,402,929.19 | 74,404,073.15 | 18,623.09 | 891,738.92 | 130,269,834.50 |
| Disposal for the period | - | - | (115,087.40) | (531.48) | (79.47) | (115,698.35) |
| Closing balance | 20,552,470.15 | 34,402,929.19 | 74,288,985.75 | 18,091.61 | 891,659.45 | 130,154,136.15 |
| Carrying amount | | | | | | |
| End of the period | 4,203,454,468.55 | 5,577,804,786.66 | 3,343,813,930.22 | 56,580,299.51 | 59,570,298.54 | 13,241,223,783.48 |
| Beginning of the period | 3,985,602,064.32 | 4,868,915,726.35 | 2,581,200,407.64 | 55,264,543.55 | 52,936,625.97 | 11,543,919,367.83 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Fixed Assets (Continued)

2022

| | Properties and buildings | Terminal facilities | Machinery and equipment | Vessels and transportation equipment | Office and other equipment | Total |
|---|--------------------------|---------------------|-------------------------|--------------------------------------|----------------------------|-------------------|
| Cost | | | | | | |
| Opening balance | 6,533,097,099.85 | 8,360,744,819.51 | 10,352,111,451.29 | 479,815,621.86 | 247,736,097.86 | 25,973,505,090.37 |
| Purchase | 258,407.08 | - | 282,183.65 | 864,181.94 | 10,600.00 | 1,415,372.67 |
| Transferred from construction in progress | 80,069,780.07 | - | 212,728,340.53 | 6,382,174.46 | 14,055,719.87 | 313,236,014.93 |
| Reclassification | 65,038,227.31 | (65,038,227.31) | - | - | - | - |
| Disposal for the year | (3,522,323.73) | - | (51,142,916.56) | (24,000,263.64) | (19,911,185.83) | (98,576,689.76) |
| Closing balance | 6,674,941,190.58 | 8,295,706,592.20 | 10,513,979,058.91 | 463,061,714.62 | 241,891,231.90 | 26,189,579,788.21 |
| Accumulated depreciation | | | | | | |
| Opening balance | 2,318,524,982.72 | 3,153,115,784.12 | 7,386,808,326.27 | 413,377,988.02 | 188,509,736.01 | 13,460,336,817.14 |
| Provision for the year | 275,089,227.62 | 315,708,946.89 | 521,053,035.24 | 17,028,753.80 | 18,864,140.37 | 1,147,744,103.92 |
| Reclassification | 76,436,794.35 | (76,436,794.35) | - | - | - | - |
| Disposal for the year | (1,264,348.58) | - | (49,486,783.39) | (22,628,193.84) | (19,311,009.37) | (92,690,335.18) |
| Closing balance | 2,668,786,656.11 | 3,392,387,936.66 | 7,858,374,578.12 | 407,778,547.98 | 188,062,867.01 | 14,515,390,585.88 |
| Provision for impairment | | | | | | |
| Opening balance | 10,659,447.39 | 17,447,997.81 | 72,678,646.18 | 27,115.89 | 817,856.64 | 101,631,063.91 |
| Provision | 9,893,022.76 | 16,954,931.38 | 1,730,219.04 | - | 74,026.82 | 28,652,200.00 |
| Disposal for the year | - | - | (4,792.07) | (8,492.80) | (144.54) | (13,429.41) |
| Closing balance | 20,552,470.15 | 34,402,929.19 | 74,404,073.15 | 18,623.09 | 891,738.92 | 130,269,834.50 |
| Carrying amount | | | | | | |
| End of the year | 3,985,602,064.32 | 4,868,915,726.35 | 2,581,200,407.64 | 55,264,543.55 | 52,936,625.97 | 11,543,919,367.83 |
| Beginning of the year | 4,203,912,669.74 | 5,190,181,037.58 | 2,892,624,478.84 | 66,410,517.95 | 58,408,505.21 | 12,411,537,209.32 |

As at 30 June 2023 and 31 December 2022, the Group had no fixed assets which were temporarily idle.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Fixed Assets (Continued)

Fixed assets leased out under operating leases were as follows:

For the six months ended 30 June 2023 (Unaudited)

| | Properties and buildings | Terminal facilities | Office and other equipment | Total |
|---|--------------------------|---------------------|----------------------------|----------------|
| Cost | | | | |
| Opening balance | 39,090,919.88 | 7,905,480.75 | 47,700.00 | 47,044,100.63 |
| Transferred to fixed assets during the period | 3,537,249.45 | – | – | 3,537,249.45 |
| Transferred from fixed assets during the period | (6,262,739.24) | – | (15,900.00) | (6,278,639.24) |
| Closing balance | 36,365,430.09 | 7,905,480.75 | 31,800.00 | 44,302,710.84 |
| Accumulated depreciation | | | | |
| Opening balance | 5,293,348.24 | 3,726,546.16 | 46,269.00 | 9,066,163.40 |
| Transferred to fixed assets during the period | 534,674.56 | – | – | 534,674.56 |
| Provision | 132,142.88 | 177,824.22 | – | 309,967.10 |
| Transferred from fixed assets during the period | (1,018,814.07) | – | (15,423.00) | (1,034,237.07) |
| Closing balance | 4,941,351.61 | 3,904,370.38 | 30,846.00 | 8,876,567.99 |
| Carrying amount | | | | |
| End of the period | 31,424,078.48 | 4,001,110.37 | 954.00 | 35,426,142.85 |
| Beginning of the period | 33,797,571.64 | 4,178,934.59 | 1,431.00 | 37,977,937.23 |

2022

| | Properties and buildings | Terminal facilities | Office and other equipment | Total |
|---|--------------------------|---------------------|----------------------------|-----------------|
| Cost | | | | |
| Opening balance | 41,456,011.24 | 15,818,169.35 | 57,100.00 | 57,331,280.59 |
| Transferred to fixed assets during the year | 331,130.76 | – | 10,600.00 | 341,730.76 |
| Transferred from fixed assets during the year | (2,696,222.12) | (7,912,688.60) | (20,000.00) | (10,628,910.72) |
| Closing balance | 39,090,919.88 | 7,905,480.75 | 47,700.00 | 47,044,100.63 |
| Accumulated depreciation | | | | |
| Opening balance | 4,480,659.49 | 6,382,795.04 | 55,387.00 | 10,918,841.53 |
| Transferred to fixed assets during the year | 60,362.34 | – | 10,282.00 | 70,644.34 |
| Provision | 1,062,828.73 | 383,860.55 | – | 1,446,689.28 |
| Transferred from fixed assets during the year | (310,502.32) | (3,040,109.43) | (19,400.00) | (3,370,011.75) |
| Closing balance | 5,293,348.24 | 3,726,546.16 | 46,269.00 | 9,066,163.40 |
| Carrying amount | | | | |
| End of the year | 33,797,571.64 | 4,178,934.59 | 1,431.00 | 37,977,937.23 |
| Beginning of the year | 36,975,351.75 | 9,435,374.31 | 1,713.00 | 46,412,439.06 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Fixed Assets (Continued)

As at 30 June 2023, fixed assets without title certificate are as follows (unaudited):

| | Carrying amount | Reason for not obtaining the title certificate |
|--------------------------|-----------------|--|
| Properties and buildings | 19,636,669.24 | In progress |

As at 31 December 2022, fixed assets without title certificate are as follows:

| | Carrying amount | Reason for not obtaining the title certificate |
|--------------------------|-----------------|--|
| Properties and buildings | 8,708,986.58 | In progress |

11. Construction in Progress

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--------------------------|-----------------------------|------------------|
| Construction in progress | 306,103,334.09 | 2,478,720,446.03 |

| | 30 June 2023 (Unaudited) | | | 31 December 2022 | | |
|--|--------------------------|--------------------------|-----------------|------------------|--------------------------|------------------|
| | Balance | Provision for impairment | Carrying amount | Balance | Provision for impairment | Carrying amount |
| Reconstruction of bucket reclaimer for Phase Four coal project | 46,002,288.26 | - | 46,002,288.26 | 46,002,288.26 | - | 46,002,288.26 |
| Upgrading and reconstruction project of stacking yards handling area in the general cargo | 31,236,988.72 | - | 31,236,988.72 | - | - | - |
| Windbreak netting project to east of stacking yards for Phase Five coal | 22,552,988.17 | - | 22,552,988.17 | 2,346,358.58 | - | 2,346,358.58 |
| Reconstruction of intelligent single unit and stacking yards for Phase Five coal project | 21,588,182.70 | - | 21,588,182.70 | 11,741,182.28 | - | 11,741,182.28 |
| Tugging purchase project | 19,391,592.92 | - | 19,391,592.92 | - | - | - |
| Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port | 1,297,871.29 | - | 1,297,871.29 | 2,303,050,713.18 | - | 2,303,050,713.18 |
| Others | 188,449,888.28 | 24,416,466.25 | 164,033,422.03 | 139,996,369.98 | 24,416,466.25 | 115,579,903.73 |
| | 330,519,800.34 | 24,416,466.25 | 306,103,334.09 | 2,503,136,912.28 | 24,416,466.25 | 2,478,720,446.03 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Construction in Progress (Continued)

Movements in significant construction in progress for the six months ended 30 June 2023 were as follows (unaudited):

| | Budget | Opening balance | Increase in the period | Transferred from fixed assets during the period | Transferred to fixed assets and intangible assets during the period | Closing balance | Source of funds | Percentage of accumulated project input to budget (%) |
|--|------------------|------------------|------------------------|---|---|-----------------|---|---|
| Reconstruction of bucket reclaimer for Phase Four coal project | 86,410,000.00 | 46,002,288.26 | - | - | - | 46,002,288.26 | Self-owned capital | 53 |
| Upgrading and reconstruction project of stacking yards handling area in the general cargo | 9,034,014.00 | - | 2,537,590.82 | 28,699,397.90 | - | 31,236,988.72 | Self-owned capital | 28 |
| Windbreak netting project to east of stacking yards for Phase Five coal | 40,973,000.00 | 2,346,388.58 | 20,206,629.59 | - | - | 22,552,988.17 | Self-owned capital | 55 |
| Research project on intelligent digital stacking yards, stackers and reclaimer technology (original: reconstruction of intelligent single unit and stacking yards for Phase Five coal project) | 41,108,900.00 | 11,741,182.28 | 9,847,000.42 | - | - | 21,588,182.70 | Self-owned capital | 53 |
| Tugging purchase project | 91,200,000.00 | - | 19,391,592.92 | - | - | 19,391,592.92 | Self-owned capital | 21 |
| Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port | 3,050,861,400.00 | 2,303,050,713.18 | 5,505,724.34 | - | (2,307,258,566.23) | 1,297,871.29 | Fund raised, loans from financial institutes and self-owned capital | 98 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Construction in Progress (Continued)

Movements in significant construction in progress for the year of 2022 were as follows:

| | Budget | Opening balance | Increase in the year | Transferred from intangible assets during the year | Transferred to fixed assets and intangible assets during the year | Other decrease | Closing balance | Source of funds | Percentage of accumulated project input to budget (%) |
|--|-------------------|------------------|----------------------|--|---|----------------|------------------|---|---|
| Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port | 3,050,861,400.00 | 2,208,549,850.63 | 94,500,862.55 | - | - | - | 2,303,050,713.18 | Fund raised, loans from financial institutes and self-owned capital | 98 |
| Reconstruction of bucket reclaimers for Phase Four coal project | 86,410,000.00 | 12,817,774.53 | 33,184,513.73 | - | - | - | 46,002,288.26 | Self-owned capital | 53 |
| Commencing project of complex port zone in Huanghua Port | 7,555,702,691.00 | 25,208,174.80 | 12,710,450.46 | - | (13,977,011.15) | - | 23,941,614.11 | Loans from financial institutes and self-owned capital | 91 |
| The sixth and seventh coal terminal in Caofeidian | 15,000,000,000.00 | 15,747,764.62 | 4,572,843.69 | - | - | (1,854,170.15) | 18,466,438.16 | Self-owned capital | 1 |
| Research project on intelligent digital stacking yards, stackers and reclaimers technology (original reconstruction of intelligent single unit and stacking yards for Phase Five coal project) | 41,108,900.00 | - | 11,741,182.28 | - | - | - | 11,741,182.28 | Self-owned capital | 29 |
| Upgrading Programs of No.1, No.2 and No.3 loaders for Phase Three coal project | 169,588,600.00 | 128,760,826.77 | 14,679,348.05 | - | (143,343,320.11) | - | 96,854.71 | Self-owned capital | 85 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Construction in Progress (Continued)

Capitalized interest included in construction in progress for the six months ended 30 June 2023 is as follows (unaudited):

| | Progress of project | Accumulated amounts of capitalized interest | Including: Capitalized interest for the period | Ratio of capitalized interest for the period |
|--|---------------------|---|--|--|
| Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port | 98% | 581,973,911.81 | 1,025,698.05 | 3.66% |

Capitalized interest included in construction in progress for the year of 2022 is as follows:

| | Progress of project | Accumulated amounts of capitalized interest | Including: Capitalized interest for the year | Ratio of capitalized interest for the year |
|--|---------------------|---|--|--|
| Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port | 98% | 580,948,213.76 | 65,656,055.72 | 3.92% |
| Others | | 1,724,716.73 | 500,543.94 | 3.39% |
| | | 582,672,930.49 | 66,156,599.66 | |

Provision for impairment of construction in progress:

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance | Reason for provision |
|--------------------------------|-----------------|------------------------|------------------------|-----------------|---|
| Basement Treatment Engineering | 24,416,466.25 | - | - | 24,416,466.25 | Recoverable amount lower than carrying amount |

For the year of 2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance | Reason for provision |
|--------------------------------|-----------------|----------------------|----------------------|-----------------|---|
| Basement Treatment Engineering | 24,416,466.25 | - | - | 24,416,466.25 | Recoverable amount lower than carrying amount |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Right-of-use Assets

For the six months ended 30 June 2023 (Unaudited)

| | Properties and buildings | Terminal facilities | Machinery and equipment | Total |
|---------------------------------|--------------------------|---------------------|-------------------------|----------------|
| Cost | | | | |
| Opening and closing balance | 153,603,715.91 | 10,632,435.04 | 18,809,905.12 | 183,046,056.07 |
| Accumulated depreciation | | | | |
| Opening balance | 31,362,222.43 | 3,544,145.01 | 6,269,968.37 | 41,176,335.81 |
| Provision | 5,900,314.38 | 1,772,072.52 | 3,134,984.18 | 10,807,371.08 |
| Closing balance | 37,262,536.81 | 5,316,217.53 | 9,404,952.55 | 51,983,706.89 |
| Carrying amount | | | | |
| End of the period | 116,341,179.10 | 5,316,217.51 | 9,404,952.57 | 131,062,349.18 |
| Beginning of the period | 122,241,493.48 | 7,088,290.03 | 12,539,936.75 | 141,869,720.26 |

For the year of 2022

| | Properties and buildings | Terminal facilities | Machinery and equipment | Total |
|---------------------------------|--------------------------|---------------------|-------------------------|----------------|
| Cost | | | | |
| Opening balance | 131,748,679.27 | – | – | 131,748,679.27 |
| Additions | 21,855,036.64 | 10,632,435.04 | 18,809,905.12 | 51,297,376.80 |
| Closing balance | 153,603,715.91 | 10,632,435.04 | 18,809,905.12 | 183,046,056.07 |
| Accumulated depreciation | | | | |
| Opening balance | 19,561,593.71 | – | – | 19,561,593.71 |
| Provision | 11,800,628.72 | 3,544,145.01 | 6,269,968.37 | 21,614,742.10 |
| Closing balance | 31,362,222.43 | 3,544,145.01 | 6,269,968.37 | 41,176,335.81 |
| Carrying amount | | | | |
| End of the year | 122,241,493.48 | 7,088,290.03 | 12,539,936.75 | 141,869,720.26 |
| Beginning of the year | 112,187,085.56 | – | – | 112,187,085.56 |

As at 30 June 2023 and 31 December 2022, the management of the Group was of the opinion that no provision for impairment of right-of-use assets was necessary.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Intangible Assets

For the six months ended 30 June 2023 (Unaudited)

| | Land use rights | Software | Sea area use rights | Total |
|---|------------------|----------------|---------------------|------------------|
| Cost | | | | |
| Opening balance | 2,590,223,305.58 | 166,316,260.37 | 729,579,486.95 | 3,486,119,052.90 |
| Purchase | – | 997,557.52 | – | 997,557.52 |
| Transferred from construction in progress | 7,173,827.27 | 59,246,067.82 | – | 66,419,895.09 |
| Transferred from investment | (16,153,658.87) | – | – | (16,153,658.87) |
| Closing balance | 2,581,243,473.98 | 226,559,885.71 | 729,579,486.95 | 3,537,382,846.64 |
| Accumulated amortization | | | | |
| Opening balance | 409,123,027.04 | 81,650,461.37 | 45,275,323.07 | 536,048,811.48 |
| Provision | 27,565,341.16 | 9,265,062.61 | 7,362,209.70 | 44,192,613.47 |
| Transferred from investment | (2,768,781.04) | – | – | (2,768,781.04) |
| Closing balance | 433,919,587.16 | 90,915,523.98 | 52,637,532.77 | 577,472,643.91 |
| Carrying amount | | | | |
| End of the period | 2,147,323,886.82 | 135,644,361.73 | 676,941,954.18 | 2,959,910,202.73 |
| Beginning of the period | 2,181,100,278.54 | 84,665,799.00 | 684,304,163.88 | 2,950,070,241.42 |

For the year of 2022

| | Land use rights | Software | Sea area use rights | Total |
|---|------------------|----------------|---------------------|------------------|
| Cost | | | | |
| Opening balance | 2,554,346,992.39 | 143,956,546.40 | 739,294,261.06 | 3,437,597,799.85 |
| Purchase | 11,156,191.08 | 1,093,663.62 | – | 12,249,854.70 |
| Transferred from construction in progress | 15,005,348.00 | 27,231,602.21 | – | 42,236,950.21 |
| Internal reclassification | 9,714,774.11 | – | (9,714,774.11) | – |
| Transferred to construction in progress | – | (1,147,175.80) | – | (1,147,175.80) |
| Disposal | – | (4,818,376.06) | – | (4,818,376.06) |
| Closing balance | 2,590,223,305.58 | 166,316,260.37 | 729,579,486.95 | 3,486,119,052.90 |
| Accumulated amortization | | | | |
| Opening balance | 351,735,383.93 | 71,728,781.52 | 32,764,189.75 | 456,228,355.20 |
| Provision | 55,141,072.77 | 11,808,876.96 | 14,757,703.66 | 81,707,653.39 |
| Internal reclassification | 2,246,570.34 | – | (2,246,570.34) | – |
| Disposal | – | (1,887,197.11) | – | (1,887,197.11) |
| Closing balance | 409,123,027.04 | 81,650,461.37 | 45,275,323.07 | 536,048,811.48 |
| Carrying amount | | | | |
| End of the year | 2,181,100,278.54 | 84,665,799.00 | 684,304,163.88 | 2,950,070,241.42 |
| Beginning of the year | 2,202,611,608.46 | 72,227,764.88 | 706,530,071.31 | 2,981,369,444.65 |

As at 30 June 2023 and 31 December 2022, the Group has no intangible assets which were from internal research and development.

