



秦皇岛港股份有限公司

QINHUANGDAO PORT CO.,LTD.*

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

2023
ANNUAL REPORT



*For identification purposes only

IMPORTANT NOTICE

- I. The Board, the supervisory committee, the Directors, supervisors and senior management of the Company hereby warrant that the contents of this annual report are true, accurate and complete, and there are no false representations, misleading statements or material omissions, and are jointly and severally responsible for the legal liabilities of the Company.
- II. All Directors of the Company have attended the Board meeting.
- III. Ernst & Young Hua Ming LLP issued a standard unqualified auditor's report for the Company.
- IV. ZHANG Xiaoqiang, the head of the Company, BU Zhouqing, the chief financial officer, and ZHAO Liangjun, the head of accounting department (the accounting officer) have declared that they warrant the truthfulness, accuracy and completeness of the financial statements in this annual report.
- V. The profit distribution proposal or proposal to transfer capital reserve to share capital for the Reporting Period as resolved by the Board

After audit, the net profit of the Company attributable to the shareholders of the parent company for the Year amounted to RMB1,531,202,403.96. The profit distribution proposal for the Year is as follows: on the basis of total share capital of 5,587,412,000 shares as at 31 December 2023, the Company proposes to pay cash dividend of RMB0.83 (tax inclusive) for every 10 shares to all its shareholders, with a total cash dividend amounting to RMB463,755,196.00.

If there is any subsequent change to the total share capital registered at the date of the implementation of interest distribution, the Company intends to keep the total distribution amount unchanged and make corresponding adjustment to the distribution ratio per share.

VI. Statement for the risks involved in the forward-looking statements

Applicable Not applicable

Forward-looking statements, such as future plans and development strategies described in this report do not constitute an actual commitment of the Company to investors. Investors should be cautious about investment risks.

VII. Is there any misappropriation of funds by the Controlling Shareholder and other related parties for non-operating purposes

No

VIII. Is there any external guarantee made in violation of the required decision-making procedures

No

IX. Are there more than half of the Directors who cannot guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company

No

X. Warning of major risks

The Company has described relevant risks in this report. Please refer to "VI. (IV) Potential Risks" of "Section IV Management Discussion and Analysis" in this report for more details.

XI. Others

Applicable Not applicable

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SECTION I DEFINITIONS

I. DEFINITIONS

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

DEFINITIONS OF USEFUL EXPRESSIONS

QHD Port	Qinhuangdao Port Co., Ltd.*
Company or the Company	Qinhuangdao Port Co., Ltd.* and its subsidiaries
Hebei Port Group, HPG, Controlling Shareholder or QHD Port Group	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which directly holds 56.27% equity interest of the Company
Reporting Period or the Year	the twelve months ended 31 December 2023
Corresponding period of 2022	the twelve months ended 31 December 2022
RMB	Renminbi, unless otherwise specified
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Shanghai Listing Rules	the Rules Governing the Listing of Securities on The Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Corporate Governance Code	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
Prospectus	the Prospectus for the Initial Public Offering and Listing of A Shares of Qinhuangdao Port Co., Ltd. issued by the Company on SSE on 13 July 2017
HPG Finance	Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)
Cangzhou Mineral Port	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驛港礦石港務有限公司), a company established in the PRC with limited liability on 10 April 2012, with 97.59% of its equity interest held by the Company as at the date of this report
Caofeidian Coal Port	Tangshan Caofeidian Coal Port Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company established in the PRC with limited liability on 29 October 2009, with 51.00% of its equity interest held by the Company as at the date of this report
Caofeidian Shiye Port	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company established in the PRC with limited liability on 4 September 2002, with 35.00% of its equity interest held by the Company as at the date of this report
A Share(s)	the domestic listed RMB ordinary share(s) in the share capital of QHD Port with a nominal value of RMB1.00 each, which are listed on the SSE
H Share(s)	Hong Kong listed ordinary share(s) in the share capital of QHD Port with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
Port Zone	land and water surface of a port within the territory of the port and demarcated by the administrative agency of local government
Qinhuangdao Port	Qinhuangdao Port in Qinhuangdao City, Hebei Province
Caofeidian Port	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
Huanghua Port	Huanghua Port in Cangzhou City, Hebei Province
Throughput	a measure of the volume of cargoes handled by a port. Where cargoes are transshipped, each unloading and loading process is measured separately as part of throughput
Terminal	an infrastructure facility designated for mooring vessels, loading and unloading cargoes and boarding travelers
Berth	a place of a dock designated for a vessel to moor

SECTION I DEFINITIONS

Bulk Cargo(es)	loose commodity cargo that is transported in volume size, including dry bulk cargo and liquid bulk cargo
General Cargo(es)	a general term for cargoes of various varieties, nature and packaging forms
TEU	a statistical conversion unit for containers. A container of twenty feet in length constitutes one TEU
Economic hinterland or Hinterland	hinterland connected with a port by means of transportation, which is a territory scope in the port where cargoes are generated from or cargoes to be transhipped are consumed
Daqin Railway	the railway line from Hanjialing Station in Datong County, Shanxi Province to the Liucun South Station in Qinhuangdao City, Hebei Province
Board or Board of Directors	the board of Directors of QHD Port
Director(s)	the director(s) of QHD Port

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

I. PROFILE OF THE COMPANY

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

II. CONTACT PERSON AND CONTACT INFORMATION

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

III. BASIC INFORMATION

Registered address of the Company	35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province
Historical change(s) of registered address of the Company	Not Applicable
Business address of the Company in the PRC	35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province
Postal code of the business address of the Company in the PRC	066001
Website of the Company	www.portqhd.com
E-mail address	qggf@portqhd.com

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of the media for disclosure of annual report	China Securities Journal and Securities Times
Websites of stock exchanges for disclosure of annual report	www.sse.com.cn www.hkexnews.hk
Place where annual report is available for inspection	Business Management Department (Legal and Risk Control Department) of the Company

V. SHARES OF THE COMPANY

Information of Shares of the Company

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

VI. OTHER RELEVANT INFORMATION

	Name of auditor	Ernst & Young Hua Ming LLP
Auditor appointed by the Company (domestic)	Office address	Room 01-12, Level 17, Ernst Young Tower Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing
	Signing accountants	Meng Dong, Wang Junqi

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE PAST THREE YEARS

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2023	2022	Increase/decrease for the current period as compared to the corresponding period of the previous year (%)	2021
Operating revenue	7,054,883,834.36	6,919,421,033.92	1.96	6,594,861,850.05
Net profit attributable to shareholders of the listed Company	1,531,202,403.96	1,308,419,060.49	17.03	1,038,394,361.09
Net profit attributable to shareholders of the listed Company after deducting non-recurring profits and losses	1,486,526,529.95	1,250,538,417.22	18.87	994,371,589.23
Net cash flow generated from operating activities	2,393,799,107.25	2,434,300,401.27	-1.66	2,505,773,343.98

	At the end of 2023	At the end of 2022	Increase/decrease for the current period as compared to the corresponding period of the previous year (%)	At the end of 2021
Net assets attributable to shareholders of the listed Company	18,423,519,428.29	17,321,605,086.27	6.36	16,055,346,158.93
Total assets	28,026,106,959.77	27,940,699,083.26	0.31	27,776,977,884.78

(II) Major financial indicators

Major financial indicators	2023	2022	Increase/decrease for the current period as compared to the corresponding period of the previous year (%)	2021
Basic earnings per share (RMB/Share)	0.27	0.23	17.39	0.19
Diluted earnings per share (RMB/Share)	0.27	0.23	17.39	0.19
Basic earnings per share after deducting non-recurring profits and losses (RMB/Share)	0.27	0.22	22.73	0.18
Weighted average return on net assets (%)	8.57	7.84	Increased by 0.73 percentage point	6.64
Weighted average return on net assets after deducting non-recurring profits and losses (%)	8.32	7.49	Increased by 0.83 percentage point	6.36

Description of major accounting data and financial indicators of the Company for the previous three years as at the end of the Reporting Period

Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

VIII. EXTRACTED FROM FINANCIAL STATEMENTS IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

Unit: '000 Yuan Currency: RMB

	2023	2022	2021	2020	2019
Summary of income statement					
Revenue	7,054,884	6,919,421	6,594,862	6,455,854	6,722,730
Gross profit	2,641,324	2,652,240	2,500,162	2,588,154	2,878,924
Total profit	1,883,142	1,663,188	1,281,441	1,233,832	1,093,249
Net profit attributable to owners of the parent company	1,531,202	1,308,419	1,038,394	995,132	931,247
Basic/diluted earnings per share (RMB cent)	27.41	23.42	18.58	17.81	16.67
Summary of balance sheet					
Cash and bank balances	2,838,023	4,847,758	4,051,770	3,554,825	2,805,072
Net current liabilities	-356,341	-2,177,002	-669,501	-727,498	-475,228
Total assets	28,026,107	27,940,699	27,776,978	26,243,367	25,479,855
Interest-bearing bank borrowings	6,102,596	6,862,069	7,317,783	6,818,265	6,715,548
Gearing ratio (%)	30.88%	34.77%	39.12%	38.65%	38.82%
Net assets per Share (RMB)	3.30	3.10	2.87	2.72	2.61
Return on net assets (%)	8.57	7.84	6.64	6.54	6.53
Summary of cash flow statement					
Net cash flows from operating activities	2,393,799	2,434,300	2,505,773	2,555,826	2,453,137
Net cash flows from investing activities	-2,739,464	-464,680	-1,860,576	-1,764,487	-829,314
Net cash flows from financing activities	-1,411,639	-1,087,274	-264,766	-724,345	-1,495,357
Net increase in cash and cash equivalents	-1,756,760	887,109	379,114	64,578	130,753

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

IX. DIFFERENCE(S) IN ACCOUNTING DATA BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

- (I) Difference(s) between the net profits and net assets attributable to the Shareholders of the listed Company in accordance with IFRS and Chinese Accounting Standards for Business Enterprises
 Applicable Not applicable
- (II) Difference(s) between the net profits and net assets attributable to the Shareholders of the listed Company in accordance with foreign accounting standards and Chinese Accounting Standards for Business Enterprises
 Applicable Not applicable
- (III) Description of difference(s) between domestic and overseas accounting standards
 Applicable Not applicable

X. MAJOR FINANCIAL DATA IN EACH QUARTER OF 2023

Unit: Yuan Currency: RMB

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating revenue	1,726,009,525.03	1,858,186,815.28	1,777,953,215.29	1,692,734,278.76
Net profit attributable to Shareholders of the listed Company	417,883,627.51	494,844,517.02	379,811,871.72	238,662,387.71
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	391,929,717.31	491,552,063.08	370,274,263.48	232,770,486.08
Net cash flow generated from operating activities	721,183,779.07	860,633,188.57	791,364,938.95	20,617,200.66

Description of difference(s) between quarterly data and periodically disclosed reporting data

- Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	Amount in 2023	Note (if applicable)	Amount in 2022	Amount in 2021
Profit or loss from disposal of non-current assets (including write-off of provision for assets impairment)	14,848,956.45		-4,756,832.99	780,756.58
Government grants recognized in profit or loss (except for the government grants that are closely related to the normal business of the Company, granted in accordance with an established standard and having an ongoing effect on the Company's profit or loss in compliance with national policies and regulations)	46,961,145.50		83,739,609.23	54,248,209.72
Except for effective hedging activities conducted in the ordinary course of business of the Company, gain or loss arising from the change in fair value of financial assets and financial liabilities held by a non-financial company, as well as gain or loss arising from disposal of its financial assets and financial liabilities				
Fund possession cost paid by non-financial enterprise and recorded under current profit and loss				
Profit/loss from entrusted investment or asset management				761.45
Profit/loss from external entrusted loans				
Loss of assets due to force majeure (e.g. natural disaster)				
Write back of the provision for impairment of accounts receivable, that is individually tested for impairment				
The excess of the fair value of identifiable net assets acquired over the cost for acquisition of subsidiaries, associates and joint ventures				
Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger				
Profit/loss of non-monetary asset swap				
Profit/loss from debt restructuring				
One-off costs incurred by the enterprise as a result of the discontinuation of the relevant business activities, e.g. expenses for relocating staff, etc.				
One-off effect on profit or loss due to adjustments in tax, accounting and other laws and regulations				
Share-based payment expense recognized as a result of one-off cancellation and modification of the share incentive scheme				
For cash-settled share-based payments, gains and losses arising from changes in the fair value of remuneration payable to employees after the date on which they become exercisable				
Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement				
Profit of a transaction of obviously unfair consideration				

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

Non-recurring profit and loss items	Amount in 2023	Note (if applicable)	Amount in 2022	Amount in 2021
Profit/loss from contingencies irrelevant to the normal operations of the Company				
Income of entrustment fees from entrusted operations				
Other non-operating income or expenses other than the above items	-287,149.49		3,647,836.88	3,028,829.40
Other profit or loss items that fall within the meaning of non-recurring profit and loss				
Less: Impact of income tax	15,375,539.37		20,657,653.28	14,514,258.56
Impact on minority interests (after tax)	1,471,539.08		4,092,316.57	-478,473.27
Total	44,675,874.01		57,880,643.27	44,022,771.86

Explanations on the non-recurring gain or loss items not listed in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No.1 – Extraordinary Gains or Losses and the amount of which is material, and the non-recurring gain or loss items listed in the Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1 – Extraordinary Gains or Losses which however are defined by the Company as recurring gain or loss items.

Applicable Not applicable

XII. ITEMS MEASURED AT FAIR VALUE

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Movement in the current period	Effect amount on profit in the current period
Financing receivables	35,866,130.32	74,502,289.57	38,636,159.25	-
Other equity instruments investments	1,136,892,279.11	1,091,562,136.20	-45,330,142.91	-
Total	1,172,758,409.43	1,166,064,425.77	-6,693,983.66	-

XIII. OTHERS

Applicable Not applicable

SECTION III CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of the Company for the year ended 31 December 2023.

I. ANALYSIS OF THE MACROECONOMIC SITUATION

The year 2023 is the inaugural year for the full implementation of the spirit of the 20th National Congress of the Communist Party of China (CPC). Faced with an extremely complex and grim international environment and arduous tasks of pursuing domestic reform, development and stability, the CPC Central Committee led the Chinese people of all ethnic groups in a concerted effort to take the Chinese path to modernization, withstood external pressure, overcame internal difficulties, comprehensively deepened reform and opening up, intensified macroeconomic regulation, took measures to expand domestic demand, optimize structures, boost confidence, and prevent and defuse risks, contributing to the recovery of the national economy with an upward momentum and the solid progress in high-quality development. China's GDP exceeded RMB126 trillion, representing an increase of 5.2%, ranking among the world's top economies in terms of growth.

II. SIGNIFICANT BUSINESS ACHIEVEMENTS AND DIVIDENDS

In 2023, in the face of the difficult situation under the impact of various factors, such as the large-scaled increase of imported coal, the Company focused on its overall target of establishing a world-class dry bulk cargo port enterprise, adhered to green transformation as the development direction, system construction as the support and incentive and assessment as the driving force, and took the new path to promote the transformation, upgrading and high-quality development of the ports.

During the Year, the Group has achieved a total Throughput for all types of cargoes of 392 million tonnes. The Throughput of coals, metal ores, oil and liquefied chemicals, containers and the general and other cargoes amounted to 217 million tonnes, 132 million tonnes, 1.99 million tonnes, 1.10 million TEUs and 26.57 million tonnes, respectively. The Company has achieved an operating revenue of RMB7.055 billion during the Year, representing an increase of 1.96% as compared with the corresponding period of last year. The net profit attributable to owners of the parent company amounted to RMB1.531 billion, representing an increase of 17.03% as compared with the corresponding period of last year. The Board of Directors recommended a final dividend of RMB0.83 per 10 shares (tax inclusive) for the Year.

III. BUSINESS REVIEW

As one of the largest public port operator for large-scaled dry bulk cargoes in the world, a pivotal port-of-call for China's domestic coal trade and one of the most important ore port operators in the Bohai Rim, the Company provides logistics services with regard to transportation of coal, metal ores, oil and liquefied chemicals, general bulk cargoes, containers and relevant port services to the customers.

During the Year, the Company increased efforts in market development, enhanced the loading and unloading organization, coordinated and adjusted the production of various Port Zones, and maintained stable and orderly business operation. Thus, the annual Throughput of the ports increased by 2.12% year on year.

In terms of coal, the Company adhered to the operating strategy of "focusing on major customers, cargo outflow and railway transportation" to ensure the smooth operation of energy transport channels and further consolidated its position as the pivotal energy hub in China. In terms of metal ores, the Company took advantage of the synergy mechanism between Huanghua Port and Caofeidian Port to carry out water-to-water transportation business and kept the cargo consolidation, evacuation and transportation channels unimpeded, and expanded its business to the Hinterlands in the middle and south areas of Hebei Province, Shanxi Province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region and other provinces by leveraging on delivery by rail and highway. In terms of General Cargoes, the Company introduced new cargo sources, including soybeans and corns imported by China National Cereals, Oils & Foodstuffs Corporation, and renovated the infrastructure to solve the issue of warehousing capacity. The Throughput of grain cargo increased by 34% year on year.

SECTION III CHAIRMAN'S STATEMENT

IV. OUTLOOK AND PROSPECTS

In 2024, under the overall circumstance where the international and domestic economic growth slows down, the substitution effect of imported coal, energy transformation and various other factors will continue to impact on the coal demand in domestic trade, and due to the downturn of the real estate industry and other industries with demand for steels, there will be numerous uncertainties in the consumption of metal ores. On the plus side, firstly, the Company has vigorously promoted the construction of QHD Port into a “five-star green port” and an “AAAAA industrial scenic area”, and boosted the development of the Company; secondly, the “one center with three platforms” with the production scheduling and command center as the pivot, integrated with the intelligent environmental monitoring platform, the intelligent safety regulatory platform and the intelligent port management and control platform, have been successfully put into operation, resulting in more efficient production, more systematic management and more scientific decision-making; thirdly, the progress of the grain transportation corridor project in the eastern Port Zone of QHD port and other major projects have been accelerated, which injected fresh impetus to the Company's future development.

In the forthcoming year, the Company will grasp the latest trend, establish and strive for development goals with firm confidence, take measures to guarantee growth, promote innovation and give full play to its pivotal role for energy transport in order to build itself into an intelligent, sustainable, effective and safe port and a world-class port enterprise for dry and Bulk Cargoes.

Finally, on behalf of the Board, I would like to express my gratitude to all Shareholders and business partners of the Company for their continuous support and assistance to the Company. Meanwhile, I would also like to express my sincere thanks to all employees of the Company for their hard work.

By order of the Board

ZHANG Xiaoqiang

Chairman

28 March 2024

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS DISCUSSION AND ANALYSIS

During the Reporting Period, the Company achieved a total cargo Throughput of 391.95 million tonnes, representing an increase of 8.12 million tonnes or 2.12%, as compared with the Throughput of 383.83 million tonnes in the corresponding period of 2022.

