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Qingdao Port International Co., Ltd.

青島港國際股份有限公司

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

(Stock Code: 06198)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023:

- Net profit attributable to shareholders of the Company was RMB4,923 million, representing an increase of 8.7% as compared to the same period in the prior year;
- Weighted average return on net assets was 12.70%, representing an increase of 0.27 percentage point as compared to the same period in the prior year;
- Earnings per share of the Company was RMB0.76, representing an increase of 8.6% as compared to the same period in the prior year; and
- The Board has proposed the distribution of a final dividend of RMB292.70 (tax inclusive) per thousand shares, which represents approximately 45% of Distributable Profits of the Company for the year ended 31 December 2023.

The Board is pleased to announce the consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2023. Such annual results have been reviewed by the Audit Committee.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

(All amounts in RMB Yuan unless otherwise stated)

| ASSETS | Note | 31 December 2023 | 31 December 2022 |
|---------------------------------------|------|-----------------------|-----------------------|
| Current assets | | | |
| Cash at bank and on hand | | 10,934,026,950 | 9,183,323,879 |
| Financial assets held for trading | | 284,562,083 | 999,864,829 |
| Notes receivable | | 83,814,533 | 96,070,105 |
| Accounts receivable | 4 | 1,952,312,395 | 2,016,471,556 |
| Financing receivables | | 314,538,178 | 280,619,222 |
| Advances to suppliers | | 126,611,960 | 126,266,656 |
| Other receivables | | 668,058,871 | 852,817,484 |
| Including: dividend receivable | | 33,615,186 | 8,924,400 |
| Inventories | | 51,604,817 | 54,146,549 |
| Contract assets | | 89,441,090 | 123,966,449 |
| Available-for-sale assets | | 84,925,902 | - |
| Current portion of non-current assets | | 4,184,479 | 2,717,391 |
| Other current assets | | 197,410,270 | 141,272,926 |
| Total current assets | | 14,791,491,528 | 13,877,537,046 |
| Non-current assets | | | |
| Long-term receivables | | 31,217,303 | 32,141,987 |
| Long-term equity investments | | 14,045,730,100 | 12,888,086,094 |
| Other non-current financial assets | | 393,840,402 | 393,840,402 |
| Investment properties | | 208,311,370 | 145,666,381 |
| Fixed assets | | 23,728,480,297 | 22,183,661,213 |
| Construction in progress | | 1,757,339,288 | 2,491,929,634 |
| Right-of-use assets | | 555,717,415 | 629,604,435 |
| Intangible assets | | 3,070,313,078 | 3,202,177,728 |
| Development expenses | | 42,279,529 | 30,804,841 |
| Goodwill | | 28,014,688 | 48,683,209 |
| Long-term prepaid expenses | | 61,493,616 | 75,685,037 |
| Deferred tax assets | | 910,182,364 | 960,815,313 |
| Other non-current assets | | 621,449,665 | 515,259,386 |
| Total non-current assets | | 45,454,369,115 | 43,598,355,660 |
| TOTAL ASSETS | | 60,245,860,643 | 57,475,892,706 |

CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2023

(All amounts in RMB Yuan unless otherwise stated)

| LIABILITIES AND SHAREHOLDERS' EQUITY | Note | 31 December 2023 | 31 December 2022 |
|---|-------------|-------------------------|-------------------------|
| Current liabilities | | | |
| Short-term borrowings | | 126,411,604 | 269,088,147 |
| Notes payable | | 917,624,305 | 1,034,898,039 |
| Accounts payable | 5 | 1,870,122,136 | 1,435,308,348 |
| Advances from customers | | 5,482,745 | 9,224,728 |
| Contract liabilities | | 315,410,460 | 273,592,129 |
| Employee benefits payable | | 669,288,869 | 631,271,564 |
| Taxes payable | | 353,882,889 | 306,380,839 |
| Other payables | | 3,815,970,467 | 3,985,877,916 |
| Including: dividend payable | | 42,676,147 | 285,371,337 |
| Current portion of non-current liabilities | | 452,224,323 | 720,194,743 |
| Other current liabilities | | 27,621,665 | 21,117,185 |
| Total current liabilities | | 8,554,039,463 | 8,686,953,638 |
| Non-current liabilities | | | |
| Long-term borrowings | | 1,791,983,620 | 1,542,527,600 |
| Lease liabilities | | 289,111,936 | 482,364,123 |
| Long-term payables | | 205,376,025 | 374,006,498 |
| Provisions | | - | 30,844,000 |
| Deferred income | | 336,794,453 | 323,941,118 |
| Long-term employee benefits payable | | 2,394,130,000 | 2,426,440,000 |
| Deferred tax liabilities | | 55,371,959 | 50,374,062 |
| Other non-current liabilities | | 2,080,390,497 | 2,281,541,172 |
| Total non-current liabilities | | 7,153,158,490 | 7,512,038,573 |
| Total liabilities | | 15,707,197,953 | 16,198,992,211 |
| Shareholders' equity | | | |
| Share capital | | 6,491,100,000 | 6,491,100,000 |
| Capital surplus | | 11,734,763,579 | 11,878,388,652 |
| Other comprehensive income | | (185,948,952) | (43,501,228) |
| Specific reserve | | 8,474,502 | 12,449,939 |
| Surplus reserve | | 2,802,635,193 | 2,419,818,733 |
| Undistributed profits | | 19,426,032,436 | 16,641,280,437 |
| Total equity attributable to shareholders of the Company | | 40,277,056,758 | 37,399,536,533 |
| Minority interests | | 4,261,605,932 | 3,877,363,962 |
| Total shareholders' equity | | 44,538,662,690 | 41,276,900,495 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 60,245,860,643 | 57,475,892,706 |

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts in RMB Yuan unless otherwise stated)

| Item | Note | 2023 | 2022 |
|--|------|------------------|------------------|
| 1. Revenue | 7 | 18,173,127,837 | 19,262,764,979 |
| Less: Cost of sales | 7 | (11,701,547,804) | (13,205,817,567) |
| Taxes and surcharges | 8 | (149,301,585) | (145,299,633) |
| Selling and distribution expenses | | (76,144,877) | (106,942,092) |
| General and administrative expenses | | (1,036,929,838) | (952,094,715) |
| Research and development expenses | | (104,938,473) | (111,267,803) |
| Financial expenses | | (108,776,748) | 183,818,905 |
| Including: Interest expenses | | (161,761,849) | (154,628,607) |
| Interest income | | 129,239,158 | 342,392,186 |
| Add: Other income | | 146,429,488 | 201,961,629 |
| Investment income | | 1,570,333,550 | 1,434,016,239 |
| Including: Investment income from associates and joint ventures | | 1,531,223,264 | 1,270,143,860 |
| Gains on changes in fair value | | (560,505) | 8,486,958 |
| Credit impairment losses | | 49,476,401 | (15,406,222) |
| Asset impairment losses | | (23,318,314) | (8,957,369) |
| Gains on disposal of assets | | 15,340,513 | 15,201,237 |
| 2. Operating profit | | 6,753,189,645 | 6,560,464,546 |
| Add: Non-operating income | | 41,475,327 | 7,730,650 |
| Less: Non-operating expenses | | (4,921,317) | (12,542,167) |
| 3. Total profit | | 6,789,743,655 | 6,555,653,029 |
| Less: Income tax expenses | 9 | (1,272,079,584) | (1,305,515,552) |
| 4. Net profit | | 5,517,664,071 | 5,250,137,477 |
| Including: Net profit of the acquiree in a business combination under common control before the combination date | | - | (5,675,058) |
| Classified by continuity of operations | | | |
| Net profit from continuing operations | | 5,517,664,071 | 4,959,733,706 |
| Net profit from discontinued operations | | - | 290,403,771 |
| Classified by ownership of the equity | | | |
| Minority interests | | 594,342,382 | 721,897,153 |
| Attributable to shareholders of the Company | | 4,923,321,689 | 4,528,240,324 |

CONSOLIDATED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts in RMB Yuan unless otherwise stated)

| Item | Note | 2023 | 2022 |
|---|------|----------------------|---------------------|
| 5. Other comprehensive income, net of tax | | (162,424,770) | (37,208,741) |
| Attributable to shareholders of the Company, net of tax | | (150,147,724) | (36,393,744) |
| Other comprehensive income items which will not be subsequently reclassified to profit or loss | | | |
| Changes in remeasurement of defined benefit plan obligations | | (148,332,954) | (30,318,115) |
| Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss | | (6,585,734) | 1,683,736 |
| Other comprehensive income items which will be subsequently reclassified to profit or loss | | | |
| Changes in fair value of other debt investments | | - | (3,126,165) |
| Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss | | 4,770,964 | (4,633,200) |
| Attributable to minority shareholders, net of tax | | (12,277,046) | (814,997) |
| 6. Total comprehensive income | | <u>5,355,239,301</u> | <u>5,212,928,73</u> |
| Attributable to shareholders of the Company | | 4,773,173,965 | 4,491,846,580 |
| Attributable to minority interests | | 582,065,336 | 721,082,156 |
| 7. Earnings per share | 10 | | |
| Basic earnings per share (RMB) | | 0.76 | 0.70 |
| Diluted earnings per share (RMB) | | 0.76 | 0.70 |

Notes

1 General Information of the Company

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

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

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

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

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

As at 31 December 2023, the total share capital of the Company was 6,491,100,000 shares with a par value of RMB1.00 per share, including 5,392,075,000 A shares and 1,099,025,000 H shares, accounting for 83.07% and 16.93% of the total share capital of the Company, respectively, among which, Qingdao Port Group held 55.77% equity interests of the Company in total, directly and indirectly

The Company’s controlling shareholder is Qingdao Port Group, the Company’s ultimate parent company is Shandong Port Group, and the Company’s de facto controller is Shandong SASAC.

1 General Information of the Company(Cont'd)

The scope of business of the Group includes port and port-related business such as stevedoring, stacking, logistics of all kinds of import and export goods, including containers, metal ores, coal, crude oil, grains and break bulk cargo, and port ancillary business such as construction management, towing, and ocean shipping tallying.

2 Preparation basis of financial statements

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

The financial statements are prepared on a going concern basis.

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

(a) Preparation basis of consolidated financial statements

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

2 Preparation basis of financial statements (Cont'd)

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

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

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

3 Critical accounting estimates and judgements

The Ministry of Finance issued the *Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises* (Interpretation No. 16) in 2022. The Group and the Company adopted the accounting treatment provision that deferred income tax related to assets and liabilities arising from single transactions is an exemption from the initial recognition exemption stipulated in Interpretation No. 16 from 1 January 2023, and adopted retrospective adjustment method for retained earnings at the beginning of 2022 and other relevant financial statement line items. The comparative financial statements for the year ended 31 December 2022 have been restated accordingly, and the impacts are as follows:

| The nature and the reasons of the changes in accounting policies | The line items affected | The amounts affected | |
|---|---------------------------------|-------------------------------------|-------------|
| | | 1 January 2022 | |
| | | The Group | The Company |
| For equal taxable temporary differences and deductible temporary differences arising from lease transactions initially recognised as lease liabilities and included in right-of-use assets at the lease commencement date, the Group and the Company recognised them as deferred tax liabilities and deferred tax assets. | Deferred tax assets/liabilities | (3,292,974) | 533,635 |
| | Undistributed profits | 3,269,896 | (533,635) |
| | Minority interests | 23,078 | - |
| | | 31 December 2022 | |
| | | The Group | The Company |
| | Deferred tax assets/liabilities | (17,655) | 316,405 |
| | Undistributed profits | 204,748 | (316,405) |
| | Minority interests | (187,093) | — |
| | | For the year ended 31 December 2022 | |
| | | The Group | The Company |
| | Income tax expenses | (3,275,319) | 217,230 |

Except for the above adjustments, the implementation of Interpretation No. 16 has no impact to the other financial statement line items as at 1 January 2022 and 31 December 2022.