As at 30 June 2023 and 31 December 2022, there is no intangible assets without title certificate.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term Prepaid Expenses

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Amortisation in the period | Closing balance |
|-------------------|-----------------|------------------------|----------------------------|-----------------|
| Afforestation fee | 3,423,835.07 | – | 2,366,787.11 | 1,057,047.96 |
| Renovation costs | 2,215,371.32 | – | 328,397.58 | 1,886,973.74 |
| | 5,639,206.39 | – | 2,695,184.69 | 2,944,021.70 |

For the year of 2022

| | Opening balance | Increase in the year | Amortisation in the year | Closing balance |
|-------------------|-----------------|----------------------|--------------------------|-----------------|
| Dredging costs | 27,142,711.85 | – | 27,142,711.85 | – |
| Afforestation fee | 5,081,888.47 | 3,234,893.03 | 4,892,946.43 | 3,423,835.07 |
| Renovation costs | 2,872,166.48 | – | 656,795.16 | 2,215,371.32 |
| | 35,096,766.80 | 3,234,893.03 | 32,692,453.44 | 5,639,206.39 |

15. Deferred Income Tax Assets/Liabilities

Deferred income tax assets and deferred income tax liabilities without taking into consideration the offsetting balance are as follows:

| | 30 June 2023 (Unaudited) | | 31 December 2022 | |
|--|----------------------------------|----------------------------|---|---------------------------------------|
| | Deductible temporary differences | Deferred income tax assets | Deductible temporary differences (Restated) | Deferred income tax assets (Restated) |
| Government grants | 126,120,475.40 | 31,530,118.85 | 143,333,163.33 | 35,833,290.84 |
| Asset impairment provision | 195,831,702.64 | 48,957,663.17 | 203,954,061.51 | 50,988,515.40 |
| Employee bonus | 368,850,000.00 | 92,212,500.00 | 368,850,000.00 | 92,212,500.00 |
| Accrued early retirement schemes | 599,905,114.38 | 149,976,278.59 | 700,915,765.47 | 175,228,941.37 |
| Recoverable loss | 267,193,565.08 | 66,798,391.27 | 267,193,565.09 | 66,798,391.27 |
| Difference between tax base and accounting base of fixed assets | 71,118,976.88 | 17,779,744.22 | 74,111,137.80 | 18,527,784.45 |
| Changes in fair value of investments in other equity instruments | 39,658,102.51 | 9,914,525.63 | 38,460,172.94 | 9,615,043.23 |
| Difference between tax base and accounting base of right-of-use assets | 27,175,875.72 | 6,793,968.93 | 34,198,251.28 | 8,549,562.82 |
| Unrealized profits from internal transactions | 6,510,204.00 | 1,627,551.00 | – | – |
| | 1,702,364,016.61 | 425,590,741.66 | 1,831,016,117.42 | 457,754,029.38 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Deferred Income Tax Assets/Liabilities (Continued)

Deferred income tax assets and deferred income tax liabilities without taking into consideration the offsetting balance are as follows: (Continued)

| | 30 June 2023 (Unaudited) | | 31 December 2022 | |
|--|-------------------------------|---------------------------------|--|--|
| | Taxable temporary differences | Deferred income tax liabilities | Taxable temporary differences (Restated) | Deferred income tax liabilities (Restated) |
| Changes in fair value of investments in other equity instruments | 478,725,857.89 | 119,681,464.47 | 441,678,184.10 | 110,419,546.02 |
| Difference between tax base and accounting base of lease liabilities | 25,648,688.50 | 6,412,172.12 | 34,198,251.28 | 8,549,562.82 |
| | 504,374,546.39 | 126,093,636.59 | 475,876,435.38 | 118,969,108.84 |

Deferred income tax assets and deferred income tax liabilities are offset on a net basis as follows:

| | 30 June 2023 (Unaudited) | | 31 December 2022 | |
|---------------------------------|--------------------------|-------------------|-------------------------|-------------------|
| | Eliminations | Remaining balance | Eliminations (Restated) | Remaining balance |
| Deferred income tax assets | (16,326,697.75) | 409,264,043.91 | (18,164,606.05) | 439,589,423.33 |
| Deferred income tax liabilities | (16,326,697.75) | 109,766,938.84 | (18,164,606.05) | 100,804,502.79 |

Deductible temporary differences and deductible losses of deferred income tax assets which are not recognized are as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|----------------------------------|--------------------------|------------------|
| Deductible temporary differences | 170,736,448.71 | 171,572,032.14 |
| Deductible losses | 419,822,783.19 | 490,919,636.65 |
| | 590,559,231.90 | 662,491,668.79 |

The deductible losses of the deferred income tax assets which are not recognized will expire in the following years:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|------|--------------------------|------------------|
| 2023 | 84,093,256.34 | 159,146,117.48 |
| 2024 | 140,559,008.30 | 140,559,008.30 |
| 2025 | 134,670,927.36 | 134,670,927.36 |
| 2026 | 10,448,815.67 | 10,448,815.67 |
| 2027 | 46,094,767.84 | 46,094,767.84 |
| 2028 | 3,956,007.68 | – |
| | 419,822,783.19 | 490,919,636.65 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Other Non-current Assets

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Time deposits with maturity over one year | 92,000,000.00 | 280,000,000.00 |
| Prepayments for engineering equipment expenses | 96,481,389.28 | 89,223,980.02 |
| Outstanding VAT credit | 892,795.72 | 397,887.67 |
| | 189,374,185.00 | 369,621,867.69 |

As at 30 June 2023, the interest rate of the time deposits was 2.7% – 3.27% (31 December 2022: 2.85% – 3.71%) per annum, and the deposit terms range from two to three years.

17. Short-term Borrowings

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Unsecured borrowings | 260,000,000.00 | 260,000,000.00 |
| Interest payable on short-term borrowings | 245,555.55 | 270,111.11 |
| | 260,245,555.55 | 260,270,111.11 |

As at 30 June 2023, the interest rate of the above borrowings was 3.40% (31 December 2022: 3.40%) per annum.

As at 30 June 2023, the Group had no overdue borrowings (31 December 2022: Nil).

18. Accounts Payable

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|------------------|-----------------------------|------------------|
| Accounts payable | 323,509,841.16 | 259,894,659.77 |

The accounts payable are interest-free and the terms are usually 90 days.

An ageing analysis of accounts payable is as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---------------|-----------------------------|------------------|
| Within 1 year | 294,348,292.06 | 221,512,097.92 |
| 1 to 2 years | 25,724,984.47 | 32,208,486.99 |
| 2 to 3 years | 1,981,352.14 | 3,412,105.15 |
| Over 3 years | 1,455,212.49 | 2,761,969.71 |
| | 323,509,841.16 | 259,894,659.77 |

As at 30 June 2023 and 31 December 2022, the Group had no significant accounts payable ageing more than 1 year.

19. Contract Liabilities

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--------------------|-----------------------------|------------------|
| Port handling fees | 589,908,238.96 | 561,933,615.55 |
| Weighing fees | 329,670.24 | 325,359.54 |
| Others | 1,309,737.15 | 1,221,858.68 |
| | 591,547,646.35 | 563,480,833.77 |

Contract liabilities mainly represent the payment received by the Group for providing port operation services to customers. At the end of the period, contract liabilities increased by RMB28,066,812.58, which was mainly due to the increase in revenue from the service in relation to coal and relevant products.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Employee Benefits Payable

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|---|-----------------|------------------------|------------------------|-----------------|
| Short-term employee benefits | 384,272,894.42 | 680,294,038.17 | 675,778,658.49 | 388,788,274.10 |
| Post-employment benefits (defined contribution plans) | 19,420,259.66 | 121,180,674.71 | 119,841,000.12 | 20,759,934.25 |
| Early retirement schemes due within one year (Note V. 27) | 338,400,040.39 | 101,887,308.33 | 141,640,280.08 | 298,647,068.64 |
| | 742,093,194.47 | 903,362,021.21 | 937,259,938.69 | 708,195,276.99 |

For the year of 2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|---|-----------------|----------------------|----------------------|-----------------|
| Short-term employee benefits | 385,755,046.70 | 1,505,093,780.77 | 1,506,575,933.05 | 384,272,894.42 |
| Post-employment benefits (defined contribution plans) | 19,680,362.23 | 243,012,451.32 | 243,272,553.89 | 19,420,259.66 |
| Early retirement schemes due within one year (Note V. 27) | 393,061,138.74 | 263,048,927.66 | 317,710,026.01 | 338,400,040.39 |
| | 798,496,547.67 | 2,011,155,159.75 | 2,067,558,512.95 | 742,093,194.47 |

Short-term employee benefits are as follows:

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|---|-----------------|------------------------|------------------------|-----------------|
| Salaries, bonuses, allowances and subsidies | 368,850,000.00 | 515,327,878.05 | 515,327,878.05 | 368,850,000.00 |
| Staff welfare | 1,034,270.09 | 35,728,680.83 | 35,737,367.90 | 1,025,583.02 |
| Social insurance | – | 48,000,190.39 | 43,923,388.46 | 4,076,801.93 |
| Including: Medical insurance | – | 40,674,584.10 | 36,600,766.57 | 4,073,817.53 |
| Work-related injury insurance | – | 7,325,606.29 | 7,322,621.89 | 2,984.40 |
| Housing funds | 7,482,291.87 | 61,894,929.23 | 61,730,710.85 | 7,646,510.25 |
| Union fund and employee education fund | 6,906,332.46 | 12,469,412.67 | 13,601,460.57 | 5,774,284.56 |
| Short-term paid leaves | – | 4,618,653.44 | 4,618,653.44 | – |
| Other short-term employee benefits | – | 2,254,293.56 | 839,199.22 | 1,415,094.34 |
| | 384,272,894.42 | 680,294,038.17 | 675,778,658.49 | 388,788,274.10 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Employee Benefits Payable (Continued)

For the year of 2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|---|-----------------|----------------------|----------------------|-----------------|
| Salaries, bonuses, allowances and subsidies | 368,850,000.00 | 1,095,644,596.61 | 1,095,644,596.61 | 368,850,000.00 |
| Staff welfare | 545,531.57 | 136,866,806.93 | 136,378,068.41 | 1,034,270.09 |
| Social insurance | 12,606.92 | 107,416,252.91 | 107,428,859.83 | – |
| Including: Medical insurance | 12,606.92 | 92,033,709.63 | 92,046,316.55 | – |
| Work-related injury insurance | – | 15,382,543.28 | 15,382,543.28 | – |
| Housing funds | 8,611,638.39 | 119,889,077.31 | 121,018,423.83 | 7,482,291.87 |
| Union fund and employee education fund | 7,735,269.82 | 27,542,023.84 | 28,370,961.20 | 6,906,332.46 |
| Short-term paid leaves | – | 9,400,362.45 | 9,400,362.45 | – |
| Other short-term employee benefits | – | 8,334,660.72 | 8,334,660.72 | – |
| | 385,755,046.70 | 1,505,093,780.77 | 1,506,575,933.05 | 384,272,894.42 |

Defined contribution plans are as follows:

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|--|-----------------|------------------------|------------------------|-----------------|
| Basic pension | – | 75,831,691.78 | 75,815,020.18 | 16,671.60 |
| Unemployment insurance | – | 3,431,834.47 | 3,430,441.75 | 1,392.72 |
| Enterprise annuity contribution (Note 1) | 19,420,259.66 | 41,917,148.46 | 40,595,538.19 | 20,741,869.93 |
| | 19,420,259.66 | 121,180,674.71 | 119,841,000.12 | 20,759,934.25 |

For the year of 2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|--|-----------------|----------------------|----------------------|-----------------|
| Basic pension | – | 157,460,666.67 | 157,460,666.67 | – |
| Unemployment insurance | – | 7,165,194.53 | 7,165,194.53 | – |
| Enterprise annuity contribution (Note 1) | 19,680,362.23 | 78,386,590.12 | 78,646,692.69 | 19,420,259.66 |
| | 19,680,362.23 | 243,012,451.32 | 243,272,553.89 | 19,420,259.66 |

Note 1: The Group entrusts an independent third party to operate a defined contribution pension scheme, which requires payments of fixed contribution to independent fund. According to the pension scheme, the highest payment shall not exceed the national regulations, which is within 8% of prior year's total payroll. The total payment made by the enterprise and employees shall not exceed 12% of prior year's total payroll. Since January 2017, the payment was calculated at 8% of prior year's total payroll.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Taxes Payable

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Enterprise income tax | 59,410,075.43 | 27,127,134.34 |
| Environmental protection tax | 13,908,257.43 | 12,498,101.84 |
| Value-added tax | 7,887,419.66 | 33,228.10 |
| Individual income tax | 847,691.85 | 3,369,518.58 |
| Urban maintenance and construction tax | 412,372.41 | 1,554.80 |
| Education surcharge | 294,551.72 | 1,110.57 |
| Stamp duty | 139,688.35 | 273,793.65 |
| Water resource tax | 7,325.50 | 246.50 |
| | 82,907,382.35 | 43,304,688.38 |

22. Other Payables

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|------------------|-----------------------------|------------------|
| Dividend payable | 396,708,184.96 | 2,690.61 |
| Other payables | 455,117,403.32 | 548,455,117.73 |
| | 851,825,588.28 | 548,457,808.34 |

Other payables

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Engineering equipment expenses | 222,781,738.05 | 321,430,015.01 |
| Equity repurchase consideration (Note) | 204,000,000.00 | 204,000,000.00 |
| Others | 28,335,665.27 | 23,025,102.72 |
| | 455,117,403.32 | 548,455,117.73 |

Note: As at 30 June 2023, the equity repurchase consideration of the Group from Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司) was RMB204,000,000.00 (31 December 2022: RMB204,000,000.00).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Other Payables (Continued)

As at 30 June 2023, significant other payables aging more than 1 year are as follows (Unaudited):

| | Sums payable | Outstanding reason |
|--|----------------|--------------------|
| Engineering equipment expenses payable | 152,163,299.49 | Not yet settled |
| Equity repurchase consideration | 152,000,000.00 | Not yet settled |
| | 304,163,299.49 | |

As at 31 December 2022, significant other payables aging more than 1 year are as follows:

| | Sums payable | Outstanding reason |
|--|----------------|--------------------|
| Engineering equipment expenses payable | 254,406,180.73 | Not yet settled |
| Equity repurchase consideration | 102,000,000.00 | Not yet settled |
| | 356,406,180.73 | |

23. Non-current Liabilities Due within One Year

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Long-term borrowings due within one year (Note V. 24) | 684,699,529.07 | 660,071,987.54 |
| Lease liabilities due within one year (Note V. 25) | 19,221,609.77 | 18,702,899.18 |
| Long-term payables due within one year (Note V. 26) | 2,000,000.00 | 2,000,000.00 |
| | 705,921,138.84 | 680,774,886.72 |

Long-term borrowings due within one year included interest payable of long-term borrowings.

24. Long-term Borrowings

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Unsecured borrowings | 6,025,988,135.57 | 6,609,767,592.04 |
| Less: Long-term borrowings due within one year | 684,699,529.07 | 660,071,987.54 |
| | 5,341,288,606.50 | 5,949,695,604.50 |

As at 30 June 2023, the interest rate of the above borrowings ranged from 3.45% – 4.00% (31 December 2022: 3.55% – 4.00%) per annum.

Analysis on the maturity date of long-term borrowings is as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Within 1 year (including 1 year) | 684,699,529.07 | 660,071,987.54 |
| Within 2 years (including 2 years) | 511,802,980.00 | 605,210,000.00 |
| Within 2 to 5 years (including 5 years) | 2,781,574,624.50 | 2,766,450,636.00 |
| Over 5 years | 2,047,911,002.00 | 2,578,034,968.50 |
| | 6,025,988,135.57 | 6,609,767,592.04 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Lease Liabilities

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Lease liabilities | 27,334,032.52 | 35,423,042.51 |
| Less: Lease liabilities due within one year | 19,221,609.77 | 18,702,899.18 |
| | 8,112,422.75 | 16,720,143.33 |

26. Long-term Payables

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|----------------------------------|-----------------------------|------------------|
| Long-term payables | 36,000,000.00 | 36,000,000.00 |
| Less: Amount due within one year | 2,000,000.00 | 2,000,000.00 |
| | 34,000,000.00 | 34,000,000.00 |

As at 30 June 2023, the long-term payables represented the Group's equity repurchase consideration of RMB36,000,000.00 (31 December 2022: RMB36,000,000.00) from Tangshan Jingtang Railway Co., Ltd.

Analysis of long-term payables maturity date:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Within 1 year (including 1 year) | 2,000,000.00 | 2,000,000.00 |
| Within 2 years (including 2 years) | 2,000,000.00 | 2,000,000.00 |
| Within 2 to 5 years (including 5 years) | 8,000,000.00 | 8,000,000.00 |
| Over 5 years | 24,000,000.00 | 24,000,000.00 |
| | 36,000,000.00 | 36,000,000.00 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Long-term Employee Benefits Payable

Other long-term employee benefits

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|----------------------------------|-----------------------------|------------------|
| Early retirement schemes payable | 607,975,040.26 | 710,587,236.30 |
| Less: Amount due within one year | 298,647,068.64 | 338,400,040.39 |
| Non-current portion | 309,327,971.62 | 372,187,195.91 |

Change in early retirement schemes payable are as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|-----------------------------|-----------------------------|------------------|
| Early retirement schemes | | |
| Opening balance | 710,587,236.30 | 847,379,964.60 |
| Increase in the period/year | 36,312,728.76 | 180,917,297.71 |
| Decrease in the period/year | (138,924,924.80) | (317,710,026.01) |
| Closing balance | 607,975,040.26 | 710,587,236.30 |

Expected early retirement schemes payable of the Group in the future are as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|-----------------------------|-----------------------------|------------------|
| Undiscounted amount | | |
| Within 1 year | 298,647,068.64 | 338,400,040.39 |
| 1 year to 2 years | 138,844,102.17 | 175,403,333.26 |
| 2 years to 3 years | 85,197,261.13 | 110,385,916.70 |
| Over 3 years | 127,284,823.50 | 135,532,414.77 |
| | 649,973,255.44 | 759,721,705.12 |
| Unrecognized financing cost | (41,998,215.18) | (49,134,468.82) |
| | 607,975,040.26 | 710,587,236.30 |

The Group has optimized and adjusted the posts of the employees who met certain conditions on a voluntary basis, and has formulated and implemented the policy of "Leaving Posts and Waiting for Retirement". The Group has the obligation to pay the costs on employees who leave their posts and wait for retirement in the next 1 year to 10 years until the employees reach their statutory retirement age. The costs on employees who leave their posts and wait for retirement are determined with reference to certain proportion of the average monthly wages of the previous year before the employees officially leave their posts and wait for retirement. In the meantime, the Group will make provision and pay for insurance and housing fund for those employees under local requirements for social insurance. Taking into account future payment obligations of the costs on employees who leave their posts and wait for retirement, such costs will be accounted into the administrative expenses on a one-off basis in accordance with discounted China bond and government bond yields for the corresponding period.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Deferred Income

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Recognized in other revenue in the period | Closing balance |
|--|-----------------|------------------------|---|-----------------|
| Special environmental subsidy | 111,456,330.83 | – | 7,230,452.59 | 104,225,878.24 |
| Subsidy for retrofitting of contingency coal storage depot | 21,250,000.00 | – | 9,750,000.00 | 11,500,000.00 |
| Technology center project funds | 3,669,782.59 | – | 170,901.92 | 3,498,880.67 |
| Intelligent stacking yard operation transformation system | 5,718,773.51 | – | 540,220.62 | 5,178,552.89 |
| Others | 1,844,242.57 | – | 61,333.34 | 1,782,909.23 |
| | 143,939,129.50 | – | 17,752,908.47 | 126,186,221.03 |

For the year of 2022

| | Opening balance | Increase in the year | Recognized in other revenue in the year | Closing balance |
|--|-----------------|----------------------|---|-----------------|
| Special environmental subsidy | 126,276,094.45 | – | 14,819,763.62 | 111,456,330.83 |
| Subsidy for retrofitting of contingency coal storage depot | 40,750,000.00 | – | 19,500,000.00 | 21,250,000.00 |
| Technology center project funds | 4,011,586.43 | – | 341,803.84 | 3,669,782.59 |
| Intelligent stacking yard operation transformation system | 2,250,000.00 | 3,800,000.00 | 331,226.49 | 5,718,773.51 |
| Others | 1,996,363.50 | – | 152,120.93 | 1,844,242.57 |
| | 175,284,044.38 | 3,800,000.00 | 35,144,914.88 | 143,939,129.50 |