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

	2023		2022		Increase/ (Decrease) (million tonnes)	Increase/ (Decrease) (%)
	Throughput (million tonnes)	Percentage of total Throughput (%)	Throughput (million tonnes)	Percentage of total Throughput (%)		
Qinhuangdao Port	184.60	47.10	186.77	48.66	(2.17)	(1.16)
Caofeidian Port	122.15	31.16	115.48	30.09	6.67	5.78
Huanghua Port	85.20	21.74	81.58	21.25	3.62	4.44
Total	391.95	100.00	383.83	100.00	8.12	2.12

During the Reporting Period, the Company achieved a cargo Throughput of 184.60 million tonnes in Qinhuangdao Port, representing a decrease of 2.17 million tonnes or 1.16% from 186.77 million tonnes for the corresponding period of 2022, which was mainly due to the year-on-year decrease in General Cargoes in Qinhuangdao Port, causing a decrease in the overall Throughput.

The Company achieved a cargo Throughput of 122.15 million tonnes in Caofeidian Port, representing an increase of 6.67 million tonnes or 5.78% from 115.48 million tonnes for the corresponding period of 2022, which was mainly attributed to the significant increase in demand for steel exports during the Year, leading to the significant year-on-year increase in iron ore imports.

The Company achieved a cargo Throughput of 85.20 million tonnes in Huanghua Port, representing an increase of 3.62 million tonnes or 4.44% from 81.58 million tonnes for the corresponding period of 2022. The increase was mainly due to the significant improvement of port handling capacity after the phase 1 (expansion) of metal ores terminal project was put into operation. Cangzhou Mineral Port capitalized on the recovery of the international steel market to strengthen market expansion and refine production organization, thus achieved a substantial increase in Throughput.

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

	2023		2022		Increase/ (Decrease) (million tonnes)	Increase/ (Decrease) (%)
	Throughput (million tonnes)	Percentage of total Throughput (%)	Throughput (million tonnes)	Percentage of total Throughput (%)		
Coal	216.88	55.33	223.48	58.22	(6.60)	(2.95)
Metal ores	132.18	33.72	117.20	30.54	14.98	12.78
Oil and liquefied chemicals	1.99	0.51	1.39	0.36	0.60	43.17
Containers	14.33	3.66	16.21	4.22	(1.88)	(11.60)
General and other cargoes	26.57	6.78	25.55	6.66	1.02	3.99
Total	391.95	100.00	383.83	100.00	4.84	2.12

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(I) Coal handling services

During the Reporting Period, the Company achieved a Throughput of 216.88 million tonnes of coal, representing a decrease of 6.60 million tonnes or 2.95% from 223.48 million tonnes for the corresponding period of 2022. Such decrease was mainly because although the domestic economic recovery led to an increase in coal demand, the imported coal, in the context of relaxation of relevant policies, relying on its price advantage, continued to squeeze the market share of domestic coal, which resulted in a year-on-year decline in the coal Throughput.

(II) Metal ores handling services

During the Reporting Period, the Company achieved a Throughput of 132.18 million tonnes of metal ores, representing an increase of 14.98 million tonnes or 12.78% from 117.20 million tonnes for the corresponding period of 2022. Such increase was mainly due to the significant increase in demand for steel exports during the Year, coupled with the removal of the steel production caps by the PRC government, leading to a strong demand for iron ores and a notable increase in Throughput.

(III) Oil and liquefied chemicals handling services

During the Reporting Period, the Company achieved a Throughput of 1.99 million tonnes oil and liquefied chemicals, representing an increase of 0.60 million tonne or 0.60% from 1.39 million tonnes for the corresponding period of 2022. Such increase was mainly due to the strong demand in the refined oil market, particularly the significant growth of diesel and fuel oil businesses, a rebound in the shipment of asphalt cargoes due to market recovery, and the successful launch of a southward marine transportation service for gasoline sourced from China National Petroleum Corporation.

(IV) Containers handling services

During the Reporting Period, the Company achieved a total Throughput of 1,095,365 TEUs, equivalent to a throughput of 14.33 million tonnes, representing a decrease in the number of containers handled and Throughput of 504,060 TEUs (i.e. 31.52%) as compared with the Throughput of 1,599,425 TEUs and 16.21 million tonnes for the corresponding period of 2022, respectively. The main reason was that the recovery of the foreign trade export market was short of expectations, leading to a year-on-year decline in container throughput.

(V) General Cargoes handling services

During the Reporting Period, the Company achieved a Throughput of general and other cargoes of 26.57 million tonnes, representing an increase of 1.02 million tonnes or 3.99% from 25.55 million tonnes for the corresponding period of 2022. The increase was mainly due to the Company's vigorous efforts in expanding the handling of bauxite and other cargo types in Huanghua Port in Cangzhou, resulting in a substantial increase in Throughput.

(VI) Ancillary port services and value-added services

The Company also provided a variety of ancillary port services and value-added services. Ancillary port services of the Group included tugging, tallying and transshipping services. Value-added services mainly included towing, tallying, coal blending and the services of tariff-free warehouses and export supervisory warehouses. In 2023, the operating revenue of ancillary port services and value-added services of the Company amounted to RMB240.0014 million, representing an increase of RMB8.1146 million or 3.5% from RMB231.8868 million for the corresponding period of 2022.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

II. INDUSTRY DEVELOPMENT OF THE COMPANY DURING THE REPORTING PERIOD

(I) Overall Situation

In 2023, China's economy witnessed the momentum of recovery. China's GDP amounted to RMB126,058.2 billion for the year, representing a year-on-year increase of 5.2% if calculated at constant prices. In terms of industries, the added value of the primary industry was RMB8,975.5 billion, representing a year-on-year increase by 4.1%; that of the secondary industry was RMB48,258.9 billion, representing a year-on-year increase by 4.7%; and that of the tertiary industry was RMB68,823.8 billion, representing a year-on-year increase by 5.8%.

(II) Overview of Port Industry in the PRC

1. In terms of the coal business, in 2023, as the advanced coal production capacity was steadily and orderly released, the output of raw coal hit a record high. The output of raw coal of industrial enterprises was 4.66 billion tonnes above designated size, representing a year-on-year increase of 2.9%. 470 million tonnes of coal were imported in 2023, representing a year-on-year increase of 61.8%. In 2023, the industrial power generation reached 8.9 trillion kWh above designated size, representing a year-on-year increase of 5.2%, of which thermal power generation was 6.2 trillion kWh, representing a year-on-year increase of 6.1%, and the power generation from clean energy such as hydropower, nuclear power, wind power and solar energy was 270 million kWh, representing a year-on-year increase of 3.1%. In 2023, major port companies achieved a total coal Throughput of 1,343,262,800 tonnes, representing a year-on-year increase of 4.9%.
2. In terms of the iron ore business, the production volume of iron ore in China amounted to 990 million tonnes in 2023, representing a year-on-year increase of 7.1%. China's imports of iron ore amounted to 1,180 million tonnes, representing a year-on-year increase of 6.6%. In 2023, the total production volume of crude steel in China amounted to 1,019 million tonnes, being flat; the production volume of pig iron amounted to 871 million tonnes, representing a year-on-year increase of 0.7%; and the production volume of steel amounted to 1,363 million tonnes, representing a year-on-year increase of 5.2%. In 2023, major port companies achieved a total Throughput of 1,648 million tonnes of iron ore, representing a year-on-year increase of 4.7%, of which the total iron ore Throughput of foreign trade was 1,117 million tonnes, representing a year-on-year increase of 4.0%.
3. In terms of the crude oil business, the annual output of crude oil maintained stable at over 200 million tonnes for two consecutive years. The output of crude oil of industrial enterprises in 2023 was 208.91 million tonnes above designated size, representing a year-on-year increase of 2.0%. A total of 563.99 million tonnes of crude oil were imported, representing a year-on-year increase of 11.0%. The processing volume of crude oil of industrial enterprises was 734.78 million tonnes above designated size, representing a year-on-year increase of 9.3%. In 2023, major port companies achieved a total crude oil throughput of 458,677,900 tonnes, representing a year-on-year increase of 5.4%, of which the total crude oil Throughput of foreign trade was 363,340,600 tonnes, representing a year-on-year increase of 5.2%.

III. BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal Business

The Company provides highly integrated and comprehensive port services including stevedoring, stacking, warehousing, transportation and logistics services. The Company handles various types of cargoes mainly including coal, metal ores, oil and liquefied chemicals, containers and General Cargoes.

(II) Business Model

1. Procurement Model

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

The purchase of supplies includes materials, low-value consumables, energy (including water and electricity) and accessories, among which, the purchase of energy accounts for the majority of the total purchases of the Company. All of the above production supplies shall be independently procured by the Company by entering into relevant contracts.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

2. Production Model

Main production processes of the Company include stevedoring, stacking and handling within the ports, and stevedoring of cargos in road transportation.

The Company has complete production operation systems and organizational management systems, port and logistics facilities and ancillary machinery and equipment, as well as complete and independent information operation, management and network system for the operation of various production and business activities.

3. Marketing Model

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

(1) Marketing Model for Coal Business

The coal business in the ports is directly managed by the Company's production department without distribution or agency arrangement. The Company has set up branch offices in Taiyuan and Hohhot, covering the whole Hinterland where cargoes are sourced and coordinating the cargo flow.

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

(2) Marketing Model for Business of Other Types of Cargoes

By reference to the marketing model for coal business, the Company set up the marketing model for business of other types of cargoes, and improved sales network and sales efficiency. The Company analyzed industrial structure and shipping demands of the Hinterland in depth, reinforced communications with authorities of the Hinterland, to seek policy support and reduce operational costs; organized various activities such as promotional meetings and exhibitions to enhance the reputation and influence of new types of cargoes in the economic Hinterland. The Company provided high-quality and professional services to meet customers' demands and gained their trust; established a complete customer relationship management system and communicated with customers regularly to know customers' feedback and solve their issues timely; paid attention to market movements and information about the competitors to adjust marketing strategy timely, strengthened collaborations with business partners to jointly expand the market and achieve win-win development.

IV. ANALYSIS ON THE CORE COMPETITIVE ADVANTAGE DURING THE REPORTING PERIOD

Applicable Not applicable

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

In July 2022, the government of Hebei Province initiated the consolidation of relevant ports, where the equity interests of Tangshan Port Industrial Group Co., Ltd., Caofeidian Port Group Co., Ltd., and certain port companies in Caofeidian have been transferred to HPG, the controlling shareholder of the Company, and restructured into a new group (still named as HPG). The consolidation of relevant ports in Hebei will effectively solve the problems brought by the disorderly and virulent competition among the ports and overlapping projects in Hebei Province and thus improve the overall competitive advantage of the ports in Hebei Province. The new group will coordinate the business planning of different ports and optimize resource allocation, bringing new opportunities for the Company's development in the future.

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

As an important port for the “West-East coal transportation” and “North-South coal transportation” in China, Qinhuangdao Port plays an important role in ensuring the safety of transportation of national energy. In recent years, the Company has further expanded its business in Caofeidian Port Zone in Tangshan and Huanghua Port Zone in Cangzhou. After Phase 1 (expansion) of the metal ores terminal project in Cangzhou Port commences the operation, the Company’s stevedoring capacity in ores has been significantly improved at Huanghua Port in Cangzhou City.

- (III) The Company expanded its businesses to cover a wide range of the economic Hinterland with large service radius, and has a solid foundation for future development.

Qinhuangdao Port and Caofeidian Port, which are connected to three major areas of coal production in China, namely the “Three Xi” areas, through Daqin Railway and its branches such as Qiancao Line, Zhangtang Railway, are major ports for outward transportation of coal via waterway. The economic Hinterland covers Shanghai, Jiangsu, Fujian and other provinces or cities. The aforesaid areas are main regions of resources and supplies consumption but lack of resources, which gives rise to significant demands for coal and provide adequate guarantee for the Company’s future development of business.

Hebei Province is the largest iron and steel manufacturing base in China, of which Tangshan and Handan are major iron and steel manufacturing bases and have considerable demand for iron ores. Caofeidian Port is located in Tangshan, and Huanghua Port is directly connected to central and south areas of Hebei Province such as Handan through Hanhuang Railway. The Company’s Caofeidian Port and Huanghua Port benefit from the increased demand of iron and steel bases for imported iron ore.

- (IV) The Company continues to promote the construction of the “integrity, intelligent, efficient and green” ports and strives to forge itself to become a world-leading port enterprise for dry Bulk Cargoes.

In terms of smart port, we established “one center with three platforms” with production coordination center as the hub and integrated system comprising smart environment supervision platform, smart security regulation platform and smart port management platform, to achieve more efficient production, systematic management and scientific decision-making; in terms of green port, we vigorously advanced the development of Qinhuangdao Port as a “Five-star” green port and AAAAA industrial tourist attraction and Phases 3, 4 and 5 of coal terminal project in Qinhuangdao Port passed on-site review on “Five-star” green port; in terms of safe port, we set up a three-dimensional (strip, block and net) management model for safe production, fostered the implementation of security management at the end side on a level-by-level basis, promoted the closed-off management of medium to high dangerous areas, preliminarily realized visible security risk, dynamic operation tracking and essential security management; in terms of efficient port, we pushed forward the construction of digital stacking yards and transformation of smart operation. Phase 5 of coal terminal project in Qinhuangdao Port achieved remote control by a single machine in all unloading, stacking, reclaiming and loading operations, possessing all capacities of automatic operation by a single machine.

V. OPERATING RESULTS OF MAJOR BUSINESSES DURING THE REPORTING PERIOD

In 2023, the Company has achieved an operating income of RMB7,054.8838 million, representing a year-on-year increase of 1.96%; the operating costs amounted to RMB4,413.5594 million, representing a year-on-year increase of 3.43%; the total profit amounted to RMB1,883.1420 million, representing a year-on-year increase of 13.22%; the net profit amounted to RMB1,564.4728 million, representing a year-on-year increase of 15.28%; the net profit attributable to shareholders of the Company amounted to RMB1,531.2024 million, representing a year-on-year increase of 17.03%.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis on major operating businesses

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of the previous year	Change in proportion (%)
Operating revenue	7,054,883,834.36	6,919,421,033.92	1.96
Operating costs	4,413,559,410.53	4,267,181,490.83	3.43
Administrative expenses	746,412,812.10	834,726,694.34	-10.58
Financial expenses	105,653,575.66	139,990,216.94	-24.53
Research and development expenses	154,045,515.83	143,991,281.29	6.98
Net cash flows from operating activities	2,393,799,107.25	2,434,300,401.27	-1.66
Net cash flows from investing activities	-2,739,464,284.20	-464,680,093.15	-489.54
Net cash flows from financing activities	-1,411,639,200.60	-1,087,273,740.96	-29.83

Reasons for changes in administrative expenses: In 2023, the administrative expenses of the Company amounted to RMB746.4128 million, representing a year-on-year decrease of 10.58%, mainly due to the substantial decrease in employees' remuneration caused by the early retirement schemes.

Reasons for changes in financial expenses: In 2023, the financial expenses of the Company amounted to RMB105.6536 million, representing a year-on-year decrease of 24.53%, mainly due to the decrease in financial interest expenses.

Reasons for changes in net cash flows from investing activities: In 2023, the Company's net cash flows from investing activities amounted to RMB-2,739.4643 million, representing a year-on-year decrease of 489.54%, mainly due to the increased net investment in the time deposits with a maturity of more than three months.

Reasons for changes in net cash flows from financing activities: In 2023, the Company's net cash flows from financing activities amounted to RMB-1,411.6392 million, representing a year-on-year decrease of 29.83%, mainly due to the increase in repayments of borrowings.

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

Applicable Not applicable

2. Analysis on revenue and cost

Applicable Not applicable

In 2023, the operating revenue of the Company amounted to RMB7,054.8838 million, representing a year-on-year increase of 1.96%, which was mainly due to the increase in the Throughput of metal ore and related products, and other General Cargoes of the Company during the Year.

In 2023, the operating costs of the Company amounted to RMB4,413.5594 million, representing a year-on-year increase of 3.43%, which was primarily attributable to the increase in the costs resulting from the construction of green ports by QHD Port.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(1). Principal Operations of the Company by Industries, Products, Regions and Sales Models

Unit: Yuan Currency: RMB

Principal Operations by Industries						
By industries	Operating revenue	Operating cost	Gross profit margin (%)	Increase/ decrease of revenue as compared with that in the last year (%)	Increase/ decrease of operating costs as compared with that in the last year (%)	Increase/ decrease of gross profit margin as compared with that in the last year (%)
Services in relation to coal and relevant products	4,860,509,886.00	2,674,852,807.32	44.97	-0.37	0.49	decrease of 0.47 percentage point
Services in relation to metal ore and relevant products	1,326,984,491.21	915,332,881.82	31.02	6.49	0.30	increase of 4.26 percentage points
Services in relation to general and other cargoes	631,446,404.93	597,228,407.69	5.42	10.35	20.39	decrease of 7.89 percentage points
Services in relation to containers	93,324,303.09	98,610,695.95	-5.66	9.63	27.39	decrease of 14.73 percentage points
Services in relation to fluid cargoes	43,608,962.15	57,027,111.25	-30.77	-5.10	-19.69	increase of 23.76 percentage points
Revenue from others	99,009,294.94	70,507,506.50	28.79	7.96	45.52	decrease of 18.38 percentage points

Principal Operations by Regions						
By regions	Operating revenue	Operating cost	Gross profit margin (%)	Increase/ decrease of revenue as compared with that in the last year (%)	Increase/ decrease of operating cost as compared with that in the last year (%)	Increase/ decrease of gross profit margin as compared with that in the last year (%)
Qinhuangdao	4,310,106,409.84	2,520,153,961.99	41.53	-0.13	5.26	decrease of 3.00 percentage points
Others	2,744,776,932.52	1,893,405,448.54	31.02	5.42	1.09	increase of 2.96 percentage points

(2). Analysis on production and sales

Applicable Not applicable

(3). Performance of material procurement contracts and material sales contracts

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(4). Analysis on costs

Unit: Yuan Currency: RMB

Information of segment							
By industries	Component of costs	Current period	Percentage over total costs for the current period (%)	Corresponding period of last year	Percentage over total costs for the corresponding period of last year (%)	Changes in amount over last year (%)	Remark
Services in relation to coal and relevant products	operating cost	2,674,852,807.32	60.61	2,661,683,353.98	62.38	0.49	
Services in relation to metal ore and relevant products	operating cost	915,332,881.82	20.74	912,552,962.56	21.39	0.30	
Services in relation to general and other cargoes	operating cost	597,228,407.69	13.53	496,074,193.01	11.63	20.39	
Services in relation to containers	operating cost	98,610,695.95	2.23	77,410,280.33	1.81	27.39	
Services in relation to fluid cargoes	operating cost	57,027,111.25	1.29	71,008,058.00	1.66	-19.69	
Revenue from others	operating cost	70,507,506.50	1.60	48,452,642.95	1.14	45.52	

(5). Changes in the scope of consolidation due to changes in the equity interests of major subsidiaries during the Reporting Period

Applicable Not applicable

(6). Significant changes in or adjustments to the Company's businesses, products or services during the Reporting Period

Applicable Not applicable

(7). Major sales customers and suppliers

A. Major sales customers of the Company

Applicable Not applicable

The sales of the five largest customers amounted to RMB2,382.2467 million, accounting for 33.77% of the total annual sales; among the five largest customers' sales, related party sales amounted to RMB0 million, accounting for 0% of the total annual sales.