4 Accounts receivable

| | 31 December 2023 | 31 December 2022 |
|--------------------------|----------------------|----------------------|
| Accounts receivable | 2,103,632,270 | 2,224,386,597 |
| Less: Bad debt provision | (151,319,875) | (207,915,041) |
| | <u>1,952,312,395</u> | <u>2,016,471,556</u> |

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

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

| | 31 December 2023 | 31 December 2022 |
|---------------|-------------------------|-------------------------|
| Within 1 year | 1,909,996,335 | 1,950,153,368 |
| 1 to 2 years | 127,824,667 | 64,235,583 |
| 2 to 3 years | 36,175,845 | 70,560,834 |
| Over 3 years | 29,635,423 | 139,436,812 |
| | <u>2,103,632,270</u> | <u>2,224,386,597</u> |

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

5 Accounts payable

| | 31 December 2023 | 31 December 2022 |
|---------------------------------------|-------------------------|-------------------------|
| Subcontract handling expenses payable | 731,135,637 | 220,621,741 |
| Transportation expenses payable | 254,000,724 | 217,304,802 |
| Subcontract agency fee payable | 223,852,316 | 285,090,103 |
| Repair expenses payable | 218,940,240 | 174,323,112 |
| Material expenditure payable | 136,915,940 | 270,417,932 |
| Warehousing expenses payable | 111,725,076 | 34,582,520 |
| Subcontract costs payable | 94,346,218 | 100,713,236 |
| Rental expenses payable | 36,712,204 | 40,165,079 |
| Others | 62,493,781 | 92,089,823 |
| | <u>1,870,122,136</u> | <u>1,435,308,348</u> |

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

| | 31 December 2023 | 31 December 2022 |
|---------------|-------------------------|-------------------------|
| Within 1 year | 1,638,349,762 | 1,327,397,208 |
| Over 1 year | 231,772,374 | 107,911,140 |
| | <u>1,870,122,136</u> | <u>1,435,308,348</u> |

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

6 Dividends

Pursuant to the resolution of the annual general meeting on 6 June 2023, the Company distributed dividends in cash for 2022 to all shareholders at RMB2.693 (tax inclusive) per 10 shares. Based on the 6,491,100,000 issued shares to calculate, the dividends in cash in aggregation amounted to RMB1,748.0532 million (tax inclusive).

Pursuant to the resolution of the Board on 28 March 2024, the Board proposed that the Company distributes dividends in cash for 2023 to all shareholders at RMB2.927 (tax inclusive) per 10 shares. Based on the 6,491,100,000 issued shares to calculate, the proposed cash dividends are RMB1,899.9450 million (tax inclusive). The above proposal is subject to the approval at the 2023 AGM.

7 Revenue and cost of sales

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|-------------------------------------|--|--|
| Revenue from main operations | 16,820,882,823 | 17,671,529,207 |
| Revenue from other operations | 1,352,245,014 | 1,591,235,772 |
| | <u>18,173,127,837</u> | <u>19,262,764,979</u> |
| | Year ended 31 December 2023 | Year ended 31 December 2022 |
| Cost of sales from main operations | (10,796,002,114) | (12,106,530,437) |
| Cost of sales from other operations | (905,545,690) | (1,099,287,130) |
| | <u>(11,701,547,804)</u> | <u>(13,205,817,567)</u> |

8 Taxes and surcharges

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---------------------------------------|--|--|
| Land use tax | 68,439,022 | 67,429,038 |
| City maintenance and construction tax | 22,057,574 | 22,934,282 |
| Property tax | 17,701,724 | 13,097,036 |
| Educational surcharge | 15,784,982 | 16,461,190 |
| Stamp duty | 11,165,940 | 12,020,173 |
| Others | 14,152,343 | 13,357,914 |
| | <u>149,301,585</u> | <u>145,299,633</u> |

9 Income tax expenses

| | Year ended 31 December 2023 | Year ended 31 December 2022 (Restated) |
|--|--|---|
| Current income tax calculated based on tax law and related regulations | 1,216,448,738 | 1,364,343,750 |
| Deferred income tax | 55,630,846 | (58,828,198) |
| | <u>1,272,079,584</u> | <u>1,305,515,552</u> |

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

| | Year ended 31 December 2023 | Year ended 31 December 2022 (Restated) |
|--|--|---|
| Total profit | 6,789,743,655 | 6,555,653,029 |
| Income tax expenses calculated at applicable tax rates | 1,697,435,914 | 1,638,913,257 |
| The effect of preferential tax rates | (80,660,414) | (43,901,779) |
| Investment income not subject to tax | (382,805,816) | (317,535,965) |
| Additional deduction of employee benefits of the disabled | (853,514) | (947,478) |
| Costs, expenses and losses not deductible for tax purposes | 52,902,640 | 33,658,017 |
| Deductible temporary differences not recognized as deferred tax assets in the current period | 2,150,259 | 79,738 |
| Utilisation of previously unrecognised deductible losses | - | 2,810,408 |
| Deductible losses not recognized as deferred tax assets in the current period | (16,089,485) | (7,560,646) |
| Income tax expenses | 1,272,079,584 | 1,305,515,552 |

10 Earnings per share

(a) *Basic earnings per share*

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

| | Year ended 31 December 2023 | Year ended 31 December 2022 (Restated) |
|--|--------------------------------|--|
| Consolidated net profit attributable to ordinary shareholders of the Company | 4,923,321,689 | 4,528,240,324 |
| Weighted average number of ordinary shares outstanding | <u>6,491,100,000</u> | <u>6,491,100,000</u> |
| Basic earnings per share | <u>0.76</u> | <u>0.70</u> |

Including:

| | | |
|---|------|------|
| - Basic earnings per share from continuing operations | 0.76 | 0.67 |
| - Basic earnings per share from discontinued operations | - | 0.03 |

(b) *Diluted earnings per share*

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the year ended 31 December 2023 (for the year ended 31 December 2022: nil), the diluted earnings per share was equal to basic earnings per share.

11 Segment information

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

The Group identified five reportable segments as follows:

- Container handling and ancillary services: engaged in stevedoring and storage of containers, port management and other business;
- Metal ore, coal and other cargo handling and ancillary services: engaged in stevedoring and storage of metal ore, coal, grains, break bulk cargo and other cargoes, port management and other business;
- Liquid bulk handling and ancillary services: engaged in stevedoring, storage, transportation of crude oil and other liquid bulk, port management and other business;
- Logistics and port value-added services: engaged in CFS business, logistics and transportation, freight forwarding, towing, tallying and other business; and
- Port ancillary services: engaged in supplying electricity power, fuel, engineering of construction and installation and other business.

Shandong Port Finance Company changed into an associate from a subsidiary of the Company in the second half of 2022. The Group no longer set out financial services sector separately from this year.

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

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

11 Segment information (Cont'd)

(a) Segment information for the year ended 31 December 2023 and as at 31 December 2023 is listed as follows:

| | Container handling and ancillary services | Metal ore, coal and other cargo handling and ancillary services | Liquid bulk handling and ancillary port services | Logistics and port value-added services | Port ancillary services | Unallocated | Elimination among segments | Total |
|---|---|---|--|---|-------------------------|---------------|----------------------------|------------------|
| Revenue from external customers | 1,199,465,697 | 4,307,175,113 | 4,242,029,529 | 6,949,379,422 | 1,475,078,076 | - | - | 18,173,127,837 |
| Inter-segment revenue | 214,613,801 | 217,802,812 | 5,582,302 | 41,555,032 | 1,063,869,738 | - | (1,543,423,685) | - |
| External cost of sales | (238,268,346) | (3,374,765,103) | (1,779,361,563) | (5,308,106,753) | (1,001,046,039) | - | - | (11,701,547,804) |
| Inter-segment cost | (175,864,876) | (239,387,383) | (33,798,838) | (50,219,111) | (971,826,958) | - | 1,471,097,166 | - |
| Interest income | 8,520,723 | 5,778,993 | 26,183,573 | 29,684,109 | 7,955,306 | 147,145,975 | (96,029,521) | 129,239,158 |
| Interest expenses | (26,173,677) | (62,097,142) | (143,559,796) | (19,327,505) | (1,343,287) | (5,289,963) | 96,029,521 | (161,761,849) |
| Investment income from associates and joint ventures | 964,606,306 | 26,810,941 | 295,347,407 | 98,885,136 | 154,428,950 | (21,863,858) | 13,008,382 | 1,531,223,264 |
| Asset impairment losses | - | - | (20,668,521) | (2,519,001) | (140,856) | - | - | (23,328,378) |
| Credit impairment losses | 1,009,112 | 58,603 | 1,348,437 | (9,769,229) | 56,839,542 | - | - | 49,486,465 |
| Depreciation and amortization | (48,411,234) | (314,219,916) | (538,420,711) | (283,184,061) | (240,062,033) | (52,917,323) | - | (1,477,215,278) |
| Total Profit | 1,888,786,513 | 670,917,851 | 2,538,959,505 | 1,522,301,870 | 548,329,394 | (321,531,629) | (58,019,849) | 6,789,743,655 |
| Income tax expenses | (172,599,052) | (68,038,576) | (409,090,340) | (353,276,897) | (43,595,690) | (225,479,029) | - | (1,272,079,584) |
| Net Profit | 1,716,187,461 | 602,879,275 | 2,129,869,165 | 1,169,024,973 | 504,733,704 | (547,010,658) | (58,019,849) | 5,517,664,071 |
| Total assets | 10,880,889,095 | 10,797,874,117 | 18,427,906,683 | 6,773,634,249 | 8,510,665,494 | 7,565,589,323 | (2,710,698,318) | 60,245,860,643 |
| Total liabilities | 773,717,021 | 2,517,017,537 | 5,721,313,002 | 2,031,147,339 | 4,736,310,838 | 2,691,813,178 | (2,764,120,962) | 15,707,197,953 |
| Non-cash expenses other than depreciation and amortization | 470,000 | 2,794,078 | 17,174,774 | 23,422,499 | 50,229,087 | 14,724,588 | - | 108,815,026 |
| Long-term equity investments in associates and joint ventures | 7,610,613,926 | 1,221,830,848 | 1,984,429,487 | 650,146,530 | 2,309,601,673 | 269,107,636 | - | 14,045,730,100 |
| Additions of non-current assets (i) | 1,262,758 | 460,233,507 | 1,465,590,485 | 164,266,288 | 291,779,646 | 17,775,074 | (19,376,493) | 2,381,531,265 |