As at 30 June 2023, liabilities items related to government grants are as follows (Unaudited):

| | Opening balance | Increase in the period | Recognized in other revenue in the period | Closing balance | Related to assets/income |
|--|-----------------|------------------------|---|-----------------|------------------------------|
| Special environmental subsidy | 111,456,330.83 | – | 7,230,452.59 | 104,225,878.24 | Related to assets |
| Subsidy for retrofitting of contingency coal storage depot | 21,250,000.00 | – | 9,750,000.00 | 11,500,000.00 | Related to assets |
| Technology center project funds | 3,669,782.59 | – | 170,901.92 | 3,498,880.67 | Related to assets and income |
| Intelligent stacking yard operation transformation system | 5,718,773.51 | – | 540,220.62 | 5,178,552.89 | Related to assets |
| Others | 1,844,242.57 | – | 61,333.34 | 1,782,909.23 | Related to assets |
| | 143,939,129.50 | – | 17,752,908.47 | 126,186,221.03 | |

As at 31 December 2022, liabilities items related to government grants are as follows:

| | Opening balance | Increase in the year | Recognized in other revenue in the year | Closing balance | Related to assets/income |
|--|-----------------|----------------------|---|-----------------|------------------------------|
| Special environmental subsidy | 126,276,094.45 | – | 14,819,763.62 | 111,456,330.83 | Related to assets |
| Subsidy for retrofitting of contingency coal storage depot | 40,750,000.00 | – | 19,500,000.00 | 21,250,000.00 | Related to assets |
| Technology center project funds | 4,011,586.43 | – | 341,803.84 | 3,669,782.59 | Related to assets and income |
| Intelligent stacking yard operation transformation system | 2,250,000.00 | 3,800,000.00 | 331,226.49 | 5,718,773.51 | Related to assets |
| Others | 1,996,363.50 | – | 152,120.93 | 1,844,242.57 | Related to assets |
| | 175,284,044.38 | 3,800,000.00 | 35,144,914.88 | 143,939,129.50 | |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Share Capital

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Changes during the period | | | Closing balance |
|---|------------------|---------------------------|--------|----------|------------------|
| | | Issuance of new shares | Others | Subtotal | |
| I. Shares not subject to selling restrictions | | | | | |
| 1. RMB-denominated ordinary shares | 4,757,559,000.00 | - | - | - | 4,757,559,000.00 |
| 2. Overseas listed foreign shares | 829,853,000.00 | - | - | - | 829,853,000.00 |
| Total of shares | 5,587,412,000.00 | - | - | - | 5,587,412,000.00 |

For the year of 2022

| | Opening balance | Changes during the year | | | Closing balance |
|---|------------------|-------------------------|--------|----------|------------------|
| | | Issuance of new shares | Others | Subtotal | |
| I. Shares not subject to selling restrictions | | | | | |
| 1. RMB-denominated ordinary shares | 4,757,559,000.00 | - | - | - | 4,757,559,000.00 |
| 2. Overseas listed foreign shares | 829,853,000.00 | - | - | - | 829,853,000.00 |
| Total of shares | 5,587,412,000.00 | - | - | - | 5,587,412,000.00 |

30. Capital Reserve

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|---------------|------------------|------------------------|------------------------|------------------|
| Share premium | 5,196,156,925.69 | - | - | 5,196,156,925.69 |
| Others | 11,513,142.71 | - | - | 11,513,142.71 |
| | 5,207,670,068.40 | - | - | 5,207,670,068.40 |

For the year of 2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|---------------|------------------|----------------------|----------------------|------------------|
| Share premium | 5,196,156,925.69 | - | - | 5,196,156,925.69 |
| Others | 11,513,142.71 | - | - | 11,513,142.71 |
| | 5,207,670,068.40 | - | - | 5,207,670,068.40 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Other Comprehensive Income

Accumulated balance of other comprehensive income attributable to the shareholders of the parent company in the consolidated balance sheet:

For the six months ended 30 June 2023 (Unaudited)

| | 1 January 2023 | Increase/(decrease) | 30 June 2023 |
|--|----------------|---------------------|----------------|
| Other comprehensive income not to be taken to profit or loss using the equity method | 352,796,890.83 | 30,825,169.52 | 383,622,060.35 |
| Changes in fair value of investments in other equity instruments | 282,269,426.19 | 24,634,425.16 | 306,903,851.35 |
| Exchange differences on foreign currency translation | 4,639,303.42 | 1,534,407.97 | 6,173,711.39 |
| | 639,705,620.44 | 56,994,002.65 | 696,699,623.09 |

For the year of 2022

| | 1 January 2022 | Increase/(decrease) | 31 December 2022 |
|--|----------------|---------------------|------------------|
| Other comprehensive income not to be taken to profit or loss using the equity method | 287,654,323.39 | 65,142,567.44 | 352,796,890.83 |
| Changes in fair value of investments in other equity instruments | 109,899,220.24 | 172,370,205.95 | 282,269,426.19 |
| Exchange differences on foreign currency translation | 736,423.77 | 3,902,879.65 | 4,639,303.42 |
| | 398,289,967.40 | 241,415,653.04 | 639,705,620.44 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Other Comprehensive Income (Continued)

Amount of other comprehensive income:

For the six months ended 30 June 2023 (Unaudited)

| | Amount before tax | Less: Other comprehensive income previously recognized to be transferred to current profit or loss | Less: Other comprehensive income previously recognized to be transferred to current retained profit | Less: Income tax | Attributable to shareholders of the parent company | Attributable to minority interest |
|--|-------------------|--|---|------------------|--|-----------------------------------|
| Other comprehensive income not to be reclassified to profit and loss | | | | | | |
| Other comprehensive income not to be taken to profit or loss using the equity method | 30,825,169.52 | - | - | - | 30,825,169.52 | - |
| Changes in fair value of investments in other equity instruments | 35,849,744.22 | - | - | 8,962,436.05 | 24,634,425.16 | 2,252,883.01 |
| Other comprehensive income to be reclassified into profit and loss | | | | | | |
| Exchange differences on foreign currency translation | 1,534,407.97 | - | - | - | 1,534,407.97 | - |
| | 68,209,321.71 | - | - | 8,962,436.05 | 56,994,002.65 | 2,252,883.01 |

For the year of 2022

| | Amount before tax | Less: Other comprehensive income previously recognized to be transferred to current profit or loss | Less: Other comprehensive income previously recognized to be transferred to current retained profit | Less: Income tax | Attributable to shareholders of the parent company | Attributable to minority interest |
|--|-------------------|--|---|------------------|--|-----------------------------------|
| Other comprehensive income not to be reclassified to profit and loss | | | | | | |
| Other comprehensive income not to be taken to profit or loss using the equity method | 65,142,567.44 | - | - | - | 65,142,567.44 | - |
| Changes in fair value of investments in other equity instruments | 226,875,640.73 | - | - | 56,718,910.18 | 172,370,205.95 | (2,213,475.40) |
| Other comprehensive income to be reclassified into profit and loss | | | | | | |
| Exchange differences on foreign currency translation | 3,902,879.65 | - | - | - | 3,902,879.65 | - |
| | 295,921,087.82 | - | - | 56,718,910.18 | 241,415,653.04 | (2,213,475.40) |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Special Reserve

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|---------------------------|-----------------|------------------------|------------------------|-----------------|
| Production safety expense | 192,106,174.51 | 35,443,701.45 | (29,863,343.99) | 197,686,531.97 |

For the year of 2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|---------------------------|-----------------|----------------------|----------------------|-----------------|
| Production safety expense | 162,786,888.70 | 65,956,480.65 | (36,637,194.84) | 192,106,174.51 |

Pursuant to the Administrative Measures of Withdrawal and Use of Corporate Production Safety Expenses (《企業安全生產費用提取和使用管理辦法》) (Cai Zi [2022] No.136) jointly issued by the Ministry of Finance of the PRC and Ministry of Emergency Management of the PRC, the Group started to accrue the safety production expenses from 2022.

33. Surplus Reserve

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|---------------------------|------------------|------------------------|------------------------|------------------|
| Statutory surplus reserve | 1,634,203,017.11 | – | – | 1,634,203,017.11 |

For the year of 2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|---------------------------|------------------|----------------------|----------------------|------------------|
| Statutory surplus reserve | 1,529,961,605.48 | 104,241,411.63 | – | 1,634,203,017.11 |

According to the requirements of the Company Law and the Articles of Association of the Company, the Company is required to appropriate 10% of its net profits to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve has reached above 50% of the registered capital of the Company, additional appropriation will not be needed.

After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserves. Upon approval, discretionary surplus reserves can be used to make up for accumulated losses or to increase the share capital.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Retained Profits

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Retained profits at the beginning of the period/year | 4,060,508,205.81 | 3,169,225,628.95 |
| Net profit attributable to shareholders of the parent company | 912,728,144.53 | 1,308,419,060.49 |
| Less: Appropriation to statutory surplus reserve | – | 104,241,411.63 |
| Cash dividend payable for ordinary shares (Note 1) | 396,706,252.00 | 312,895,072.00 |
| Retained profits at the end of the period/year | 4,576,530,098.34 | 4,060,508,205.81 |

Note 1: Pursuant to the Resolution on 2022 Profit Distribution deliberated at the 10th meeting of the fifth session of the Board of the Company held on 29 March 2023, the Company proposed to pay a cash dividend totaling RMB396,706,252.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.071 per share (inclusive of tax). The abovementioned proposal was approved on the 2022 annual general meeting held by the Company on 28 June 2023.

Pursuant to the Resolution on 2021 Profit Distribution approved at the 2021 annual general meeting held by the Company on 28 June 2022, the Company paid a cash dividend totaling RMB312,895,072.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.056 per share (inclusive of tax).

35. Operating Revenue and Cost

| | For the six months ended 30 June 2023 (Unaudited) | | For the six months ended 30 June 2022 (Unaudited) | |
|----------------------|--|------------------|--|------------------|
| | Revenue | Cost | Revenue | Cost |
| Principal operations | 3,575,207,931.38 | 2,150,168,669.09 | 3,384,211,533.22 | 2,091,514,367.03 |
| Other operations | 8,988,408.93 | 3,944,571.32 | 1,998,727.46 | 943,537.32 |
| | 3,584,196,340.31 | 2,154,113,240.41 | 3,386,210,260.68 | 2,092,457,904.35 |

The operating revenue is set out as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---------------------------------------|--|--|
| Revenue from contracts with customers | 3,576,042,435.10 | 3,382,856,797.39 |
| Rental income | 8,153,905.21 | 3,353,463.29 |
| | 3,584,196,340.31 | 3,386,210,260.68 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Operating Revenue and Cost (Continued)

The breakdown of operating revenue from contracts with customers is as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Principal place of business | | |
| Qinhuangdao | 2,138,135,188.00 | 2,236,138,059.98 |
| Others | 1,437,907,247.10 | 1,146,718,737.41 |
| | 3,576,042,435.10 | 3,382,856,797.39 |
| Main service types | | |
| Service in relation to coal and relevant products | 2,487,802,244.20 | 2,435,548,481.67 |
| Service in relation to metal ore and relevant products | 680,539,655.80 | 583,302,206.65 |
| Service in relation to general and other cargoes | 308,691,140.61 | 267,477,338.27 |
| Container service | 44,525,136.16 | 40,327,188.19 |
| Service in relation to liquefied cargoes | 18,187,905.56 | 24,013,479.11 |
| Others | 36,296,352.77 | 32,188,103.50 |
| | 3,576,042,435.10 | 3,382,856,797.39 |

The Group's revenue from contracts with customers mainly refers to the revenue generated from the provision of port operation services to customers and the Group confirms the performance obligations are fulfilled and recognizes the revenue when services are finished.

The revenue recognized by the Group for the six months ended 30 June 2023 included in the book value of the contract liabilities at the beginning of the year was RMB443,069,746.20 (for the six months ended 30 June 2022: RMB576,655,136.33).

The total amounts of transaction prices allocated to the unsatisfied performance obligations (or partially unsatisfied) at the end of the period/year are expected to be recognised as revenue as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---------------|-----------------------------|------------------|
| Within 1 year | 531,270,008.95 | 518,200,188.59 |
| Over 1 year | 60,277,637.40 | 45,280,645.18 |
| | 591,547,646.35 | 563,480,833.77 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Tax and Surcharges

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Environmental protection tax | 27,093,567.46 | 25,875,222.09 |
| Land use tax | 24,523,707.60 | 24,017,933.12 |
| Real estate tax | 9,494,485.24 | 9,334,350.24 |
| Urban maintenance and construction tax and education surcharge | 6,552,771.29 | 7,444,807.78 |
| Stamp duty | 339,515.63 | 600,603.60 |
| Vehicles and vessels use tax | 228,752.34 | 247,098.95 |
| Water resources tax | 21,461.00 | 37,913.50 |
| | 68,254,260.56 | 67,557,929.28 |

Please refer to Note IV. Taxation for tax base of tax and surcharge.

37. Administrative Expenses

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---------------------------------------|--|--|
| Payroll and cost of outsourcing labor | 199,105,715.39 | 210,237,015.84 |
| Early retirement schemes | 36,574,307.60 | 32,971,498.14 |
| Depreciation and amortization | 23,933,388.07 | 22,397,141.58 |
| Rental expenses | 10,587,038.48 | 10,741,651.76 |
| Office charges | 5,776,928.42 | 2,777,155.53 |
| Repair and maintenance expenses | 4,387,946.51 | 2,596,085.29 |
| Travel expenses | 3,311,689.91 | 750,104.68 |
| Business entertainment expenses | 2,910,731.27 | 1,824,320.14 |
| Epidemic prevention expenses | 1,018,734.33 | 2,798,845.51 |
| Others | 15,442,533.20 | 12,334,519.55 |
| | 303,049,013.18 | 299,428,338.02 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Research and Development Expenses

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|--|--|
| Staff labor costs | 27,934,765.67 | 7,887,714.79 |
| Commissioned research and development expense | 12,251,327.92 | 544,435.08 |
| Direct investment | 2,291,535.07 | 7,731,517.87 |
| Depreciation and amortization | 102,422.16 | 154,647.36 |
| Others | 478,229.95 | – |
| | 43,058,280.77 | 16,318,315.10 |

39. Financial Cost

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|----------------------------|--|--|
| Interest expenses | 126,209,927.90 | 160,253,827.27 |
| Less: Interest income | 41,370,948.34 | 41,165,448.89 |
| Less: Capitalised interest | 1,025,698.05 | 33,144,043.38 |
| Foreign exchange gain | (596,999.25) | (807,221.55) |
| Others | 39,890.76 | 39,906.37 |
| | 83,256,173.02 | 85,177,019.82 |

The amount of capitalized borrowing costs has been included in construction in progress.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Other Income

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Government subsidy related to daily activities | 30,955,417.77 | 35,437,032.54 |
| Refund of withholding personal income tax | 371,660.75 | 1,065,731.79 |
| | 31,327,078.52 | 36,502,764.33 |

The government subsidy related to daily activities are as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) | Related to assets/income |
|---|--|--|-----------------------------|
| Additional deduction of VAT (Note 1) | 12,162,292.70 | 14,379,020.56 | Related to income |
| Subsidy for retrofitting of contingency coal storage depot (Note 2) | 9,750,000.00 | 9,750,000.00 | Related to assets |
| Special environmental subsidy (Note 3) | 7,230,452.59 | 7,433,524.86 | Related to assets |
| Others | 1,812,672.48 | 3,874,487.12 | |
| | 30,955,417.77 | 35,437,032.54 | |

Note 1: Pursuant to the Announcement on Clarification of the VAT Exemption Policy and other Policies for Small-scale VAT Taxpayers 《關於明確增值稅小規模納稅人減免增值稅等政策的公告》(Notice [2023] No. 1 from the Ministry of Finance and the State Taxation Administration), taxpayers in the production and living services industries are permitted to deduct the taxable amount according to the current deductible input VAT plus 5% and 10% respectively from 1 January 2023 to 31 December 2023 (Please refer to Note IV. Taxation).

Note 2: The national special fund received for improving assets such as coal stacker and reclaimers according to the Notice regarding the Central Budget Investment Plan 2011 for the National Coal Emergency Reserve Improvement Project (2011) No. 2327 as promulgated by the National Development and Reform Commission is transferred to other income in installments in accordance with the depreciation period of relevant fixed assets.

Note 3: The special subsidy received for acquisition of relevant environmental protection facilities according to the Notice Regarding the Sewage Charges on Coal Dust Imposed by the Qinhuangdao Municipal People's Government (Qin Zheng (2006) No. 66) is transferred to other income in installments in accordance with the depreciation period of relevant fixed assets.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Investment Income

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Long-term equity investment income accounted for under the equity method | 136,114,476.21 | 73,479,928.44 |
| Dividend income on other equity instrument investments held | 36,000,000.00 | 12,195,519.76 |
| | 172,114,476.21 | 85,675,448.20 |

42. Credit Impairment Reversal/(Loss)

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Loss of bad debts for accounts receivable | (1,109,743.69) | (1,044,102.05) |
| Reversal/(Loss) of bad debts for other receivables | 8,727,775.04 | (12,540,192.05) |
| | 7,618,031.35 | (13,584,294.10) |

43. Gains from the disposal of assets

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|--|--|
| Gains from the disposal of intangible assets (Note) | 6,510,203.74 | - |
| Gains from the disposal of fixed assets | 62,971.38 | - |
| | 6,573,175.12 | - |

Note: In February 2023, Cangzhou Mineral, a subsidiary of the Group, completed its capital increase in Cangzhou Bohai Port Real Estate Development Co., Ltd., a joint venture of Cangzhou Mineral, by land use rights, which generated an income of RMB6,510,203.74 from the disposal of intangible assets. Please refer to Note V. 8 for details.

44. Non-operating Income

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) | Non-recurring profit and loss for the six months ended 30 June 2023 (Unaudited) |
|--|--|--|--|
| Gains from spoilage and obsolescence of non-current assets | 3,449,797.84 | 337,537.61 | 3,449,797.84 |
| Payables waived | 714,803.27 | 1,720,002.66 | 714,803.27 |
| Others | 304,475.35 | 1,611,468.74 | 304,475.35 |
| | 4,469,076.46 | 3,669,009.01 | 4,469,076.46 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Non-operating Expenses

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) | Non-recurring profit and loss for the six months ended 30 June 2023 (Unaudited) |
|--|--|--|--|
| Losses from spoilage and obsolescence of non-current assets | 390,898.93 | 468,241.29 | 390,898.93 |
| Others | 665,528.71 | 22,930.24 | 665,528.71 |
| | 1,056,427.64 | 491,171.53 | 1,056,427.64 |

46. Expense by Nature

The supplemental information to the Group's operating costs, administrative expenses, research and development expenses by nature are as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Payroll and cost of outsourcing labor (Note) | 874,788,629.49 | 896,361,946.15 |
| Depreciation and amortization | 666,513,858.99 | 640,839,662.60 |
| Repair and maintenance expenses | 370,776,350.77 | 327,487,944.44 |
| Power and fuel costs | 161,563,748.63 | 163,066,387.11 |
| Consumption expense of machinery | 153,426,763.62 | 110,742,229.89 |
| Rental expenses | 52,285,189.26 | 66,527,165.93 |
| Material costs | 33,654,194.85 | 42,001,327.70 |
| Production safety expense | 35,288,289.87 | 33,479,229.19 |
| Others | 151,923,508.88 | 127,698,664.46 |
| | 2,500,220,534.36 | 2,408,204,557.47 |

Note: Employee remuneration included early retirement schemes payable of RMB36,312,728.76 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB34,960,305.15), and please refer to Note V. 27.