During the Reporting Period, the proportion of sales to a single customer exceeds 50% of the total sales, and there are new customers among the five largest customers, or the sale is heavily dependent on a minority of customers

Applicable Not applicable

B. Major suppliers of the Company

Applicable Not applicable

The purchase amount of the five largest suppliers was RMB1,991.5328 million, accounting for 63.74% of the total annual purchase; among the five largest suppliers' purchase, related party purchase amounted to RMB1,111.4986 million, accounting for 35.57% of the total annual purchase.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the proportion of purchase amount of a single supplier exceeds 50% of the total purchase amount, and there are new suppliers among the five largest suppliers, or the purchase is heavily dependent on a minority of suppliers

Applicable Not applicable

Unit: 0'000 Currency: RMB

No.	Name of supplier	Purchase amount	Percentage of the total annual purchase (%)
1	CCCC Mechanical & Electrical Engineering Co., Ltd. (中文機電工程局有限公司)	38,584.78	12.35

Other details

During the Year, none of the Directors, Supervisors or their respective associates or any Shareholders who own more than 5% of equity interests of the Company, so far as the Directors are aware, has beneficial interests in the five largest customers and suppliers.

3. Expenses

Applicable Not applicable

Please refer to "V. OPERATING RESULTS OF MAJOR BUSINESSES DURING THE REPORTING PERIOD (I) Analysis on major operating businesses 1. Analysis on the changes in the relevant items in income statement and statement of cash flows" of this section for the reasons of changes in administrative expenses, financial expenses and research and development expenses of the Company for the year.

4. Investment in research and development

(1). Research and development investment

Applicable Not applicable

Unit: Yuan

Research and development expenses during the period	154,045,515.83
Capitalized research and development investment during the period	
Total research and development investment	154,045,515.83
Percentage of total research and development investment over operating income (%)	2.18
Proportion of capitalization of research and development investment (%)	N/A

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(2). **Research and development personnel**

Applicable Not applicable

Number of research and development personnel	982
Percentage of research and development personnel over the total number of staff (%)	9.99
Education structure of research and development personnel	
Level of education	Number (persons)
PhD degree	0
Master degree	158
Bachelor degree	623
College degree	136
High school degree and below	65
Age structure of research and development personnel	
Age	Number (persons)
Below 30 (exclusive)	32
30 – 40 (30 inclusive, 40 exclusive)	451
40 – 50 (40 inclusive, 50 exclusive)	346
50 – 60 (50 inclusive, 60 exclusive)	153
60 or above	0

(3). **Description**

Applicable Not applicable

In order to implement the instructions and spirit of the Hebei Provincial Party Committee and Hebei Provincial Government on increasing investment in research and development of state-owned enterprises to promote innovative development of state-owned enterprises, QHD Port consolidated R&D investment in the special action of “advancing within three years and strengthening within five years” to accelerate the construction of smart ports pursuant to the Scheme on the Implementation Plans of the Special Action of “Advancing within Three Years and Strengthening within Five Years” R&D Investment of State-Owned Enterprises issued by the SASAC of Hebei Province. In 2023, QHD Port launched three plans on R&D projects with a total of 300 projects, of which, major projects such as the “Research on Intelligent Stackers, Reclaimer and Digital Stacking Yards Technology” has made rapid progress, achieving intelligent and comprehensive upgradation and providing strong technical support for smart port production. In 2023, QHD Port obtained scientific and technological appraisal achievements, including 2 international advanced technological awards, 4 domestic leading technological awards, 2 secondary prizes and 4 third-class prizes of Science and Technology Progress Awards from China Port Association.

(4). **Reasons for major changes in the composition of research and development personnel and its impact on the future development of the Company**

Applicable Not applicable

5. **Cash Flows**

Applicable Not applicable

Please refer to “V. OPERATING RESULTS OF MAJOR BUSINESSES DURING THE REPORTING PERIOD (I) Analysis on major operating businesses 1. Analysis on the changes in the relevant items in income statement and statement of cash flows” of this section for the reasons of changes in net cash flows generated from operating activities, net cash flows generated from investing activities and net cash flows generated from financing activities of the Company for the Year.

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

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(III) Analysis on assets and liabilities

√ Applicable □ Not applicable

1. Assets and liabilities

Unit: Yuan

Items	Amount at the end of the current period	Percentage of the amount at the end of the current period over the total assets (%)	Amount at the end of the previous period	Percentage of the amount at the end of the previous period over the total assets (%)	Percentage change in the amount at the end of the current period as compared to that at the end of the previous period (%)	Description
Cash and bank balances	2,838,023,456.57	10.13	4,847,758,214.85	17.35	-41.46	
Bills receivable	49,965,475.00	0.18	91,361,696.00	0.33	-45.31	
Accounts receivable	67,817,955.73	0.24	46,622,811.77	0.17	45.46	
Accounts receivable financing	74,502,289.57	0.27	35,866,130.32	0.13	107.72	
Other receivables	131,647,857.46	0.47	22,220,105.04	0.08	492.47	
Other current assets	178,778,070.14	0.64	82,539,575.60	0.30	116.60	
Construction in progress	815,220,131.65	2.91	2,478,720,446.03	8.87	-67.11	
Other non-current assets	2,427,279,951.61	8.66	369,621,867.69	1.32	556.69	
Short-term borrowings	500,252,083.33	1.78	260,270,111.11	0.93	92.20	
Taxes payable	21,764,786.44	0.08	43,304,688.38	0.15	-49.74	
Lease liabilities	7,219.53	-	16,720,143.33	0.06	-99.96	
Long-term payable	32,000,000.00	0.11	34,000,000.00	0.12	-5.88	
Long-term employee benefits payable	267,844,523.45	0.96	372,187,195.91	1.33	-28.03	
Deferred income	108,099,841.75	0.39	143,939,129.50	0.52	-24.90	
Deferred income tax liabilities	89,471,967.06	0.32	100,804,502.79	0.36	-11.24	

Other descriptions

Reasons for items with movements exceeding 30% in the above table are as follows:

- Cash and bank balances as at 31 December 2023 amounted to RMB2,838,023,456.57, representing a decrease of 41.46% from the beginning of the Year, which was mainly due to the reclassification of time deposits with a maturity of over one year to other non-current assets.
- Bills receivable as at 31 December 2023 amounted to RMB49,965,475.00, representing a decrease of 45.31% from the beginning of the Year, and financing receivables amounted to RMB74,502,289.57, representing an increase of 107.72% from the beginning of the year, which were mainly due to the changes in those items of Cangzhou Mineral Port, our subsidiary.
- Accounts receivable as at 31 December 2023 amounted to RMB67,817,955.73, representing an increase of 45.46% from the beginning of the Year, which was mainly due to the increase in accounts receivable of Cangzhou Mineral Port, our subsidiary.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

4. Other receivables as at 31 December 2023 amounted to RMB131,647,857.46, representing an increase of 492.47% from the beginning of the Year, which was mainly due to the increase in dividends receivable.
 5. Other current assets as at 31 December 2023 amounted to RMB178,778,070.14, representing an increase of 116.60% from the beginning of the Year, which was mainly due to prepaid enterprise income tax and the increase in VAT credit.
 6. Construction in progress as at 31 December 2023 amounted to RMB815,220,131.65, representing a decrease of 67.11% from the beginning of the Year, which was mainly due to the transfer of construction in progress to fix assets by Cangzhou Mineral Port, our subsidiary.
 7. Other non-current assets as at 31 December 2023 amounted to RMB2,427,279,951.61, representing an increase of 556.69% from the beginning of the Year, which was mainly due to the increase in time deposits with a maturity of over one year.
 8. Short-term borrowings as at 31 December 2023 amounted to RMB500,252,083.33, representing an increase of 92.20% from the beginning of the Year, which was mainly due to the increase in those of Cangzhou Mineral Port, our subsidiary.
 9. Taxes payable as at 31 December 2023 amounted to RMB21,764,786.44, representing a decrease of 49.74% from the beginning of the Year, which was mainly due to the decrease in unpaid enterprise income tax of Cangzhou Mineral Port, our subsidiary.
 10. Lease liabilities as at 31 December 2023 amounted to RMB7,219.53, representing a decrease of 99.96% from the beginning of the Year, which was mainly due to the transfer of the parent company's lease payment to lease payment with a maturity of less than one year.
2. Overseas assets
 Applicable Not applicable
- (1) **Assets scale**
Including: overseas assets of 59,086,093.58 (Unit: Yuan, Currency: RMB), representing 0.21% of the total assets.
- (2) **Explanation of the relatively high percentage of overseas assets**
 Applicable Not applicable
3. Restrictions on major assets as at the end of the Reporting Period
 Applicable Not applicable
4. Other explanations
 Applicable Not applicable

(IV) Analysis of operating information of the industry

Applicable Not applicable

For details of the analysis of operating information of the industry, please refer to "II. INDUSTRY DEVELOPMENT OF THE COMPANY DURING THE REPORTING PERIOD" of this section.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(V) Analysis of investments

Overall analysis on external equity investments

Applicable Not applicable

As at the end of the Reporting Period, the closing balance of external equity investments of the Company was RMB3,821,426,321.81, representing an increase of RMB226,415,819.24 by 6.30% over the beginning of the Reporting Period. For details of such changes, please refer to “8. Long-term Equity Investments” of “V. Notes to Key Items of the Consolidated Financial Statements” set out in “Section XII Audit Report” of the report.

1. Substantial equity investments
 Applicable Not applicable
2. Substantial non-equity investments
 Applicable Not applicable
3. Financial assets measured at fair value
 Applicable Not applicable

Unit: Yuan Currency: RMB

Category of assets	Opening balance	Gains or losses on fair value change for the Reporting Period	Total fair value change recorded in equity	Impairment for the Reporting Period	Amount of purchase for the Reporting Period	Amount of disposal/redemption for the Reporting Period	Other changes	Ending balance
Financing receivables	35,866,130.32						38,636,159.25	74,502,289.57
Other equity instruments investments	1,136,892,279.11		-45,330,142.91					1,091,562,136.20
Total	1,172,758,409.43		-45,330,142.91				38,636,159.25	1,166,064,425.77

Securities investment

Applicable Not applicable

Description of securities investment

Applicable Not applicable

Private equity investment

Applicable Not applicable

Derivative Investment

Applicable Not applicable

4. Specific progress of substantial assets restructuring and integration during the Reporting Period
 Applicable Not applicable

(VI) Sales of substantial assets and equity interests

Applicable Not applicable

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(VII) Analysis of major controlled companies and investees

Applicable Not applicable

Cangzhou Mineral Port is a substantial subsidiary of the Company. It was incorporated on 10 April 2012, with a registered capital of RMB5,266.3482 million. Its headquarters is located in Bohai New District, Cangzhou City, Hebei Province. It mainly engages in stevedoring, stacking and other businesses. As of 31 December 2023, the total assets of Cangzhou Mineral Port was RMB9,906.1308 million, of which the net assets were RMB6,358.2751 million. In 2023, the revenue of Cangzhou Mineral Port was RMB1,904.7123 million, and the operating profit was RMB350.6896 million. Net profit was RMB316.6484 million, accounting for 20.68% of net profit attributable to the parent company.

Caofeidian Coal Port is a substantial subsidiary of the Company. It was incorporated on 29 October 2009, with a registered capital of RMB1,800 million. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in stevedoring, storage and other services. As of 31 December 2023, the total assets of Caofeidian Coal Port was RMB4,460.2848 million, of which the net assets were RMB1,245.8231 million. In 2023, the revenue of Caofeidian Coal Port was RMB833.1181 million, and the operating profit was RMB67.9985 million. Net profit was RMB68.8933 million, accounting for 4.50% of net profit attributable to the parent company.

Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司) is a substantial investee of the Company. It was incorporated on 4 September 2002, with a registered capital of RMB2,000 million. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in operation of port business, investment in infrastructure and other businesses. As of 31 December 2023, the total assets of Tangshan Caofeidian Shiye Port Co., Ltd. was RMB8,000.7378 million, of which the net assets were RMB6,404.1460 million. In 2023, the revenue of Tangshan Caofeidian Shiye Port Co., Ltd. was RMB1,922.4046 million, and the operating profit was RMB1,203.6683 million. Net profit was RMB942.9510 million, and the Company's share of investment income in proportion to shareholding accounted for 21.52% of net profit attributable to the parent company.

(VIII) Structured entities under the control of the Company

Applicable Not applicable

VI. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry pattern and trend

Applicable Not applicable

(I) Competition facing the Company

Port construction will drive the development of local economy to a large extent. Among the ports densely distributed in Bohai Rim in which the Company is located, there are large-and-medium ports such as Tianjin Port and Dalian Port with especially the intersection and overlap of the Hinterland of Tianjin Port and Hebei Port and strong competition in the region. Meanwhile, cooperation among ports is gradually enhanced in spite of competition. Guided by the strategy of coordinated development for Beijing-Tianjin-Hebei region, ports in Tianjin and Hebei have conducted cooperation through the bond of capital, thus turning pure competition into competition combined with cooperation.

(II) Industry development trend

1. The development trend of integration national and regional ports is prominent

In order to improve the competitive advantage of the ports, avoid disorderly competition and promote the development of regional economy, the governments at central level and those of the coastal provinces will take measures to promote the integration of regional ports as an important measure to improve port quality, efficiency and upgrading, resolve excess capacity, and optimize resource allocation. In 2017, the Ministry of Transport issued a Notice on Learning from Zhejiang's Experience and Promoting Regional Port Integration Reform (《關於學習借鑒浙江經驗推進區域港口一體化改革的通知》). Under the promotion of national traffic management department and local governments, the port industry in China has been initially shaped into a structure of "one province and one port". In July 2022, Hebei Province commenced the consolidation of port resources, where the equity interests of Hebei Port Group Co., Ltd., Tangshan Port Industrial Group Co., Ltd., Caofeidian Port Group Co., Ltd., and certain port companies in Caofeidian have been restructured to form a new HPG.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

2. The development trend of integration of port, industry and city is gradually emerging

With the upgrading of port's functions, the ability of a port to serve the Hinterland economy has become the focus of attention, and promoting the integration and interactive development of ports, adjacent cities and adjacent industries has become the focus of industry development. Coastal ports conform to the development trend of the new generation of ports and synchronize with the division of industries in urban agglomerations. Ports in each city will also adjust and optimize their functions and positioning based on the development of their cities in the urban agglomeration. With the advantages of their own capital, land, port platform and brands, port enterprises actively participate in port industry projects, create a business model of "front port and back industrial area", promote the integrated development of port, industries and city, and realize the transformation from a large port of collection and distribution to a large port of trade.

3. Actively build an integration system of supply chain with port as center

The collection and distribution system is the channel connecting the port and the vast Hinterland, and it is an important external condition for the development of the port. In the context of global supply chain reconstruction, adjustment of shipping cargo types, and increasingly higher logistics efficiency and energy conservation and environmental protection requirements, the shipping market is gradually changing from a "port-side market" to a "cargo-side market". The mode of growth benefited from loading and unloading services solely relying on the advantage of terminal hubs in the past has become unsustainable, and it is no longer sufficient to support the sustained and stable revenue growth of a port. The collection and distribution system of large international ports is developing in the direction of multi-channels, multi-directions and multi-transport modes, such as expanding the layout of inland dry ports, actively expanding the scope of radiation to the inland Hinterland; developing cross-border sea-rail transportation such as China-Europe freight trains; and actively striving to build an important land-sea hub along the "Belt and Road".

(II) Development strategy of the Company

Applicable Not applicable

In the future, the Company will be guided by Xi Jinping's socialist ideology with Chinese characteristics in the new era and the spirit of the 20th National Congress of the Communist Party of China, firmly establish new development concepts, thoroughly implement the directions of building world-class ports by the state, comprehensively grasp the strategic deployment and profound connotation of the construction of a Chinese-style modern Hebei scene, taking Hebei Port Group as a guidance, the Group will adhere to the principle of consolidating and improving the competitive advantages of dry Bulk Cargo ports, enhancing the supply chain service ability and promoting the comprehensive development level of ports, and adhere to the overall development idea of "resource planning, technology empowerment and external expansion", to strive to build a world-class dry bulk port enterprise with industrial leadership, full functions, intelligence, sustainability, safety and efficiency, and powerful safeguard.

In 2024, the Company's prospects for various businesses are as follows:

Coal Business

In 2024, the Company will deepen its cooperation in terms of the railway and maritime sectors and with customers, to give full play to the efficiency of the collaboration through shared offices, enhance the information sharing and coordination capability, realize the effective connection of vehicles, ships and cargoes and the efficient operation of the whole logistics chain, continuously improve the efficiency of port turnover and further optimize the supply structure of cargo source. The Company will develop customers along the Jungar-Shuozhou Railway and Datong-Jungar Railway, acquire new customers while maintaining the relationship with its existing customers, and strive to increase its market share.

Metal Ore Business

The Company will continue to tap the potential of customers in Shanxi Province and Northwest China, speed up the development of channels in the Hinterland of Shanxi Province and Handan-Xingtai, enhance the evacuation of cargoes from ports, promote the construction of new energy transportation corridors and comprehensive smart ports, and continue to promote the water-to-water business between relevant ports.

Business of General Bulk

The Company will actively secure customers of cargoes such as steel, sand and gravel while maintaining the existing operation volume of soybean, barley, slag powder and other cargoes, and strive to achieve the growth of the total cargoes. The Company will also actively expand the storage capacity of grain for foreign trade, and constantly introduce new technologies to improve the grain loading and unloading efficiency.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

(III) Operating plan

Applicable Not applicable

In 2024, the Company's overall work idea is: to adhere to the overall requirements of "integrity, intelligent, efficient and green" for port construction, leverage on the building of "5A" level industrial tourism sceneries and the promotion of on-site standardized management, and to deepen, strengthen and refine the development of six major systems, and solidify the foundation of port production and operation, as well as risk prevention and control. We will orderly carry out the construction of green channels for land and sea transportation to raise the level of ecological development, accelerate the transformation and upgrading of ports, and promote their high-quality development. We will strive to be the cornerstone for the safety of energy transportation and the pioneer of marine development, and achieve greater achievements in growing to be a world-class dry bulk port enterprise.

To this end, the Company will carry out the following works: 1. focusing on key commodities to cater to the market's needs and promote increment profit of the principal businesses; 2. capturing transformation opportunities on the construction of "integrity, intelligent, efficient and green" ports, and improving development quality and efficiency; 3. implementing standardization and on-site management to create a standardized production environment; 4. continuously strengthening internal control for system development and management; 5. enhancing the momentum of port development by integration of port, industry and city; 6. fully unleashing development momentum by stimulating vitality and promoting reform.