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

11 Segment information (Cont'd)

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

| | Container handling and ancillary services | Metal ores, coal and other cargo handling and ancillary services | Liquid bulk handling and ancillary port services | Logistics and port value-added services | Port ancillary services | Financial services | Unallocated | Elimination among segments | Total |
|---|---|--|--|---|-------------------------|--------------------|---------------|----------------------------|------------------|
| Revenue from external customers | 1,193,656,395 | 3,972,564,066 | 3,518,951,785 | 8,142,332,279 | 2,435,260,454 | 296,387,766 | - | - | 19,559,152,745 |
| Inter-segment revenue | 103,811,428 | 78,414,665 | 2,302,385 | 101,423,696 | 1,036,737,987 | 126,198,934 | - | (1,448,889,095) | - |
| Cost of sales | (317,080,190) | (3,198,355,773) | (1,333,045,591) | (6,517,319,999) | (1,840,016,014) | (64,194,202) | - | - | (13,270,011,769) |
| Inter-segment cost | (103,811,428) | (110,791,108) | (28,080,903) | (107,978,375) | (890,528,810) | (74,752,256) | - | 1,315,942,880 | - |
| Interest income | 4,731,070 | 7,353,992 | 25,578,445 | 16,479,001 | 7,006,962 | - | 59,733,125 | (74,878,175) | 46,004,420 |
| Interest expenses | (25,039,969) | (76,467,820) | (167,062,693) | (38,889,018) | (23,697,556) | - | (7,630,968) | 248,353,619 | (90,434,405) |
| Investment income from associates and joint ventures | 879,052,997 | 7,053,568 | 301,493,618 | 66,340,874 | (4,074,422) | 60,029,255 | (39,405,600) | (346,430) | 1,270,143,860 |
| Other investment income | 36,575,826 | - | - | 1,750,958 | 83,542,924 | 24,589,034 | 141,463,284 | (124,049,647) | 163,872,379 |
| Asset impairment losses | - | - | - | - | (8,957,369) | - | - | - | (8,957,369) |
| Credit impairment losses | 298,972 | 7,574,143 | (8,766,458) | 1,795,970 | (45,855,058) | 29,546,209 | - | - | (15,406,222) |
| Depreciation and amortisation | (60,107,609) | (298,298,578) | (525,062,351) | (243,554,341) | (148,373,547) | (1,511,565) | (52,917,323) | - | (1,329,825,314) |
| Total Profit | 1,670,356,937 | 494,610,322 | 2,313,295,094 | 1,491,335,057 | 521,756,857 | 395,253,341 | (247,213,650) | (83,740,929) | 6,555,653,029 |
| Income tax expenses | (147,463,142) | (10,311,547) | (417,721,749) | (300,658,963) | (64,358,887) | (92,629,801) | (272,371,463) | - | (1,305,515,552) |
| Net Profit | 1,522,893,795 | 484,298,775 | 1,895,573,345 | 1,190,676,094 | 457,397,970 | 302,623,540 | (519,585,113) | (83,740,929) | 5,250,137,477 |
| Total assets | 10,807,397,032 | 10,323,287,794 | 15,310,287,982 | 6,518,977,304 | 7,234,892,993 | 1,898,484,081 | 8,950,754,941 | (3,568,189,421) | 57,475,892,706 |
| Total liabilities | 906,056,959 | 4,295,119,903 | 5,143,386,223 | 2,204,994,351 | 3,914,303,464 | - | 3,245,690,805 | (3,510,559,494) | 16,198,992,211 |
| Non-cash expenses other than depreciation and amortisation | 1,330,000 | 40,242,087 | 20,157,757 | 23,515,322 | 11,455,624 | - | 13,573,488 | - | 110,274,278 |
| Long-term equity investments in associates and joint ventures | 6,640,226,239 | 1,198,818,922 | 1,905,358,893 | 606,784,313 | 447,442,152 | 1,798,484,081 | 290,971,494 | - | 12,888,086,094 |
| Additions of non-current assets (i) | 5,117,150 | 998,975,092 | 1,486,723,917 | 108,308,252 | 512,013,107 | 136,032 | 276,533,346 | (24,767,691) | 3,363,039,205 |

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

11 Segment information (Cont'd)

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

| | Year ended 31 December 2023 | Year ended 31 December 2022 (Restated) |
|--|--------------------------------|--|
| Revenue — | | |
| Reportable segment revenue from external customers | 18,173,127,837 | 19,559,152,745 |
| Reclassification of interest income, from external customers of Shandong Port Finance Company (i) | <u>—</u> | <u>(296,387,766)</u> |
| Consolidated revenue | <u>18,173,127,837</u> | <u>19,262,764,979</u> |
| Interest income — | | |
| Reportable segment interest income | 129,239,158 | 46,004,420 |
| Reclassification of interest income, from external customers of Shandong Port Finance Company (i) | <u>—</u> | <u>296,387,766</u> |
| Consolidated interest income | <u>129,239,158</u> | <u>342,392,186</u> |
| Cost of sales — | | |
| Reportable segment cost of sales | 11,701,547,804 | 13,270,011,769 |
| Reclassification of interest expenses, from external customers of Shandong Port Finance Company (ii) | <u>—</u> | <u>(64,194,202)</u> |
| Consolidated cost of sales | <u>11,701,547,804</u> | <u>13,205,817,567</u> |
| Interest expenses — | | |
| Reportable segment interest expenses | 161,761,849 | 90,434,405 |
| Reclassification of interest expenses, from external customers of Shandong Port Finance Company (ii) | <u>—</u> | <u>64,194,202</u> |
| Consolidated interest expenses | <u>161,761,849</u> | <u>154,628,607</u> |

- (i) Reportable segment revenue from external customers in the year of 2022 includes interest income from external customers of Shandong Port Finance Company, which is presented as financial expenses - interest income in the consolidated financial statements.
- (ii) Reportable segment cost of sales in the year of 2022 includes interest expense of Shandong Port Finance Company, which is presented as financial expenses - interest expense in the consolidated financial statements.

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

AUDITOR'S WORKS ON THE PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the relevant notes thereto for the year ended 31 December 2023 as set out in the preliminary annual results announcement have been reviewed and agreed by the Company's auditor, PricewaterhouseCoopers Zhong Tian LLP, which is consistent with the figures set out in the audited consolidated financial statements of the Group for the year ended 31 December 2023 as approved by the Board on 28 March 2024. The work performed by PricewaterhouseCoopers Zhong Tian LLP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers Zhong Tian LLP on the preliminary annual results announcement.

PricewaterhouseCoopers Zhong Tian LLP was appointed as the Company's auditor at the annual general meeting of the Company held on 6 June 2023 to audit the financial statements of the Company for the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, in the face of a complex and severe external environment, the China economy demonstrated strong resilience and great potential with an overall recovery and upturn, providing support for the port development. In 2023, the gross domestic product (GDP) of China increased by 5.2% as compared to the same period in the prior year; the total value of imports and exports of cargo trade increased by 0.2% as compared to the same period in the prior year, of which exports increased by 0.6% as compared to the same period in the prior year, and imports decreased by 0.3% as compared to the same period in the prior year (source: National Bureau of Statistics).

In 2023, the port industry generally maintained a stable and positive development momentum, and cargo throughput of the coastal ports of China increased by 6.9% as compared to the same period in the prior year, among which container throughput increased by 4.3% as compared to the same period in the prior year.

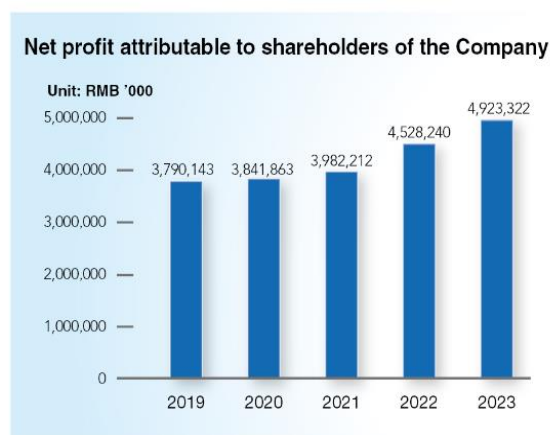
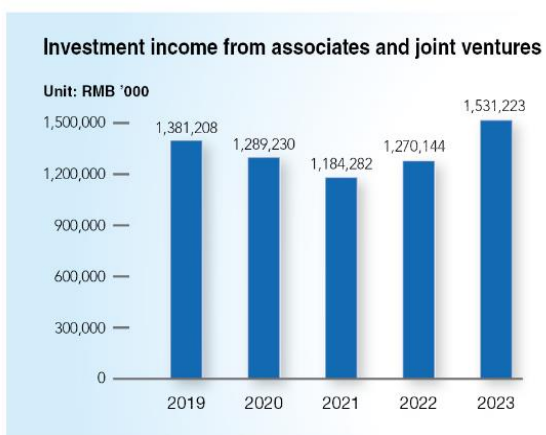
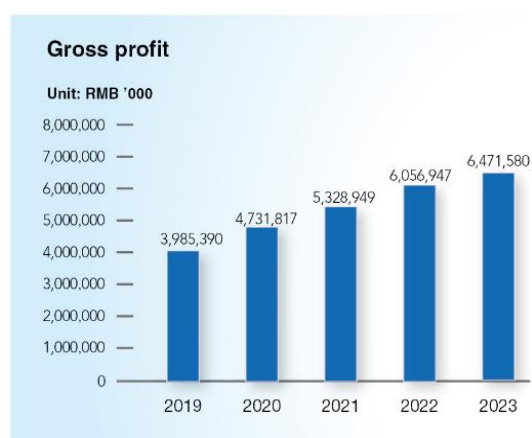
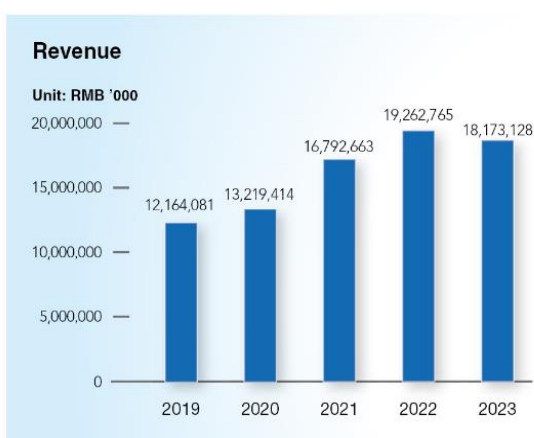
In 2023, relying on the advantages of integration reform of Shandong port, the Company has seized strategic opportunities such as “OBOR”, RCEP, Shandong Free Trade Zone and Shanghai Cooperation Demonstration Zone, vigorously expanded overseas shipping lines, continuously increased inland trains, continuously cemented its position as an international hub port, further improved the network of trade shipping lines, and further magnified the roles of strategic hub and core node.

In 2023, the cargo throughput of the Group (without taking into account the respective shareholding percentages of the Company in its joint ventures and associates) completed 664 million tons, increased by 5.8% as compared to the same period in the prior year, among which, the container throughput of the Group completed 30.02 million TEUs, increased by 11.9% as compared to the same period in the prior year; the dry and break bulk throughput of the Group completed 244 million tons, increased by 2.2% as compared to the same period in the prior year; the liquid bulk throughput of the Group completed 111 million tons, remained unchanged as compared to the same period in the prior year.

1. Review of Overall Business and Results

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

Comparison of Major Operating Indicators



For the year ended 31 December 2023, the Group recorded a revenue of RMB18,173 million, representing a decrease of RMB1,090 million, or 5.7%, as compared to the same period in the prior year, mainly due to a decrease in the revenue from freight forwarding business of the logistics and port value-added services segment arising from the reduction of ocean freight rates, and a decrease in the revenue from port machinery manufacturing arising from Qingdao Port Equipment changed into an associate from a subsidiary of the Company at the end of 2022.

For the year ended 31 December 2023, the Group recorded a gross profit of RMB6,472 million, representing an increase of RMB415 million, or 6.8%, as compared to the same period in the prior year, mainly due to an increase in the gross profit from the liquid bulk handling and ancillary services segment and metal ore, coal and other cargo handling and ancillary services segment.

For the year ended 31 December 2023, the administration expenses of the Group amounted to RMB1,037 million, representing an increase of RMB85 million, or 8.9%, as compared to the same period in the prior year, mainly due to an increase of travel expense, information system upgrade fee and other expenses.