47. Income Tax Expense

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|------------------------------|--|--|
| Current income tax expenses | 172,043,539.66 | 196,028,633.58 |
| Deferred income tax expenses | 30,325,379.42 | 28,045,261.23 |
| | 202,368,919.08 | 224,073,894.81 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Income Tax Expense (Continued)

The relationship between income tax expenses and the total profit is as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Total profit | 1,153,510,782.39 | 937,042,510.02 |
| Income tax expenses calculated at the statutory tax rate | 288,377,695.60 | 234,260,627.50 |
| Effect of different tax rates of subsidiaries | (33,199,738.74) | (507,588.09) |
| Income not subject to tax | (9,000,000.00) | (3,048,879.94) |
| Share of profits and losses of joint ventures and associates | (34,028,619.06) | (18,369,982.11) |
| Expenses not deductible for tax | 5,947,307.35 | 5,756,034.95 |
| Utilizing deductible losses of previous years | (18,136,611.31) | (191,563.70) |
| Effect of unrecognized deductible temporary differences and deductible losses | 780,106.07 | 3,136,214.63 |
| Adjustments in respect of current income tax of previous periods | 2,529,506.34 | 76,193.96 |
| Others | (900,727.17) | 2,962,837.61 |
| Income tax expense at the Group's effective rate | 202,368,919.08 | 224,073,894.81 |

48. Earnings per Share

| | For the six months ended 30 June 2023 (Unaudited) RMB/share | For the six months ended 30 June 2022 (Unaudited) RMB/share |
|---|---|---|
| Basic and diluted earnings per share from continuing operations | 0.16 | 0.13 |

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

The calculation of the basic earnings per share is as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Earnings | | |
| Net profit for the period attributable to ordinary shareholders of the Company from continuing operations | 912,728,144.53 | 711,741,136.52 |
| Shares | | |
| Weighted average number of ordinary shares in issue of the Company | 5,587,412,000.00 | 5,587,412,000.00 |

The Company had no dilutive potential ordinary shares in issue for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Notes to the Statement of Cash Flows

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Cash received relating to other operating activities | | |
| Interest income from bank deposit | 41,370,948.34 | 41,165,448.89 |
| Rental income | 8,153,905.21 | 3,353,463.29 |
| Government grants | 1,411,877.35 | 7,707,983.65 |
| Others | 304,475.35 | 1,611,468.74 |
| | 51,241,206.25 | 53,838,364.57 |
| Cash paid relating to other operating activities | | |
| Rental expenses | 52,253,766.00 | 66,576,125.47 |
| Sanitary charges and afforestation fee | 32,722,976.62 | 34,828,597.72 |
| Insurance | 21,388,575.36 | 21,513,928.57 |
| Research and development expenses | 12,729,557.87 | 544,435.08 |
| Expenses on guard and firefighting services | 6,837,286.31 | 6,938,091.47 |
| Office charges and conference expenses | 5,776,928.42 | 1,454,996.96 |
| Travel expenses | 3,810,149.25 | 899,552.36 |
| Professional service fee | 3,025,058.11 | 1,718,278.48 |
| Epidemic prevention costs | 931,523.74 | 8,554,666.34 |
| Dredging costs | 306,114.70 | 1,044,021.65 |
| Others | 9,203,588.37 | 12,768,494.49 |
| | 148,985,524.75 | 156,841,188.59 |
| Cash payments relating to other investing activities | | |
| Payment of land appreciation tax | 5,394,523.88 | - |
| Cash payments relating to other financing activities | | |
| Payment of lease fee of right-of-use assets | 8,874,888.02 | 9,386,510.70 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Supplemental Information to Statement of Cash Flows

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|--|--|
| Net profit | 951,141,863.31 | 712,968,615.21 |
| Add: Credit impairment reversal/(loss) | (7,618,031.35) | 13,584,294.10 |
| Fixed assets depreciation | 613,101,833.06 | 584,914,203.01 |
| Right-of-use assets depreciation | 10,807,371.08 | 10,807,371.08 |
| Amortization of intangible assets | 44,192,613.47 | 33,803,464.61 |
| Decrease in long-term prepaid expenses | 2,695,184.69 | 15,513,030.06 |
| Decrease in deferred income | (17,752,908.47) | (14,415,760.12) |
| (Income)/Loss on disposal of fixed assets, intangible assets and other long-term assets | (9,632,074.03) | 130,703.68 |
| Financial costs | 124,587,230.60 | 126,302,562.34 |
| Investment income | (172,114,476.21) | (85,675,448.20) |
| Decrease in deferred income tax assets | 30,325,379.42 | 28,045,261.23 |
| Increase in inventories | (20,103,234.83) | (13,248,874.67) |
| Decrease in other current assets | 72,039,345.24 | 105,645,626.58 |
| (Increase)/Decrease in other non-current assets | (494,908.05) | 95,354,699.73 |
| Increase in operating receivables | (110,304,448.95) | (50,349,329.90) |
| Increase/(Decrease) in operating payables | 65,887,433.48 | (105,127,494.52) |
| Increase in special reserve | 5,058,795.18 | 19,605,077.32 |
| Net cash flows from operating activities | 1,581,816,967.64 | 1,477,858,001.54 |

Major non-cash investing and financing activities:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Acquisition of use-of-right assets by way of leasing liabilities | - | 51,297,376.80 |
| Funding of land use rights | 6,510,203.74 | - |
| | 6,510,203.74 | 51,297,376.80 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Supplemental Information to Statement of Cash Flows (Continued)

(1) Supplemental information to statement of cash flows (Continued)

Endorsed bank acceptance notes:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|--|--|
| Endorsed bank acceptance notes received from sale of goods or rendering of services | 73,833,309.00 | 42,421,852.00 |

Net movements in cash and cash equivalents:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|--|--|
| Closing balance of cash | 3,562,453,575.90 | 2,830,877,707.20 |
| Less: Opening balance of cash | 3,446,027,714.85 | 2,558,919,206.70 |
| Net increase in cash and cash equivalents | 116,425,861.05 | 271,958,500.50 |

(2) Information on subsidiaries and other business units disposed

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Net cash received for the disposal of subsidiaries | 10,712,597.92 | - |

The Group transferred 90% equity interest of Jinji International Container Terminal Co., Ltd., one of its subsidiaries, to Bohai Jin-Ji Port Investment and Development Company Limited in 2017, and received consideration of RMB10,712,597.92 during the year.

(3) Information on cash flow relating to lease

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--------------------------------|--|--|
| Cash inflow relating to lease | 8,153,905.21 | 3,353,463.29 |
| Cash outflow relating to lease | 65,831,492.96 | 75,962,636.17 |

(4) Cash and cash equivalents

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--------------------------------------|--|--|
| Cash | 3,562,453,575.90 | 2,830,877,707.20 |
| Including: Cash on hand | 11,113.99 | 42,495.11 |
| Bank deposits on demand | 3,562,442,461.91 | 2,830,835,212.09 |
| Balance of cash and cash equivalents | 3,562,453,575.90 | 2,830,877,707.20 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023
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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Assets with Restricted Ownership or Right-of-Use

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---------------------------------|-----------------------------|------------------|
| Cash and bank balances (Note 1) | 500.00 | 500.00 |
| Bills receivable (Note 2) | 4,877,616.00 | 18,307,584.00 |
| | 4,878,116.00 | 18,308,084.00 |

Note 1: As at 30 June 2023, the Group's other deposits were RMB500.00 (31 December 2022: RMB500.00).

Note 2: As at 30 June 2023, bank acceptance notes which were endorsed but undue with a carrying value of RMB4,877,616.00 (as at 31 December 2022: RMB18,307,584.00) in aggregate, please refer to Note V. 2 for details.

52. Foreign Currency Monetary Items

| | 30 June 2023 (Unaudited) | | | 31 December 2022 | | |
|------------------------|--------------------------|---------------|----------------|-------------------|---------------|----------------|
| | Original currency | Exchange rate | Translated RMB | Original currency | Exchange rate | Translated RMB |
| Cash and bank balances | | | | | | |
| US\$ | 6,578,777.95 | 7.2258 | 47,536,933.70 | 6,436,538.72 | 6.9646 | 44,827,917.55 |
| HK\$ | 14,706,050.31 | 0.9220 | 13,558,684.26 | 15,881,519.61 | 0.8933 | 14,186,485.02 |
| Other receivables | | | | | | |
| HK\$ | 10,596.23 | 0.9220 | 9,769.51 | 3,011.79 | 0.8933 | 2,690.34 |
| Accounts payable | | | | | | |
| US\$ | - | - | - | 33,997.03 | 6.9646 | 236,775.72 |
| HK\$ | - | - | - | 791,913.33 | 0.8933 | 707,392.42 |
| Other payables | | | | | | |
| HK\$ | 61,643.43 | 0.9220 | 56,834.01 | 61,643.43 | 0.8933 | 55,064.23 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VI. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

The subsidiaries of the Company are as follows:

| | Place of principal business | Place of incorporation | Nature of business | Registered capital RMB'0000 | Percentage of shareholding | |
|--|-----------------------------|------------------------|--------------------------------|--------------------------------|----------------------------|----------|
| | | | | | Direct | Indirect |
| Subsidiaries acquired through the equity contribution from HPG during the establishment of the Company | | | | | | |
| Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司) | Qinhuangdao city | Qinhuangdao city | Loading and unloading services | 40,000 | 55.00 | - |
| Subsidiaries acquired through establishment or investment | | | | | | |
| Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司) | Tangshan city | Tangshan city | Loading and unloading services | 180,000 | 51.00 | - |
| Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司) | Cangzhou city | Cangzhou city | Loading and unloading services | 526,635 | 97.59 | - |
| Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司) | Cangzhou city | Cangzhou city | Cargo tallying services | 500 | 33.00 | 23.00 |
| Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司) | Tangshan city | Tangshan city | Loading and unloading services | 5,000 | 99.00 | - |
| Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司) | Cangzhou city | Cangzhou city | Loading and unloading services | 12,000 | 65.00 | - |
| Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司) | Hong Kong | Hong Kong | International trade | HK\$5,000 | 100.00 | - |
| Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司) | Tangshan city | Tangshan city | Port investment | 200,000 | 56.00 | - |
| Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd (滄州黃驊港散貨港務有限公司) | Cangzhou city | Cangzhou city | Loading and unloading services | 5,000 | 100.00 | - |
| Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司) | Tangshan city | Tangshan city | Cargo tallying services | 300 | 100.00 | - |
| Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司) | Tangshan city | Tangshan city | Loading and unloading services | 5,000 | 100.00 | - |
| Hebei Tangshan Caofeidian Jitong Port Co., Ltd (河北唐山曹妃甸冀同港口有限公司) | Tangshan city | Tangshan city | Loading and unloading services | 300,000 | 59.00 | - |
| Subsidiaries acquired through the business combinations under common control | | | | | | |
| China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司) | Qinhuangdao city | Qinhuangdao city | Cargo tallying services | 1,274 | 84.00 | - |

Subsidiaries with significant minority interests are as follows:

For the six months ended 30 June 2023 (Unaudited)

| | Shareholding as minority shareholders | Profit or loss attributable to minority shareholders | Dividend paid to minority shareholders | Accumulated minority interests at the end of the period |
|--|---------------------------------------|--|--|---|
| Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司) | 49.00% | 33,152,988.90 | - | 601,591,708.69 |

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| | Shareholding as minority shareholders | Profit or loss attributable to minority shareholders | Dividend paid to minority shareholders | Accumulated minority interests at the end of the year |
|--|---------------------------------------|--|--|---|
| Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司) | 49.00% | 56,375,369.81 | - | 564,341,624.95 |

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For the six months ended 30 June 2023

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in Subsidiaries (Continued)

The following table illustrates the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--------------------------|-----------------------------|-------------------------|
| Current assets | 331,628,950.05 | 369,845,722.30 |
| Non-current assets | 4,280,643,515.03 | 4,457,311,874.29 |
| Total assets | 4,612,272,465.08 | 4,827,157,596.59 |
| Current liabilities | 832,126,194.82 | 776,639,780.96 |
| Non-current liabilities | 2,552,408,089.27 | 2,898,800,213.70 |
| Total liabilities | 3,384,534,284.09 | 3,675,439,994.66 |

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|--|--|
| Revenue | 460,860,411.24 | 350,256,126.26 |
| Net profit/(loss) | 67,659,161.02 | (1,562,486.37) |
| Other comprehensive income | 4,597,720.43 | (13,796,391.31) |
| Total comprehensive income | 72,256,881.45 | (15,358,877.68) |
| Net cash flows from operating activities | 324,713,328.45 | 233,648,097.74 |

2. Interests in Joint Ventures and Associates

| | Place of principal business | Place of incorporation | Nature of business | Registered capital RMB'0000 | Percentage of shareholding (%) | | Accounting treatment |
|---|--------------------------------|---------------------------|---------------------------------------|-----------------------------------|-----------------------------------|----------|-------------------------|
| | | | | | Direct | Indirect | |
| Joint ventures | | | | | | | |
| Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | Tianjin City | Tianjin City | Investment and development | 200,000 | 50.00 | - | Equity method |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | Cangzhou city | Cangzhou city | Loading and unloading services | 45,000 | 10.00 | 45.00 | Equity method |
| Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司) | Cangzhou city | Cangzhou city | Real estate development | 12,000 | - | 50.00 | Equity method |
| Associates | | | | | | | |
| Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司) | Qinhuangdao city | Qinhuangdao city | Financial services | 150,000 | 40.00 | - | Equity method |
| Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) | Tangshan city | Tangshan city | Loading and unloading services | 200,000 | 35.00 | - | Equity method |
| Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興秦港能源儲運有限公司) | Qinhuangdao city | Qinhuangdao city | Energy services | 5,000 | 40.00 | - | Equity method |
| Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司) | Handan city | Handan city | Logistic services | 107,000 | - | 21.13 | Equity method |
| Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司) | Tangshan city | Tangshan city | Railway construction and operation | 140,000 | 3.23 | - | Equity method |
| Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理程理貨有限責任公司) | Tangshan city | Tangshan city | Cargo tallying services | 300 | - | 30.00 | Equity method |
| Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司) | Cangzhou city | Cangzhou city | Tugboat services | 40,573 | - | 35.00 | Equity method |
| Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司) | Ningbo City | Ningbo City | Retail business | 1,379 | 15.00 | - | Equity method |
| Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉裡(秦皇島)糧油工業有限公司) | Qinhuangdao city | Qinhuangdao city | Food manufacturing | 111,765 | 15.00 | - | Equity method |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

The following table sets forth the financial information of Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) (“Bohai Jin-Ji”), a significant joint venture of the Group and Tianjin Port (Group) Co., Ltd. (天津港(集團)有限公司) (“Tianjin Port Group”) in consideration of opportunities for strategic development of synergetic development in Beijing, Tianjin and Hebei, which was established in 2014. The Group adopted equity method for accounting as there is no significant difference between the accounting policy of Bohai Jin-Ji and that of the Group.

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|-----------------------|
| Current assets | 27,926,188.07 | 38,817,832.46 |
| Including: Cash and cash equivalents | 27,925,588.07 | 38,817,232.46 |
| Non-current assets | 295,076,272.83 | 343,552,477.79 |
| Total assets | 323,002,460.90 | 382,370,310.25 |
| Current liabilities | 10,712,597.91 | 21,447,462.59 |
| Non-current liabilities | – | – |
| Total liabilities | 10,712,597.91 | 21,447,462.59 |
| Owners' equity | 312,289,862.99 | 360,922,847.66 |
| Share of net assets in proportion to shareholding | 156,144,931.48 | 180,461,423.81 |
| Provision for impairment | 81,850,806.99 | 81,850,806.99 |
| Carrying amount of investment | 74,294,124.49 | 98,610,616.82 |

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|-----------------------------------|--|--|
| Revenue | – | – |
| Administrative expenses | 250,743.56 | 260,567.92 |
| Financial cost – interest income | 90,681.36 | 15,286.29 |
| Financial cost – interest expense | 1,279.50 | 1,123.00 |
| Income tax expenses | – | – |
| Net loss | (48,953,841.50) | (54,480,306.15) |
| Total comprehensive income | (48,953,841.50) | (54,480,306.15) |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

The following table sets forth the financial information of Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) ("Caofeidian Shiye") and Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) ("Finance Company"), which are the significant associates of the Group. Located in Caofeidian Port Zone, Caofeidian Shiye was established in 2002 and it provides strong support to the Group for its development into one of the most important port operators in Bohai Rim. Finance Company was established in 2014 and it provides the Group with financial services including deposit-taking, loan-offering and settlement services. The Group adopted equity method for accounting as there is no significant difference between the financial policy of these companies and that of the Group.

30 June 2023 (Unaudited)

| | Caofeidian Shiye | Finance Company |
|---|------------------|------------------|
| Current assets | 1,872,510,352.19 | 4,399,219,989.76 |
| Including: Cash and cash equivalents | 722,737,780.39 | 4,337,814,889.16 |
| Non-current assets | 5,383,680,261.21 | 4,287,039,035.52 |
| Total assets | 7,256,190,613.40 | 8,686,259,025.28 |
| Current liabilities | 671,606,475.67 | 6,868,243,202.43 |
| Non-current liabilities | 435,229,125.19 | – |
| Total liabilities | 1,106,835,600.86 | 6,868,243,202.43 |
| Minority interest | 37,644,449.97 | – |
| Equity attributable to shareholders of the parent | 6,111,710,562.57 | 1,818,015,822.85 |
| Share of net assets in proportion to shareholding | 2,139,098,696.90 | 727,206,329.15 |
| Carrying amount of investment | 2,139,098,696.90 | 727,206,329.15 |

For the six months ended 30 June 2023 (Unaudited)

| | Caofeidian Shiye | Finance Company |
|--|------------------|-----------------|
| Revenue | 943,301,954.74 | 107,490,627.42 |
| Administrative expense | 50,051,793.14 | 8,628,744.61 |
| Financial cost – interest income | 4,151,033.05 | – |
| Financial cost – interest expense | 4,630,643.12 | – |
| Income tax expenses | 137,692,240.96 | 11,962,609.49 |
| Net profit | 422,054,651.55 | 35,887,828.49 |
| Including: Net profit attributable to the parent | 422,224,213.67 | 35,887,828.49 |
| Other comprehensive income | 88,071,912.92 | – |
| Total comprehensive income | 510,296,126.59 | 35,887,828.49 |
| Dividend received | – | – |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

31 December 2022

| | Caofeidian Shiye | Finance Company |
|---|------------------|------------------|
| Current assets | 1,663,348,739.00 | 6,785,441,827.23 |
| Including: Cash and cash equivalents | 572,129,566.90 | 2,810,663,966.75 |
| Non-current assets | 5,505,314,943.25 | 440,938,708.24 |
| Total assets | 7,168,663,682.25 | 7,226,380,535.47 |
| Current liabilities | 1,090,603,633.19 | 5,444,252,541.11 |
| Non-current liabilities | 444,649,132.61 | – |
| Total liabilities | 1,535,252,765.80 | 5,444,252,541.11 |
| Minority interest | 37,814,012.09 | – |
| Equity attributable to shareholders of the parent | 5,595,596,904.36 | 1,782,127,994.36 |
| Share of net assets in proportion to shareholding | 1,958,458,916.52 | 712,851,197.75 |
| Carrying amount of investment | 1,958,458,916.52 | 712,851,197.75 |

For the six months ended 30 June 2022 (Unaudited)

| | Caofeidian Shiye | Finance Company |
|--|------------------|-----------------|
| Revenue | 757,004,817.03 | 91,623,138.71 |
| Administrative expense | 60,461,393.73 | 8,042,077.88 |
| Financial cost – interest income | 2,928,300.84 | – |
| Financial cost – interest expense | 6,957,293.47 | – |
| Income tax expenses | 83,155,186.99 | 8,612,199.86 |
| Net profit | 265,841,235.54 | 25,836,599.55 |
| Including: Net profit attributable to the parent | 265,929,404.34 | 25,836,599.55 |
| Other comprehensive income | 260,295,210.33 | – |
| Total comprehensive income | 526,224,614.67 | 25,836,599.55 |
| Dividend received | – | – |

The following table sets forth the aggregated financial information of joint ventures and associates that are insignificant to the Group:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Joint ventures | | |
| Total carrying amount of investment | 66,205,574.72 | 44,711,761.98 |
| Total amount of the following items calculated in the Group's equity proportion | | |
| Net loss | (11,931,638.02) | (10,770,737.48) |
| Total comprehensive loss | (11,931,638.02) | (10,770,737.48) |
| Associates | | |
| Total carrying amount of investment | 783,881,100.49 | 780,378,009.50 |
| Total amount of the following items calculated in the Group's equity proportion | | |
| Net profit | 3,879,224.78 | 8,345,331.04 |
| Total comprehensive income | 3,879,224.78 | 8,345,331.04 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