(IV) Potential risks

Applicable Not applicable

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

In the near future, the main risks faced by the Company include: 1. against the backdrop of China's orderly advancement of deep adjustment to industrial structure and the implementation of green and low-carbon transformation in the industries, the proportion of clean energy continues to expand, and the target of "peaking carbon dioxide emissions and carbon neutrality" restricts the development of high-energy-consuming industries and coal demands; 2. despite the maximum relaxation of customs clearance policies for imported coal, imported coal will still play an important supplementary and regulatory role in maintaining the stability of supply and demand in the coal industry chain, and the coal imported at a low price may impact on the coal of domestic trade.

(V) Others

Applicable Not applicable

1. Gross Profit Margin

The gross profit of the Company for the Year amounted to RMB2,641.3244 million, representing a year-on-year decrease of 0.41%. The gross profit margin of the Company for the Year was 37.44%, representing a decrease of 0.89 percentage point as compared with that of the corresponding period of last year.

2. Tax and Surcharges

During the Year, the tax and surcharges of the Company amounted to RMB135.7253 million, representing a year-on-year decrease of 0.23%, remaining flat as compared to the previous year.

3. Other Income

During the Year, other income of the Company amounted to RMB64.1046 million, representing a year-on-year decrease of 23.49%, which was mainly attributable to the change in the policy related to additional deduction of VATs.

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

4. Investment Income

During the Year, the investment income of the Company amounted to RMB311.5019 million, representing a year-on-year increase of 32.42%, which was mainly attributable to the increase in net profits of associates of the Company.

5. Impairment Losses of Assets

The impairment losses of assets of the Company amounted to RMB4.3756 million for the Year, representing a year-on-year decrease of 88.10%, which was mainly due to the decrease in the provision for impairment loss on fix assets.

6. Impairment Losses of Credit

The impairment losses of credit of the Company amounted to RMB-3.8597 million for the Year, representing a year-on-year decrease of 123.59%, which was mainly attributable to the decrease in those of our subsidiary, Cangzhou Mineral Port.

7. Net Non-operating Revenue and Expenses

During the Year, the net non-operating revenue and expenses of the Company amounted to RMB4.2072 million, representing a year-on-year increase of 404.52%, which was mainly attributable to the increase in gains on disposal of non-current assets.

8. Income Tax Expense

The income tax expense of the Company increased by RMB12.5464 million to RMB318.6693 million for the Year from RMB306.1229 million last year, and the effective income tax rate of the Company decreased to 16.92% for the Year from 18.41% last year, mainly because that Phase 1 expansion project of Cangzhou Mineral Port is entitled to a preferential income tax treatment of a 3-year exemption followed by a 3-year 50% reduction.

9. Net Profit

The net profit of the Company for the Year amounted to RMB1,564.4728 million, representing a year-on-year increase of 15.28%, of which net profit attributable to owners of the parent company amounted to RMB1,531.2024 million, representing a year-on-year increase of 17.03%. Net profit margin of the Company was 22.18%, representing a year-on-year increase of 2.57 percentage points.

10. Bank Loans and Other Borrowings

As at 31 December 2023, the details of the Company's bank loans and other borrowings are set out in "18. Short-term borrowings", "24. Non-current liabilities due within one year" and "25. Long-term borrowings" of "V. Notes to Key Items of the Consolidated Financial Statements" of Section XII.

11. Exchange Rate Risks

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

SECTION IV MANAGEMENT DISCUSSION AND ANALYSIS

12. Pledge of Assets and Contingent Liabilities

The Company has no pledge of assets or contingent liabilities during the Year.

13. Capital Commitment

Details of the Company's capital commitment during the Year are set out in "1. Significant commitments" of "XIII. Commitments and Contingencies" of Section XII.

14. Management of Working Capital

	31 December 2023	31 December 2022
Current ratio	1.11	1.70
Quick ratio	1.01	1.63
Turnover days of trade receivables	2.96	2.36
Turnover days of trade payables	21.24	21.32

As at 31 December 2023, the Company's current ratio and quick ratio were 1.11 and 1.01, respectively, representing a decrease as compared with the current ratio of 1.70 and quick ratio of 1.63 as at 31 December 2022. The turnover days of trade receivables for the year 2023 was 2.96 days and the turnover days of trade payables was 21.24 days, representing an increase of 0.60 day as compared with 2.36 days in 2022 and a decrease of 0.08 day as compared with 21.32 days in 2022, respectively. All indicators above are within the appropriate range.

15. Donation

Charity contributions and other donations of the Company made during the Year amounted to RMB696,000.

16. Retained Profits at the end of the Year

As at 31 December 2023, retained profits at the end of the Year available for distribution to Shareholders of the Company amounted to RMB5,075.1199 million.

VII. FAILURE OF DISCLOSURE OF THE COMPANY AS PER RULES DUE TO INAPPLICABILITY OR SPECIAL REASONS SUCH AS STATE OR TRADE SECRETS

Applicable Not applicable

SECTION V CORPORATE GOVERNANCE

I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE

Applicable Not applicable

Since the establishment of the Company, in accordance with the requirements of the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the Guidance for the Articles of Association of Listed Companies and relevant laws, rules and regulations, and with reference to the regulatory requirements with regard to listed companies, the Company formulated the Articles of Association and the Rules of Procedures for General Meetings, the Rules of Procedure for the Board of Directors and the Rules of Procedures for the Supervisory Committee, and other rules and regulations, and built a regulated corporate governance structure by establishing a sound system comprising the general meeting, the Board, the Supervisory Committee, independent directors and the secretary to the Board. The Board has established six special committees, namely the strategy committee, the audit committee, the nomination committee, the remuneration and appraisal committee, the compliance management committee and the risk management committee, which provide advices and suggestions for major decisions made by the Board and ensure the Board to consider matters and make decisions in a professional and highly efficient manner.

During the Reporting Period, the general meeting, the Board, the Supervisory Committee and other organizations and personnel thereof were able to work independently and effectively and perform their duties and responsibilities in accordance with the provisions of relevant laws and regulations, Articles of Association and related rules of procedure, without major violations of laws and regulations. There was no situation where the management or the Board violated any laws and regulations such as the Company Law and the relevant provisions of the Articles of Association in performing their duties. The actual situation on corporate governance was not significantly different from that in the normative documents issued by China Securities Regulatory Commission on the governance of listed companies.

Is there any obvious difference between corporate governance and requirements under the laws, administrative regulations and of China Securities Regulatory Commission in relation to the governance of public companies? If there is obvious difference, explanations should be made

Applicable Not applicable

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, INSTITUTIONS AND BUSINESS, AS WELL AS SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS TO SOLVE ISSUES (IF ANY) AFFECTING THE INDEPENDENCE OF THE COMPANY

Applicable Not applicable

The same or similar business as that of the Company engaged by controlling shareholders, actual controllers and other entities under their control, as well as the impact of horizontal competition or significant changes in horizontal competition on the Company, the solution or measures taken, the progress of the solutions and the follow-up plans.

Applicable Not applicable

In July 2022, the government of Hebei Province implemented integration of port resources. HPG, the controlling shareholder of the Company, completed acquisition of 100% equity interests of Tangshan Port Industrial Group Co., Ltd., 100% equity interests of Caofeidian Port Group Co., Ltd. as well as minority interests of port companies including 24% equity interests of SDIC Caofeidian Port Co., Ltd. The aforesaid companies are principally engaged in businesses related to comprehensive port transportation. After the integration of these companies, the businesses of relevant entities under their control overlap, to some extent, with the principal business of the Company.

SECTION V CORPORATE GOVERNANCE

To avoid horizontal competitions between relevant entities under the control of HPG and the listed Company and safeguard the legitimate interests of the listed Company under the control of HPG and their minority shareholders, HPG provided undertakings as follows:

1. In respect of horizontal competitions or potential horizontal competitions between the company, other companies and the listed company under the control of the company that are given rise to by this equity transfer, the company will take various measures, including but not limit to assets reorganization, asset swap, equity swap, business adjustment, entrusted management, or apply these measures in an integrated manner to steadily advance the integration of the relevant businesses and solve horizontal competitions based on relevant regulations and the requirements of related securities regulatory authorities within five years upon the completion of equity transfer in connection with the port resources integration of HPG, and will strive to spend less time to accomplish the abovementioned goals, provided that such action is permitted by applicable laws, rules, regulations and relevant regulatory rules and the interests of the listed companies and the legitimate interests of majority investors, especially minority investors, are under protection.
2. The company and other companies under its control promise that they will strictly follow laws, rules, regulations and relevant regulatory and administrative rules and will not seek improper advantages by utilizing the position of controlling shareholders or damage the legitimate interests of other shareholders of the listed company.
3. If the listed company incurred loss for the company's failure to fulfill such undertakings, the company shall be liable for indemnity.

The letter of undertaking shall take effect from the date of issuance and remain effective during the period when the company has control over the listed company.”

III. BRIEF INTRODUCTION OF THE GENERAL MEETING

Session of Meeting	Date	Inquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published	Resolutions
The First Extraordinary General Meeting in 2023	28 February 2023	www.sse.com.cn www.hkexnews.hk	1 March 2023 28 February 2023	For details, please refer to the announcement of the Company on the resolutions of the first extraordinary general meeting in 2023 (Announcement No.: 2023-010)
The Second Extraordinary General Meeting in 2023	27 April 2023	www.sse.com.cn www.hkexnews.hk	28 April 2023 27 April 2023	For details, please refer to the announcement of the Company on the resolutions of the second extraordinary general meeting in 2023 (Announcement No.: 2023-026)
The 2022 Annual General Meeting	28 June 2023	www.sse.com.cn www.hkexnews.hk	29 June 2023 28 June 2023	For details, please refer to the announcement of the Company on the resolutions of the 2022 annual general meeting (Announcement No.: 2023-033)
The Third Extraordinary General Meeting in 2023	24 November 2023	www.sse.com.cn www.hkexnews.hk	25 November 2023 24 November 2023	For details, please refer to the announcement of the Company on the resolutions of the third extraordinary general meeting in 2023 (Announcement No.: 2023-050)

Request for convening of extraordinary general meeting by the Shareholders of Preferred Shares Whose Voting Rights have been Restored

Applicable Not applicable

Information of General Meetings

Applicable Not applicable

On 28 February 2023, QHD Port held the first extraordinary general meeting in 2023 to consider and approve one resolution, i.e. the resolution regarding the election of the executive Directors of the fifth session of the Board of the Company.

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

On 28 June 2023, QHD Port held the 2022 annual general meeting to consider and approve nine resolutions, i.e. the resolution regarding the report of the Board of Directors of the Company for 2022; the resolution regarding the report of the supervisory committee of the Company for 2022; the resolution regarding the final financial report of the Company for 2022; the resolution regarding the 2022 profit distribution plan and the declaration of final dividend of the Company; the resolution regarding the re-appointment of the auditor of the Company for the year 2023 and the audit fees for the year 2023; the resolution regarding the re-appointment of the internal control auditor of the Company for the year 2023 and the internal control audit fees for the year 2023; the resolution regarding the Director's 2022 annual remuneration; the resolution regarding the supervisor's 2022 annual remuneration; the resolution regarding adjustment of the annual caps amounts for continuing connected transactions under the general services agreement for Year 2023 to 2024.

On 24 November 2023, QHD Port held the third extraordinary general meeting in 2023 to consider and approve two resolutions, i.e. the resolution regarding the purchase of liability insurance for the Directors, Supervisors and senior management of the Company, and the resolution regarding the amendment to the Terms of Reference for Independent Directors of Qinhuangdao Port Co., Ltd.

SECTION V CORPORATE GOVERNANCE

IV. INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

✓ Applicable □ Not applicable

Unit: share

Name	Position	Gender	Age	Duration of service (since)	End date of term of office	Remuneration paid (before tax)					Social insurance, housing funds and corporate annuities paid by the Company			Other monetary income	Total remuneration before tax obtained from the Company during the Reporting Period (RMB'000)	Whether obtained remuneration from the connected parties of the Company
						Basic remuneration prepaid	Prepayment for performance	Allowance and subsidy	Discounted difference of the previous year	Subtotal ¹	Basic healthcare, unemployment, work-related injury, maternity insurance and housing provident funds	Retirement plan: basic pension insurance and corporate annuities	Subtotal ²			
ZHANG Xiaojiang	Chairman and Executive Director	Male	52	28 February 2023	27 June 2025	23.08	27.72	4.46	34.54	89.80	9.60	8.09	17.69	0	107.49	No
NIE Yuzhong	Vice Chairman and Executive Director President	Male	55	28 February 2023 7 February 2023	27 June 2025 27 June 2025	24.75	29.12	4.78	31.25	89.90	9.91	8.82	18.73	0	108.63	No
GAO Feng	Executive Director and the Secretary to the Board	Male	54	27 April 2023	27 June 2025	16.78	22.38	4.12	27.15	70.43	7.21	6.87	14.08	0	84.51	No
LI Yingxu	Non-executive Director	Male	57	28 June 2022	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
XIAO Xiang	Non-executive Director	Female	51	28 June 2022	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
CHEN Ruihua	Independent Non-executive Director	Male	50	28 June 2022	27 June 2025	10.00	0	0	0	10.00	0	0	0	0	10.00	Yes
XIAO Zuhe	Independent Non-executive Director	Male	58	28 June 2022	27 June 2025	10.00	0	0	0	10.00	0	0	0	0	10.00	Yes
ZHAO Jinguang	Independent Non-executive Director	Male	60	28 June 2022	27 June 2025	10.00	0	0	0	10.00	0	0	0	0	10.00	Yes
ZHU Qingxiang	Independent Non-executive Director	Female	61	28 June 2022	27 June 2025	10.00	0	0	0	10.00	0	0	0	0	10.00	Yes
ZHENG Guoqi	Supervisor and Chairman of the Supervisory Committee	Male	54	27 April 2023	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
OU Ying	Supervisor	Female	46	27 April 2023	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
BIAN Yingzi	Supervisor	Female	53	28 June 2022	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
LI Yufeng	Employee Representative Supervisor	Male	56	31 March 2023	27 June 2025	11.66	16.10	3.54	18.21	49.51	5.57	5.54	11.11	0	60.62	No
PEI Baowen	Employee Representative Supervisor	Male	55	31 March 2023	27 June 2025	11.66	15.09	3.08	19.83	49.66	5.73	5.68	11.41	0	61.07	No
YANG Xuejun	Vice president	Male	54	28 June 2022	27 June 2025	20.14	25.60	4.74	33.51	83.99	10.24	8.82	19.06	0	103.05	No
BU Zhouqing	Chief financial officer	Male	55	15 March 2023	27 June 2025	16.78	25.38	4.12	26.71	72.99	7.92	7.35	15.27	0	88.26	No
HU Zhaohui	Vice president	Male	47	15 March 2023	27 June 2025	16.78	26.18	3.93	24.63	71.52	6.73	6.80	13.53	0	85.05	No
MA Xiping	Executive Director and Secretary to the Board (resigned)	Male	56	28 June 2022	7 February 2023	1.56	5.81	0.31	0	7.68	0.75	0.71	1.46	0	9.14	No
CHEN Lixin	Vice President (resigned)	Male	51	28 June 2022	7 February 2023	1.56	0.81	0.31	0	2.68	0.74	0.71	1.45	0	4.13	No
CAO Dong	Chief Financial Officer (resigned)	Male	55	28 June 2022	24 February 2023	2.92	1.52	0.6	0	5.04	1.37	1.42	2.79	0	7.83	No
XIA Zhixin	Vice President	Male	53	28 June 2022	26 February 2024	20.14	30.38	4.73	33.30	88.55	9.95	8.82	18.77	0	107.32	No
Total	/	/	/	/	/	207.81	226.09	38.72	249.13	721.75	75.72	69.63	145.35	0	867.10	/

Note: During their terms of office in 2023, the abovementioned personnel did not hold any shares of the Company.