For the year ended 31 December 2023, the financial expenses of the Group amounted to RMB109 million, representing an increase of RMB293 million, or 159.2%, as compared to the same period in the prior year, mainly due to a decrease in net interest income arising from that Shandong Port Finance Company changed into an associate from a subsidiary of the Company in the second half of 2022, and a decrease in exchange gains arising from the decrease of US dollars held during the reporting period.

For the year ended 31 December 2023, the Group's investment income from associates and joint ventures amounted to RMB1,531 million, representing an increase of RMB261 million, or 20.6%, as compared to the same period in the prior year, mainly due to that Qingdao Port Equipment and Shandong Port Finance Company changed into associates from subsidiaries of the Company in the second half of 2022 and the increase of investment income in QQCT.

For the year ended 31 December 2023, the Group's total profit amounted to RMB6,790 million, representing an increase of RMB234 million, or 3.6%, as compared to the same period in the prior year, mainly due to an increase in profit from the container handling and ancillary services segment and the liquid bulk handling and ancillary services segment.

For the year ended 31 December 2023, the Group's net profits attributable to shareholders of the Company amounted to RMB4,923 million, representing an increase of RMB395 million, or 8.7%, as compared to the same period in the prior year, mainly due to an increase in profit from the container handling and ancillary services segment and the liquid bulk handling and ancillary services segment.

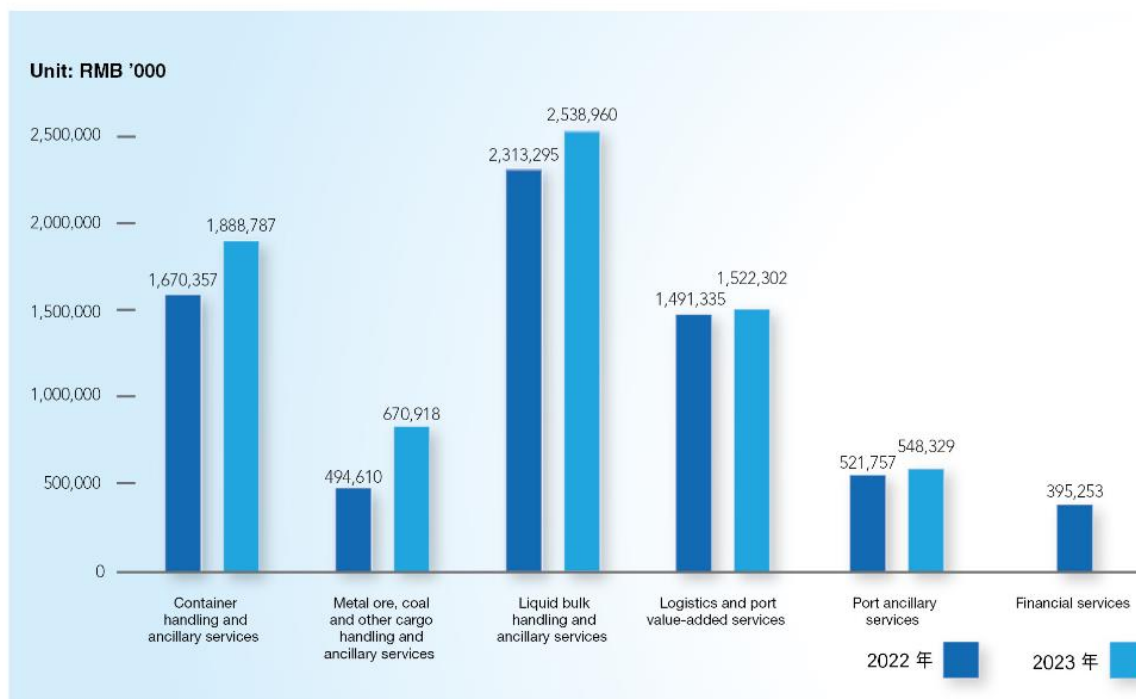
2. Segment Review and Business Review

Segment Results

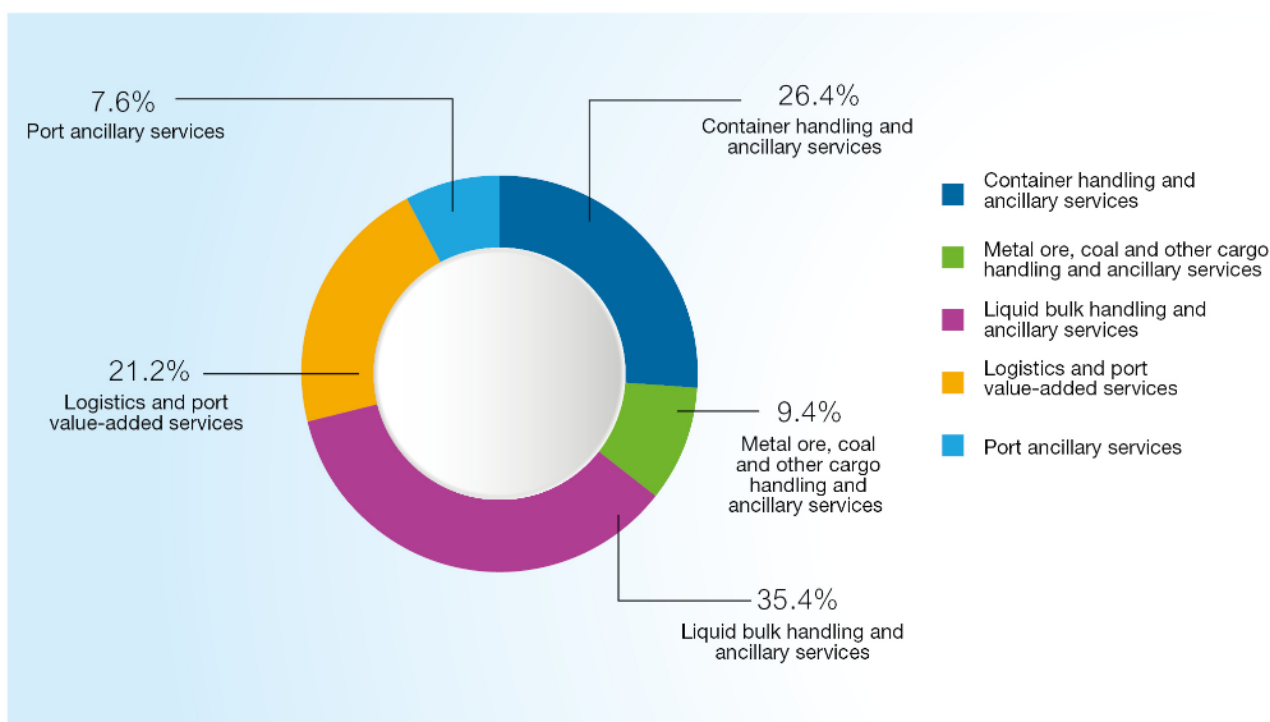
Unit: RMB' 000

| Business Segments | 2023 | | 2022 | | Percentage of Change |
|---|-----------|-------------------------|-----------|-------------------------|----------------------|
| | Results | Percentage of the total | Results | Percentage of the total | |
| Container handling and ancillary services | 1,888,787 | 26.4% | 1,670,357 | 24.3% | 13.1% |
| Metal ore, coal and other cargo handling and ancillary services | 670,918 | 9.4% | 494,610 | 7.2% | 35.6% |
| Liquid bulk handling and ancillary services | 2,538,960 | 35.4% | 2,313,295 | 33.6% | 9.8% |
| Logistics and port value-added services | 1,522,302 | 21.2% | 1,491,335 | 21.7% | 2.1% |
| Port ancillary services | 548,329 | 7.6% | 521,757 | 7.6% | 5.1% |
| Financial services | - | - | 395,253 | 5.7% | -100.0% |
| Total results before inter-segment elimination | 7,169,296 | 100.0% | 6,886,607 | 100.0% | 4.1% |

Comparison of Each Segment Results



Breakdown of Each Segment Results for the Year Ended 31 December 2023



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

(1) Container handling and ancillary services

Unit: RMB' 000

| Item | 2023 | 2022 | Amount of Change | Percentage of Change |
|--|------------------|------------------|------------------|----------------------|
| Consolidated Group Companies | | | | |
| Revenue | 1,199,466 | 1,193,656 | 5,810 | 0.5% |
| Cost of sales | 238,268 | 317,080 | -78,812 | -24.9% |
| Gross profit | 961,198 | 876,576 | 84,622 | 9.7% |
| Profit of Consolidated Group Companies | 924,181 | 791,304 | 132,877 | 16.8% |
| A joint venture and an associate | | | | |
| Revenue | 5,294,677 | 5,008,448 | 286,229 | 5.7% |
| Cost of sales | 2,077,039 | 2,075,618 | 1,421 | 0.1% |
| Investment income from a joint venture and an associate | 964,606 | 879,053 | 85,553 | 9.7% |
| Segment results | 1,888,787 | 1,670,357 | 218,430 | 13.1% |

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

In 2023, the Group strengthened the cooperation with shipping companies, dug deep into the hinterland market and expanded business increment, and made full efforts to speed up the construction of “International Shipping Hub in Northeast Asia”. The main breakthroughs achieved were as follows:

- a. the Group continued to promote the expansion of the shipping market, cooperated with shipping companies to expand the network of shipping lines and promote supporting development of the main and feeder shipping networks with 20 new container lines and continued to rank first among the ports in northern of China in total number and density of the shipping line, with an increase of 14% year-on-year in the international transshipment volume of containers; and
- b. the Group leveraged on the advantages of land-sea linkage, actively developed hinterland cargo sources, continued to expand land channels, and added up 9 inland ports, opened 7 sea-rail intermodal trains to accomplish sea-rail intermodal containers of 2.20 million TEUs, with an increase of 16% year-on year in 2023, ranking first among the coastal ports of China for nine consecutive years, which enhanced the capability to continually serve the inland market.

For the year ended 31 December 2023, the revenue of the container handling and ancillary services amounted to RMB1,199 million, representing an increase of RMB6 million, or 0.5%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB924 million, representing an increase of RMB133 million, or 16.8%, as compared to the same period in the prior year; the investment income from the joint venture and the associate amounted to RMB965 million, representing an increase of RMB86 million, or 9.7%, as compared to the same period in the prior year; the segment results amounted to RMB1,889 million, representing an increase of RMB218 million, or 13.1%, as compared to the same period in the prior year, mainly due to the increase in revenue and profit benefiting from the growth of business volume.