30 June 2023 (Unaudited)

Financial assets

| | Financial assets at amortized cost | Financial assets at fair value through other comprehensive income | | Total |
|---|---------------------------------------|--|------------------|------------------|
| | | Requirements of standards | Designed | |
| Cash and bank balances | 5,682,314,424.30 | – | – | 5,682,314,424.30 |
| Bills receivable | 74,300,580.00 | – | – | 74,300,580.00 |
| Financing receivables | – | 70,951,102.91 | – | 70,951,102.91 |
| Accounts receivable | 67,138,565.49 | – | – | 67,138,565.49 |
| Other receivables | 22,583,451.82 | – | – | 22,583,451.82 |
| Other non-current assets | 92,000,000.00 | – | – | 92,000,000.00 |
| Other investments in equity instruments | – | – | 1,172,742,023.33 | 1,172,742,023.33 |
| | 5,938,337,021.61 | 70,951,102.91 | 1,172,742,023.33 | 7,182,030,147.85 |

Financial liabilities

| | Financial liabilities carried at amortized cost |
|---|---|
| Short-term borrowings | 260,245,555.55 |
| Accounts payable | 323,509,841.16 |
| Other payables | 851,825,588.28 |
| Non-current liabilities due within one year | 686,699,529.07 |
| Long-term borrowings | 5,341,288,606.50 |
| Long-term payables | 34,000,000.00 |
| | 7,497,569,120.56 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial Instruments by Category (Continued)

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: (Continued)

31 December 2022

Financial assets

| | Financial assets at amortized cost | Financial assets at fair value through other comprehensive income | | Total |
|---|---------------------------------------|--|------------------|------------------|
| | | Requirements of standards | Designed | |
| Cash and bank balances | 4,847,758,214.85 | - | - | 4,847,758,214.85 |
| Bills receivable | 91,361,696.00 | - | - | 91,361,696.00 |
| Financing receivables | - | 35,866,130.32 | - | 35,866,130.32 |
| Accounts receivable | 46,622,811.77 | - | - | 46,622,811.77 |
| Other receivables | 22,220,105.04 | - | - | 22,220,105.04 |
| Other non-current assets | 280,000,000.00 | - | - | 280,000,000.00 |
| Other investments in equity instruments | - | - | 1,136,892,279.11 | 1,136,892,279.11 |
| | 5,287,962,827.66 | 35,866,130.32 | 1,136,892,279.11 | 6,460,721,237.09 |

Financial liabilities

| | Financial liabilities carried at amortized cost |
|---|---|
| Short-term borrowings | 260,270,111.11 |
| Accounts payable | 259,894,659.77 |
| Other payables | 548,457,808.34 |
| Non-current liabilities due within one year | 662,071,987.54 |
| Long-term borrowings | 5,949,695,604.50 |
| Long-term payables | 34,000,000.00 |
| | 7,714,390,171.26 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Transfer of Financial Assets

Financial assets transferred but not derecognized generally

As at 30 June 2023, the Group has endorsed bank acceptance notes with a carrying amount of RMB4,877,616.00 (31 December 2022: RMB18,307,584.00) to engineering equipment suppliers to settle the amounts payable. The Group considered that the Group has transferred substantially all risks and rewards, including default risks. Therefore, continuing to recognize its settled payables or which related to it. After endorsement, the Group will not reserve the right of use, including the right to sale, transfer and pledge to other third parties. As at 30 June 2023, the carrying amount of other payables settled by the Group totaled RMB4,877,616.00 (31 December 2022: RMB18,307,584.00).

Continuing involvement in transferred financial assets derecognized generally

As at 30 June 2023, the Group has endorsed bank acceptance notes with a carrying amount of RMB41,030,000.00 (31 December 2022: RMB79,636,000.46) to engineering equipment suppliers to settle the amounts payable. If acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group, for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered that these acceptance banks are top four national banks or other stock banks so that the potential risk of dishonoring the notes for recourse is small. Therefore, the Group has derecognized carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

For the six months ended 30 June 2023, the Group did not recognize any profit or loss at the date of transfer. The Group had no current or accumulated income or expense related to Continuing Involvement of financial assets which had been derecognized. The endorsement happens evenly throughout the period.

3. Risks Arising from Financial Instruments

The Group has exposure to the following main risks from its use of financial instruments during the ordinary course of business: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). Financial instruments of the Group mainly include cash and bank balances, equity investment, borrowing, bills receivable, financing receivables and accounts receivable, bills payables and accounts payables, etc. The risks arising from such financial instruments and risk management policies adopted by the Group to minimize such risks are summarized below.

The board of directors is responsible for planning and establishing the Group's risk management framework, developing the Group's risk management policies and related guidelines and overseeing the implementation of risk management measures. The Group has developed risk management policies to identify and analyze the risks faced by the Group. These risk management policies define specific risks which cover many aspects such as market risk, credit risk and liquidity risk management. The Group evaluates the market environment and changes in the Group's operations to determine whether to update the risk management policies and systems on a regular basis. The various functional departments of the Group are responsible for implementing the requirements of the board of directors in respect of the comprehensive risk management work. The audit committee discusses and evaluates the Group's risk management controls and procedures on a regular basis, and submits the audit results to the board of directors of the Group.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivable are monitored on an ongoing basis to ensure that the Group's exposure to bad debt is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

Because the counterparties of the cash and bank balances and acceptance bills receivables are the well-established banks with high credit ratings, Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) and creditworthy third parties, the credit risk of these financial instruments is lower.

The credit risk of the Group's other financial assets, which comprise accounts receivable and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 30 June 2023, there is a concentration of specific credit risk within the Group as 27% and 52% (31 December 2022: 24% and 50%) of the Group's accounts receivables were due from the largest and five largest customers. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

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For the six months ended 30 June 2023

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Credit risk (Continued)

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, the external credit rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met:

- (1) Quantitative criteria are mainly that the increase in remaining lifetime probability of default at the reporting date is considered significant comparing with the one at initial recognition;
- (2) Qualitative criteria are that significant adverse change in debtor's operation or financial status, the watch-list, etc.

On 30 June 2023, credit risks of other receivables that were overdue for more than 30 days were not considered to increase significantly due to the above circumstances were not applied in other receivables. The Group made provision for impairment based on the expected credit loss in the next 12 months.

Definition of credit-impaired financial asset

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties;
- (6) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Credit risk exposures

As at 30 June 2023 and 31 December 2022, the Group made provisions for the credit risk exposure for bad debt of receivables based on the future 12 months or entire remaining lifetime credit loss. Please refer to Note V. 3 Accounts receivable and Note V. 5 Other receivables.

Liquidity risk

The Group manages its risk of deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and expected cash flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various funding means, such as bank borrowings and leases. As at 30 June 2023, approximately 15% (31 December 2022: 14%) of the Group's interest-bearing liabilities are due within one year.

NOTES TO FINANCIAL STATEMENTS

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Liquidity risk (Continued)

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

30 June 2023 (Unaudited)

| | Within 1 year | 1 to 5 years | Over 5 years | Total |
|---|------------------|------------------|------------------|------------------|
| Short-term borrowings | 263,342,388.88 | – | – | 263,342,388.88 |
| Accounts payable | 323,509,841.16 | – | – | 323,509,841.16 |
| Other payables | 851,825,588.28 | – | – | 851,825,588.28 |
| Non-current liabilities due within one year | 725,121,129.22 | – | – | 725,121,129.22 |
| Lease liabilities | – | 9,232,541.02 | – | 9,232,541.02 |
| Long-term borrowings | 195,649,380.81 | 3,882,702,247.73 | 2,366,658,063.50 | 6,445,009,692.04 |
| Long-term payables | – | 10,000,000.00 | 24,000,000.00 | 34,000,000.00 |
| | 2,359,448,328.35 | 3,901,934,788.75 | 2,390,658,063.50 | 8,652,041,180.60 |

31 December 2022

| | Within 1 year | 1 to 5 years | Over 5 years | Total |
|---|------------------|------------------|------------------|------------------|
| Short-term borrowings | 267,811,500.00 | – | – | 267,811,500.00 |
| Accounts payable | 259,894,659.77 | – | – | 259,894,659.77 |
| Other payables | 548,457,808.34 | – | – | 548,457,808.34 |
| Non-current liabilities due within one year | 695,636,857.80 | – | – | 695,636,857.80 |
| Lease liabilities | – | 18,458,936.40 | – | 18,458,936.40 |
| Long-term borrowings | 227,435,621.38 | 4,076,781,564.17 | 2,973,752,747.75 | 7,277,969,933.30 |
| Long-term payables | – | 10,000,000.00 | 24,000,000.00 | 34,000,000.00 |
| | 1,999,236,447.29 | 4,105,240,500.57 | 2,997,752,747.75 | 9,102,229,695.61 |

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For the six months ended 30 June 2023

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing liabilities with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The table below is a sensitivity analysis of interest rate risk. It reflects the impact on net profit or loss (through the impact on floating rate borrowings) and other comprehensive income net of tax when a reasonably possible change in interest rates occurs, with all other variables held constant.

30 June 2023 (Unaudited)

| | Increase/ (decrease) in basis points | (Decrease)/ increase in net profit or loss | Increase/ (decrease) in other comprehensive income, net of tax | Total (decrease)/ increase in shareholder's equity |
|-----|--|--|--|--|
| RMB | 50 | (22,574,221.11) | - | (22,574,221.11) |
| RMB | (50) | 22,574,221.11 | - | 22,574,221.11 |

31 December 2022

| | Increase/ (decrease) in basis points | (Decrease)/ increase in net profit or loss | Increase/ (decrease) in other comprehensive income, net of tax | Total (decrease)/ increase in shareholder's equity |
|-----|--|--|--|--|
| RMB | 50 | (24,757,759.86) | - | (24,757,759.86) |
| RMB | (50) | 24,757,759.86 | - | 24,757,759.86 |

Exchange rate risk

The Group's exposure to the exchange rate risk relates primarily to the Group's foreign currency bank deposits. The table below is a sensitivity analysis of exchange rate risk. It reflects the impact on net profit or loss and other comprehensive income net of tax when a reasonably possible change in exchange rate of HK\$ and US\$ occurred, with all other variables held constant.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Market risk (Continued)

Exchange rate risk (Continued)

30 June 2023 (Unaudited)

| | Increase/ (decrease) in exchange rates | (Decrease)/ increase in net profit or loss | (Decrease)/ increase in other comprehensive income, net of tax | Total (decrease)/ increase in shareholder's equity |
|---|--|--|--|--|
| If the RMB strengthens against the HK\$ | 1% | (89,193.47) | (12,143.68) | (101,337.15) |
| If the RMB strengthens against the US\$ | 1% | (356,527.00) | – | (356,527.00) |
| If the RMB weakens against the HK\$ | (1%) | 89,193.47 | 12,143.68 | 101,337.15 |
| If the RMB weakens against the US\$ | (1%) | 356,527.00 | – | 356,527.00 |

31 December 2022

| | Increase/ (decrease) in exchange rates | (Decrease)/ increase in net profit or loss | (Decrease)/ increase in other comprehensive income, net of tax | Total (decrease)/ increase in shareholder's equity |
|---|--|--|--|--|
| If the RMB strengthens against the HK\$ | 1% | (100,455.93) | (11,681.31) | (112,137.24) |
| If the RMB strengthens against the US\$ | 1% | (337,985.20) | – | (337,985.20) |
| If the RMB weakens against the HK\$ | (1%) | 100,455.93 | 11,681.31 | 112,137.24 |
| If the RMB weakens against the US\$ | (1%) | 337,985.20 | – | 337,985.20 |

4. Capital Management

The primary objective of the Group's capital management is to ensure the Group's ability to operate as a going concern and maintain healthy capital structure so as to support business growth and maximize shareholder value.

The Group manages capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. For the six months ended 30 June 2023 and for the year 2022, there was no change in the Group's capital management objectives, policies or processes.

The Group manages its capital using leverage ratio, which is calculated by dividing net debts by the sum of adjusted capital and net debts. Net debts include accounts payable, other payables, short-term borrowings, non-current liabilities due within one year, long-term borrowings, lease liabilities and long-term payables less cash and bank balances and term deposits over 1 year. It is the Group's policy to maintain its leverage ratio within a reasonable range. The Group's leverage ratio as at the balance sheet dates is as follows:

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

4. Capital Management (Continued)

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|-------------------|
| Accounts payable | 323,509,841.16 | 259,894,659.77 |
| Other payables | 851,825,588.28 | 548,457,808.34 |
| Short-term borrowings | 260,245,555.55 | 260,270,111.11 |
| Non-current liabilities due within one year | 705,921,138.84 | 680,774,886.72 |
| Lease liabilities | 8,112,422.75 | 16,720,143.33 |
| Long-term borrowings | 5,341,288,606.50 | 5,949,695,604.50 |
| Long-term payables | 34,000,000.00 | 34,000,000.00 |
| Less: Cash and bank balances | 5,682,314,424.30 | 4,847,758,214.85 |
| Other non-current assets – term deposit | 92,000,000.00 | 280,000,000.00 |
| Net debt | 1,750,588,728.78 | 2,622,054,998.92 |
| Equity attributable to shareholders of the parent company | 17,900,201,338.91 | 17,321,605,086.27 |
| Capital and net debt | 19,650,790,067.69 | 19,943,660,085.19 |
| Net debt to equity ratio | 9% | 13% |

VIII. DISCLOSURE OF FAIR VALUE

1. Assets Measured at Fair Value

30 June 2023 (Unaudited)

| | Fair value measurement using | | | Total |
|--------------------------------------|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Continuous measurement of fair value | | | | |
| Financing receivables | – | 70,951,102.91 | – | 70,951,102.91 |
| Other equity instruments investments | – | – | 1,172,742,023.33 | 1,172,742,023.33 |
| Total | – | 70,951,102.91 | 1,172,742,023.33 | 1,243,693,126.24 |

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For the six months ended 30 June 2023

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VIII. DISCLOSURE OF FAIR VALUE (CONTINUED)

1. Assets Measured at Fair Value (Continued)

31 December 2022

| | Fair value measurement using | | | Total |
|--------------------------------------|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Continuous measurement of fair value | | | | |
| Financing receivables | - | 35,866,130.32 | - | 35,866,130.32 |
| Other equity instruments investments | - | - | 1,136,892,279.11 | 1,136,892,279.11 |
| Total | - | 35,866,130.32 | 1,136,892,279.11 | 1,172,758,409.43 |

2. Liabilities Disclosed at Fair Value

30 June 2023 (Unaudited)

| | Fair value measurement using | | | Total |
|----------------------|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Long-term borrowings | - | - | 5,341,288,606.50 | 5,341,288,606.50 |
| Long-term payables | - | - | 34,000,000.00 | 34,000,000.00 |
| | - | - | 5,375,288,606.50 | 5,375,288,606.50 |

31 December 2022

| | Fair value measurement using | | | Total |
|----------------------|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Long-term borrowings | - | - | 5,949,695,604.50 | 5,949,695,604.50 |
| Long-term payables | - | - | 34,000,000.00 | 34,000,000.00 |
| | - | - | 5,983,695,604.50 | 5,983,695,604.50 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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VIII. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Fair Value Estimation

Management has assessed cash and bank balances, bills receivable, financing receivables, accounts receivable, other receivables, short-term borrowings, accounts payable and non-current liabilities due within one year etc., and considers that their fair values approximate their carrying amounts due to the short-term maturities of these instruments. The fair values of long-term borrowings approximate their carrying amounts due to their floating interest rates.

The Group's finance team is led by the finance manager, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the audit committee. At each balance sheet date, the finance team analyses movements in the fair value of financial instruments and determines the major inputs applicable to the valuation. The valuation must be reviewed and approved by the finance manager. For the purpose of preparing interim and annual financial statements, the finance team meets the audit committee twice a year to discuss the valuation procedures and results.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of long-term, short-term borrowings and long-term payables are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 30 June 2023 and 31 December 2022, the Group's exposure to non-performance risk associated with the long-term and short-term borrowings is assessed as insignificant.

Investments in unlisted equity instruments are estimated at fair value using the market approach based on unobservable market prices or interest rate assumptions. The Group needs to determine comparable public companies based on industry, size, leverage and strategy, and calculates an appropriate market multiple, such as enterprise value multiplier, price to earnings ("P/E") multiplier and price to net assets ("P/B") multiplier, for each comparable public company identified. Adjustments are made based on company-specific facts and circumstances, taking into account factors such as liquidity and size differences between comparable public companies. The Group believes that the fair value estimated using valuation techniques is reasonable and the most appropriate value as of the balance sheet date.

For the fair value of investment in unlisted equity instrument, the Group estimated and quantified the potential impact of using other reasonable and probable assumptions as inputs to the valuation model.

4. Unobservable inputs

Below is a summary of the significant unobservable inputs to the fair value measurement of level 3:

| | Fair value at the end of period/year | Valuation techniques | Unobservable inputs (weighted average) | Range |
|-------------------------------|--|----------------------------------|--|--|
| Equity instrument investments | 30 June 2023 (unaudited) 1,172,742,023.33 | listed company comparison method | Liquidity discount | For the six months ended 30 June 2023 17%-23% |
| Equity instrument investments | 31 December 2022 1,136,892,279.11 | listed company comparison method | Liquidity discount | 2022 17%-23% |

The reconciliation of the fair value measurement of level 3 held is as follows:

30 June 2023 (Unaudited)

| | Total profit or loss for the current period | | | Settlement | Closing balance | Changes in unrealized gains or losses of the current period of the assets held at the end of the period included in profit or loss |
|--------------------------------------|---|----------------------------|--|------------|------------------|--|
| | Opening balance | Included in profit or loss | Included in other comprehensive income | | | |
| Other equity instruments investments | 1,136,892,279.11 | - | 35,849,744.22 | - | 1,172,742,023.33 | - |

31 December 2022

| | Total profit or loss for the current period | | | Settlement | Closing balance | Changes in unrealized gains or losses of the current period of the assets held at the end of the year included in profit or loss |
|--------------------------------------|---|----------------------------|--|------------|------------------|--|
| | Opening balance | Included in profit or loss | Included in other comprehensive income | | | |
| Other equity instruments investments | 910,016,638.38 | - | 226,875,640.73 | - | 1,136,892,279.11 | - |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

1. Parent Company

| | Place of Registration | Nature of business | Registered Capital RMB | Proportion of shareholding (%) | Proportion of votes (%) |
|-----|-----------------------|-------------------------|------------------------|--------------------------------|-------------------------|
| HPG | Tangshan city | Integrated port service | 8 billion | 56.27 | 56.27 |

HPG is the ultimate holding company of the Company.

2. Subsidiaries

For details of the subsidiaries, please refer to 1 of Note VI.