SECTION V CORPORATE GOVERNANCE

Name	Major work experience
Directors	
ZHANG Xiaoqiang	Mr. ZHANG Xiaoqiang (張小強), born in March 1972, joined the Communist Party of China in February 2004 and started his career in August 1994, holds a bachelor's degree and a master's degree and is a senior engineer. He currently serves as the Secretary to the Party Committee, the Chairman and an executive Director of QHD Port. He successively served as a technician in the mechanic plant of Jingtang Port Authority, a staff of the business division of Jingtang Port Authority and a workshop director in the mechanic plant of Jingtang Port Authority. He served as the deputy director in the mechanic plant of Jingtang Port Authority from August 2000, the deputy director of the dispatching office of Jingtang Port Authority from April 2002, the deputy director of the production and business department of Jingtang Port Co., Ltd. from March 2003, the director of the business department of Jingtang Port Co., Ltd., from May 2005, the secretary of the Party branch of the business department of Jingtang Port Co., Ltd. from March 2006, the secretary of the Party branch of the business department and logistics department of Jingtang Port Co., Ltd. from January 2007, the assistant to the general manager of Jingtang Port Co., Ltd. and the head of production department of Tangshan Port Group Co., Ltd. from February 2008, the deputy general manager of Tangshan Port Group Co., Ltd. from February 2010, the director and deputy general manager of Tangshan Port Group Co., Ltd. in May 2013, the deputy secretary of the Party Committee, director and general manager of Tangshan Port Group Co., Ltd. from June 2017, Member of the Party Committee, director and deputy general manager of Tangshan Port Group Company Limited and deputy secretary of Party Committee, director and deputy general manager of Tangshan Port Group Co., Ltd. from July 2019. He served as a member of the Party Committee, director and deputy general manager of Tangshan Port Group Company Limited and deputy secretary of the Party Committee, director, vice chairman and general manager of Tangshan Port Group Co., Ltd. in April 2021, the secretary to the Party Committee of QHD Port since January 2023 and has been serving as the secretary of the Party Committee, Chairman and executive director of QHD Port since February 2023.
NIE Yuzhong	Mr. NIE Yuzhong (聶玉中), born in January 1969, joined the Communist Party of China in June 2000, started his career in July 1989, holds a bachelor's degree and a master's degree, and is a senior economist and a senior political engineer. He is currently the deputy party secretary to the Party Committee, the vice chairman, an executive Director and the president of QHD Port. Mr. NIE has successively served as a cadre of electromechanical section of the second branch of the Qinhuangdao Port Authority, a salesperson and a dispatching director of China Ocean Shipping Agency Qinhuangdao Co., Ltd. (秦皇島外輪代理有限公司) and the manager of shipping department of China Ocean Shipping Agency Qinhuangdao Co., Ltd. He served as deputy general manager of China Ocean Shipping Agency Qinhuangdao Co., Ltd. from April 2001, and the general manager of China Ocean Shipping Agency Qinhuangdao Co., Ltd. from April 2003. Mr. NIE served as the secretary to the Party Committee of the Ninth Party Branch of Qinhuangdao Port Group Co., Ltd. from July 2005, and served as the secretary to the Party Committee and secretary of the Discipline Committee of the Ninth Party Branch of Qinhuangdao Port Group Co., Ltd. from December 2006. He also served as a manager of the Ninth Branch of QHD Port since July 2011. He served as a Supervisor and the chairman of the Supervisory Committee of QHD Port from June 2014, a member of the Party Committee of QHD Port from February 2018, a member of the Party Committee and the vice president of QHD Port from March 2018, the vice secretary of the Party Committee of QHD Port since January 2023 and has been serving as the deputy secretary of the Party Committee, the vice Chairman, an executive Director and the president of QHD Port since February 2023.
GAO Feng	Mr. GAO Feng (高峰), born in April 1970, holds a bachelor's degree. He is currently the executive Director, the deputy secretary of Party Committee, the secretary to the Board and chairman of the labor union of QHD Port. Mr. GAO started his career in August 1992, and joined the Communist Party of China (CPC) in December 1996. Mr. GAO has successively served as an assistant lecturer of CPC Qinhuangdao Municipal Committee Party School, a staff member, the deputy principal staff member, the deputy section chief and the section chief of the Comprehensive Fourth Division, the section chief of the Comprehensive Third Division of the Qinhuangdao Municipal Committee Office, the deputy county executive, a member of the County Party Committee, the director of the office, the deputy secretary of the County Party Committee of Qinglong County, the deputy secretary to the County Party Committee, the deputy county executive and the county executive of Lulong County, the director and secretary of the Party Committee of the Qinhuangdao Municipal Development and Reform Commission, the director of Qinhuangdao Municipal Administration of Grain, the deputy secretary of the Party Leadership Group of the Office of Qinhuangdao Municipal People's Government, the deputy secretary of the Party Leadership Group of the Qinhuangdao municipal government agencies, the chairman, the general manager and the secretary to the Party Committee of Qinhuangdao Tourism Holding Group Co., Ltd. He served as an assistant to the general manager of HPG in April 2019, an assistant to the general manager of HPG, the chairman and the secretary to the Party Committee of Hebei Port Group City Construction and Development Co., Ltd., curator and party branch secretary of China Port Museum, manager of Xigang Industrial Park Branch of Hebei Port Group, and the director, the chairman and the party branch secretary of Qinhuangdao Seaview Hotel Co., Ltd. in December 2021, and served as the deputy secretary of the Party Committee and the chairman of the labor union of Qinhuangdao Port Co., Ltd. in February 2023. He has been in his current positions since April 2023.
Li Yingxu	Mr. Li Yingxu (李迎旭), born in August 1967, holds a master's degree and is currently a non-executive Director of QHD Port. Mr. Li joined the Communist Party of China in June 1987 and started his career in July 1989. He successively served as the organizer of the Organization Department of Shanhaiguan Food Factory (山海關食品廠), the deputy director of the Technical Department, the deputy director of the Party Office and the deputy director of the Organization Department, the director of the Party Office, the director of the fourth branch, the deputy director of the main factory, the deputy secretary of the Party Committee, the director, and the secretary of the Party Committee. In August 2003, he was appointed as the secretary to the Party Committee of Qinhuangdao Acrylic Fiber Factory (秦皇島腈綸廠). In May 2005, he was appointed as the secretary to the Party Committee of Qinhuangdao Outlet Acrylic Fiber Co., Ltd. (秦皇島奧萊特腈綸有限公司), and in November 2014, he was appointed as the general manager, the vice chairman, and the deputy secretary to the Party Committee of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). In June 2021, he was the chairman, the deputy secretary to the Party Committee and the general manager of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). From January 2023 to December 2023, he was the chairman, the secretary of the Party Committee and the general manager of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). Mr. Li has been serving as a non-executive Director of QHD Port since June 2022.

SECTION V CORPORATE GOVERNANCE

Name	Major work experience
XIAO Xiang	Madam XIAO Xiang (肖湘), born in June 1973, holds a master's degree and is a senior economist, is currently a non-executive Director of QHD Port and a deputy general manager of Hebei Jiantou Transportation Investment Co., Ltd. (河北建投交通投資有限責任公司), Madam Xiao was the project manager of the Foreign Investment Department of Hebei Construction & Investment Corporation in June 1995 and the project manager of the Transportation Division of Hebei Construction & Investment Corporation in April 2000. In April 2006, she was the assistant manager of the Transportation Division of Hebei Construction & Investment Corporation. She served as the manager of the port branch of Hebei Jiantou Transportation Investment Co., Ltd. in June 2007, the manager of port branch of Hebei Jiantou Transportation Investment Co., Ltd. and the assistant to the general manager of Hebei Jiantou Transportation Investment Co., Ltd. in May 2008. She was the deputy general manager of Hebei Jiantou Electric Fuel Management Co., Ltd. in February 2014 and has been the deputy general manager of Hebei Jiantou Transportation Investment Co., Ltd. since July 2015. Ms. Xiao has been serving as a non-executive Director of QHD Port since June 2018.
CHEN Ruihua	Mr. CHEN Ruihua (陳瑞華), born in October 1974, holds a PhD degree and is currently an independent non-executive Director of the Company and an associate professor and a master tutor of the School of Economics at Nankai University. Mr. Chen was a teaching assistant at the School of Economics at Nankai University from 1997 to 2000. He was a lecturer at the School of Economics at Nankai University from 2000 to 2004, and has been an associate professor at the School of Economics at Nankai University from 2004 to present. Mr. Chen is a member of the expert group of the China Futures Association, a member of the editorial board for the "PRC Securities and Futures", one of the first level candidates in the Tianjin "131" Talents Project, and a distinguished expert from the Tianjin PPP Center (Fiscal Bureau). Mr. Chen has been serving as an independent non-executive Director of QHD Port since June 2018.
XIAO Zuhe	Mr. XIAO Zuhe (肖祖核), born in September 1966, holds a master's degree and is currently an independent non-executive Director of QHD Port and the managing director of Shenzhen Qianhai Benefit Capital Equity Investment Management Co., Ltd. (深圳市前海百富源股權投資管理有限公司). Mr. Xiao served as the department manager of Jiangxi Accounting Firm (江西會計師事務所) from July 1988 to March 1995. He served as the assistant financial director of Shenzhen Fountain Corporation (深圳世紀星源股份有限公司) from April 1995 to May 1996. From July 1996 to June 1999, he served as a senior auditor of Hong Kong Ho and Ho CPA Limited (香港何錫麟會計師行), and served as the CFO of Cosun Global Telephone Limited (僑興環球電話有限公司) (listed on NASDAQ) from July 1999 to July 2003. He served as the CEO of Benefit Capital (Hong Kong) Company Limited (香港百富達融資有限公司) from August 2003 to March 2010 and was the proxy of Tianjin Benefit Capital Equity Investment Fund Management Co., Ltd. from March 2010 to March 2014 and has been serving as the managing director of Shenzhen Qianhai Benefit Capital Equity Investment Management Co., Ltd. (深圳市前海百富源股權投資管理有限公司) since March 2014. Mr. Xiao has been serving as an independent non-executive Director of QHD Port since June 2018.
ZHAO Jinguang	Mr. ZHAO Jinguang (趙金廣), born in April 1964, holds a doctoral degree. He is currently an independent non-executive Director of QHD Port, a professor and a master tutor of the College of International Cultural Exchange of Hebei Normal University, and a doctoral tutor of the Krirk University in Thailand. Mr. Zhao started his career in July 1987. In August 1991, he served as the head of the Ideological Education Section and the director of the Moral Education and Research Section of the Student Office of Hebei Normal University. In September 1995, he was appointed as the deputy secretary to the Youth League Committee of Hebei Normal University. In December 1996, he was appointed as the deputy director of the Foreign Affairs Office of Hebei Normal University. In May 2000, he was appointed as the deputy dean of the College of International Cultural Exchange of Hebei Normal University, and as the secretary and the dean of the College of International Cultural Exchange of Hebei Normal University in October 2007. Since November 2018, he has been a professor and a master tutor of Hebei Normal University, and since January 2020, he has been a doctoral tutor of the Krirk University in Thailand. Mr. Zhao has published many academic papers in "Contemporary World and Socialism", "Hebei Academic Journal", etc., and presided over a number of projects of the Education Department, the Department of Science and Technology, and the Office for Philosophy and Social Science of Hebei Province. Mr. Zhao is a member of the 12th and 13th Shijiazhuang Municipal Chinese People's Political Consultative Conference, an executive director of the Western Returned Scholars Association of Hebei Province (河北省歐美同學會), a director of the Hebei Overseas Friendship Association (河北省海外聯誼會), and the vice president of the Hebei Cultural Exchange Society (河北省文化交流學會). Mr. Zhao has been serving as an independent non-executive Director of QHD Port since June 2022.
ZHU Qingxiang	Ms. ZHU Qingxiang (朱清香), born in July 1962, holds a master's degree, a member of the Communist Party of China. She is currently an independent non-executive Director of QHD. Ms. Zhu worked in the Propaganda Department of the Party Committee of Northeast Heavy Machinery College (東北重型機械學院) from July 1984 to September 1985. From September 1985 to April 1996, she worked in Yanshan University as a student counselor, the secretary to the general branch of the Communist Youth League, and the secretary to the Party Branch. From April 1996 to February 1998, she taught in the department of metallurgical smelting of the School of Mechanical Engineering of Yanshan University. From February 1998 to January 2015, she was employed as the associate professor, a professor and a master tutor in the Accounting Department of the School of Economics and Management of Yanshan University. From June to December 2006, she took a high-level visit and cooperative research at the University of Salford in the UK. From January 2015 to July 2022, she has been a professor and a master tutor of the Accounting Department of the School of Economics and Management of Hebei University of Technology, and retired from August 2022. Ms. Zhao has been serving as an independent non-executive Director of QHD Port since June 2022.

SECTION V CORPORATE GOVERNANCE

Name	Major work experience
Supervisors	
ZHENG Guoqiang	Mr. ZHENG Guoqiang (鄭國強), born in March 1970, holds a bachelor's degree and is a senior political engineer. He is currently the deputy secretary to the Disciplinary Committee of HPG, and a supervisor and the chairman of the Supervisory Committee of QHD Port. Mr. ZHENG started working in December 1989 and joined the CPC in July 1997. He has successively served as a cadre of the Discipline Inspection and Supervision Section of the Second Branch of Qinhuangdao Port Group Co., Ltd., the section-level discipline supervisor of the Disciplinary Committee and Supervision Division of Qinhuangdao Port Group Co., Ltd., the section-level discipline supervisor of the Disciplinary Committee, the division chief of the Supervision Division and the deputy director of the Supervision Department of Qinhuangdao Port Co., Ltd. He served as the director of the Trial Office of the Disciplinary Committee of HPG in January 2015, a director of the Discipline Inspection and Supervision Office of HPG and QHD Port in March 2016, the deputy secretary of the Disciplinary Committee and the director of the Inspection and Investigation Office (Concurrently) of HPG and QHD Port in October 2016, and the deputy secretary of the Disciplinary Committee of HPG and QHD Port in March 2022. He has been the deputy secretary of the Disciplinary Committee of HPG since November 2022. He served as the deputy secretary of the Disciplinary Committee of HPG, and a supervisor and the chairman of the Supervisory Committee of QHD Port in April 2023.
QU Ying	Madam QU Ying (渠穎), born in February 1978, holds a bachelor's degree and a master's degree and is a senior political engineer. She is currently the head of the Resident Group for Discipline Inspection Group and the chairwoman of the resident supervisory committee assigned by HPG, and a supervisor of QHD Port. Ms. QU started working in July 1996 and joined the CPC in October 2002. She has successively served as the cadre of the unloading team, the secretary of the Youth League Committee, the office clerk, the deputy secretary and the secretary of the Youth League Committee, the deputy director of the office, the deputy secretary of the Disciplinary Committee and the chief of the Supervision Section of the Sixth Branch of Qinhuangdao Port Group Co., Ltd. She served as the deputy head of the Discipline Inspection Group assigned by HPG in February 2017 and the deputy head of the Inspection Group of the Party Committee of HPG in November 2017. She has been the head of the Discipline Inspection Group and the chairwoman of the supervisory committee assigned by HPG since November 2019. She served as the head of the Resident Group for Discipline Inspection Group and the chairwoman of the resident supervisory committee assigned by HPG, and a supervisor of QHD Port in April 2023.
BIAN Yingzi	Madam BIAN Yingzi (卞英姿), born in November 1971, holds a bachelor's degree, a senior accountant, and a certified public accountant, is currently a supervisor of QHD Port, and a director and the general manager of Qinhuangdao State-owned Assets Management Holdings Limited (秦皇島市國有資產經營控股有限公司). From July 1994 to June 2002, Ms. Bian served as a staff member of the Project Preparation Office, Account Division and Capital Division, and the manager assistant of China Yaohua Glass Group Finance Co., Ltd. (中國耀華玻璃集團財務有限公司), and served as the deputy general manager and the leading deputy general manager there from June 2002 to April 2005. In April 2005, she served as the general manager of China Yaohua Glass Group Finance Co., Ltd. (中國耀華玻璃集團財務有限公司), and in August 2007, served as the general manager of the Financial Settlement Center of China Yaohua Glass Group Co., Ltd. (中國耀華玻璃集團有限公司). In September 2009, she served as the vice minister of the Finance Department of China Yaohua Glass Group Co., Ltd. (中國耀華玻璃集團有限公司) and the general manager of the Financial Settlement Center thereof, and in July 2011 the vice minister of the Finance Department thereof. She served as the minister of the Finance Department of China Yaohua Glass Group Co., Ltd. (中國耀華玻璃集團有限公司) in April 2013. She served as a member of the Party Committee, the director, and the CFO of Qinhuangdao State-owned Assets Management Holdings Co., Ltd. (秦皇島市國有資產經營控股有限公司) in December 2015, and served as a member of the Party Committee, the director, and the deputy general manager of Qinhuangdao State-owned Assets Management Holdings Limited (秦皇島市國有資產經營控股有限公司) in June 2021. Since January 2024, she has been serving as a member of the Party Committee, the director, and the general manager of Qinhuangdao State-owned Assets Management Holdings Co., Ltd. (秦皇島市國有資產經營控股有限公司). Ms. Bian has been serving as a Supervisor of the Company since June 2018.

SECTION V CORPORATE GOVERNANCE

Name	Major work experience
LI Yufeng	<p>Mr. Li Yufeng, born in November 1968. He holds a bachelor's degree and is a senior political engineer. He currently serves as an Employee Representative Supervisor of QHD Port, and the head of the Party Committee Work Department, the Publicity Office and the People's Armed Forces Department of QHD Port, and the executive vice chairman of the labor union of QHD Port. He started working in July 1990. He served as a probationer of the supplies division, the cadre of the Party Committee organization department (cadre division) and the deputy chief of the cadre allocation section of the Qinhuangdao Port Authority, and the chief of the cadre allocation section of the Party Committee organization department (cadre division) of Qinhuangdao Port Group; the deputy director and the deputy division chief of the cadre division of the Party Committee organization department of Qinhuangdao Port Group in July 2005; the deputy director of the Party Committee organization department of Qinhuangdao Port Group in March 2007; the deputy director of the Party Committee organization department and the deputy director of the human resources department of QHD Port in April 2008; the secretary to the Party Committee of the mobile machinery branch of QHD Port in July 2011; the party secretary and the discipline secretary of the mobile machinery branch of QHD Port in August 2011; the party secretary, the discipline secretary and the deputy manager of the mobile machinery branch of QHD Port in June 2014; the party secretary and the deputy manager of the mobile machinery branch of QHD Port in October 2016; the party secretary, the deputy manager, the chairman of the labor union of the mobile machinery branch of QHD Port in January 2017; the manager and the deputy party secretary of the communications and information engineering branch and the manager of the measurement and testing branch of HPG, and the director and the chairman of Qinhuangdao Port Gangli Elevator Co., Ltd. (秦皇島港港立電梯有限公司) in March 2018; the manager and the deputy secretary to the Party Committee of the communications and information engineering branch and the manager of the measurement and testing branch of HPG, and the director, the chairman and the secretary to the Party branch of Qinhuangdao Port Gangli Elevator Co., Ltd. in August 2018; the secretary to the Party Committee, the deputy manager and the chairman of the labor union of the communications and information engineering branch and the manager of the measurement and testing branch of HPG in August 2019; the secretary to the Party Committee, the deputy manager, and the chairman of the labor union of the communications and information engineering branch of HPG, and the secretary to the Party Committee, the deputy manager and the chairman of the labor union of the water heating supply branch and the manager of the measurement and testing branch of HPG in October 2020; a full-time director of Qinhuangdao Fangyu Property Services Management Co., Ltd. (秦皇島方宇物業服務有限公司) in April 2021; and a full-time director of Qinhuangdao Fangyu Property Services Management Co., Ltd. and Hebei Port Group City Construction and Development Co., Ltd. in January 2022. He served as the head of the Working Department of the Party Committee, the Publicity Office and the People's Armed Forces Department of QHD Port, and the executive vice chairman of the labor union of QHD Port in November 2022. He has been an Employee Representative Supervisor of QHD Port, and the head of the Working Department of the Party Committee, the Publicity Office and the People's Armed Forces Department of QHD Port, and the executive vice chairman of the labor union of QHD Port since March 2023.</p>
PEI Baowen	<p>Mr. Pei Baowen, born in November 1969. He holds a bachelor's degree and is an accountant. He currently serves as an Employee Representative Supervisor and the head of the audit department of QHD Port. He started working in October 1990. He served as a cadre of the industrial section of Qinhuangdao Statistics Bureau, a cadre of the audit department of the Qinhuangdao Port Authority, a cadre of the audit department, the deputy chief and the chief of the finance audit section of Qinhuangdao Port Group, and the head of the finance department of Cangzhou Bohai Port Co., Ltd (滄州渤海港務有限公司); the director and the deputy general manager of Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司) in May 2012; the deputy general manager of Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司) in November 2013; the deputy general manager of Cangzhou Huanghuagang Mineral Port Co., Ltd. and the deputy general manager of Cangzhou Bohai Port Co., Ltd in January 2017; and the deputy general manager of Cangzhou Huanghuagang Mineral Port Co., Ltd. in March 2021. He served as the head of the audit department of QHD Port in November 2022. He has been an Employee Representative Supervisor and the head of the audit department of QHD Port since March 2023.</p>