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

Unit: RMB' 000

| Item | QQCT | | | |
|--|------------------|-----------|------------------|----------------------|
| | 2023 | 2022 | Amount of Change | Percentage of Change |
| Revenue | 5,238,416 | 4,932,947 | 305,469 | 6.2% |
| Cost of sales | 2,030,501 | 2,013,118 | 17,383 | 0.9% |
| Investment income | 131,118 | 102,366 | 28,752 | 28.1% |
| Total profit | 2,503,792 | 2,227,631 | 276,161 | 12.4% |
| Income tax expenses | 558,023 | 480,824 | 77,199 | 16.1% |
| Net profit attributable to shareholders of the joint venture | 1,915,296 | 1,719,842 | 195,454 | 11.4% |
| Shareholding percentage held by the Company | 51% | 51% | - | - |
| Investment income of the Group | 967,390 | 864,726 | 102,664 | 11.9% |

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

Unit: RMB' 000

| Item | 2023 | 2022 | Amount of Change | Percentage of Change |
|---|------------------|-----------|------------------|----------------------|
| Consolidated Group Companies | | | | |
| Revenue | 4,307,175 | 3,972,564 | 334,611 | 8.4% |
| Cost of sales | 3,374,765 | 3,198,356 | 176,409 | 5.5% |
| Gross profit | 932,410 | 774,208 | 158,202 | 20.4% |
| Profit of Consolidated Group Companies | 644,107 | 487,556 | 156,551 | 32.1% |
| Joint ventures | | | | |
| Revenue | 2,115,419 | 2,174,923 | -59,504 | -2.7% |
| Cost of sales | 1,789,391 | 1,892,146 | -102,755 | -5.4% |
| Investment income from joint ventures | 26,811 | 7,054 | 19,757 | 280.1% |
| Segment results | 670,918 | 494,610 | 176,308 | 35.6% |

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

In 2023, the Group adhered to high-level marketing by senior management, deepened strategic cooperation with key customers, extended whole-process logistic and value-added services, and proactively expanded hinterland markets. The main breakthroughs achieved were as follows:

- a. the Group leveraged on joint marketing with the railway company to fully develop dry and break bulk cargo market, and developed 45 new customers, achieving an increase of approximately 3 million tons of cargo sources;
- b. the Group deeply cultivated the hinterland market and focused on developing four incremental channels, such as expanding market of the Yangtze River area southward, transshipment business northward, river-sea coordinated transportation and international transshipment and distribution; and

- c. the Group consolidated its advantageous business in backbone goods, with an increase of 5% year-on-year in pulp business volume, keeping the world's largest port for pulp imports. The Group's business volume of non-ferrous metals increased by 57%, as compared to the same period in the prior year, continuing to maintain its leading position in the coastal ports of China. The Group developed 15 new grain customers, with an increase of 25% year-on-year in business volume.

For the year ended 31 December 2023, the revenue of metal ore, coal and other cargo handling and ancillary services amounted to RMB4,307 million, representing an increase of RMB335 million, or 8.4%, as compared to the same period in the prior year; the profit of Consolidated Group Companies amounted to RMB644 million, representing an increase of RMB157 million, or 32.1%, as compared to the same period in the prior year; the segment results amounted to RMB671 million, representing an increase of RMB176 million, or 35.6%, as compared to the same period in the prior year, mainly due to the increase in revenue and profit arising from that the handling berths and supporting yards in Dongjiakou port area were put into operation and the increase in the handling volume of pulp, grain and other cargoes. The investment income from joint ventures amounted to RMB27 million, representing an increase of RMB20 million, or 280.1%, as compared to the same period in the prior year, mainly due to reduction of cost and lift of profit resulting from that the joint ventures optimized operation process and reduced financing cost.

(3) Liquid bulk handling and ancillary services

Unit: RMB' 000

| Item | 2023 | 2022 | Amount of Change | Percentage of Change |
|---|------------------|------------------|------------------|----------------------|
| Consolidated Group Companies | | | | |
| Revenue | 4,242,030 | 3,518,952 | 723,078 | 20.5% |
| Cost of sales | 1,779,362 | 1,333,046 | 446,316 | 33.5% |
| Gross profit | 2,462,668 | 2,185,906 | 276,762 | 12.7% |
| Profit of Consolidated Group Companies | 2,243,613 | 2,011,801 | 231,812 | 11.5% |
| Joint ventures | | | | |
| Revenue | 1,565,336 | 1,738,957 | -173,621 | -10.0% |
| Cost of sales | 651,739 | 819,793 | -168,054 | -20.5% |
| Investment income from joint ventures | 295,347 | 301,494 | -6,147 | -2.0% |
| Segment results | 2,538,960 | 2,313,295 | 225,665 | 9.8% |

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

In 2023, the Group relied on newly-constructed facilities to increase production capacity, played the cluster advantage of trade and improved customer service capabilities, continuously enhancing customer stickiness and expanding scope of business hinterland. The new breakthroughs achieved were as follows:

- a. in 2023, new crude oil storage tanks with 2.60 million cubic meters were put into operation, and the Group's self-owned tank capacity reached 12.85 million cubic meters. The Dongjiakou crude oil commercial reserve tank has become the largest single storage tank among the coastal ports in northern China; and

- b. by virtue of three logistics channels, including the mode of transshipment, pipeline and railway, the Group developed 7 new refineries and trading clients to add 6.23 million tons of cargo source. The Group expanded the scale of “crude oil supermarket” and completed 49.93 million tons of trade oil, with an increase of 30% year-on-year.

For the year ended 31 December 2023, the revenue of liquid bulk handling and ancillary services amounted to RMB4,242 million, representing an increase of RMB723 million, or 20.5%, as compared to the same period in the prior year; the cost of sales amounted to RMB1,779 million, representing an increase of RMB446 million, or 33.5%, as compared to the same period in the prior year, mainly due to the increase of subcontract, depreciation and other costs arising from the increase of business volume and the capacity enlargement of crude oil commercial reserve tank. The profit of Consolidated Group Companies amounted to RMB2,244 million, representing an increase of RMB232 million, or 11.5%, as compared to the same period in the prior year; the segment results amounted to RMB2,539 million, representing an increase of RMB226 million, or 9.8%, as compared to the same period in the prior year, mainly due to the increase in revenue and profit from handling and warehousing arising from that the crude oil commercial reserve tank enlarged stocking capacity and the synergistic effect between the terminal and warehousing was magnified.

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

Unit: RMB' 000

| Item | Qingdao Shihua | | | Dongjiakou Oil | | | Shandong Port Lianhua | | |
|---|----------------|-----------|----------------------|----------------|---------|----------------------|-----------------------|-----------|----------------------|
| | 2023 | 2022 | Percentage of Change | 2023 | 2022 | Percentage of Change | 2023 | 2022 | Percentage of Change |
| Revenue | 1,403,976 | 1,570,741 | -10.6% | 792,052 | 754,468 | 5.0% | 1,415,948 | 1,635,214 | -13.4% |
| Cost of sales | 550,769 | 723,497 | -23.9% | 259,622 | 258,726 | 0.3% | 553,256 | 565,385 | -2.1% |
| Net profit | 561,939 | 565,720 | -0.7% | 402,157 | 364,348 | 10.4% | 604,436 | 762,347 | -20.7% |
| Shareholding percentage held by the Company | 50% | 50% | – | 70% | 71% | -1.0% | 51% | 51% | – |
| Investment income of the Group | 280,969 | 282,860 | -0.7% | – | – | – | – | – | – |

(4) Logistics and port value-added services

Unit: RMB' 000

| Item | 2023 | 2022 | Amount of Change | Percentage of Change |
|---|------------------|------------------|------------------|----------------------|
| Consolidated Group Companies | | | | |
| Revenue | 6,949,379 | 8,142,332 | -1,192,953 | -14.7% |
| Cost of sales | 5,308,107 | 6,517,320 | -1,209,213 | -18.6% |
| Gross profit | 1,641,272 | 1,625,012 | 16,260 | 1.0% |
| Profit of Consolidated Group Companies | 1,423,417 | 1,424,994 | -1,577 | -0.1% |
| Joint ventures and associates | | | | |
| Revenue | 1,293,305 | 1,033,321 | 259,984 | 25.2% |
| Cost of sales | 816,411 | 658,054 | 158,357 | 24.1% |
| Investment income from joint ventures and associates | 98,885 | 66,341 | 32,544 | 49.1% |
| Segment results | 1,522,302 | 1,491,335 | 30,967 | 2.1% |

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

In 2023, the Group focused on building first-class port-relying supply chain comprehensive service system, forming a comprehensive whole-process logistics service system, further building a logistics network, featuring “based on Shandong province, along the Yellow River Basin, serving the market of the country to connect to the world”. The main breakthroughs achieved were as follows:

- a. the Group continued to promote the integrated and collaborative development of CFS business and completed 4.08 million TEUs in the operation volume of the CFS business, with an increase of 8% year-on-year;
- b. the Group vigorously developed the booking agency business and added 15 new customers, achieving 44.88 million tons of business volume in freight forwarding, with an increase of 8% year-on-year; and
- c. the Group competed for new shipping lines and overtime vessels of key shipping companies, achieving 2,207 voyages of business volume in liner shipping agency, with an increase of 9% year-on-year.

For the year ended 31 December 2023, the revenue of logistics and port value-added services amounted to RMB6,949 million, representing a decrease of RMB1,193 million, or 14.7%, as compared to the same period in the prior year; the cost of sales amounted to RMB5,308 million, representing a decrease of RMB1,209 million, or 18.6%, as compared to the same period in the prior year, mainly due to the decreased revenue and cost of freight forwarding business arising from the lowering in freight rate. The segment results amounted to RMB1,522 million, representing an increase of RMB31 million, or 2.1%, as compared to the same period in the prior year, mainly due to the increase of CFS business volume. The investment income from joint ventures and associates amounted to RMB99 million, representing an increase of RMB33 million, or 49.1%, as compared to the same period in the prior year, mainly due to that Qingdao Port International Trade Logistics Co., Ltd.* (青島港國際貿易物流有限公司) changed into an associate from a subsidiary of the Company in the second half of 2022.

(5) Port ancillary services

Unit: RMB' 000

| Item | 2023 | 2022 | Amount of Change | Percentage of Change |
|---|------------------|-----------|------------------|----------------------|
| Consolidated Group Companies | | | | |
| Revenue | 1,475,078 | 2,435,260 | -960,182 | -39.4% |
| Cost of sales | 1,001,046 | 1,840,016 | -838,970 | -45.6% |
| Gross profit | 474,032 | 595,244 | -121,212 | -20.4% |
| Profit of Consolidated Group Companies | 393,900 | 525,831 | -131,931 | -25.1% |
| Joint ventures and associates | | | | |
| Revenue | 4,970,361 | 1,944,278 | 3,026,083 | 155.6% |
| Cost of sales | 3,456,326 | 1,654,975 | 1,801,351 | 108.8% |
| Investment income from joint ventures and associates | 154,429 | -4,074 | 158,503 | 3890.6% |
| Segment results | 548,329 | 521,757 | 26,572 | 5.1% |

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

For the year ended 31 December 2023, the revenue of port ancillary services amounted to RMB1,475 million, representing a decrease of RMB960 million, or 39.4%, as compared with the same period in the prior year, mainly due to a decrease of revenue in port machinery construction business due to that Qingdao Port Equipment changed into an associate from a subsidiary of the Company at the end of 2022. The revenue and cost of sales of joint ventures and associates and investment income from joint ventures and associates increased significantly as compared with the same period in the prior year, mainly due to that Shandong Port Finance Company changed into an associate from a subsidiary of the Company in the second half of 2022, and the financial services sector was no longer separately set out from the year of 2023. The segment recorded results of RMB548 million, representing an increase of RMB27 million, or 5.1%, as compared with the same period in the prior year.

3. Financial Position Analysis

Unit: RMB'000

| Item | As at 31 December 2023 | As at 31 December 2022 | Amount Changed | Percentage Changed |
|--|---------------------------------------|---------------------------------------|---------------------------|-------------------------------|
| Financial assets held for trading | 284,562 | 999,865 | -715,303 | -71.5% |
| Short-term borrowings | 126,412 | 269,088 | -142,677 | -53.0% |
| Accounts payable | 1,870,122 | 1,435,308 | 434,814 | 30.3% |
| Current portion of non-current liabilities | 452,224 | 720,195 | -267,970 | -37.2% |
| Lease liabilities | 289,112 | 482,364 | -193,252 | -40.1% |
| Long-term payables | 205,376 | 374,006 | -168,630 | -45.1% |

As at 31 December 2023, the Group's financial assets held for trading decreased by RMB715 million, or 71.5%, as compared to the beginning of the year, mainly due to the redemption of structured deposit at maturity.

As at 31 December 2023, the Group's short-term borrowings decreased by RMB143 million, or 53.0%, as compared to the beginning of the year, mainly due to the repayment of the short-term borrowings at maturity.