3. Joint Ventures and Associates

For details of the joint ventures and associates, please refer to 2 of Note VI.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

4. Other Related Parties

| Company name | Relationship with related parties |
|---|---|
| Caofeidian Port Group Co., Ltd. | A subsidiary of the controlling shareholder |
| HPG Real Estate Development Co., Ltd. | A subsidiary of the controlling shareholder |
| Hebei Port Group Port Engineering Limited | A subsidiary of the controlling shareholder |
| Hebei Port Group Port Machinery Limited | A subsidiary of the controlling shareholder |
| HEBEI PORT GROUP International (Hong Kong) Co., Ltd. | A subsidiary of the controlling shareholder |
| Hebei Port Group International Logistics Co., Ltd. | A subsidiary of the controlling shareholder |
| Hebei Port Group Testing Technology Co., Ltd. | A subsidiary of the controlling shareholder |
| HPG Health Industry Development Company Ltd. | A subsidiary of the controlling shareholder |
| Jigang Financial leasing (Tianjin) Co., Ltd. | A subsidiary of the controlling shareholder |
| Jigang Commercial Factoring (Tianjin) Co., Ltd. | A subsidiary of the controlling shareholder |
| Qinhuangdao Fangyu Property Services Management Co., Ltd. | A subsidiary of the controlling shareholder |
| Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. | A subsidiary of the controlling shareholder |
| Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. | A subsidiary of the controlling shareholder |
| Qinhuangdao Kezheng Engineering Detection Co., Ltd. | A subsidiary of the controlling shareholder |
| Penavico QHD Logistics Co., Ltd. | A subsidiary of the controlling shareholder |
| Qinhuangdao Zhihai Shipping Agency Co., Ltd. | A subsidiary of the controlling shareholder |
| Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd. | A subsidiary of the controlling shareholder |
| Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. | A subsidiary of the controlling shareholder |
| Tangshan Port SHIPPING Freight Agency Co., Ltd. (唐山港船舶貨運代理有限公司) | A subsidiary of the controlling shareholder |
| Tangshan Hede Shipping Co., Ltd. | A subsidiary of the controlling shareholder |
| Tangshan Port Group Co., Ltd. (唐山港集團股份有限公司) | A subsidiary of the controlling shareholder |
| Tangshan Tangcao Railway Company Limited (唐山唐曹鐵路有限責任公司) | A subsidiary of the controlling shareholder |
| China Ocean Shipping Agency Qinhuangdao Co., Ltd. | A subsidiary of the controlling shareholder |
| Tangshan Port Jingtang Port Area Imports & Exports the Low-tax Storage and Transportation Co., Ltd. (唐山港京唐港區進出口保稅儲運有限公司) | A subsidiary of the controlling shareholder |
| Tangshan Port Industrial Group., Ltd | A subsidiary of the controlling shareholder |
| Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司) | A subsidiary of the controlling shareholder |
| SDIC Caofeidian Port Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Huaneng Caofeidian Port Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Huanghua Foreign Ships Agency Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Qinhuangdao Oriental Petroleum Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

4. Other Related Parties (Continued)

| Company name | Relationship with related parties |
|--|---|
| Qinhuangdao Huibo Petroleum Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Qinhuangdao Jinyuan Shipping Agency Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Qinhuangdao Kaifu Industrial Development Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Qinhuangdao Qinren Shipping Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Tanggang Railway Co., Ltd. | Other enterprises significantly affected by the controlling shareholder |
| Han Huang Railway Co., Ltd. | * Same key management personnel |
| Sino-Arab Chemical Fertilizers Co. Ltd. | * Same key management personnel |
| Jinneng Holding Shanxi Coal Industry Co. Ltd. | * Same key management personnel |
| Daqin Railway Co., Ltd. | ** Same key management personnel |

* Director of the Company is also director of the company.

** Senior management of the controlling shareholder is also director of the company.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

| | Type of goods or services | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|-------------------------------|---|---|
| Transactions with the parent company | | | |
| HPG | Integrated service | 2,792,503.90 | 3,767,146.16 |
| Transactions with other related parties | | | |
| Hebei Port Group Port Engineering Limited | Construction service | 151,492,920.62 | 77,169,459.07 |
| Hebei Port Group Port Machinery Limited | Repair service | 126,018,635.11 | 98,857,666.93 |
| Hebei Port Group Testing Technology Co., Ltd. | Examination and test services | 19,545,142.06 | 3,855,692.78 |
| Qinhuangdao Fangyu Property Services Management Co., Ltd. | Logistics service | 12,676,885.93 | 11,107,626.71 |
| Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. | Supervisory service | 1,608,015.78 | 1,355,686.98 |
| Caofeidian Port Group Co., Ltd. | Logistics service | 456,180.34 | - |
| HPG Health Industry Development Company Ltd. | Logistics service | 46,534.65 | - |
| Qinhuangdao Kezheng Engineering Detection Co., Ltd. | Construction service | 12,700.53 | 7,299.47 |
| Daqin Railway Co., Ltd. | Safety fund | 8,000.00 | - |
| Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd. | Logistics service | 6,603.77 | - |
| Tangshan Port Jingtang Port Area Imports & Exports the Low-tax Storage and Transportation Co.,Ltd. (唐山港京唐港區進出口保稅儲運有限公司) | Logistics service | 4,429.80 | - |
| Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. | Examination and test services | 2,373.58 | - |
| SDIC Caofeidian Port Co., Ltd. | Production service | 5,013.21 | 3,890.58 |
| Huaneng Caofeidian Port Co., Ltd. | Production service | 188.68 | 2,161.32 |
| | | 311,883,624.06 | 192,359,483.84 |
| | | 314,676,127.96 | 196,126,630.00 |

Note 1: Purchase of goods and receipt of services from related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

Note 2: Integrated service represents the general services agreement entered into by the Group and HPG to provide service to the Group. The scope of services include office leasing, port engineering maintenance, supervising, maintenance and repair of equipment etc.

Note 3: On 16 December 2021, the Group held the first extraordinary general meeting of Qinhuangdao Port Co., Ltd. in 2021 to consider and approve the resolution regarding the entering into of the general services agreement, and agreed the Group to enter into the general services agreement with HPG, and to the proposed caps for the related transactions under the general services agreement from 2022 to 2024. On 28 June 2023, the Group held 2022 annual general meeting of Qinhuangdao Port Co., Ltd. to consider and approve the Resolution regarding the Adjustment of the Caps for Continuing Connected Transactions under the general services agreement from 2023 to 2024. The approved annual caps for the related transactions of the goods procured and the services received between the Group and HPG and its subsidiaries were RMB1,239,400,000 for the year 2023, and the related transactions between the Group and such companies for the current period were limited to the caps of the related transactions.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(1) Transactions concerning goods and services with related parties (Continued)

Sales of goods and render of services to related parties

| | Type of goods or services | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|-------------------------------------|---|---|
| <i>Transactions with the parent company</i> | | | |
| HPG | Electricity supply service | 1,617,496.62 | 2,627,080.10 |
| <i>Transactions with joint ventures</i> | | | |
| Jinji International Container Terminal Co., Ltd. | Electricity supply service | 836,475.03 | 1,220,137.14 |
| <i>Transactions with other related parties</i> | | | |
| Hebei Port Group International Logistics Co., Ltd. | Sales of goods | 29,875,271.27 | 31,794,272.49 |
| Qinhuangdao Qinren Shipping Co., Ltd. | Sales of goods and tallying service | 8,293,636.44 | 9,877,656.56 |
| Tangshan Hede Shipping Co., Ltd. | Tallying service etc. | 4,686,058.43 | - |
| Qinhuangdao Oriental Petroleum Co., Ltd. | Sales of goods | 2,925,113.20 | 1,667,376.67 |
| Qinhuangdao Huibo Petroleum Co., Ltd. | Sales of goods | 2,458,479.24 | 1,699,698.95 |
| SDIC Caofeidian Port Co., Ltd. | Draft survey service | 2,202,115.16 | 2,002,376.87 |
| Tangshan Caofeidian Tugboat Co., Ltd. | Labor services etc. | 979,856.63 | - |
| Tanggang Railway Co.,Ltd. | Electricity supply service | 914,039.82 | - |
| Hebei Port Group Port Engineering Limited | Electricity supply service | 505,449.90 | 306,231.61 |
| Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. | Labor services etc. | 314,735.05 | - |
| Hebei Port Group Port Engineering Limited | Electricity supply service | 281,282.84 | 239,458.75 |
| Sino-Arab Chemical Fertilizers Co. Ltd. | Sales of goods | 274,104.72 | 1,835,004.72 |
| Qinhuangdao Fangyu Property Services Management Co., Ltd. | Electricity supply service | 77,476.87 | 64,894.90 |
| Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. | Electricity supply service | 43,813.53 | 25,401.33 |
| Hebei Port Group Testing Technology Co., Ltd. | Electricity supply service | 15,725.98 | 16,308.04 |
| Huaneng Caofeidian Port Co., Ltd. | Labor services | - | 263,473.95 |
| Qinhuangdao Kaifu Industrial Development Co., Ltd. | Electricity supply service | - | 26,397.99 |
| HEBEI PORT GROUP International (Hong Kong) Co., Ltd. | Electricity supply service | - | 3,086.34 |
| Jigang Financial leasing (Tianjin) Co., Ltd. | Electricity supply service | - | 1,901.53 |
| | | 53,847,159.08 | 49,823,540.70 |
| | | 56,301,130.73 | 53,670,757.94 |

Sale of goods and render of services to related parties by the Group are carried out according to the terms of the agreements entered into between the Group and related parties.

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(2) Custody and contracting of related party assets

Entrusted assets management

30 June 2023 (Unaudited)

| | Type of entrusted assets | Beginning of the entrust | End of the entrust | Custody profits recognized |
|--|--|--------------------------|--------------------|----------------------------|
| Tangshan Port Industrial Group Co., Ltd. | 20% equity of SDIC Zhongmei Tongmei Jingtang Port Co., Ltd. | 31 December 2022 | 31 December 2025 | - |
| HPG | 43.0257% equity of Qinhuangdao Qinshan Chemical Port Co., Ltd. | 14 July 2023 | 14 July 2026 | - |

In 2023, the Company entered into the Equity Custodian Agreement with HPG, pursuant to which, 43.0257% equity of Qinhuangdao Qinshan Chemical Port Co., Ltd. was trusted by the Company on behalf of HPG. The parties acknowledged that this Agreement is for the purpose of resolving and avoiding trade competition between the trustee and the controlling shareholder and its subsidiaries, and that the trustee will not charge any trust fees.

31 December 2022

| | Type of entrusted assets | Beginning of the entrust | End of the entrust | Custody profits recognized |
|--|---|--------------------------|--------------------|----------------------------|
| Tangshan Port Industrial Group Co., Ltd. | 20% equity of SDIC Zhongmei Tongmei Jingtang Port Co., Ltd. | 31 December 2022 | 31 December 2025 | - |

In 2022, the Company entered into Equity Custodian Agreement with Tangshan Port Industrial Group., Ltd (“Tangshan Port Industrial”), pursuant to which, 20% equity of SDIC Zhongmei Tongmei Jingtang Port Co., Ltd was trusted by the Company on behalf of Tangshan Port Industrial. The parties acknowledged that this Agreement is for the purpose of resolving and avoiding trade competition between the trustee and the controlling shareholder and its subsidiaries, and that the trustee will not charge any trust fees.

NOTES TO FINANCIAL STATEMENTS

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(3) Leases with related parties

As lessor

| Category of leased assets | | Rental income for the six months ended 30 June 2023 (Unaudited) | Rental income for the six months ended 30 June 2022 (Unaudited) |
|--|----------------------------|---|---|
| Hebei Port Group Port Engineering Limited | Building | 326,710.58 | - |
| Jinji International Container Terminal Co., Ltd. | Storage facilities | 325,023.81 | 325,023.81 |
| HPG Real Estate Development Co., Ltd. | Building | 102,385.32 | - |
| Zhejiang Yuehua Energy Detection Co., Ltd. | Building | 96,187.16 | 96,187.16 |
| Jinneng Holding Shanxi Coal Industry Co. Ltd. | Building | 81,750.46 | - |
| Huanghua Foreign Ships Agency Co., Ltd. | Building | 42,150.86 | 31,613.14 |
| Hebei Port Group Co., Ltd. | Machinery and equipment | 18,912.75 | - |
| Hebei Port Group Port Machinery Limited | Machinery and equipment | 18,649.79 | - |
| Hebei Port Group International Logistics Co., Ltd. | Building | 16,819.57 | 11,774.62 |
| Qinhuangdao Oriental Petroleum Co., Ltd. | Heating pipeline usage fee | - | 184,888.07 |
| Qinhuangdao Huibo Petroleum Co., Ltd. | Heating pipeline usage fee | - | 113,612.05 |
| | | 1,028,590.30 | 763,098.85 |

As lessee

For the six months ended 30 June 2023 (Unaudited)

| Category of leased assets | Lease fees of short-term leasing and low-asset leasing with simplified processing | The variable lease payments that are not included in the measurement of the lease liabilities | Interest expenses incurred on lease liabilities | | Increased right-of-use assets |
|---|---|---|---|------------|-------------------------------|
| | | | Paid | | |
| HPG | 51,170,405.52 | - | 65,567,113.64 | 781,396.17 | - |
| Hebei Port Group Testing Technology Co., Ltd. | 12,519.20 | - | 14,146.70 | - | - |
| | 51,182,924.72 | - | 65,581,260.34 | 781,396.17 | - |

For the six months ended 30 June 2022 (Unaudited)

| Category of leased assets | Lease fees of short-term leasing and low-asset leasing with simplified processing | The variable lease payments that are not included in the measurement of the lease liabilities | Interest expenses incurred on lease liabilities | | Increased right-of-use assets |
|---------------------------|---|---|---|--------------|-------------------------------|
| | | | Paid | | |
| HPG | 52,486,555.30 | - | 67,587,108.40 | 1,170,780.36 | 51,297,376.80 |

The Group and HPG entered into the lease contracts, respectively, pursuant to which the Group leased the land, buildings and port facilities and equipment from HPG for production and operation.

The rentals from the assets leased out to or leased from related parties by the Group are based on the terms of the agreements entered into between the Group and related parties.

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For the six months ended 30 June 2023
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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(4) Borrowings from related parties

Capital Repayment

For the six months ended 30 June 2023 (unaudited), there was no capital income from the related parties to the Group.

For the six months ended 30 June 2022 (Unaudited)

| | Borrowing amount | Interest rate per annum | Commencement date | Maturity date |
|--|------------------|---|-------------------|---------------|
| Hebei Port Group Finance Company Limited | 40,000,000.00 | 5-year LPR quoted interest rate minus 75 basis points | 2022/5/19 | 2028/5/1 |
| Hebei Port Group Finance Company Limited | 20,000,000.00 | 5-year LPR quoted interest rate minus 75 basis points | 2022/1/11 | 2027/3/10 |

Interest expenses paid

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|---|---|
| Hebei Port Group Finance Company Limited | 10,689,980.85 | 14,391,177.71 |
| Jigang Commercial Factoring (Tianjin) Co., Ltd. | – | 1,860,000.00 |
| | 10,689,980.85 | 16,251,177.71 |

Capital Repayment

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|---|---|
| Hebei Port Group Finance Company Limited | 85,100,000.00 | 274,100,000.00 |

The interest rate of loans on which the Group borrowed from the above-mentioned related parties shall be agreed by parties after negotiation with reference to the interest rate stipulated by People's Bank of China in respect of loans of such kind.

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For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties (Continued)

(5) Joint investment

For details of transactions of the Group's investment in related parties for the period, please refer to Note V. 8 and 43.

(6) Transactions with other related parties

Trademark use right

In December 2008, the Company entered into an agreement with HPG, pursuant to which, the Company had the exclusive right to use HPG's trademark for free with a term of ten years commencing on 31 March 2008. Upon expiry, it will unconditional automatically renew for ten years until maturity at 31 March 2028.

Centralized management of funds

As at 30 June 2023, the balance of the Group's deposits in Hebei Port Group Finance Company Limited amounted to RMB4,809,733,539.11 (31 December 2022: RMB4,249,298,698.27) with the interest rate of 1.15%-3.85% per annum. The interest income received from the Hebei Port Group Finance Company Limited amounted to RMB36,012,293.57 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB33,236,639.18).

Key management personnel

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|---|---|
| Remuneration for key management personnel | 2,129,382.26 | 2,588,461.81 |

Agency business

Related agencies accept the port services provided by the Group on behalf of non-related third parties shipping companies, and pay port services fee on behalf of these shipping companies to the Group. Relevant agencies derive service income from non-related third parties they serve. Below is the amount settled between related agencies serving non-related third parties and the Group:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---|---|---|
| Qinhuangdao Zhihai Shipping Agency Co., Ltd. | 30,516,107.27 | 27,005,343.62 |
| Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. | 21,093,377.41 | 40,012,821.62 |
| Tangshan Port SHIPPING Freight Agency Co., Ltd. | 3,152,658.43 | - |
| Huanghua Foreign Ships Agency Co., Ltd. | 1,025,280.81 | 1,878,906.06 |
| Qinhuangdao Jinyuan Shipping Agency Co., Ltd. | 121,357.52 | 85,579.74 |
| Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd. | 2,696.23 | 15,967.93 |
| Penavico QHD Logistics Co., Ltd. | - | 27,281,264.24 |
| China Ocean Shipping Agency Qinhuangdao Co., Ltd. | - | 10,000,618.34 |
| | 55,911,477.67 | 106,280,501.55 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

6. Commitments Made between the Group and Related Parties

Capital commitments

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Contracted, but not provided for | | |
| Hebei Port Group Port Engineering Limited | 65,588,951.42 | 65,552,074.23 |
| Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. | 7,974,965.29 | 6,387,141.56 |
| Hebei Port Group Testing Technology Co., Ltd. | 2,266,411.00 | 2,266,411.00 |
| Qinhuangdao Kezheng Engineering Detection Co., Ltd. | 219,754.71 | 93,338.03 |
| | 76,050,082.42 | 74,298,964.82 |

Investment commitments

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| Contracted, but not provided for | | |
| Tangshan Jingtang Railway Co., Ltd. | 540,000,000.00 | 540,000,000.00 |
| Bohai Jin-Ji Port Investment and Development Company Limited | 519,000,000.00 | 519,000,000.00 |
| Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉裡(秦皇島)糧油工業有限公司) | 52,914,300.00 | 52,914,300.00 |
| Cangzhou Bohai New Area Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司) | – | 33,389,800.00 |
| | 1,111,914,300.00 | 1,145,304,100.00 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

7. Balances of Accounts Due from Related Parties

(1) Accounts receivable

| | 30 June 2023 (Unaudited) | | 31 December 2022 | |
|--|--------------------------|-------------------------|------------------|-------------------------|
| | Carrying amount | Provision for bad debts | Carrying amount | Provision for bad debts |
| <u>Due from the parent company</u> | | | | |
| HPG | 59,189.40 | 3,055.67 | 52,818.00 | 2,737.10 |
| <u>Due from associates</u> | | | | |
| Tangshan Caofeidian Shiye Port Co., Ltd. | 2,867,817.68 | 143,390.88 | 3,212,272.68 | 165,007.14 |
| <u>Due from other related parties</u> | | | | |
| Qinhuangdao Zhihai Shipping Agency Co., Ltd. | 4,276,457.00 | 213,822.85 | 2,847,525.00 | 142,376.25 |
| Penavico QHD Logistics Co., Ltd. | 3,190,904.00 | 3,190,904.00 | 3,190,904.00 | 3,190,904.00 |
| Qinhuangdao Qinren Shipping Co., Ltd. | 2,989,542.50 | 149,477.13 | 2,235,824.00 | 111,791.20 |
| Tangshan Port Hede Shipping Co., Ltd. (唐山港合德海運有限公司) | 1,892,848.00 | 94,642.40 | 291,094.00 | 14,554.70 |
| Tangshan Port SHIPPING Freight Agency Co., Ltd. | 573,238.00 | 28,661.90 | - | - |
| Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司) | 513,586.50 | 25,679.33 | 686,709.00 | 34,335.45 |
| SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司) | 440,584.06 | 22,029.20 | 381,111.07 | 19,055.55 |
| Tangshan Tangcao Railway Co., Ltd. | 231,698.72 | 11,584.94 | - | - |
| Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司) | 195,319.80 | 9,765.99 | 170,733.00 | 8,536.65 |
| Qinhuangdao Huibo Petroleum Co., Ltd. | 176,402.24 | 8,820.11 | - | - |
| Hebei Port Group Port Machinery Limited | 132,987.60 | 6,649.38 | - | - |
| China Ocean Shipping Agency Qinhuangdao Co., Ltd. | 61,460.00 | 61,460.00 | 61,460.00 | 61,460.00 |
| Qinhuangdao Oriental Petroleum Co., Ltd. | 19,500.00 | 975.00 | 19,500.00 | 975.00 |
| Hebei Port Group International Logistics Co., Ltd. | 2,100.00 | 105.00 | - | - |
| Tanggang Railway Co., Ltd. (唐港鐵路有限責任公司) | - | - | 519,674.73 | 25,983.73 |
| Huanghua Foreign Ships Agency Co., Ltd. | - | - | 169,889.00 | 8,494.45 |
| | 14,696,628.42 | 3,824,577.23 | 10,574,423.80 | 3,618,466.98 |
| | 17,623,635.50 | 3,971,023.78 | 13,839,514.48 | 3,786,211.22 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