SECTION V CORPORATE GOVERNANCE

Name	Major work experience
Senior Management	
YANG Xuejun	Mr. YANG Xuejun (楊學軍), born in January 1970, holds a bachelor's degree and is a senior engineer. He is currently the vice president and the chief safety controller of QHD Port. Mr. Yang started working in July 1991 and joined the Communist Party of China in November 1998. He served as a cadre, the deputy division manager, the division manager and the deputy director of the construction section of the headquarter of construction of Qinhuangdao Port, the deputy general manager of Cangzhou Bohai Port Co., Ltd (滄州渤海港務有限公司) and a director and the acting general manager of Cangzhou Huanghuagang Mineral Port Co., Ltd. In May 2012, he served as a director, the general manager and the deputy secretary of the Party Committee of Cangzhou Huanghuagang Mineral Port Co., Ltd. In November 2013, he served as a director and the general manager of Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司) and the deputy leader of preparatory group of the coal project in Cangzhou Huanghua Port. He served as the chairman, the general manager and the deputy secretary of the Party Committee of Cangzhou Bohai Port Co., Ltd in February 2014, a director and the general manager of Cangzhou Huanghuagang Coal Port Co., Ltd. (滄州黃驊港煤炭港務有限公司) in July 2015, the chairman and the general secretary to the Party Branch of Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司) in October 2016, the chairman and the secretary of the Party Committee of Cangzhou Bohai Port Co., Ltd, the chairman and the secretary of the Party Committee of Cangzhou Huanghuagang Mineral Port Co., Ltd., the chairman of Cangzhou Huanghuagang Crude Oil Port Co., Ltd. and chairman of Cangzhou Huanghuagang Coal Port Co., Ltd. in February 2017, the chairman of Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd (滄州黃驊港散貨港務有限公司) in July 2017, a member of the Party committee of QHD Port in August 2018, and has been serving as the vice president of QHD Port since July 2021. He has been serving as the chief safety controller of QHD Port since February 2023.
BU Zhouqing	Mr. BU Zhouqing (卜周慶), born in October 1969, holds a bachelor's degree and is a senior accountant. He is currently the chief financial officer of QHD Port. Mr. Bu has started working in July 1992 and joined the CPC in May 1999. He served as a cadre of the Finance Department of the Qinhuangdao Port Authority, a deputy section chief and the section chief of the infrastructure section of the Finance Department, and the chief of the accounting section of the Finance Department. He served as the deputy director of the Finance Department of QHD Port Group since December 2008, the director of the Finance Department of Hebei Port Group Service Management Co., Ltd. (河北港口集團服務管理公司) and the deputy director of the Finance Department of QHD Port Group since January 2010, the deputy director of the Finance Department of HPG and the director of the Finance Department of Hebei Port Group Service Management Co., Ltd. since May 2010. In July 2011, Mr. Bu served as the director of the Finance Department of QHD Port, and has served as the director of the Finance Department of HPG since June 2014. He has served as the assistant to general manager of Hebei Port Group and the chief of the finance department of Hebei Port Group since November 2020. From June 2021 to February 2023, Mr. BU served as the assistant to the general manager of Hebei Port Group and the chief auditor of Hebei Port Group. He served as a Supervisor of QHD Port from June 2015 to March 2023, and has been serving as the chief financial officer of QHD Port since March 2023.
HU Zhaohui	Mr. HU Zhaohui (胡朝暉), born in July 1977, holds a bachelor's degree, is a senior political engineer, and is currently the vice president of QHD Port. Mr. Hu started working in July 2001 and joined the CPC in June 2000. He has served successively as the Assistant Engineer of unloading team No. 1, the Assistant Engineer of loading team No. 2, the Assistant Engineer of unloading team No. 2, the Deputy Secretary and the Secretary of the Youth League Committee, and the leader of loading team No. 1 at Second Port Branch. In July 2015, he was appointed as the Chairman of the labor union and the Deputy Manager of the Sixth Port Branch. In October 2016, he served as the secretary of the Disciplinary Committee, the Chairman of the labor union and the Deputy Manager of the Sixth Port Branch. In January 2017, he served as the secretary of the Disciplinary Committee of the Ninth Port Branch, the leader of inspection team dispatched by the Disciplinary Committee of Hebei Port Group and the Chairman of the Board of Supervisors. In October 2017, he was appointed as the leader of the third inspection team of the Party Committee of Hebei Port Group. In May 2019, he served as the Director, the Chairman and the party branch secretary of Qinhuangdao Port New Harbour Container Terminal Co., Ltd. In December 2021, he served successively as the secretary of the Party Committee and the Manager of the Sixth Port Branch. Since February 2023, he has been serving as the secretary of the Party Committee, the director, and the chairman of Cangzhou Huanghuagang Mineral Port Co., Ltd., as well as the executive director and the general manager of Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. He has been serving as the vice president of QHD Port since March 2023.
XIA Zhixin	Mr. XIA Zhixin (夏志新), born in April 1971, holds a bachelor's degree and a master's degree and is a senior engineer. He is currently the vice president of QHD Port. Mr. Xia started working in July 1994 and joined the Communist Party of China in October 2001. He served as a technician of the unloading team and the leader of the technical group of the Sixth Port Branch of Qinhuangdao Port Authority, the deputy technical manager of Fengmao Company, the deputy head of the fleet, the vice director of the Human Resources Department, the director of the Labor Department (勞資部) and the director of the technology and equipment department of the ninth subsidiary of QHD Port Group, the chief of Organization Department and Human Resources Department (Remuneration and Performance) of QHD Port Group and the director of Organization Department of the Party Committee and the Human Resources Department (Remuneration Performance-social security co-ordination) of HPG. He served as the deputy manager of the Second Port Branch of QHD Port in March 2012, the director of QHD Port office, Party Committee office and Board office in February 2018, a director, the general manager and the deputy secretary of Party Committee of Tangshan Caofeidian Coal Port Co., Ltd. in August 2019, and the chairman, the general manager and the secretary of Party Committee of Tangshan Caofeidian Coal Port Co., Ltd. in November 2019. He has been serving as the vice chairman of QHD Port from December 2020 to February 2024.

SECTION V CORPORATE GOVERNANCE

Description of other information

Applicable Not applicable

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

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

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

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

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

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

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

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

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

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

SECTION V CORPORATE GOVERNANCE

(II) PARTICULARS OF EMPLOYMENT OF CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Positions held in the shareholding companies

√ Applicable Not applicable

Name of employee	Name of shareholding companies	Positions held in the shareholding companies	Start of the term of office	Expiration of the term of office
XIAO Xiang	Hebei Jiantou Transportation Investment Co., Ltd.* (河北建投交通投資有限責任公司)	Deputy general manager	July 2015	
ZHENG Guoqiang	Hebei Port Group Co., Ltd.	Deputy secretary of the Disciplinary Committee	October 2016	
QU Ying	Hebei Port Group Co., Ltd.	Head of the Residential Group for Discipline Inspection and the assigned chairwoman of the supervisory committee	November 2019	
Description of positions held in the shareholding companies				

2. Positions held in other companies

√ Applicable Not applicable

Name of employee	Name of other companies	Positions held in the other companies	Start of the term of office	Expiration of the term of office
ZHANG Xiaoqiang	Jinneng Holding Shanxi Coal Industry Co. Ltd.	Director	April 2023	
LI Yingxu	Qinhuangdao Chemical Industry Group Co. Ltd.* (秦皇島市化工集團有限公司)	Chairman and general manager	January 2016	
	Sino-Arab Chemical Fertilizers Co. Ltd.	Director	January 2018	
	China Yaohua Glass Group Co., Ltd.	Director	January 2016	
	Qinhuangdao State-owned Real Estate* Development Co., Ltd. (秦皇島市國有房地產開發有限公司)	Director	January 2024	
	Qinhuangdao Water Supply Co., Ltd.* (秦皇島市自來水有限公司)	Director	January 2024	
	Qinhuangdao Construction Investment Co., Ltd.* (秦皇島市建設投資有限責任公司)	Director	January 2024	
XIAO Xiang	Tangshan Port Group Co., Ltd.	Supervisor	March 2008	
	Tianjin Qinhuangdao Passenger Dedicated* Railway Co., Ltd. (津秦鐵路客運專線有限公司)	Supervisor	August 2018	
	Tangshan Caofeidian Shiye Port Co., Ltd.	Director	March 2017	
	China Energy Huanghua Harbour Administration Co., Ltd.* (國能黃驊港務有限責任公司)	Supervisor	May 2017	
	SDIC Caofeidian Port Co., Ltd.	Director	March 2017	
	Hebei Transportation Investment Beijing-Zhangjiakou Expressway Co., Ltd.* (河北交投京張高速公路有限責任公司)	Director	March 2018	
	Huaneng Caofeidian Port Co., Ltd.* (華能曹妃甸港口有限公司)	Director	November 2018	
	Han Huang Railway Co., Ltd.* (邯黃鐵路有限責任公司)	Director	May 2019	
	China Energy Shuanghuang Railway Development Co., Ltd.* (國能朔黃鐵路發展有限責任公司)	Supervisor	November 2019	

SECTION V CORPORATE GOVERNANCE

Name of employee	Name of other companies	Positions held in the other companies	Start of the term of office	Expiration of the term of office
CHEN Ruihua	Nankai University	Associate professor	December 2004	
XIAO Zuhe	Tianjin Benefit Capital Equity Investment Fund Management Co., Ltd. (天津百富源股權投資基金管理有限公司)	Director and chairman	May 2010	
	Shenzhen Qianhai Benefit Capital Equity Investment Management Co., Ltd. (深圳市前海百富源股權投資管理有限公司)	Director and chairman	March 2010	
	Tianjin Baifuyuan Equity Investment Partnership (Limited Partnership)* (天津百富源股權投資基金合夥企業(有限合夥))	Executive partner, proxy	March 2010	
	Ji'an Jingkai District Baijin Financial Industrial Park Operation Co., Ltd.* (吉安井開區百金金融產業園運營有限公司)	Director and chairman	August 2018	
	Shenzhen Baifuda Consulting Co., Ltd.* (深圳百富達諮詢有限公司)	Director and chairman	August 2003	
	Jiangxi Ganxing Investment Management Co., Ltd.* (江西贛興投資管理有限公司)	Director and chairman	September 2015	
	Jiangxi Youpin Ecological Agriculture Co., Ltd.* (江西優品生態農業有限公司)	Director and chairman	November 2015	
	Heilongjiang Longyue Investment and Management Co., Ltd.* (黑龍江省龍粵投資管理有限公司)	Director	November 2011	
	Jiangxi Dengyun Health Meiyue Internet Co., Ltd.* (江西登雲健康美業互聯網有限公司)	Director	December 2016	
	Jiangxi Taishang Investment Co., Ltd.* (江西泰商投資股份有限公司)	Director	March 2014	
	Ji'an Jingkai District Baifuyuan Haojun Industrial Investment Partnership (Limited Partnership)* (吉安市井開區百富源灑濼產業投資合夥企業(有限合夥))	Executive partner, proxy	April 2017	
	Beijing Zhongwei Ruixin Technology Co., Ltd.* (北京中微銳芯科技有限公司)	Director	October 2016	
	Xuke New Energy Co., Ltd.* (旭科新能源股份有限公司)	Director	May 2015	
	Xi'an Daoxue Education Technology Co., Ltd.* (西安導學教育科技有限公司)	Director	June 2015	
	Shenzhen Busbar Technology Development Co., Ltd.	Director	June 2020	
Ji'an Crab Kingdom Technology Co., Ltd.* (吉安螃蟹王國科技有限公司)	Director	August 2021		
Ganzhou Haopengyou Technology Co., Ltd.* (贛州好朋友科技有限公司)	Director	January 2021		
Farasis Energy (Gan Zhou) Co., Ltd. (孚能科技(贛州)股份有限公司)	Supervisor	January 2018		
Shenzhen Xiaoteng Capital Management Co., Ltd.* (深圳驍騰資本管理有限公司)	Supervisor	July 2016		
Shenzhen Anlang Energy Saving Service Co., Ltd.* (深圳市安朗節能服務有限公司)	Supervisor	November 2010		

SECTION V CORPORATE GOVERNANCE

Name of employee	Name of other companies	Positions held in the other companies	Start of the term of office	Expiration of the term of office
ZHAO Jinguang	Hebei Normal University	Professor	December 2012	
ZHU Qingxiang	Hebei University of Technology	Professor	January 2015	
	Hebei Construction & Investment Group Co., Ltd.* (河北建設投資集團有限責任公司)	Director	December 2021	
BIAN Yingzi	Qinhuangdao State-owned Assets Management Holdings Limited* (秦皇島市國有資產經營控股有限責任公司)	Director	December 2015	
		General manager	January 2024	
	China Yaohua Glass Group Co., Ltd.* (中國耀華玻璃集團有限公司)	Supervisor	June 2020	
	Qinhuangdao Yaohua Industrial Technology Co., Ltd.* (秦皇島耀華工業技術玻璃有限公司)	Director	July 2018	
	Qinhuangdao Qinshan Chemical Port Co., Ltd. (秦皇島秦山化工港務有限責任公司)	Director and vice chairman	June 2019	
	Qinhuangdao State-Owned Industrial Assets Management Co.* (秦皇島市工業國有資產經營有限公司)	Supervisor	November 2019	
	Qinhuangdao Commerce and Trade State-owned Assets Investment and Operation Limited* (秦皇島市商貿國有資產投資經營有限公司)	Supervisor	November 2019	
	Qinhuangdao Chemical Industry Group Co. Ltd.* (秦皇島市化工集團有限公司)	Director	July 2016	
YANG Xuejun	Cangzhou Huanghuagang Steel Logistics Co., Ltd.* (滄州黃驊港鋼鐵物流有限公司)	Director	May 2017	
BU Zhouqing	Bank of Qinhuangdao Co., Ltd. (秦皇島銀行股份有限公司)	Director	May 2015	
	Hebei Port Group (Tianjin) Investment Management Co., Ltd.* (河北港口集團(天津)投資管理有限公司)	Director	March 2018	
	Bank of Hebei Co., Ltd.* (河北銀行股份有限公司)	Director	April 2021	
	Chizhou CMS Zhong An Equity Investment Management Co., Ltd.	Supervisor and chairman of the Supervisory Committee	October 2015	
	Hebei Port Group Finance Co., Ltd.* (河北港口集團財務有限公司)	Director and vice chairman	February 2023	
Description of positions held in other companies				

SECTION V CORPORATE GOVERNANCE

(III) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

√ Applicable □ Not applicable

Decision-making procedures on the remuneration of the Directors, supervisors and senior management	The remuneration of Directors shall be reported to the general meeting for approval after being considered by the remuneration and appraisal committee and the Board, and the remuneration of the senior management shall be reported to the Board for approval after being considered by the remuneration and appraisal committee
Whether a director abstains from the Board's discussion on his remuneration	Yes
Details of the recommendations issued by the remuneration and appraisal committee or the special meeting of independent Directors on matters relating to the remuneration of Directors, supervisors and senior management	On 29 March 2023, QHD held the first meeting of the fifth session of the remuneration and appraisal committee under the Board in the year 2023, to consider and approve the remuneration of Directors of Qinhuangdao Port Co., Ltd. for the Year 2022, the remuneration of Supervisors of Qinhuangdao Port Co., Ltd. for the Year 2022, and the remuneration of senior management of Qinhuangdao Port Co., Ltd. for the Year 2022
The basis for determining the remuneration of the Directors, supervisors and senior management	The Company determines the remuneration of Directors, supervisors and senior management according to their fulfillment of responsibility, risks and operation results
Actual payment of remuneration of the Directors, supervisors and senior management	Please refer to "IV. (I) Particulars of changes in shareholding and remuneration of current and resigned Directors, supervisors and senior management during the Reporting Period" of this section
Total remuneration actually obtained by the Directors, supervisors and senior management at the end of the Reporting Period	Please refer to "IV. (I) Particulars of changes in shareholding and remuneration of current and resigned Directors, supervisors and senior management during the Reporting Period" of this section

(IV) CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF QHD PORT

√ Applicable □ Not applicable

Name	Position	Change	Reason for change
ZHANG Xiaoqiang	Executive Director and Chairman	elected	Election at the Board meeting and the general meeting
NIE Yuzhong	Vice President	resigned	Change of the work
	Executive Director and Vice Chairman	elected	Election at the Board meeting and the general meeting
	President	appointed	Appointment at the Board meeting
GAO Feng	Executive Director	elected	Election at the general meeting
	Secretary to the Board	appointed	Appointment at the Board meeting
ZHENG Guoqiang	Supervisor and Chairman of the Supervisory Committee	elected	Election at the meeting of the Board of Supervisors and the general meeting
QU Ying	Supervisor	elected	Election at the general meeting
LI Yufeng	Employee Representative Supervisor	elected	Election at the joint meeting of the employee representative congress
PEI Baowen	Employee Representative Supervisor	elected	Election at the joint meeting of the employee representative congress
BU Zhouqing	Chief financial officer	appointed	Appointment at the Board meeting
HU Zhaohui	Vice President	appointed	Appointment at the Board meeting
MENG Bo	Supervisor and chairman of the Supervisory Committee	resigned	Change of the work
YANG Jun	Employee Representative Supervisor	resigned	Change of the work
ZHOU Chengtao	Employee Representative Supervisor	resigned	Change of the work
CHEN Lixin	Vice president	resigned	Change of the work
CAO Dong	Chief financial officer	resigned	Change of the work

SECTION V CORPORATE GOVERNANCE

(V) PARTICULARS OF PENALTIES IMPOSED BY SECURITIES REGULATORY AUTHORITIES IN RECENT THREE YEARS

Applicable Not applicable

(VI) OTHERS

Applicable Not applicable

V. PARTICULARS OF THE BOARD MEETING DURING THE REPORTING PERIOD

Session of Meeting	Date	Resolutions of the Meeting
7th meeting of the fifth session	7 February 2023	For details, please see the announcement of the Company on the resolutions of the 7th Meeting of the Fifth Session of the Board Meeting (Announcement No.: 2023-005)
8th meeting of the fifth session	28 February 2023	For details, please see the announcement of the Company on the resolutions of the 8th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-011)
9th meeting of the fifth session	15 March 2023	For details, please see the announcement of the Company on the resolutions of the 9th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-013)
10th meeting of the fifth session	29 March 2023	For details, please see the announcement of the Company on the resolutions of the 10th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-015)
11th meeting of the fifth session	27 April 2023	For details, please see the announcement of the Company on the resolutions of the 11th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-027)
12th meeting of the fifth session	12 May 2023	For details, please see the announcement of the Company on the resolutions of the 12th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-031)
13th meeting of the fifth session	28 June 2023	For details, please see the announcement of the Company on the resolutions of the 13th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-034)
14th meeting of the fifth session	29 August 2023	For details, please see the announcement of the Company on the resolutions of the 14th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-039)
15th meeting of the fifth session	27 October 2023	For details, please see the announcement of the Company on the resolutions of the 15th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-044)
16th meeting of the fifth session	24 November 2023	For details, please see the announcement of the Company on the resolutions of the 16th Meeting of the Fifth Session of the Board Meeting disclosed by the Company on SSE (Announcement No.: 2023-048)

SECTION V CORPORATE GOVERNANCE

VI. PERFORMANCE OF DUTIES OF DIRECTORS

(I) Directors' attendance at the Board meetings and General Meetings

Name of directors	Independent director or not	Attendance at the Board meetings						Attendance at the General Meetings
		Required attendance for the year	Attendance in person	Attendance by communication	Attendance by proxy	Absence	Two consecutive absences from the Board meeting	Number of attendance
Zhang Xiaoqiang	No	9	9	3	0	0	No	3
Nie Yuzhong	No	9	9	4	0	0	No	3
GAO Feng	No	6	6	1	0	0	No	2
Li Yingxu	No	10	10	8	0	0	No	4
Xiao Xiang	No	10	10	9	0	0	No	4
Chen Ruihua	Yes	10	10	10	0	0	No	4
Xiao Zuhe	Yes	10	10	10	0	0	No	4
Zhao Jinguang	Yes	10	10	8	0	0	No	4
Zhu Qingxiang	Yes	10	10	9	0	0	No	4

Notes on the two consecutive absences from the Board meeting

Applicable Not applicable

Number of the Board meetings within the year	10
Among which: Number of meetings held on site	0
Number of meetings held by communication	4
Number of meetings held on site in combination with communication	6

(II) Directors' objection to any matters related to the Company

Applicable Not applicable

(III) Others

Applicable Not applicable

SECTION V CORPORATE GOVERNANCE

VII. THE SPECIAL COMMITTEES UNDER THE BOARD

√ Applicable □ Not applicable

(I) The Members of Special Committees under the Board

Classification of special committees	Name of members
Audit committee	Zhu Qingxiang (chairperson), Li Yingxu and Xiao Zuhe
Nomination committee	Chen Ruihua (chairperson), Xiao Xiang and Zhu Qingxiang
Remuneration and appraisal committee	Zhao Jinguang (chairperson), Nie Yuzhong and Zhu Qingxiang
Strategy committee	Zhang Xiaoqiang (chairperson), Nie Yuzhong, Li Yingxu, Chen Ruihua and Zhao Jinguang
Compliance management committee	Nie Yuzhong (chairperson), GAO Feng and Zhao Jinguang
Risk management committee	Xiao Zuhe (chairperson), Nie Yuzhong, GAO Feng, Xiao Xiang, Chen Ruihua

Responsibilities of special committees

The audit committee: to make recommendations on the appointment, re-appointment and removal of the external auditors; to review and monitor the independence and objectiveness of the external auditors and the effectiveness of the audit procedure in accordance with applicable standards; to review the preparation and disclosure of financial information of the Company; to oversee the financial reporting system and internal control procedure of the Company; and to enhance the communication between internal auditors and external auditors.