As at 31 December 2023, the Group's accounts payable increased by RMB435 million, or 30.3%, as compared to the beginning of the year, mainly due to the increase in subcontract handling expenses payable.

As at 31 December 2023, the Group's current portion of non-current liabilities decreased by RMB268 million, or 37.2%, as compared to the beginning of the year, mainly due to the decrease in current portion of long-term loans.

As at 31 December 2023, the Group's lease liabilities decreased by RMB193 million, or 40.1%, as compared to the beginning of the year, mainly due to the payment of rental fees for port facilities and office buildings.

As at 31 December 2023, the Group's long-term payables decreased by RMB169 million, or 45.1%, as compared to the beginning of the year, mainly due to the repayment loans by Weihai Port Development Company, one of the Company's subsidiaries, in advance.

4. Cash Flow Analysis

For the year ended 31 December 2023, the Group's net cash inflow amounted to RMB1,111 million, among which:

- (1) the net cash inflow from operation activities amounted to RMB6,151 million, mainly deriving from the net cash inflow from operation activities of Consolidated Group Companies;
- (2) the net cash outflow from investment activities amounted to RMB1,984 million, mainly due to the interest income of RMB883 million arising from the investment and wealth management, the recovery of RMB193 million by disposal of company's equity interests, the net inflow of RMB113 million arising from the purchase of the structured deposit, the payment of purchase and construction of fixed assets and construction in progress was RMB2,714 million, and the payment of RMB519 million for external equity interests investment; and
- (3) the net cash outflow from financing activities amounted to RMB3,052 million, mainly due to the received borrowings of RMB1,270 million, absorbing investment from minority shareholders of RMB111 million, the payment of RMB2,435 million from subsidiaries' distribution of dividends, the repayment of borrowings of RMB1,579 million, and the repayment of debt interests of RMB134 million.

5. Liquidity and Financial Resources

As at 31 December 2023, the cash at bank and on hand of the Group amounted to RMB10,934 million and wealth management products amounted to RMB281 million with the main currency of RMB. The Group's total interest-bearing liabilities amounted to RMB2,411 million, among which, the liabilities bearing interests at the floating interests rate amounted to RMB1,332 million.

As at 31 December 2023, the cash at bank on hand of the Group exceeded its interest-bearing liabilities.

6. Capital Structure

As at 31 December 2023, the shareholders' equity interests of the Group amounted to RMB44,539 million, representing an increase of RMB3,262 million as compared to the beginning of the year, among which, the increase of equity interest attributable to the shareholders of the Company was RMB2,878 million, mainly due to the increase of RMB4,923 million from the operating profit, the decrease of RMB1,748 million from distributed dividends, the decrease of RMB144 million from capital reserves for equity interests disposal under the same control and the decrease of RMB142 million from other comprehensive incomes; the equity interests of minority shareholders increased by RMB384 million, mainly due to the increase of RMB594 million from operating profits, the increase of RMB111 million from the investments by minority shareholders, the increase of RMB132 million from purchase of minority shareholders' equity interests and the decrease of RMB445 million from distributed dividends.

As at 31 December 2023, the Company had 6,491,100,000 issued shares, comprising of 5,392,075,000 A shares and 1,099,025,000 H shares. The total market capitalization and H share market capitalization of the Company was approximately RMB37,536 million and RMB4,213 million, respectively, which are calculated based on the closing price of RMB6.18 per share on the Shanghai Stock Exchange and the closing price of HKD4.23 per share on the Hong Kong Stock Exchange as at 29 December 2023.

7. Interest Rate and Exchange Rate Risks

As at 31 December 2023, the Group didn't have cash at bank and on hand and receivables at floating interests rate, and payables at floating interests rate amounted to RMB1,332 million. The Group assessed the interest rate risk and anticipated that changes in interest rate would have no material impact on the Group.

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

The Group will continue to closely monitor risks in interest and exchange rate. The Group did not enter into any hedging arrangements with respect to interest rate and exchange rate risks in 2023.

8. Financial Indicators

| Indicators | 2023 | 2022 | Change |
|---------------------------------------|---------------|------------|------------------------------------|
| | | (restated) | |
| Weighted average return on net assets | 12.70% | 12.43% | Increased by 0.27 percentage point |
| Return on total assets | 9.37% | 8.77% | Increased by 0.60 percentage point |
| Interest coverage ratio | 42.34 | 43.36 | Decreased by 1.02 |
| Current ratio | 1.73 | 1.60 | Increased by 0.13 percentage point |

For the year ended 31 December 2023, the weighted average return on net assets was 12.70%, representing an increase of 0.27 percentage point as compared to the same period in the prior year, mainly due to an increase of RMB 395 million in the net profit attributable to the shareholders of the Company as compared to the same period in the prior year. The return on total assets was 9.37%, representing an increase of 0.60 percentage point, as compared to the same period in the prior year, mainly due to that the increase of net profit exceeded the increase of the total assets. The interest coverage ratio was 42.34 times, representing a decrease of 1.02 time, as compared to the same period in the prior year, mainly due to an increase of interest expense. The current ratio was 1.73, representing an increase of 0.13 percentage point, as compared to the same period in the prior year, mainly due to the significant increase in current assets such as currency funds.

9. Significant Capital Investment

For the year ended 31 December 2023, the Group had significant capital investment of RMB1,885 million, mainly investing in Dongjiakou port area crude oil commercial reserve tank project, Qilu Fuhai crude oil tank project, Dongjiakou port area general terminal grain silo phase III project, liquid chemical terminal tank area engineering project, and Datang terminal project.

10. Details of the Material Entrusted Wealth Management

For the year ended 31 December 2023, details of the material entrusted wealth management of the Group were set out as below:

Unit: RMB' 000

| Entrustee | Product type | Balance | Start date | Expiry date | Expected annualized return rate | Source of funding |
|---------------|--------------------|---------|------------|-------------|---------------------------------|----------------------|
| Bank of China | Structured Deposit | 283,728 | 2023-1-31 | 2023-5-10 | 3.17% | A share raised funds |
| Bank of China | Structured Deposit | 283,710 | 2023-1-31 | 2023-5-9 | 3.17% | A share raised funds |
| Bank of China | Structured Deposit | 204,000 | 2023-6-9 | 2023-9-12 | 2.50% | A share raised funds |

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

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

On 30 June 2023, the Company entered into (i) the Asset Purchase Agreement I with Rizhao Port Group, pursuant to which, the Company conditionally agreed to purchase 100% equity interests in Rizhao Port Oil Terminal Co., Ltd.* (日照港油品碼頭有限公司), 50.00% equity interests in Rizhao Shihua Crude Oil Terminal Co., Ltd.* (日照實華原油碼頭有限公司) and 100% equity interests in Rizhao Gangrong Port Co., Ltd.* (日照港融港口服務有限公司) held by Rizhao Port Group; and (ii) the Asset Purchase Agreement II with Yantai Port Group, pursuant to which, the Company conditionally agreed to purchase 67.56% equity interests in Yantai Port Co., Ltd.* (煙台港股份有限公司), 60.00% equity interests in Yantai Port Group Laizhou Port Co., Ltd.* (煙台港集團萊州港有限公司), 53.88% equity interests in Shandong United Energy Pipeline Transportation Co., Ltd.* (山東聯合能源管道輸送有限公司), 64.91% equity interests in Yantai Ganghang Investment Development Co., Ltd.* (煙台港航投資發展有限公司) and 100% equity interests in Yantai Port Operation Guarantee Co., Ltd.* (煙台港運營保障有限公司) held by Yantai Port Group. As at 31 December 2023, the transaction has not been completed. For further details, please refer to the announcements of the Company dated 27 June 2023, 30 June 2023 and 27 December 2023.

On 17 July 2023, the Company entered into the asset transfer agreement with Qingdao Port Engineering, pursuant to which, the Company agreed to transfer the phase I project asset of comprehensive logistics yard in Dongjiakou port area to Qingdao Port Engineering at a total consideration of RMB103.0737 million (excluding value-added tax, RMB112.4931 million with value-added tax). The transaction was completed on 15 January 2024. For further details, please refer to the announcement of the Company dated 17 July 2023.

On 25 August 2023, Qingdao Port Logistics, a wholly-owned subsidiary of the Company, (i) entered into the Weihai Port Development Equity Transfer Agreements with Weihai Port Development Company, pursuant to which, Qingdao Port Logistics agreed to acquire 90% equity interests in Weihai Gangfeng Vessel Agency Co., Ltd.*(威海港豐船舶代理有限公司), 55% equity interests in China Weihai Foreign Vessel Agency Co., Ltd.*(中國威海外輪代理有限公司), 34% equity interests in Weihai Hailian Container Co., Ltd.*(威海海聯集裝箱有限公司) and 51% equity interests in Weihai International Logistics Park Development Co., Ltd.*(威海國際物流園發展有限公司) held by Weihai Port Development Company, respectively, by cash, and (ii) entered into the Shichang Logistics Equity Transfer Agreement with Weihai Shichang Logistics Co., Ltd.*(威海世昌物流有限公司), pursuant to which, Qingdao Port Logistics agreed to acquire 10% equity interests in Weihai Gangfeng Vessel Agency Co., Ltd. held by Weihai Shichang Logistics Co., Ltd., by cash. As at 31 December 2023, the transaction has been completed. For further details, please refer to the announcement of the Company dated 25 August 2023.

Save as disclosed above, for the year ended 31 December 2023, the Group did not have any significant acquisition and disposal of joint ventures and associates.

12. Mortgages or Pledges of Assets

As at 31 December 2023, the Group had no asset mortgages or pledges.

13. Contingent Liabilities

As at 31 December 2023, the Group had no significant contingent liabilities.

14. Employees

As at 31 December 2023, the Company engaged 3,095 employees, and the Company and its subsidiaries engaged 9,450 employees in total, among whom, the female employees accounted for approximately 14% in the employees of the Company and its subsidiaries. Due to the nature of the port industry to which the Group belongs, there is a greater demand for male employees. The Group has been committed to gender diversity of employees, implemented a fair employment policy and continued to increase the proportion of female employees to achieve an appropriate balance of gender diversity.

The details of employees are set out as below:

Unit: per person

| | |
|---|-------|
| Number of in-service employees of the Company | 3,095 |
| Number of in-service employees of the subsidiaries | 6,355 |
| In-service employees in total | 9,450 |
| Number of retired employees whose bearded expenses were borne by the Company and its subsidiaries | 7,215 |

| Expertise composition category | Number | Education level category | Number |
|---------------------------------------|---------------|---------------------------------|---------------|
| Production staff | 6,308 | Master's degree and above | 406 |
| Sales staff | 176 | Undergraduate degree | 2,690 |
| Technology staff | 1,321 | Junior college and academy | 4,112 |
| Financial staff | 309 | Below junior college | 2,242 |
| Administration staff | 1,169 | Total | 9,450 |
| Other staff | 167 | | |
| Total | 9,450 | | |

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

15. Description of Other Business Operations

As the Dagang port area is planned to be transformed and upgraded into an international home port for cruise liners, the business of the Dagang port area will be gradually relocated to the Dongjiakou port area and the Qianwan port area. In March 2020, Qingdao international home port for cruise liners started construction and the construction was gradually carried on as planned. As of 31 December 2023, the construction of international home port for cruise liners had no effect on the main business of the Dagang port area.

The government of Qingdao Economic and Technological Development Zone proposes to adopt a new urban planning scheme that may relocate the port operations in the Huangdao oil port area and operations of certain clients around the Huangdao oil port area to the Dongjiakou port area. As at 31 December 2023, the Group did not receive any relocation plan or relevant notice, and did not obtain any information in relation to such relocation of clients and businesses to the Dongjiakou port area, and the operation of the Huangdao oil port area was not affected.