7. Balances of Accounts Due from Related Parties (Continued)

(2) Other receivables

| | 30 June 2023 (Unaudited) | | 31 December 2022 | |
|--|--------------------------|-------------------------|------------------|-------------------------|
| | Carrying amount | Provision for bad debts | Carrying amount | Provision for bad debts |
| <u>Due from the parent company</u> | | | | |
| HPG | 103,093.49 | 5,154.68 | 100,000.00 | 5,000.00 |
| <u>Due from joint ventures and associates</u> | | | | |
| Jinji International Container Terminal Co., Ltd. | 18,429,519.03 | 5,226,723.14 | 16,366,587.83 | 3,139,859.98 |
| Bohai Jin-Ji Port Investment and Development Company Limited | 10,712,597.91 | 10,712,597.91 | 21,425,195.83 | 21,425,195.83 |
| Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. | 75,844.97 | 3,792.25 | 672,900.31 | 33,645.02 |
| | 29,217,961.91 | 15,943,113.30 | 38,464,683.97 | 24,598,700.83 |
| <u>Due from other related parties</u> | | | | |
| Han Huang Railway Co., Ltd. | 4,647,325.00 | 4,596,951.25 | 4,594,300.00 | 4,594,300.00 |
| Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司) | 310,000.00 | 28,000.00 | 310,000.00 | 18,000.00 |
| Hebei Port Group Port Engineering Limited | 171,498.98 | 8,574.95 | 395,137.30 | 19,756.87 |
| | 50,000.00 | 2,500.00 | – | – |
| | 20,000.00 | 2,000.00 | 20,000.00 | 2,000.00 |
| Hebei Port Group Port Machinery Limited | 15,578.11 | 778.91 | – | – |
| | 5,214,402.09 | 4,638,805.11 | 5,319,437.30 | 4,634,056.87 |
| | 34,535,457.49 | 20,587,073.09 | 43,884,121.27 | 29,237,757.70 |

(3) Prepayments

| | 30 June 2023 (Unaudited) | | 31 December 2022 | |
|--|--------------------------|-------------------------|------------------|-------------------------|
| | Carrying amount | Provision for bad debts | Carrying amount | Provision for bad debts |
| <u>Advances to parent company</u> | | | | |
| HPG | 503,029.82 | – | 364,621.60 | – |
| <u>Advances to other related parties</u> | | | | |
| Hebei Port Group Port Engineering Limited | 6,349,766.40 | – | 11,321,516.00 | – |
| Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司) | 2,598.40 | – | 2,598.40 | – |
| SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司) | 1,612.00 | – | 1,612.00 | – |
| | 6,353,976.80 | – | 11,325,726.40 | – |
| | 6,857,006.62 | – | 11,690,348.00 | – |

Accounts due from related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

8. Balances of Accounts Due to Related Parties

(1) Accounts payable

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| <u>Due to the parent company</u> | | |
| HPG | 27,187.17 | 459,905.00 |
| <u>Due to other related parties</u> | | |
| Hebei Port Group Port Engineering Limited | 22,672,573.37 | 23,189,729.31 |
| Hebei Port Group Port Machinery Limited | 20,387,785.10 | 56,443,696.76 |
| Hebei Port Group Testing Technology Co., Ltd. | 6,556,806.52 | 10,403,345.22 |
| Qinhuangdao Fangyu Property Services Management Co., Ltd. | 1,346,637.00 | 827,477.00 |
| Qinhuangdao Oriental Petroleum Co., Ltd. | 744,198.00 | – |
| Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. | 149,735.25 | 352,202.10 |
| | 51,857,735.24 | 91,216,450.39 |
| | 51,884,922.41 | 91,676,355.39 |

(2) Contract Liabilities

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| <u>Advance from associates</u> | | |
| Zhejiang Yuehua Energy Detection Co., Ltd. | 5,938.61 | 30,862.47 |
| <u>Advance from other related parties</u> | | |
| Hebei Port Group International Logistics Co., Ltd. | 8,565,441.00 | 5,997,448.07 |
| Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd. | 705,937.15 | 1,599,520.15 |
| Penavico QHD Logistics Co., Ltd. | 285,678.00 | 285,678.00 |
| Qinhuangdao Jinyuan Shipping Agency Co., Ltd. | 270,880.54 | 280,117.54 |
| Qinhuangdao Oriental Petroleum Co., Ltd. | 270,191.02 | 311,881.67 |
| Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司) | 262,966.00 | – |
| Jinneng Holding Shanxi Coal Industry Co. Ltd. | 256,978.88 | 256,978.88 |
| Qinhuangdao Huibo Petroleum Co., Ltd. | 90,019.00 | 230,000.00 |
| Qinhuangdao Qinren Shipping Co., Ltd. | 29,449.00 | 31,419.00 |
| Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司) | 24,934.80 | – |
| Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd. | 3,879.00 | 6,737.00 |
| Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd. | 2,827.00 | 2,827.00 |
| | 10,769,181.39 | 9,002,607.31 |
| | 10,775,120.00 | 9,033,469.78 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

8. Balances of Accounts Due to Related Parties (Continued)

(3) Other payables

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---|-----------------------------|------------------|
| <u>Due to the parent company</u> | | |
| HPG | 2,695,261.53 | 3,170,776.60 |
| <u>Due to associates</u> | | |
| Tangshan Jingtang Railway Co., Ltd. | 4,000,000.00 | 4,000,000.00 |
| Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone | 10,074.33 | – |
| Zhejiang Yuehua Energy Detection Co., Ltd. | 5,000.00 | 5,000.00 |
| | 4,015,074.33 | 4,005,000.00 |
| <u>Due to other related parties</u> | | |
| Hebei Port Group Port Engineering Limited | 56,047,645.70 | 60,658,480.73 |
| Qinhuangdao Oriental Petroleum Co., Ltd. | 744,198.00 | – |
| Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. | 529,685.46 | 2,712,363.10 |
| Qinhuangdao Zhihai Shipping Agency Co., Ltd. | 80,000.00 | – |
| Hebei Port Group Testing Technology Co., Ltd. | 45,000.00 | 102,672.64 |
| Hebei Port Group Port Machinery Limited | 20,000.00 | 20,000.00 |
| Qinhuangdao Kezheng Engineering Detection Co., Ltd. | 16,445.29 | 6,857.97 |
| HPG Real Estate Development Co., Ltd. | 9,300.00 | – |
| Huanghua Foreign Ships Agency Co., Ltd. | 3,600.00 | 3,600.00 |
| Hebei Port Group International Logistics Co., Ltd. | 1,000.00 | 1,000.00 |
| | 57,496,874.45 | 63,504,974.44 |
| | 64,207,210.31 | 70,680,751.04 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

8. Balances of Accounts Due to Related Parties (Continued)

(4) Lease liabilities and lease liabilities due within one year

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|---------------------------|-----------------------------|------------------|
| <u>The parent company</u> | | |
| HPG | 27,175,875.72 | 35,106,616.57 |

(5) Short-term borrowings

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| <u>Loans to associates</u> | | |
| Hebei Port Group Finance Company Limited | 160,000,000.00 | 160,000,000.00 |

(6) Long-term borrowings

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| <u>Loans to associates</u> | | |
| Hebei Port Group Finance Company Limited | 373,500,000.00 | 458,600,000.00 |

Accounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment except short-term borrowings and long-term borrowings.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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X. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|----------------------------------|-----------------------------|------------------|
| Contracted, but not provided for | | |
| Investment commitments | 1,111,914,300.00 | 1,145,304,100.00 |
| Capital commitments | 277,955,502.39 | 228,438,917.69 |
| | 1,389,869,802.39 | 1,373,743,017.69 |

As the lease commitment of the lessee, please refer to Note XII.2.

2. Contingencies

Formation of Pending Litigations and Arbitrations of the Company

From August 2022 to June 2023, Shaanxi Blower (Group) Co., Ltd., China National Chemical Fiber Corp., Anhui Blazers Trade Co., Ltd., Jiangxi Copper International Trading Co., Ltd. and Ningbo ETDZ Holdings Ltd. have successively appealed to courts and designated the Company as co-defendants in respect of copper concentrate trade disputes with the related parties including Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司) ("Penavico QHD Logistics") for import and export agency contract dispute, admiralty and maritime dispute, contract dispute or maritime tortious dispute. As of the date of approval of the financial statements, the total amount of litigations related to the above-mentioned copper concentrate case by the Company is approximately RMB1.780 billion, and the relevant cases are pending hearing in court.

In practical business, Waidai Logistics and the Company have entered into the Qinhuangdao Foreign Trade General Cargo Port Operation Contract and Qinhuangdao Domestic Trade General Cargo Port Operation Contract, the Company provides unloading and outbound services for the relevant cargoes based on the agreement in the aforesaid port operation contract and the instructions of Waidai Logistics, the operation trustor.

In light of the evidence collected by the Company and the professional opinions from the representing lawyer, the management of the Company considers that the Company has entered into port operation contract with Waidai Logistics only, and has no contractual relationship with any other parties. The Company carried out relevant port operation in strict accordance with the agreement in port operation contract with Waidai Logistics and carefully fulfilled contractual obligation without any violation. Based on contractual agreement and industry practice, the Company as the port operator has no obligation to verify the actual possession of the ownership of cargo nor has been committed to provide guarantee or assume any joint liability to the parties. As of 30 June 2023, the Company make no provision related to the aforesaid litigations.

Save for the aforesaid contingencies, the Company has no other significant guarantee or other contingencies required to be explained as at 30 June 2023.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XI. EVENTS AFTER THE BALANCE SHEET DATE

As at the approval date of the financial statements, the Group has no events after the balance sheet date to be disclosed.

XII. OTHER IMPORTANT ITEMS

1. Segment Reporting

Operating segments

The Group is primarily engaged in provision of integrated port services for customers. The Management manages the operating results of its business units as a whole for the purpose of making decisions on resources allocation and performance assessment.

Other information

Information about products and services

For the revenue classified by services category, please refer to 35 of Note V.

Geographical information

100% of the Group's operations and customers are located in Mainland China; 100% of its revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

Information about major customers

Operating revenue (revenue generated that reached or exceeded 10% of the Group's revenue) of RMB391,793,575.51 (for the six months ended 30 June 2022: RMB485,264,848.07) was attributed to the Group's revenue from a single customer.

2. Leases

(1) As lessor

The Group used some port facilities such as stockpiling and machinery equipment for leasing. Pursuant to leasing contracts, rentals shall be adjusted annually according to market situations. The Group recorded income from leasing out premises, buildings, port facilities, office and other equipment of RMB8,153,905.21 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB3,353,463.29), details of which are set out in Note V. 35. Leasing of port facilities is set out in the item "Fixed assets", details of which are set out in Note V. 10.

Operating leases

Profit or loss in relation to the operating leases is set out as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--------------|---|---|
| Lease income | 8,153,905.21 | 3,353,463.29 |

According to the lease contracts entered into with lessees, the minimum lease payments under non-cancellable leases are as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|----------------------------------|-----------------------------|------------------|
| Within 1 year (including 1 year) | 385,884.00 | 769,533.69 |
| 1 year to 2 years (inclusive) | 385,884.00 | 460,122.69 |
| 2 years to 3 years (inclusive) | – | 226,172.69 |
| | 771,768.00 | 1,455,829.07 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

2. Leases (Continued)

(2) As lessee

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|---|---|
| Interest expenses on lease liabilities | 785,878.03 | 1,178,542.49 |
| Short-term lease payments with simplified processing included in profit or loss | 52,202,386.62 | 66,468,007.16 |
| Lease payments of low value asset with simplified processing included in profit or loss (other than short-term leases) | 82,802.64 | 59,158.77 |
| Total cash outflow relating to lease | 65,831,492.96 | 75,962,636.17 |

The leased assets of the Group include premises, buildings, port facilities and machinery equipment, means of transportation and other equipment used in operation, generally with a lease term of one year. Leasing contracts generally stipulate that the Group cannot sublease the leased assets. Certain leasing contracts contain the terms of renewal and termination options.

Leases committed but not yet commenced

Expected future cash outflow of leases committed but not yet commenced of the Group is as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|----------------------------------|-----------------------------|---------------------|
| Within 1 year (including 1 year) | 2,118,909.84 | 437,689.00 |
| 1 year to 2 years (inclusive) | 449,542.00 | 449,542.00 |
| 2 years to 3 years (inclusive) | 193,818.00 | 193,818.00 |
| Over 3 years | 666,732.00 | 666,732.00 |
| | 3,429,001.84 | 1,747,781.00 |

Other information on leases

Please refer to Note V. 12 for details of right-of-use assets; please refer to Note III. 25 for details of simplified processing of short-term leases and leases of low-value assets; please refer to Note V. 25 for details of lease liabilities.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|------------------------------|---|---|
| Fees | 100,000.00 | 150,000.00 |
| Other emoluments: | | |
| Salaries and allowances | 1,719,054.41 | 2,091,586.14 |
| Pension scheme contributions | 310,327.85 | 346,875.67 |
| | 2,029,382.26 | 2,438,461.81 |
| | 2,129,382.26 | 2,588,461.81 |

(1) Independent non-executive Directors

The fees paid to independent non-executive Directors during the period were as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---------------|---|---|
| CHEN Ruihua | 25,000.00 | 50,000.00 |
| XIAO Zuhe | 25,000.00 | 50,000.00 |
| ZHAO Jinguang | 25,000.00 | - |
| ZHU Qingxiang | 25,000.00 | - |
| ZANG Xiuqing | - | 50,000.00 |
| | 100,000.00 | 150,000.00 |

There were no other remunerations payable to the independent non-executive Directors during the period (for the six months ended 30 June 2022: Nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(2) Executive Directors, non-executive Directors and Supervisors

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|-------------------------|---|---|
| Salaries and allowances | | |
| Executive Directors | | |
| NIE Yuzhong* | 235,348.06 | – |
| ZHANG Xiaoqiang** | 226,371.35 | – |
| GAO Feng*** | 136,054.68 | – |
| MA Xiping | 84,275.51 | 250,554.64 |
| YANG Wensheng | – | 228,530.22 |
| | 682,049.60 | 479,084.86 |
| Non-executive Directors | | |
| XIAO Xiang | – | – |
| LI Yingxu | – | – |
| | – | – |
| Supervisors | | |
| PEI Baowen**** | 81,036.22 | – |
| LI Yufeng***** | 80,990.75 | – |
| ZHENG Guoqiang***** | – | – |
| QU Ying***** | – | – |
| YANG Jun | – | 186,816.10 |
| ZHOU Chengtao | – | 178,642.38 |
| CHEN Linyan | – | 57,296.74 |
| BIAN Yingzi (卞英姿) | – | – |
| | 162,026.97 | 422,755.22 |
| | 844,076.57 | 901,840.08 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(2) Executive Directors, non-executive Directors and Supervisors (Continued)

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|------------------------------|---|---|
| Pension scheme contributions | | |
| Executive Directors | | |
| NIE Yuzhong* | 42,795.70 | - |
| ZHANG Xiaoqiang** | 35,676.95 | - |
| GAO Feng*** | 26,660.84 | - |
| MA Xiping | 7,118.75 | 39,757.37 |
| YANG Wensheng | - | 39,757.37 |
| | 112,252.24 | 79,514.74 |
| Non-executive Directors | | |
| XIAO Xiang | - | - |
| LI Yingxu | - | - |
| | - | - |
| Supervisors | | |
| PEI Baowen**** | 18,334.29 | - |
| LI Yufeng***** | 17,851.95 | - |
| ZHENG Guoqiang***** | - | - |
| QU Ying***** | - | - |
| ZHOU Chengtao | - | 35,040.84 |
| YANG Jun | - | 31,574.25 |
| CHEN Linyan | - | 6,454.52 |
| BIAN Yingzi (卞英姿) | - | - |
| | 36,186.24 | 73,069.61 |
| | 148,438.48 | 152,584.35 |

* NIE Yuzhong was appointed as an executive Director and the President in February 2023

** ZHANG Xiaoqiang was appointed as an executive Director and the Chairman in February 2023

*** GAO Feng was appointed as an executive Director and the Secretary to the Board in April 2023

**** PEI Baowen was appointed as an Employee Representative Supervisor in March 2023

***** LI Yufeng was appointed as an Employee Representative Supervisor in March 2023

***** ZHENG Guoqiang was appointed as the chairman of the Supervisory Committee in April 2023

***** QU Ying was appointed as a Supervisor in April 2023

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(3) Senior Management

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|-------------------------------------|---|---|
| Salaries and allowances | | |
| XIA Zhixin | 234,623.76 | 247,970.08 |
| YANG Xuejun | 225,346.62 | 261,587.28 |
| BU Zhouqing* | 165,762.64 | – |
| HU Zhaohui** | 151,080.12 | – |
| CAO Dong | 64,023.78 | 207,310.50 |
| CHEN Lixin | 34,140.92 | 222,323.56 |
| NIE Yuzhong | – | 250,554.64 |
| | 874,977.84 | 1,189,746.06 |
| Pension scheme contributions | | |
| XIA Zhixin | 42,795.70 | 39,227.46 |
| YANG Xuejun | 42,795.70 | 39,757.37 |
| BU Zhouqing* | 28,555.60 | – |
| HU Zhaohui** | 26,383.52 | – |
| CAO Dong | 14,240.10 | 36,387.54 |
| CHEN Lixin | 7,118.75 | 39,161.58 |
| NIE Yuzhong | – | 39,757.37 |
| | 161,889.37 | 194,291.32 |

* BU Zhouqing resigned as a Supervisor and was appointed as Chief Financial Officer in March 2023

** HU Zhaohui was appointed as Vice President in March 2023

There was no agreement under which a director, supervisor or senior management waived or agreed to waive any remuneration during the period (for the six months ended 30 June 2022: Nil).

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XII. OTHER IMPORTANT ITEMS (CONTINUED)

4. Five Highest Paid Senior Management

The five highest paid employees during the period included two Directors (for the six months ended 30 June 2022: two), details of whose remuneration are set out in 3. Remunerations of Directors, Supervisors and Senior Management of Note XII. Details of remunerations of the remaining three non-directors and non-supervisor employees (for the six months ended 30 June 2022: three) during the period are as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|------------------------------|---|---|
| Salaries and allowances | 625,733.02 | 760,112.00 |
| Pension scheme contributions | 114,147.00 | 118,742.20 |
| | 739,880.02 | 878,854.20 |

The number of non-directors and non-supervisor employees whose remunerations fell within the following bands is as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---------------------|---|---|
| Nil to RMB1,000,000 | 3 | 3 |

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

The credit period of accounts receivable is usually not more than 90 days. The accounts receivable bear no interest.