The nomination committee: to review the selection requirements and procedures, structure, number and composition (including skill, knowledge and experience) of Directors and senior management annually and make suggestions related to any proposed changes to the Directors and senior management based on the strategy of the Company; to identify and select qualified candidates to be nominated as Directors and senior management or make recommendations to the Board; and to make recommendations to the Board on the appointment or re-appointment of and the succession planning for Directors and senior management.

The remuneration and appraisal committee: to evaluate the remuneration package and policies of all Directors and senior management of the Company and to make recommendation to the Board on the proper and transparent procedures for the formulation of remuneration policies; to study the remuneration (including non-monetary benefits, pension and compensation) policies and package of Directors, Supervisors and senior management and the procedures for the formulation of remuneration policies and to make recommendation to the Board. The formulation of remuneration policies shall be proper and transparent; to make recommendation to the Board on the remuneration of the non-executive Directors; to review and approve compensation arrangements for dismissal or removal of Directors due to misconduct and to ensure they are in compliance with contractual terms and are otherwise reasonable and appropriate; and to monitor the implementation of remuneration policies of the Directors, Supervisors and senior management of the Company.

The strategy committee: to research and recommend on the long term development strategy of the Company; to research and recommend on significant investment and financing plans which are required by the Articles of Association to be approved by the Board; to research and recommend on significant capital operation and asset operation which are required by the Articles to be approved by the Board; and to research and recommend on other significant matters affecting the development of the Company.

The compliance management committee: to review the compliance management strategic plan and annual report, and clarify the annual compliance management objectives; to review the basic compliance management system; to review the compliance management organization and its duties setting plan; to study major issues related to compliance management, and to give opinions or make recommendations on compliance management; to study major violations, and give opinions or make recommendations on the handling of relevant violations to the Board; to guide, supervise and evaluate the compliance management; and to coordinate and solve major compliance management issues, providing guarantees and creating conditions for promoting compliance management.

The risk management committee: to review the annual work report of comprehensive risk management; to review risk management strategies and major risk solutions; to review the organization of risk management and its responsibilities; and to handle other matters related to comprehensive risk management authorized by the Board.

SECTION V CORPORATE GOVERNANCE

(II) Six Meetings Convened by the Audit Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
29 March 2023	<ol style="list-style-type: none"> To consider the Resolution on the Final Financial Report of the Company for the Year 2022; To consider the Resolution on the Special Report on the Audit of Financial Reporting and Internal Control Audit of the Company for the year 2022; To consider the Resolution regarding the re-appointment of the auditor of the Company for the year 2023 and the audit fees for the year 2023; To consider the Resolution regarding the re-appointment of the internal control auditor of the Company for the year 2023 and the internal control audit fees for the year 2023; To consider the Resolution on the Internal Control Evaluation Report of the Company for 2022; To consider the Resolution on the Report on the Performance of the Audit Committee of the Company for the year 2022; To consider the Resolution on the Audit Work Summary for Year 2022 and Audit Work Plan for Year 2023 of the Company. 	All resolutions have been approved through detailed communication and discussion.	
27 April 2023	<ol style="list-style-type: none"> To consider the Financial Analysis Report of the Company for January to March of 2023. 	All resolutions have been approved through detailed communication and discussion.	
21 July 2023	<ol style="list-style-type: none"> To consider the Interim Review Plan of the Company for the Year 2023 by Ernst & Young Hua Ming. 	All resolutions have been approved through detailed communication and discussion.	
28 August 2023	<ol style="list-style-type: none"> To consider the Resolution on the change of the Company's accounting policy; To consider the Resolution on the Financial Analysis Report of the Company for January to June of 2023; To consider the Resolution on the review of the 2023 interim financial report of the Company for the Year 2023 by Ernst & Young Hua Ming; To consider the Resolution on the Adjustment of the Internal Audit Plan of the Company for 2023; To consider the Resolution on the Internal Audit Work Summary for January to July of 2023 of the Company. 	All resolutions have been approved through detailed communication and discussion.	
27 October 2023	<ol style="list-style-type: none"> To consider the Financial Analysis Report for January to September of 2023 of the Company; 	All resolutions have been approved through detailed communication and discussion.	
26 December 2023	<ol style="list-style-type: none"> To consider the Resolution on the Audit Plan for the Year 2023 of the Company by Ernst & Young Hua Ming; To consider the Resolution on the Report on the Adjustment of the Internal Audit Plan of Qinquangdao Port Co., Ltd. for 2023; To consider the Resolution on the Audit Work Summary for year 2023 and Audit Work Plan for the Year 2024 of Qinquangdao Port Co., Ltd.; 	All resolutions have been approved through detailed communication and discussion.	

SECTION V CORPORATE GOVERNANCE

(III) Four Meetings Convened by the Nomination Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
6 February 2023	<ol style="list-style-type: none"> To consider the matters relating to the nomination of Mr. ZHANG Xiaoqiang and Mr. Nie Yuzhong as executive directors of the Company; To consider the matters relating to the nomination of Mr. Nie Yuzhong as the President of the Company. 	All resolutions have been approved through detailed communication and discussion.	
28 February 2023	<ol style="list-style-type: none"> To consider the matters relating to the nomination of Mr. GAO Feng as executive directors of the Company. 	All resolutions have been approved through detailed communication and discussion.	
15 March 2023	<ol style="list-style-type: none"> To consider the matters relating to the nomination of Mr. HU Zhaohui as the Vice President of the Company; To consider the matters relating to the nomination of Mr. BU Zhouqing as the Chief Financial Officer of the Company. 	All resolutions have been approved through detailed communication and discussion.	
27 April 2023	<ol style="list-style-type: none"> To consider the matters relating to the nomination of Mr. GAO Feng as the Secretary to the Board of the Company. 	All resolutions have been approved through detailed communication and discussion.	

(IV) One Meeting Convened by the Remuneration Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
29 March 2023	<ol style="list-style-type: none"> To consider the Remuneration of Directors of the Company for the Year 2022; To consider the Remuneration of Supervisors of the Company for the Year 2022; To consider the Remuneration of Senior Management of the Company for the Year 2022; 	All resolutions have been approved through detailed communication and discussion.	

(V) Two Meetings Convened by the Strategy Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
11 May 2023	<ol style="list-style-type: none"> To consider the Action Plan for the Construction of World First Class Dry Bulk Port Enterprise (2023-2025). 	All resolutions have been approved through detailed communication and discussion.	
27 October 2023	<ol style="list-style-type: none"> To consider the Resolution on the wholly-owned establishment of Qinhuangdao Port Xinyi Terminal Co., Ltd. (秦皇島港新益碼頭有限公司). 	All resolutions have been approved through detailed communication and discussion.	

SECTION V CORPORATE GOVERNANCE

(VI) One Meeting Convened by the Compliance Management Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
22 December 2023	1. To consider the Resolution on launching a joint survey on compliance work in the area of port operations.	All resolutions have been approved through detailed communication and discussion.	

(VII) Two Meetings Convened by the Risk Management Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
29 March 2023	1. To consider the Resolution on the Report on the Comprehensive Risk Management Work of Qinhuangdao Port Co., Ltd. for the year 2022.	All resolutions have been approved through detailed communication and discussion.	
24 November 2023	1. To consider the Resolution on the amendment of the Comprehensive Risk Management System of Qinhuangdao Port Co., Ltd.	All resolutions have been approved through detailed communication and discussion.	

(VIII) Particulars of the Dissenting Matters

Applicable Not applicable

VIII. RISKS DISCOVERED BY THE SUPERVISORY COMMITTEE

Applicable Not applicable

SECTION V CORPORATE GOVERNANCE

IX. INFORMATION ABOUT THE STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AS AT THE END OF THE REPORTING PERIOD

(I) Information about the staff

Number of staff employed by the parent company	8,402
Number of staff employed by the major subsidiaries	1,424
The total number of staff employed	9,826
Number of paid retired staff by the parent company and its major subsidiaries	0
Profession Composition	
Profession	Persons
Production personnel	5,628
Administrative personnel	1,755
Technical personnel	619
Other personnel	1,824
Total	9,826
Education	
Levels of education	Number (persons)
Master's degree and above	361
Bachelor's degree	3,143
College degree	3,188
Technical secondary school degree, high school degree and below	3,134
Total	9,826

(II) Remuneration policy

Applicable Not applicable

The Company has established a scientific and efficient remuneration performance appraisal system, implemented a salary and benefit linkage mechanism, and the salary level of employees is closely linked to the completion of economic benefits. Meanwhile, it will further promote the performance management of key employees, implement performance appraisal for all employees, embody the principle of income distribution with more pay for more work and better performance, and allow employees to share the development results of the Company.

(III) Training plan

Applicable Not applicable

The Company focuses on production and operation, reform and development, and transformation and upgrading of the central tasks, focuses on practical training, continuously enriches the mode of class organization, further expands the breadth and depth of the training field, effectively promotes the effective connection between training and production and operation, and continues to provide talent protection for the high-quality development of the Company. In 2023, the Company launched 337 training sessions of various types, and 28,214 people participated in online and offline training, with the coverage rate of employee training reaching 100%.

(IV) Labor outsourcing

Applicable Not applicable

Total hours of labor outsourcing	N/A
The total amount of remuneration paid for labor outsourcing	RMB97.92 million

Note: Since the Company charged labor outsourcing services by time and piece, the labor outsourcing service cannot be measured uniformly according to the number of working hours.

SECTION V CORPORATE GOVERNANCE

X. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARE CAPITAL OF THE COMPANY

As of 31 December 2023, none of Directors, Supervisors or chief executive of QHD Port had any interest or short position in Shares, underlying Shares and debentures of the associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified by Directors, Supervisors or chief executive to QHD Port and the Stock Exchange pursuant to the Model Code.

XI. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Current Directors and Supervisors have entered into service contracts or relevant appointment documents with QHD Port. In addition, in order to protect the interests of Directors and Supervisors, QHD Port purchased liability insurance for Directors and Supervisors. The permitted indemnity provisions are included in the liability insurance purchased for directors, and the insurance will compensate the directors for negligence in the performance of their duties in the face of legal proceedings.

None of the Directors and Supervisors of QHD Port had entered into any service contract with QHD Port which was not determinable by QHD Port within one year without payment of compensation (other than statutory compensation).

XII. INTERESTS IN CONTRACTS OF DIRECTORS AND SUPERVISORS

None of Directors and Supervisors was materially interested, directly or indirectly, in any transactions, arrangements or contracts of significance entered into by QHD Port during the year and subsisting as at the end of the Year.

XIII. SPECIAL TREATMENTS FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, Directors, Supervisors and senior management of QHD Port did not enjoy any special treatments.

XIV. INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

Other than business of the Company, none of the Directors of QHD Port holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Company.

XV. PLAN FOR PROFIT DISTRIBUTION OR CAPITALISATION OF CAPITAL RESERVES

(I) Formulation, implementation or adjustment of the cash dividend policy

Applicable Not applicable

According to the Article of Association, the Company adopts a consistent and stable profit distribution policy, including:

1. Form of profit distribution

The Company adopts the form of cash, shares, a combination of cash and shares or otherwise forms as permitted by laws and regulations in profit distribution, giving priority to cash dividends.

2. Specific conditions and ratios of cash dividends

In the absence of the special circumstances which in the opinion of the board of directors that may have material adverse impact on the normal operation of the Company, if the Company's profit for the year and undistributed profit are positive, profit distribution shall be made by way of cash not less than 30% of the net profit attributable to shareholders of the Company for the year, provided that such distribution shall not prejudice the normal operation and long-term business development of the Company.

3. Specific conditions under which the Company may make dividends

When the Company is in a sound operating condition with rapid growth in operating income and net profit, and the Board of Directors considers that the Company's has good growth potential, overvalued net assets per share, stock price not reflecting the Company's scale of capital and a share dividend may have a dilution effect on the net assets per share which is in the interests of the shareholders as a whole, a proposal for share dividends may be proposed upon fulfillment of the above conditions concerning cash dividends.

SECTION V CORPORATE GOVERNANCE

4. Differentiating cash dividend policy

When proposing distribution of dividends, the Board shall take into account, among other things, features of the industries where the Company operates, its development stage, business model, profit level and whether it has any significant capital expenditure arrangements and formulate differentiating profits distribution proposals in accordance with the provisions set out below and procedures provided in the Articles of Association:

- (1) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the ratio of cash dividends shall be at least 80% in the profit distribution;
- (2) If the Company is at the mature stage of development and has a significant capital expenditure arrangement, the ratio of cash dividends shall be at least 40% in the profit distribution;
- (3) If the Company is at the growing stage and has a significant capital expenditure arrangement, the ratio of cash dividends shall be at least 20% in the profit distribution.

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.

5. Procedures for decision making in the profit distribution

- (1) Profit distribution proposal shall be formulated by the Board of Directors of the Company. In formulating a specific profit distribution proposal, the board of directors shall study and discuss, among others, the timing, conditions as well as the minimum ratio, conditions for adjustments and the requirements of the procedures for decision making in respect of the cash dividends. The independent directors may seek the opinion of the minority shareholders, devise a dividend distribution proposal accordingly and submit the same directly to the Board of Directors for consideration.
- (2) The Board of Directors shall propose the profit distribution proposal by special resolution at a general meeting for approval to effect such proposal. The proposal will become effective upon approval at the general meeting by way of an ordinary resolution. Prior to the consideration of the specific profit distribution proposal at the general meeting, the Company shall communicate and exchange ideas through multiple channels with shareholders (in particular minority shareholders) to obtain the opinion and requests of the minority shareholders.
- (3) The supervisory committee of the Company shall supervise the formulation of the profit distribution proposal by the Board. It has the right to require the Board of Directors to make rectifications if the Board of Directors fails to execute cash dividend policy or perform corresponding decision-making procedures thereof according to the Company's Articles of Association.
- (4) When the Company does not distribute its profit as cash dividends under the special circumstances or proposes cash dividends at a percentage lower than as set out in Article 253 under the Articles of Association, the Board of Directors shall give explanations as to the reasons of not distributing cash dividends or the lower percentage, the precise use of the undistributed profit and the anticipated gains, which will be submitted for consideration at the shareholders' general meeting after receiving opinions from independent Directors, and be disclosed afterwards on the Company's designated media. The explanations of not distributing cash dividends under special circumstances must be approved by way of an ordinary resolution at the shareholders' general meeting.
- (5) If the Company needs to adjust the profit distribution policy due to material changes in external operating environment or its own operating conditions, the Board of Directors shall make such adjustment and obtain opinions of independent Directors thereon. The adjusted policy shall be subject to approval at a shareholders' general meeting by a special resolution. The meeting shall allow both on-site and online voting to provide conveniences to shareholders, especially minority shareholders, for their participation in formulating or amending the policy.

During the Reporting Period, the Company strictly implemented the above-mentioned profit distribution policy, with the dividend distribution standard and ratio specified and clear, and the relevant decision-making process and arrangement complete. In preparing and making decision on the distribution plan, it was considered and approved by the Board meetings and the shareholders' general meeting, and implemented within the period as specified, thus effectively ensuring the interests of all shareholders. The particulars are as follows:

As audited, the Company recorded net profit attributable to shareholders of the parent in 2023 of RMB1,531,202,403.96. The 2023 profit distribution plan is: A cash dividend of RMB0.83 per 10 shares (inclusive of tax) is proposed to be distributed on the basis of the total share capital of 5,587,412,000 shares as at 31 December 2023, totaling RMB463,755,196.00.

In the event that the total share capital registered at the record date for the subsequent implementation of equity distribution changes, the Company intends to maintain the total amount of distribution unchanged and make corresponding adjustments to the distribution ratio of each share.

SECTION V CORPORATE GOVERNANCE

In accordance with the Corporate Income Tax Law of the PRC and its implementation rules effective on 1 January 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% corporate income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of final dividends as corporate income tax, distribute the final dividends to nonresident enterprise shareholders, i.e. any shareholders who hold the Company's Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, or other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups.

Due to changes in the PRC tax laws and regulations, according to the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents issued by the State Administration of Taxation 《關於公佈全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》 on 4 January 2011, individual Shareholders who hold QHD Port's H Shares and whose names appeared on the H Share Register of QHD Port can no longer be exempted from individual income tax pursuant to the Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (Guo Shui Fa [1993] No. 045) 《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993]045 號) issued by the State Administration of Taxation, whilst pursuant to the letter titled Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by the Hong Kong Stock Exchange to the issuers on 4 July 2011 and the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 of State Administration of Taxation (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)), it is confirmed that the overseas resident individual shareholders holding shares of domestic non-foreign invested enterprises issued in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax arrangements between the countries where they reside and the PRC or the tax arrangements between the PRC and Hong Kong or the Macau Special Administrative Region of the PRC. Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified in the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

(II) Special particulars of the policy of cash offer in cash dividend

Applicable Not applicable

Was it in compliance with the requirements of the Company's Articles of Association and the resolution of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were the dividend distribution criteria and proportion well-defined and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were related decision-making processes and mechanisms complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Did independent Directors fulfill their duties and play their roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were the minority Shareholders given opportunities to sufficiently voice their opinions and make requests and were their legal interests fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If profits for the Reporting Period and the distributable profit of the parent to Shareholders are positive and no profit distribution plan in cash for the Shares is proposed, the Company should disclose the reasons as well as the use and intended use of the retained profits in details

Applicable Not applicable

(IV) Profit distribution and proposal to conversion of capital reserve into share capital during the Reporting Period

Applicable Not applicable

SECTION V CORPORATE GOVERNANCE

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

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

Applicable Not applicable

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

Share incentive

Applicable Not applicable

Other explanations

Applicable Not applicable

Employee share scheme

Applicable Not applicable

Other incentive measures

Applicable Not applicable

(III) Share incentives granted to Directors and senior management during the Reporting Period

Applicable Not applicable

(IV) The establishment and implementation of the assessment mechanism and incentive mechanism for senior management during the Reporting Period

Applicable Not applicable

The Company insists on the combination of incentives and limitations, and the match between salary and responsibility, risk and contribution. The salary is linked with the operating performance of the Company. With the emphasis on short-term interests and medium and long-term goals, the Company enhanced the medium and long-term incentives to drive the sound and sustainable development of the Company. Through continuous overall consideration, the Company forms a reasonable distribution relationship of salary between senior management and enterprise employees, and implements a salary system of annual salary determined by tenure incentive for senior management.