16. Outlook for 2024

Looking ahead to 2024, the global economy is still full of challenges and opportunities. The complexity, severity and uncertainty of the external environment are on the rise, while domestic effective demand is still insufficient. At the same time, a new round of technological revolution and industrial changes are reshaping the world economy, and new opportunities are contained in the adjustment of the global political and economic landscape.

In 2024, the Company will speed up the construction of a world-class marine port as its overall objective, make a comprehensive breakthrough, adhere to performance as the king, accelerate transformation and upgrading, continuously explore new hinterland, cultivate new industries, develop new customers and create new incremental capacity, actively cultivate a modern shipping integrated service system, and make efforts to build the International Shipping Hub in Northeast Asia, so as to contribute to the development of the regional economy and society, and create greater value for the shareholders of the Company.

(1) Focus on performance as king for helping the port to create greater value

In terms of container segment, we will construct the main channel for Qingdao's foreign trade, vigorously develop the market for the "New Three" (electric manned vehicles, lithium-ion storage batteries and solar batteries), and build a basic port for the export of the "New Three" in northern China. In terms of dry and break bulk cargo segment, we will expand emerging industries, domestic trade transshipment and international transshipment business, expand value-added services such as mine blending and coal distribution, and promote the construction of a dry bulk cargo storage, transshipment and distribution base in Northeast Asia. In terms of liquid bulk cargo segment, we will accelerate the expansion of production capacity and facility upgrading, give play to its advantages in tank capacity, establish a basic port for international crude oil transshipment, build a Northeast Asian ship-to-ship fuel refueling center, and make efforts to consolidate the status of the largest foreign trade port of oil in northern China.

(2) Focus on scientific and technological innovation for helping the port to realize low-carbon development

We will give play to the key role of scientific and technological innovation in port development, and make extensive use of digital and intelligent technologies and green technologies to create new quality of productive forces in the port. Firstly, we will accelerate the construction of digital and intelligent port, and build intelligent demonstration projects such as the dry bulk cargo digital and intelligent terminal, the grain hub center and the intelligent pulp logistics center at full speed. Secondly, we will accelerate the green and low-carbon transformation, focus on the goal of "zero-carbon" port construction, explore the application of new energy technologies such as new-energy ship refueling and hydrogen-electric hybrid tugboats, realizing the normalized application of high-voltage on-shore power supply for container ships.

(3) Focus on project construction for helping the port to enhance hardware support

We will seize the favorable opportunity of project construction to strengthen the guarantee capacity of port infrastructure. We will accelerate Dongjiakou port area north jetty III 7-8# berths, Langyatai bay bottom general terminal, the 120,000-ton oil terminal, the second 400,000-ton ore terminal, grain silos phase III and other key projects, and promote the container upgrade and transformation at north shore of Qianwan port area, and continue to strengthen the momentum of the port development. We will increase the efforts of business attraction and strengthen the layout of the port-surrounding industry, so as to add new impetus to the enhancement of port hardware strength.

(4) Focus on risk prevention and control for helping the port to cement compliance foundation

We will continuously strengthen the system construction of compliance, internal control, risk and legal, promote the establishment and improvement of specialized guidelines for compliance in key areas, and improve the compliance operation mechanisms and protection mechanisms. We will carry out regular investigation and disposal of risks and hidden dangers, and establish mechanisms for early warning reports, supervision and rectification, and risk accountability, so as to effectively prevent and resolve risks. We will enhance risk tracking and supervision in key areas, consolidate the results of internal control, audit and risk management, and realize the management and control objectives of “strengthening internal control, preventing risks and promoting compliance”.

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

1. Changes and termination of use of proceeds for investment projects of A Share Offering

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

Details of the use of proceeds were as follows:

Unit: RMB' 000

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

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

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

Unit: RMB' 000

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

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

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

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

Based on the actual situation of the investment projects for the use of proceeds from H Share Placing, after the voting by the Board meeting on 24 May 2021 and the consideration and approval by 2020 annual general meeting of the Company held on 28 June 2021, the Company decided to change the

investment use of the remaining proceeds from the H Share Placing of approximately HKD634.91 million (including accumulated interests income), into the acquisition of 51% equity interests in Qingdao Haiye Oil Terminal Co., Ltd.* (青島海業油碼頭有限公司). To improve the efficiency for the use of proceeds, after the consideration and approval by the Board meeting on 28 October 2022 and the 2022 second extraordinary general meeting of the Company held on 23 December 2022, the Company decided to change the investment use of the remaining proceeds from the H Share Placing of approximately RMB558.68 million (including accumulated interests income), into the investment of engineering construction, including terminals, oil storage and other construction projects at the Dongjiakou port area.

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

USE OF PROCEEDS

The net proceeds from the H Shares Placing of the Company in 2017 were approximately HKD1,035 million, equivalent to approximately RMB912 million. As at 31 December 2022, approximately HKD625 million (which was calculated based on the exchange rate of 31 December 2022, including accumulated interest income) was carried over to this year. For the year ended 31 December 2023, the Company had invested the fundraising of approximately HKD460.45 million in the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used to pay for the equity acquisition of COSCO SHIPPING Ports (Abu Dhabi) Limited, and had invested the fundraising of approximately HKD108.7557 million (which was calculated based on the exchange rate of 29 December 2023) in the investment projects in the way as disclosed in the announcements of the Company dated 28 October 2022 and 23 December 2022 and the circular of the Company dated 18 November 2022. The remaining proceeds was HKD507.7393 million (which was calculated based on the exchange rate of 29 December 2023, including accumulated interest income). The Company will use the remaining proceeds in accordance with the progress of the investment projects and business development, which are expected to be used up by the year 2024.

As at 31 December 2023, the use of proceeds from the Company's H Shares Placing is set out below:

Unit: HKD0'000

| | Payment for equity acquisition of COSCO SHIPPING Ports (Abu Dhabi) Limited | Engineering construction investment | Among which, (a) Dongjiakou port area terminal construction project | (b) Dongjiakou port area oil storage construction project | (c) other construction projects |
|---|---|--|--|--|--|
| Intended investment amount | 46,045.00 | 61,649.50 | 18,649.50 | 38,000.00 | 5,000.00 |
| Used amount during the years of 2017-2019 | — | — | — | — | — |
| Used amount during the year of 2020 | 46,045.00 | — | — | — | — |
| Used amount during the year of 2021 | — | — | — | — | — |
| Used amount during the year of 2022 | — | — | — | — | — |
| Used amount during the year of 2023 | — | 10,875.57 | 4,556.18 | 2,843.29 | 3,476.10 |
| Unused amount as at 31 December 2023 | — | 50,773.93 | 14,093.32 | 35,156.71 | 1,523.90 |
| Expected completion time of the use of proceeds | — | the year 2024 | the year 2024 | the year 2024 | the year 2024 |

Note: the amount of engineering construction investment and other expenses was calculated based on the exchange rate of 29 December 2023.

The net proceeds from the initial public offering of A shares of the Company were approximately RMB1,979 million. As at 31 December 2022, approximately RMB518 million (including accumulated interest income) was carried over to this year. For the year ended 31 December 2023, approximately RMB176 million of the proceeds had been used into the investment projects in the way as disclosed in the Company's initial public offering of A shares prospectus and the Company's announcements dated 26 March 2020, 10 June 2020, 24 May 2021 and 28 June 2021 and circulars dated 26 May 2020 and 27 May 2021, which was mainly used for construction of the project of Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area, Qingdao Port Area Equipment Procurement Project and the Dongjiakou Port Area Datang Terminal Phase II Project. The Company shall use the remaining proceeds in accordance with the payment progress of the investment projects and business development, which are expected to be used up by the year 2024.

As at 31 December 2023, the use of proceeds from the Company's A shares is set out below:

Unit: RMB0'000

| | Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area | Qingdao Port Qingdao Port Intelligent Port Area Upgrading Project | Qingdao Port Area Equipment Procurement Project | Dongjiakou Port Area Datang Terminal Phase II Project | Supplementing working capital |
|---|--|--|--|--|--|
| Intended investment amount | 31,283.00 | 20,000.00 | 48,210.00 | 68,717.00 | 29,682.98 |
| Used amount during the year of 2019 | 19,358.43 | 8,308.62 | 18,569.02 | – | 29,682.98 |
| Used amount during the year of 2020 | 3,429.46 | 4,193.94 | 1,661.26 | – | – |
| Used amount during the year of 2021 | 1,065.30 | 8,223.67 | 8,203.30 | 9,474.34 | – |
| Used amount during the year of 2022 | 5,832.07 | 436.07 | 18,985.80 | 22,993.50 | – |
| Used amount during the year of 2023 | 246.29 | – | 3,575.44 | 13,757.34 | – |
| Unused amount as at 31 December 2023 (including interest income) | 10,131.58 | – | – | 25,158.02 | – |
| Expected completion time of the use of proceeds | the year 2024 | – | – | the year 2024 | – |

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

The Board has proposed the distribution of a final dividend of RMB292.7 (tax inclusive) per thousand shares, totaling approximately RMB1,899.9450 million (tax inclusive), which represents approximately 45% of Distributable Profits of the Company for the year ended 31 December 2023. Such distribution plan will be implemented on 31 July 2024 subject to approval at the 2023 AGM.

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

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

In order to determine the eligibility of being entitled to the proposed final dividend for H shares, the H share register of the Company will be closed from Thursday, 13 June 2024 to Thursday, 20 June 2024 (both days inclusive), during which no H share transfer will be registered. The H shareholders whose names appear on the register of members of the Company on Thursday, 20 June 2024 are entitled to the proposed final dividend. Holders of the Company's H shares who wish to receive the proposed final dividend are required to deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. Wednesday, 12 June 2024 for registration.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Company has complied with all code provisions set out in the Corporate Governance Code for the year ended 31 December 2023.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its own code of conduct for securities transactions by directors and supervisors of the Company. Specific enquiries have been made to all the directors and supervisors of the Company and each of the directors and supervisors of the Company has confirmed that he/she has complied with the Model Code for the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2023, the Company or any of its subsidiaries did not make any purchase, sale and redemption of any listed securities of the Company.

ISSUANCE OF NEW A SHARES

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

For further details and definitions in relation to the above issuance of new A shares, please refer to the Company's announcements dated on 27 June 2023, 30 June 2023 and 27 December 2023.

AUDIT COMMITTEE

The Audit Committee has reviewed, with management of the Company, the accounting principles and policies adopted by the Group and the financial statements for the year ended 31 December 2023.

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

The Company revised the Articles of Association at the first extraordinary general meeting of 2023, the first A shareholder's class meeting of 2023, and the first H shareholder's class meeting of 2023 held on 15 September 2023. The revised version came into effect upon approval at the aforementioned shareholders' meetings. The current effective Articles of Association has been published on the websites of the Company and the Hong Kong Stock Exchange.

CLOSURE OF REGISTER

In order to determine the eligibility of shareholders who are entitled to attend the 2023 AGM, the H share register of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024 (both days inclusive), during which no H share transfer will be registered. The shareholders whose names appear on the register of H share members of the Company on Thursday, 6 June 2024 are entitled to attend and vote at the 2023 AGM. Holders of the Company's H shares who wish to attend the 2023 AGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 31 May 2024 for registration.

MATERIAL LITIGATIONS

For the year ended 31 December 2023, the Group was not involved in any material litigations or arbitrations.

SUBSEQUENT EVENTS

After 31 December 2023, the Group did not have any material subsequent events.