An ageing analysis of the accounts receivable is as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|--|-----------------------------|------------------|
| Within 1 year | 27,679,624.26 | 31,164,170.77 |
| 1 to 2 years | 931,348.51 | 4,121,575.23 |
| 2 to 3 years | 113,310.75 | 9,728.80 |
| Over 3 years | 933,960.63 | 933,960.63 |
| | 29,658,244.15 | 36,229,435.43 |
| Less: Provision for bad debts of accounts receivable | 5,031,383.22 | 5,494,484.83 |
| | 24,626,860.93 | 30,734,950.60 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

| | 30 June 2023 (Unaudited) | | | | |
|--|--------------------------|----------------|-------------------------|-----------------------------|---------------|
| | Carrying amount | | Provision for bad debts | | Book Value |
| | Amount | Percentage (%) | Amount | Percentage of provision (%) | |
| Provision for bad debts on individual item basis | 2,723,410.00 | 9 | 2,723,410.00 | 100 | - |
| Provision for bad debts by credit risk characteristics group | 26,934,834.15 | 91 | 2,307,973.22 | 9 | 24,626,860.93 |
| | 29,658,244.15 | 100 | 5,031,383.22 | 17 | 24,626,860.93 |

| | 31 December 2022 | | | | |
|--|------------------|----------------|-------------------------|-----------------------------|---------------|
| | Carrying amount | | Provision for bad debts | | Book Value |
| | Amount | Percentage (%) | Amount | Percentage of provision (%) | |
| Provision for bad debts on individual item basis | 2,723,410.00 | 8 | 2,723,410.00 | 100 | - |
| Provision for bad debts by credit risk characteristics group | 33,506,025.43 | 92 | 2,771,074.83 | 8 | 30,734,950.60 |
| | 36,229,435.43 | 100 | 5,494,484.83 | 15 | 30,734,950.60 |

As at 30 June 2023, accounts receivable which are subject to provision for bad debts on individual item basis are as follows:

| | Carrying amount | Provision for bad debts | Expected credit loss ratio | Reason for provision |
|---|-----------------|-------------------------|----------------------------|-----------------------------------|
| China Ocean Shipping Agency Qinhuangdao Co., Ltd. | 61,460.00 | 61,460.00 | 100% | The debtor involved in litigation |
| Penavico QHD Logistics Co., Ltd. | 2,661,950.00 | 2,661,950.00 | 100% | The debtor involved in litigation |
| | 2,723,410.00 | 2,723,410.00 | | |

As at 31 December 2022, accounts receivable which are subject to provision for bad debts on individual item basis are as follows:

| | Carrying amount | Provision for bad debts | Expected credit loss ratio | Reason for provision |
|---|-----------------|-------------------------|----------------------------|-----------------------------------|
| China Ocean Shipping Agency Qinhuangdao Co., Ltd. | 61,460.00 | 61,460.00 | 100% | The debtor involved in litigation |
| Penavico QHD Logistics Co., Ltd. | 2,661,950.00 | 2,661,950.00 | 100% | The debtor involved in litigation |
| | 2,723,410.00 | 2,723,410.00 | | |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

Accounts receivable which are subject to provision for bad debts made by credit risk characteristics group are as follows:

| | 30 June 2023 (Unaudited) | | | 31 December 2022 | | |
|---------------|--|--------------------------------|-------------------------------|--|--------------------------------|-------------------------------|
| | Estimated carrying amount arising from default | Expected credit loss ratio (%) | Lifetime expected credit loss | Estimated carrying amount arising from default | Expected credit loss ratio (%) | Lifetime expected credit loss |
| Within 1 year | 25,179,930.26 | 5 | 1,269,256.11 | 28,440,760.77 | 5 | 1,422,038.04 |
| 1 to 2 years | 707,632.51 | 10 | 70,763.25 | 4,121,575.23 | 10 | 412,157.52 |
| 2 to 3 years | 113,310.75 | 30 | 33,993.23 | 9,728.80 | 30 | 2,918.64 |
| Over 3 years | 933,960.63 | 100 | 933,960.63 | 933,960.63 | 100 | 933,960.63 |
| | 26,934,834.15 | 9 | 2,307,973.22 | 33,506,025.43 | 8 | 2,771,074.83 |

The movements in the provision for bad debts of accounts receivable are as follows:

| | Opening Balance | Provision for the period/year | Recovery or reversal in the period/year | Write-off in the period/year | Closing Balance |
|---|-----------------|-------------------------------|---|------------------------------|-----------------|
| For the six months ended 30 June 2023 (unaudited) | 5,494,484.83 | - | (463,101.61) | - | 5,031,383.22 |
| 2022 | 2,289,342.39 | 3,257,082.07 | - | (51,939.63) | 5,494,484.83 |

For the six months ended 30 June 2023, the Group had no written-off accounts receivable (2022: RMB51,939.63).

As at 30 June 2023, accounts receivable from the five largest customers were as follows (unaudited):

| | Carrying amount | | Provision for bad debts | |
|---|-----------------|----------------|-------------------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司) | 6,362,690.99 | 21 | 318,134.55 | 5 |
| Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司) | 4,129,682.00 | 14 | 206,484.10 | 5 |
| Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) | 2,867,817.68 | 10 | 143,390.88 | 5 |
| Sanhe HOPE Full Grain Oil Group FEED & PROTEIN Co., Ltd. | 2,688,546.00 | 9 | 134,427.30 | 5 |
| Penavico QHD Logistics Co., Ltd. | 2,661,950.00 | 9 | 2,661,950.00 | 100 |
| | 18,710,686.67 | 63 | 3,464,386.83 | 19 |

As at 31 December 2022, accounts receivable from the five largest customers were as follows:

| | Carrying amount | | Provision for bad debts | |
|---|-----------------|----------------|-------------------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司) | 16,924,543.39 | 47 | 1,009,297.46 | 6 |
| Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) | 3,212,272.68 | 9 | 165,007.14 | 5 |
| Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司) | 2,847,525.00 | 8 | 142,376.25 | 5 |
| Penavico QHD Logistics Co., Ltd. | 2,661,950.00 | 7 | 2,661,950.00 | 100 |
| Tianjin Shenghang Shipping Co., Ltd. (天津市勝航船務有限公司) | 2,470,000.00 | 7 | 123,500.00 | 5 |
| | 28,116,291.07 | 78 | 4,102,130.85 | 15 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Additional investment | Decrease in investment | Closing balance | Distribution of dividend |
|---|-------------------------|-----------------------|------------------------|-------------------------|--------------------------|
| Subsidiaries | | | | | |
| Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司) | 12,085,383.72 | - | - | 12,085,383.72 | - |
| Qinhuangdao Xin'gangwan Container Terminal Co. Ltd (秦皇島港新港灣集裝箱碼頭有限公司) | 219,521,347.15 | - | - | 219,521,347.15 | - |
| Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司) | 918,000,000.00 | - | - | 918,000,000.00 | - |
| Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司) | 5,213,212,300.00 | - | - | 5,213,212,300.00 | - |
| Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司) | 78,000,000.00 | - | - | 78,000,000.00 | - |
| Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司) | 49,500,000.00 | - | - | 49,500,000.00 | - |
| Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司) | 56,000,000.00 | - | - | 56,000,000.00 | - |
| Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司) | 40,115,000.00 | - | - | 40,115,000.00 | - |
| Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司) | 50,000,000.00 | - | - | 50,000,000.00 | - |
| Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司) | 5,000,000.00 | - | - | 5,000,000.00 | - |
| Hebei Caofeidian Jigang General Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司) | 118,000,000.00 | - | - | 118,000,000.00 | - |
| Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司) | 9,915,228.64 | - | - | 9,915,228.64 | - |
| Sub-total | 6,769,349,259.51 | - | - | 6,769,349,259.51 | - |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued) For the six months ended 30 June 2023 (Continued)

| Equity method | Opening balance | Additional investment | Decrease in investment | Investment gain or loss under the equity method | Change with in the period | | | | Including: Closing provision for impairment | | |
|---|------------------|-----------------------|------------------------|---|----------------------------|------------------------|---------------|------------------------------|---|--------------------------|------------------|
| | | | | | Other comprehensive income | Other equity movements | Other changes | Declaration of cash dividend | | Provision for impairment | Carrying value |
| Joint ventures | | | | | | | | | | | |
| Bohai Jiu-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | 98,610,616.82 | - | - | (24,476,920.75) | - | 160,428.42 | - | - | - | 74,294,124.49 | (81,850,806.99) |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 19,977,871.98 | - | - | (5,421,388.36) | - | 35,650.76 | - | - | - | 14,592,134.38 | (18,119,045.54) |
| Sub-total | 118,588,488.80 | - | - | (29,898,309.11) | - | 196,079.18 | - | - | - | 88,886,258.87 | (99,969,852.53) |
| Associates | | | | | | | | | | | |
| Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) | 712,851,197.75 | - | - | 14,355,131.40 | - | - | - | - | - | 727,206,329.15 | - |
| Tangshan Caoledian Shiyue Port Co., Ltd. (唐山曹妃甸實業港務有限公司) | 1,958,458,916.52 | - | - | 147,778,474.80 | 30,825,169.52 | 2,036,136.06 | - | - | - | 2,139,099,696.90 | - |
| Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興泰港能源儲運有限公司) | - | - | - | - | - | - | - | - | - | - | (20,800,000.00) |
| Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司) | 280,000,000.00 | - | - | - | - | - | - | - | - | 280,000,000.00 | - |
| Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中外輪理貨有限公司) | 3,543,958.08 | - | - | 873,075.29 | - | - | - | - | - | 4,417,033.37 | - |
| Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司) | 12,396,342.13 | - | - | 420,090.55 | - | - | - | (699,473.92) | - | 12,116,958.76 | - |
| Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉里(秦皇島糧油工業有限公司)) | 114,962,410.62 | - | - | 896,690.76 | - | - | - | - | - | 115,859,101.38 | - |
| Sub-total | 3,082,212,825.10 | - | - | 164,323,462.80 | 30,825,169.52 | 2,036,136.06 | - | (699,473.92) | - | 3,278,696,119.56 | (20,800,000.00) |
| Total | 9,970,150,573.41 | - | - | 134,425,153.69 | 30,825,169.52 | 2,232,215.24 | - | (699,473.92) | - | 10,136,933,637.94 | (120,769,852.53) |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

For the year of 2022

| | Opening balance | Additional investment | Decrease in investment | Closing balance | Distribution of dividend |
|--|-------------------------|-----------------------|------------------------|-------------------------|--------------------------|
| Subsidiary | | | | | |
| China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司) | 12,085,383.72 | - | - | 12,085,383.72 | - |
| Qinhuangdao Xin'gangwan Container Terminal Co. Ltd (秦皇島港新港灣集裝箱碼頭有限公司) | 219,521,347.15 | - | - | 219,521,347.15 | - |
| Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司) | 918,000,000.00 | - | - | 918,000,000.00 | - |
| Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驛港礦石港務有限公司) | 5,213,212,300.00 | - | - | 5,213,212,300.00 | - |
| Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驛港原油港務有限公司) | 78,000,000.00 | - | - | 78,000,000.00 | - |
| Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司) | 49,500,000.00 | - | - | 49,500,000.00 | - |
| Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司) | 56,000,000.00 | - | - | 56,000,000.00 | - |
| Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司) | 40,115,000.00 | - | - | 40,115,000.00 | - |
| Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驛港散貨港務有限公司) | 50,000,000.00 | - | - | 50,000,000.00 | - |
| Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司) | 5,000,000.00 | - | - | 5,000,000.00 | - |
| Hebei Caofeidian Jigang General Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司) | 118,000,000.00 | - | - | 118,000,000.00 | - |
| Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司) | 9,915,228.64 | - | - | 9,915,228.64 | - |
| Sub-total | 6,769,349,259.51 | - | - | 6,769,349,259.51 | - |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

For the year of 2022 (Continued)

| Equity method | Opening balance | Additional investment | Decrease in investment | Investment gain or loss under the equity method | Change with in the year | | | | Including: Closing provision for impairment | | |
|--|------------------|-----------------------|------------------------|---|----------------------------|------------------------|---------------|------------------------------|---|--------------------------|-------------------------|
| | | | | | Other comprehensive income | Other equity movements | Other changes | Declaration of cash dividend | | Provision for impairment | Closing carrying amount |
| Joint ventures | | | | | | | | | | | |
| Bohai Jiu-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | 66,022,918.68 | 81,000,000.00 | - | (48,430,683.68) | - | 18,381.82 | - | - | - | 98,610,616.82 | (81,850,806.99) |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 12,744,524.61 | 18,000,000.00 | - | (10,770,737.48) | - | 4,084.85 | - | - | - | 19,977,871.98 | (18,119,045.54) |
| Sub-total | 78,767,443.29 | 99,000,000.00 | - | (59,201,421.16) | - | 22,466.67 | - | - | - | 118,588,488.80 | (99,969,852.53) |
| Associates | | | | | | | | | | | |
| Hebei Port Group Finance Company Limited (河北港口集團財務有限公司) | 698,727,822.19 | - | - | 27,323,375.56 | - | - | - | (13,200,000.00) | - | 712,851,197.75 | - |
| Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司) | 1,825,718,803.53 | - | - | 246,572,107.41 | 65,142,567.44 | 3,025,438.14 | - | (182,000,000.00) | - | 1,958,458,916.52 | - |
| Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興業秦港能源儲運有限公司) | - | - | - | - | - | - | - | - | - | - | (20,800,000.00) |
| Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司) | 280,000,000.00 | - | - | - | - | - | - | - | - | 280,000,000.00 | - |
| Gangzhou Ocean Shipping Tally Co., Ltd. (漳州中理外輪理貨有限公司) | 3,147,687.49 | - | - | 400,007.23 | - | (3,736.64) | - | - | - | 3,543,958.08 | - |
| Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司) | 12,264,297.81 | - | - | 792,344.23 | - | - | - | (660,299.91) | - | 12,396,342.13 | - |
| Yitai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益時嘉程(秦皇島)糧油工業有限公司) | - | 115,000,000.00 | - | (37,589.38) | - | - | - | - | - | 114,962,410.62 | - |
| Sub-total | 2,819,858,611.02 | 115,000,000.00 | - | 275,050,245.05 | 65,142,567.44 | 3,021,701.50 | - | (195,860,299.91) | - | 3,082,212,825.10 | (20,800,000.00) |
| Total | 9,687,975,313.82 | 214,000,000.00 | - | 215,948,823.89 | 65,142,567.44 | 3,044,168.17 | - | (195,860,299.91) | - | 9,970,150,573.41 | (120,769,852.53) |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

Provision for impairment of the long-term equity investments:

For the six months ended 30 June 2023 (Unaudited)

| | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|--|-----------------|------------------------|------------------------|-----------------|
| Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司) | 20,800,000.00 | – | – | 20,800,000.00 |
| Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | 81,850,806.99 | – | – | 81,850,806.99 |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 18,119,045.54 | – | – | 18,119,045.54 |
| | 120,769,852.53 | – | – | 120,769,852.53 |

For the year of 2022

| | Opening balance | Increase in the year | Decrease in the year | Closing balance |
|--|-----------------|----------------------|----------------------|-----------------|
| Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司) | 20,800,000.00 | – | – | 20,800,000.00 |
| Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) | 81,850,806.99 | – | – | 81,850,806.99 |
| Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) | 18,119,045.54 | – | – | 18,119,045.54 |
| | 120,769,852.53 | – | – | 120,769,852.53 |

3. Other Equity Instruments Investments

For the six months ended 30 June 2023 (Unaudited)

| | Changes in fair value accumulated in other comprehensive income | | Dividend income in current period | | Reasons for designated as at fair value through other comprehensive income |
|---|---|----------------|---|-------------------------|--|
| | Fair value | Fair value | Equity instruments derecognized in current period | Equity instruments held | |
| SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司) | 396,629,091.25 | 894,629,091.25 | – | 36,000,000.00 | Non-tradable equity instrument |
| Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司) | (17,129,912.50) | 16,870,087.50 | – | – | Non-tradable equity instrument |
| Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司) | 4,317,280.03 | 35,069,637.98 | – | – | Non-tradable equity instrument |
| China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司) | (5,692,826.41) | 18,307,173.59 | – | – | Non-tradable equity instrument |
| | 378,123,632.37 | 964,875,990.32 | – | 36,000,000.00 | |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other Equity Instruments Investments (Continued)

2022

| | Changes in fair value accumulated in other comprehensive income | Fair value | Dividend income in the year | | Reasons for designated as at fair value through other comprehensive income |
|---|---|----------------|---|-------------------------|--|
| | | | Equity instruments derecognized during the year | Equity instruments held | |
| SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司) | 366,910,190.24 | 864,910,190.24 | - | - | Non-tradable equity instrument |
| Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司) | (17,071,429.33) | 16,928,570.67 | - | - | Non-tradable equity instrument |
| Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驛港鋼鐵物流有限公司) | 3,118,801.15 | 33,871,159.10 | - | - | Non-tradable equity instrument |
| China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司) | (4,553,380.01) | 19,446,619.99 | - | - | Non-tradable equity instrument |
| | 348,404,182.05 | 935,156,540.00 | - | - | |

4. Operating Revenue and Cost

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|---------------------------------------|---|---|
| Revenue from the principal operations | 2,099,582,462.15 | 2,192,053,483.00 |
| Cost of the principal operations | 1,111,456,899.68 | 1,192,300,971.89 |

Operating revenue by category is as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--------------------------------------|---|---|
| Income from contracts with customers | 2,096,453,387.13 | 2,190,261,202.09 |
| Lease income | 3,129,075.02 | 1,792,280.91 |
| | 2,099,582,462.15 | 2,192,053,483.00 |

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating Revenue and Cost (Continued)

Breakdown of operating revenue from contracts with customers is as follows:

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|---|---|
| Principal operating area | | |
| Qinhuangdao | 2,096,453,387.13 | 2,190,261,202.09 |
| Principal service type | | |
| Service in relation to coal and relevant products | 1,973,116,654.35 | 2,039,315,206.31 |
| Service in relation to metal ore and relevant products | – | 23,992,663.25 |
| Service in relation to general and other cargoes | 76,237,722.69 | 82,621,769.94 |
| Service in relation to liquefied cargoes | 18,187,905.56 | 24,013,479.11 |
| Others | 28,911,104.53 | 20,318,083.48 |
| | 2,096,453,387.13 | 2,190,261,202.09 |

The Company's revenue from contracts with customers mainly refers to the revenue generated from the provision of port operation services to customers and the Company confirms the performance obligations are fulfilled and recognizes the revenue when services are finished.

The revenue recognized by the Company for the six months ended 30 June 2023 included in the book value of the contract liabilities at the beginning of the period was RMB291,805,816.54 (for the six months ended 30 June 2022: RMB444,091,311.28).

The total amounts of transaction prices allocated to the unsatisfied performance obligations (or partially unsatisfied) at the end of the period/year are expected to be recognised as revenue as follows:

| | 30 June 2023 (Unaudited) | 31 December 2022 |
|-----------------|--------------------------|------------------|
| Within one year | 348,903,032.44 | 351,074,848.06 |
| Above one year | 38,675,115.19 | 21,269,293.79 |
| | 387,578,147.63 | 372,344,141.85 |

5. Investment Income

| | For the six months ended 30 June 2023 (Unaudited) | For the six months ended 30 June 2022 (Unaudited) |
|--|---|---|
| Dividend income on other equity instrument investments held | 36,000,000.00 | – |
| Long-term equity investment income accounted for under the equity method | 134,425,153.69 | 70,814,761.82 |
| | 170,425,153.69 | 70,814,761.82 |

SUPPLEMENTARY INFORMATION

For the six months ended 30 June 2022

RMB

1. SCHEDULE OF NON-RECURRING PROFIT AND LOSS

| | For the six months ended 30 June 2023 | For the six months ended 30 June 2022 |
|--|---------------------------------------|---------------------------------------|
| Gain/(Loss) on disposal of non-current assets | 9,632,074.03 | (130,703.68) |
| Government grants credited to profit or loss for the current period (Note) | 30,306,908.71 | 36,157,671.88 |
| Other non-operating income and expenses | 353,749.91 | 3,308,541.16 |
| Sub-total | 40,292,732.65 | 39,335,509.36 |
| Less: Effect of income tax | 10,067,759.63 | 9,833,877.34 |
| Less: Effect of non-controlling interests (after tax) | 978,608.88 | 2,131,572.09 |
| | 29,246,364.14 | 27,370,059.93 |

Note: Among the government grants credited to profit or loss for the current period, the container subsidies amounted to RMB425,830.19 (for the six months ended 30 June 2022: RMB345,092.45) and lifting fee subsidies amounted to RMB594,339.62 (for the six months ended 30 June 2022: Nil) as they were closely related to the business and received in accordance with the uniform state's regulations and thus not recognised as non-recurring gains and losses.

The Group recognizes non-recurring profit and loss according to Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Their Securities to the Public – Non-recurring Profit and Loss (CSRC Announcement [2008] No. 43).

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

The calculation sheet of return on net assets and earnings per share was prepared by the Company in accordance with the requirements of Rule No. 9 of the Rules for Information Disclosure and Reporting of Companies Offering Their Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) promulgated by the China Securities Regulatory Commission.

For the six months ended 30 June 2023 (Unaudited)

| | Weighted Average Return on Net Assets (%) | Earnings Per Share | |
|--|---|--------------------|---------|
| | | Basic | Diluted |
| Net profit attributable to ordinary shareholders of the Company | 5.13 | 0.16 | 0.16 |
| Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses | 4.96 | 0.16 | 0.16 |

For the six months ended 30 June 2022 (Unaudited)

| | Weighted Average Return on Net Assets (%) | Earnings Per Share | |
|--|---|--------------------|---------|
| | | Basic | Diluted |
| Net profit attributable to ordinary shareholders of the Company | 4.31 | 0.13 | 0.13 |
| Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses | 4.14 | 0.12 | 0.12 |