**PUBLICATION OF THE COMPANY'S 2023 ANNUAL RESULTS
ANNOUNCEMENT AND THE 2023 ANNUAL REPORT ON THE WEBSITES OF
THE HONG KONG STOCK EXCHANGE AND THE COMPANY**

The 2023 annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com) and the 2023 annual report (containing all particulars as required by the Hong Kong Listing Rules) will be published on the respective website of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board
Qingdao Port International Co., Ltd.
SU Jianguang
Chairman

Qingdao, the PRC, 28 March 2024

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

Definitions

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“2023 AGM” the 2023 annual general meeting of the Company to be held on 6 June 2024

“A share(s)” share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the main board of Shanghai Stock Exchange (stock code: 601298) and traded in RMB

“A Share Offering” the Company’s public offering 454,376,000 A shares, which are listed on the main board of Shanghai Stock Exchange

“Articles of Association” the articles of association of the Company, as amended from time to time

“Asset Purchase Agreement I” the asset purchase agreement entered into between the Company and Rizhao Port Group dated 30 June 2023 in relation to the proposed acquisition of Target Asset I by issuance of Consideration Shares and cash payments by the Company

“Asset Purchase Agreement II” the asset purchase agreement entered into between the Company and Yantai Port Group dated 30 June 2023 in relation to the proposed acquisition of Target Asset II by issuance of Consideration Shares and cash payments by the Company

“Audit Committee” the board audit committee of the Company

“Board” the board of directors of the Company

“CFS” container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container

freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo

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|---------------------------------------|--|
| “Commonly Held Entities” | having the meaning ascribed to it in the Hong Kong Listing Rules |
| “Company” or “Qingdao Port” | Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013 |
| “Consideration Shares” | new A shares to be issued by the Company to Rizhao Port Group and Yantai Port Group (as the case maybe) under the Asset Purchase Agreement I and the Asset Purchase Agreement II as part of the total consideration of Target Assets |
| “Consolidated Group Companies” | the subsidiaries of the Company (including its branches) which are consolidated into the consolidated financial statements of the Company |
| “Corporate Governance Code” | the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules |
| “COSCO SHIPPING Ports” | COSCO SHIPPING Ports Limited* (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the main board of the Hong Kong Stock Exchange (Stock Code: 01199), indirectly holding approximately 20% equity interests in the Company as of 31 December 2023, which is a substantial shareholder and a connected person of the Company |
| “Director(s)” | the director(s) of the Company |

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| “Distributable Profit” | calculated by net profit attributable to shareholders of the Company in the scope of the consolidated financial statements prepared in the PRC Accounting Standards for Business Enterprise, deducting recovery of accumulated losses, appropriation to statutory surplus reserve and other necessary reserve by the parent company and subsidiaries as well as the impact of the appraisal value-added amount of the asset invested in the Company by Qingdao Port Group, the promoter at the establishment of the Company, on net profit for the year, etc. |
| “Dongjiakou Oil” | Qingdao Port Haiye Dongjiakou Oil Co., Ltd.* (青島港海業董家口油品有限公司), a company established in the PRC with limited liability on 23 May 2011 and a subsidiary in which the Company holds 70% equity interests, which is mainly engaged in the business of terminal stevedoring and warehousing services of liquid bulk |
| “Group” | the Company and its branches and subsidiaries, when references are made to operational data such as throughput, including joint ventures and associates of the Company |
| “H share(s)” | the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange (stock code: 06198) and are traded in HKD |
| “H Share(s) Placing” | the Company issued the 243,000,000 H shares by way of placing and has been listed on the main board of the Hong Kong Stock Exchange |
| “Haiwan Liquid Chemical” | Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd.* (青島海灣液體化工港務有限公司), a company established in the PRC with limited liability on 26 August 2011 and a joint venture in which the Company holds 35% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services |
| “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

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| “Hong Kong Listing Rules” | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange |
| “Hong Kong Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “OBOR” | “the Silk Road Economic Belt” and “21st Century Maritime Silk Road” |
| “PRC” or “China” | the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan |
| “Proposed Restructuring” | the proposed purchase of the Target Assets by the Company by way of issuance of Consideration Shares and cash payments under the Asset Purchase Agreement I and the Asset Purchase Agreement II |
| “QDOT” | Qingdao Port Dongjiakou Ore Terminal Co., Ltd.* (青島港董家口礦石碼頭有限公司), a company established in the PRC with limited liability on 9 January 2014 and a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services |
| “Qingdao Port Engineering” | Qingdao Port (Group) Engineering Co., Ltd.* (青島港(集團)港務工程有限公司), a company established in the PRC with limited liability on 13 May 1992 and an associate in which the Company holds 49% equity interests, which is mainly engaged in the business of construction engineering, architectural decoration, and engineering design services, and other business |
| “Qingdao Port Equipment” | Qingdao Port Equipment Manufacturing Co., Ltd.* (青島港口裝備製造有限公司), a company established in PRC with limited liability on 16 November 2020 and an associate in which the Company holds 49% equity interests, which is mainly engaged in the business of port equipment manufacturing, engineering construction, maintenance and repair and other business |

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| “Qingdao Port Group” | Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司), a company established in the PRC with limited liability on 12 August 1988 and the controlling shareholder of the Company, holding approximately 55.77% equity interests in the Company as of 31 December 2023. When references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by Qingdao Port Group and the Commonly Held Entities of Qingdao Port Group (if applicable) |
| “Qingdao Port Logistics” | Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司), a company established in the PRC with limited liability on 2 February 2004 and a wholly-owned subsidiary of the Company, which is mainly engaged in the business of logistics and port value-added services, such as business of transportation, agency and warehousing services |
| “Qingdao Shihua” | Qingdao Shihua Crude Oil Terminal Co., Ltd.* (青島實華原油碼頭有限公司), a company established in the PRC with limited liability on 23 February 2006 and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services |
| “QQCT” | Qingdao Qianwan Container Terminal Co., Ltd.* (青島前灣集裝箱碼頭有限責任公司), a company established in the PRC with limited liability on 17 May 2000 and a joint venture in which the Company holds 51% equity interests, which is mainly engaged in the business of container handling and ancillary services |
| “RCEP” | Regional Comprehensive Economic Partnership |
| “Rizhao Port Group” | Shandong Port Rizhao Port Group Co., Ltd.* (山東港口日照港集團有限公司), a company established in the PRC with limited liability on 24 February 2004 and a wholly-owned subsidiary of Shandong Port Group, which is mainly engaged in the business of port operation, port industry investment, port infrastructure construction, port and shipping ancillary services, logistics services and other businesses |

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shandong Free Trade Zone” | China (Shandong) Pilot Free Trade Zone |
| “Shandong Port Finance Company” | Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司), a company established in the PRC with limited liability on 22 July 2014 and an associate in which the Company holds 34.63% equity interests, which is mainly engaged in the business of the depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services, trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services |
| “Shandong Port Group” | Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company with limited liability established on 2 August 2019 in the PRC, holding 100% equity interests in Qingdao Port Group, and an indirect controlling shareholder of the Company, with Shandong SASAC as the actual controller. When references are made to connected transactions, also including its subsidiaries and associates (if applicable) |
| “Shandong Port Lianhua” | Shandong Port Lianhua Pipeline Petroleum Transportation Co., Ltd.* (山東港聯化管道石油輸送有限公司), a company established in the PRC with limited liability on 9 December 2015 and a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services |
| “Shandong SASAC” | State-owned Assets Supervision and Administration Commission of the People’s Government of Shandong Province* (山東省人民政府國有資產監督管理委員會), the actual controller of the Company |

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| “Shanghai China Shipping Terminal” | Shanghai China Shipping Terminal Development Co., Ltd.* (上海中海碼頭發展有限公司), a company established in the PRC with limited liability on 18 February 2008 and a wholly-owned subsidiary of China Shipping Terminal Development Co., Ltd.* (中海碼頭發展有限公司), holding approximately 15.64% equity interests in the Company as of 31 December 2023 |
| “Shanghai Cooperation Demonstration Zone” | China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone |
| “Shichang Logistics Equity Transfer Agreement” | the equity transfer agreement dated 25 August 2023 entered into between Qingdao Port Logistics and Weihai Shichang Logistics Co., Ltd.* (威海世昌物流有限公司), pursuant to which, Qingdao Port Logistics agreed to acquire 10% equity interests in Weihai Gangfeng Vessel Agency Co., Ltd.* (威海港豐船舶代理有限公司) held by Weihai Shichang Logistics Co., Ltd. by cash |
| “Supervisor(s)” | the supervisor(s) of the Company |
| “Target Assets” | Target Asset I and Target Asset II |
| “Target Asset I” | 100% equity interests in Rizhao Port Oil Terminal Co., Ltd.* (日照港油品碼頭有限公司), 50.00% equity interests in Rizhao Shihua Crude Oil Terminal Co., Ltd.* (日照實華原油碼頭有限公司) and 100% equity interests in Rizhao Gangrong Port Co., Ltd.* (日照港融港口服務有限公司) held by Rizhao Port Group |
| “Target Asset II” | 67.56% equity interests in Yantai Port Co., Ltd.* (煙台港股份有限公司), 60.00% equity interests in Yantai Port Group Laizhou Port Co., Ltd.* (煙台港集團萊州港有限公司), 53.88% equity interests in Shandong United Energy Pipeline Transportation Co., Ltd.* (山東聯合能源管道輸送有限公司), 64.91% equity interests in Yantai Ganghang Investment Development Co., Ltd.* (煙台港航投資發展有限公司) and 100% equity interests in Yantai Port Operation Guarantee Co., Ltd.* (煙台港運營保障有限公司) held by Yantai Port Group |

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| “TEU” | an abbreviation of Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of twenty feet, a width of eight feet and a height of eight feet and six inches, also known as the international unit of standard container |
| “Weihai Port” | Shandong Port Weihai Port Co., Ltd.* (山東港口威海港有限公司), a company established in the PRC with limited liability on 7 November 1997 and a wholly-owned subsidiary of Qingdao Port Group, which is mainly engaged in the handling of international express, passenger and vehicle, warehousing, transportation, agency services and other businesses |
| “Weihai Port Development Company” | Shandong Weihai Port Development Co., Ltd.* (山東威海港發展有限公司), a company established in the PRC with limited liability on 19 December 2001 and the Company and Weihai Port hold 51% equity interests and 49% equity interests of it, respectively, which is mainly engaged in the business of handling of containers and dry bulk cargo warehousing, road transportation, freight forwarding and other businesses |
| “Weihai Port Development Equity Transfer Agreements” | four equity transfer agreements dated 25 August 2023 entered into between Qingdao Port Logistics and Weihai Port Development Company, pursuant to which, Qingdao Port Logistics agreed to acquire 90% equity interests in Weihai Gangfeng Vessel Agency Co., Ltd. * (威海港豐船舶代理有限公司), 55% equity interests in China Weihai Foreign Vessel Agency Co., Ltd. * (中國威海外輪代理有限公司), 34% equity interests in Weihai Hailian Container Co., Ltd.* (威海海聯集裝箱有限公司) and 51% equity interests in Weihai International Logistics Park Development Co., Ltd.* (威海國際物流園發展有限公司) held by Weihai Port Development Company, respectively, by cash |
| “West United” | Qingdao Qianwan West Port United Terminal Co., Ltd.* (青島前灣西港聯合碼頭有限責任公司), a company established in the PRC with limited liability on 9 June 2010 and a joint venture in which the Company holds 51% equity interests, and which is mainly engaged in the business of dry bulk cargo and break bulk cargo handling and ancillary services |

“Yantai Port Group”

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

- * *The Chinese name(s) of the PRC entities have been translated into English in this interim results announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.*
- * *Certain amounts and percentage figures included in this announcement have been subject to rounding.*