XVII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable Not applicable

The Board shall have the decision on all operation matters and is committed to establishing and improving the internal control and risk management system. It shall also supervise the implementation of the risk management and internal control system to safeguard the investment of the Shareholders and the assets of the Group.

The Company has adopted a number of internal control and corporate governance measures since July 2010 to strengthen the systematic management of construction projects and other business operations for better internal control. Some major measures are as follows:

clear division of the authorities of the general meeting of the Shareholders, the Board, the chairman of the Board and the general manager to avoid the centralization of authority;

stringent authority delegation, division and supervision system to ensure the security and proper use of funds;

collective decision is required for major investment and the proposal, evaluation, decision and implementation procedures are under strict control to minimize investment risks;

to promote the transparency of the management and operation through the implementation of "Three Major One Important" policy so as to prevent the Directors and senior management from fraud and bribe;

the entire procurement procedure from application, approval, contracting, procurement, inspection and delivery and payment is improved through the improvement of purchase procedure and payment monitoring process to eliminate any loophole in procurement;

the size, structure and sources of funding as well as the use of significant amount of fund are also under strict control to minimize finance costs and ensure the efficient use of funds; and

SECTION V CORPORATE GOVERNANCE

and there are highly regulated procedures for connected transactions to specify the preliminary appraisal by independent Directors before submitting for approval by the Board.

During the Year, the above procedures were effectively implemented. The internal control system was improved to strengthen the risk prevention and internal control capabilities. A review of the risk management and internal control of the Company includes major risks on environment, society and governance. The responsibilities of the Audit Committee include the review of the risk management and internal control system of the Company. The Audit Committee will continue to review and evaluate the effectiveness of the risk management and internal control system of the Company and to report the findings to the Board. The Board will review and evaluate the risk management and internal control system of the Company at least once a year to ensure that no material internal control loophole exists.

A self-evaluation report has been prepared by the Board in respect of the risk management and internal control matters of the Company during the Year. The Board has reviewed the control system of the Company and is of the view that during the Year, such system was effective and the management of the Company should further perfect its risk management and internal control system to promote the improvement of its corporate governance.

Explanation on significant deficiencies in internal control during the Reporting Period

Applicable Not applicable

XVIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not applicable

Since incorporation, all subsidiaries of QHD Port have adhered to the principle of stable operation to regulate the operation and strengthen internal management by strictly abiding by the Company Law, the Securities Law and other regulations and rules as well as the Article of Association. On the basis of the industrial characteristics, business expansion and operation, QHD Port has established sound management and evaluation systems of all subsidiaries, and standardized the production and operation of subsidiaries in strict accordance with laws, regulations and systems.

XIX. INFORMATION ABOUT THE INTERNAL CONTROL AUDIT REPORT

Applicable Not applicable

For details, please refer to the Internal Control Self-Evaluation Report of 2023 and the Internal Control Audit Report of 2023 disclosed on the website of the SSE on 29 March 2024.

Whether to disclose the internal control audit report: Yes

Opinion of the internal control audit report: standard unqualified opinion

XX. RECTIFICATION OF ISSUES IN SELF-INSPECTION OF SPECIAL ACTIONS FOR GOVERNANCE OF LISTED COMPANIES

Not applicable

XXI. OTHERS

Applicable Not applicable

(I) Corporate governance practices

The Company is committed to maintaining high level of corporate governance. The Board is responsible for the implementation of corporate governance, including: (a) formulating, developing and reviewing the corporate governance policies and practices of the Company; (b) reviewing and supervising the training and continuous professional development of the Directors and senior management; (c) reviewing and supervising the policies and practices for the compliance of laws and regulatory requirements by the Company; (d) developing, reviewing and supervising the code of conduct and compliance manual, if any, for employees and the Directors; and (e) reviewing the compliance of the Corporate Governance Code by the Company and the disclosure in the corporate governance report. In the past year, actions and measures were taken by the Board to improve the corporate governance gradually and further strengthen the construction of the Company's corporate governance system. The Board believes that an effective corporate governance system can safeguard the interests of the Shareholders and promote the value and accountability of the Company.

The Company has adopted the listing rules of the Hong Kong Stock Exchange and the code provisions of the Corporate Governance Code which were applicable to the Company during the Year. Save for the deviations disclosed in this report with reasons explained for the deviations, the Company has complied with the listing rules of the Hong Kong Stock Exchange and the Corporate Governance Code during the Year.

SECTION V CORPORATE GOVERNANCE

As disclosed in the announcement of the Company dated 7 February 2023, following the resignation of Mr. MA Xiping as the authorized representative of the Company, the Company has one authorized representative, resulting in the number of authorized representatives falling below the number required under Rule 3.05 of the Listing Rules. On 24 November 2023, the Board of the Company appointed Mr. TIAN Hongwei and Mr. GAO Feng, the joint company secretaries, as the authorized representatives as required under Rule 3.05 of the Listing Rules, and the Company was in re-compliance with the requirements under Rule 3.05 of the Listing Rules.

The Board will continue to review and improve its corporate governance system to ensure the compliance of the listing rules of the Hong Kong Stock Exchange and the Corporate Governance Code.

(II) Board

Duties and Division Responsibility

The Board shall act in the interests of all the Shareholders and shall be accountable to the general meeting. The Board shall mainly be responsible for: implementing the resolutions of the general meeting; determining the operation plan and investment program of the Company; formulating the annual financial budget plan and final accounting plan of the Company; formulating the profit distribution plan of the Company; determining the establishment of internal management bodies and formulating the basic management system of the Company. The Company has established six special committees under the Board to oversee specific matters of the Company, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy Committee, the Risk Management Committee and the Compliance Management Committee. The Board has delegated relevant duties to the respective committees, which are contained in the terms of reference of the relevant committees. The Board has developed our mission, value and strategy and is satisfied that our corporate culture is in a harmony. Through acting in good faith and setting an example via personal conduct, the Board promotes desired culture to instill across the Company and enhance the value of acting in an in a lawful, ethical and responsible manner. The Company also has adopted a policy of anti-corruption and whistleblowing to create a discussion platform for reporting issues and concerns on any misconduct and to maintain the operation practice of business integrity. Besides, the management of the Company will provide sufficient consultation to the Board and the Board committees when appropriate to facilitate the Directors in making informed decision.

Chairman of the Board and Chief Executive Officer

The Board is responsible for decision making on important matters of the Company and the management is authorized to manage the daily operation of the Company. The Company has the position of President. Mr. Zhang Xiaoliang and Mr. Nie Yuzhong is the current chairman of the Board and President of the Company, respectively. The chairman of the Board and the President of the Company have clear division of duties. The chairman of the Board shall oversee the work of the Board and monitor the implementation of the resolutions adopted by the Board and the President shall coordinate the operation of the business of the Company under the supervision of the Board. Therefore, the Company has complied with C.2.1 of the Corporate Governance Code. Save as disclosed in the section “Biographical Details of Directors, Supervisors and Senior Management” in this annual report, there is no financial, business, family or other important relationship between the Directors, the chairman of the Board and the Chief Executive Officer.

Composition of the Board

Currently, the Board comprises 9 Directors, including three executive Directors, Mr. ZHANG Xiaoliang (Chairman), Mr. NIE Yuzhong (vice Chairman and President) and Mr. GAO Feng, two non-executive Directors, Mr. LI Yingxu and Ms. XIAO Xiang, and four independent non-executive Directors, Mr. CHEN Ruihua, Mr. XIAO Zuhe, Mr. ZHAO Jinguang and Ms. ZHU Qingxiang. The particulars of the Directors are set out in this section “IV. Directors, Supervisors and Senior Management” in this report.

During the Year, the Board had complied with the requirement of Rules 3.10(1) and 3.10(2) of the Hong Kong Listing Rules to have not less than three independent non-executive Directors, including at least one independent non-executive Director who has the relevant professional qualification or is an expert in accounting or financial management. Besides, in accordance with Rule 3.10A of the Hong Kong Listing Rules, not less than one third of the Directors shall be independent non-executive Directors. The number of independent non-executive Directors of the Company during the Year was no less than one-third of the total number of Directors and was in compliance with relevant requirement.

The Company believes a balanced composition of executive Directors and non-executive Directors empowers a strong independent element for the Board to secure independent opinions and advices to make independent judgements in an effective manner. The expertise background and the corresponding number of non-executive Directors endow a significant influence of their advices.

Positions in Other Companies Held by Directors

Save as otherwise disclosed in this annual report, none of the Directors hold any directorship in other listed companies.

SECTION V CORPORATE GOVERNANCE

Time Commitment of Directors

In addition to attending formal meetings, the Directors shall also review reports of the management and regular reports of the Company, inspect the operation of the Company and understand all matters of the Company through various channels so as to effectively perform their duties. After making particular enquiries, the Board is of the view that the Directors have devoted sufficient time and efforts to perform their duties.

Training and Professional Development of Directors

During the Year, all Directors have received trainings in the written form or by participating in seminars and completed the training hours required by the relevant rules of the SSE and the Hong Kong Stock Exchange, in order to comply with the code provision C.1.4 under the Corporate Governance Code in relation to continuous professional development of the Directors.

The Directors will be updated with the latest developments in legal and regulatory requirements and the operation of the Company to facilitate the performance of their duties. Training will also be provided for the Directors when necessary to ensure that the Directors understand the business and operation of the Company and their duties and obligations under the Hong Kong Listing Rules and the applicable laws and regulations.

Diversification of the Board

In accordance with the requirement of the Hong Kong Listing Rules, the Board has formulated and adopted the Diversified Membership Policy of the Board. During the Reporting Period, the Nomination Committee has reviewed the composition of the Board in accordance with the Hong Kong Listing Rules. There are two female Directors in the Company. The Company concluded that the composition of the Board is in compliance with the diversification requirements of the Hong Kong Listing Rules in terms of age, education background, industry experience, geographical location and duration of service. Current members of the Board are set out in the following table:

Name	Gender	Education Background	Industry Experience	Location
Executive Directors				
– Zhang Xiaoqiang (Chairman)	Male	Master	Port Operation	Hebei, China
– Nie Yuzhong	Male	Master	Port Operation	Hebei, China
– Gao Feng	Male	Bachelor degree	Port Operation	Hebei, China
Non-executive Directors				
– Li Yingxu	Male	Master	Port Investment	Hebei, China
– Xiao Xiang	Female	Master	Construction Investment	Hebei, China
Independent Non-executive Directors				
– Chen Ruihua	Male	Master	Economics	Tianjin, China
– Xiao Zuhe	Male	Master	Accounting, Audit	Shenzhen, China
– Zhao Jinguang	Male	Master	Chinese	Hebei, China
– Zhu Qingxiang	Female	Master	Accounting, Audit	Hebei, China

In addition, among all existing employees of the Company (including senior management), the proportion of male and female employees is 83% and 17%, respectively. Therefore, the Board of Directors believes that the Company's employee team (including senior management) is also diversified in terms of gender.

(III) Director

Appointment and Re-election of Directors

Directors (including non-executive Directors and independent non-executive Directors) shall be elected by general meeting with a term of office of three years from the date of passing the resolution of the general meeting and till the expiration of term of office of the Board. The Directors are eligible for re-election upon the expiration of term of office, provided that no independent non-executive Director shall serve consecutive terms for more than six years.

The chairman and vice chairman of the Board shall be elected and removed by over half of the members of the Board, with a term of office of three years, and may be re-elected upon the expiration of term.

SECTION V CORPORATE GOVERNANCE

Nomination of Directors

In accordance with the Company Law, the Articles of Association and other relevant rules, the Board will nominate and recommend the candidates of Directors upon full inspection of their professional qualifications, education background, working experiences and other aspects, and they shall also be nominated by the Shareholders separately or jointly holding over 3% of the shares of the Company in the form of proposal. The Board shall verify the qualifications and conditions of the candidates of Directors and a written resolution should be proposed at the general meeting for approval after the candidate of Director is determined by proposal.

Independence of Independent Non-executive Directors

During the Year, the number and qualification of the independent non-executive Directors of QHD Port are in compliance with the requirements of the Hong Kong Listing Rules and the Articles of Association. Their independence is highly guaranteed as none of the independent non-executive Directors has any business and financial interest in the Company or its subsidiaries and has no management function in the Company.

Each of our four independent non-executive Directors has given their written confirmation of their independence in accordance with Rule 3.13 of the Hong Kong Listing Rules. Having confirmed, the Board understands that all current independent non-executive Directors are independent and are in compliance with the requirement of Rule 3.13 of the Hong Kong Listing Rules.

Securities Transaction by Directors and Supervisors

The Company has adopted the Model Code set out in Appendix C3 to the Hong Kong Listing Rules (the “Model Code”) as its code of conduct for securities transactions by the Directors and Supervisors to regulate the securities transactions of the Directors and Supervisors. After specific enquiries, all Directors and Supervisors have confirmed that they have complied with the provisions of the Model Code during the Year.

Directors’ Responsibilities on Financial Statements

The Directors have the responsibility to prepare the financial statements for the year ended 31 December 2023 to give a true and fair view of the affairs of the Company and the results and cash flow of the Company.

According to Code D.1.1 of the Corporate Governance Code, the management shall provide necessary explanation and information to the Board so that the Board can have a preliminary assessment of the financial statements before they are submitted to the Board for approval. The Company will also provide monthly reports on the results, positions and prospects of the Company to all members of the Board.

(IV) Control System

Supervisory Committee

The Supervisory Committee of the Company is the supervisory authority of the Company and shall be accountable to the general meeting of the Shareholders. Supervisors shall act independently to protect the legal interests of Shareholders and the Company in accordance with the laws.

The authority and duties of the Supervisory Committee include but not limited (1) to review the financial statements, business report and profit distribution plan prepared by the Board and may retain certified accountant or certified auditor to review the financial information; (2) to supervise the financial activities of the Company; (3) to demand the rectification of acts of the Directors, President and senior management which are against the interests of the Company; and (4) to exercise other power, authority and duties in accordance with the Articles of Association.

During the Year, the Supervisory Committee of QHD Port now comprises of five members, including three Supervisors elected by the Shareholders (Mr. ZHENG Guoqiang, Mr. QU Ying and Ms. BIAN Yingzi) and two Employee Representative Supervisors (Mr. LI Yufeng and Mr. PEI Baowen). Mr. ZHENG Guoqiang acts as chairman of the present Supervisory Committee. Supervisors who are representatives of the Shareholders shall be elected and removed by Shareholders’ general meeting. Employee Representative Supervisors shall be elected and removed by employee conference, employee general meeting or other democratic procedures. Each Supervisor shall have a term of three years from the date of approval by Shareholders’ general meeting or employee conference subject to termination upon expiry of the session of the Supervisory Committee. Supervisors are eligible for re-election.

Particulars of the Supervisors are set out in this section headed “IV. Directors, Supervisors and Senior Management” of this report.

During the Year, the Supervisory Committee convened six meetings on 7 February 2023, 29 March 2023, 31 March 2023, 27 April 2023, 29 August 2023 and 27 October 2023, respectively, at which proposals including the 2022 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. was reviewed. The work of the Supervisory Committee is set out in the section headed “Report of Supervisory Committee” in this annual report.

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(V) Company Secretary

Company Secretary (Resigned)

Mr. ZHANG Nan (張楠), born in July 1980, holds a bachelor's degree and is an economist. He has been the securities affairs representative and company secretary of the Company from 1 January 2023 to 24 November 2023. Mr. Zhang began working in July 2002 and once served as a legal consultant, lawyer and secretary of QHD Port Group. In December 2008, he served as the director of the securities affairs division of the board office of the Company. In August 2013, he served as the joint company secretary. In November 2013, he served as the securities affairs representative and deputy director of the board office of the Company. In 2016, he served as the company secretary of the Company. In October 2017, he served as the director of securities department of the Company. As at 24 November 2023, Mr. Zhang resigned as the company secretary of the Company and the authorized representative under Rule 3.05 of the Hong Kong Listing Rules due to change of job.

Joint Company Secretary

Mr. TIAN Hongwei (田宏偉), born in December 1971, a member of the Communist Party of China. Mr. TIAN started working in March 1991. He holds a bachelor's degree and is a senior political engineer. He once served as a cadre of the second unloading team, a publicity officer in the publicity section and a theoretical officer in the publicity section at Second Port Branch, an officer in the political and works section, vice section manager of the political and works section and manager of the political and works section of Mobile Machinery Branch of Qinhuangdao Port* (秦港流動機械公司), minister of democratic management of trade union organizations department and minister of democratic management of the economy department of QHD Port, vice general manager of Hebei Port Real Estate Development Co., Ltd.* (河北港口集團房地產開發有限公司), vice general manager of Hebei Port Group Urban Development Co., Ltd.* (河北港口集團城市發展有限公司), vice minister of the business management department of Qinhuangdao Port Co., Ltd. He was appointed as the minister of the business management department (legal and risk-control department) of QHD Port in November 2022, and has been appointed as the minister of the business management department (legal and risk-control department) of QHD Port, the securities affairs representative and the joint company secretary since November 2023.

Mr. CHU Hon Leung (朱瀚樑) was admitted as a solicitor of the High Court of Hong Kong in 2009, and currently is the partner of Li & Partners. Mr. CHU Hon Leung obtained a postgraduate diploma in law from The College of Law as well as a diploma in Hong Kong law from the City University of Hong Kong. Prior to joining Li & Partners, Mr. CHU worked as an attorney at a U.S. law firm, as an in-house legal advisor of a large asset management company in China, and as a joint company secretary of two Hong Kong listed companies. Mr. CHU's practice focuses on securities, corporate finance and mergers and acquisitions, and he possessed over 14 years of experience in representing a wide range of clients in public and private mergers and acquisitions transactions, initial public offerings on the Stock Exchange and securities regulatory compliance for Hong Kong listed companies. In November 2023, Mr. CHU was appointed as the joint company secretary of QHD Port.

Mr. TIAN and Mr. CHU have confirmed that he has received not less than 15 hours of relevant professional training as required by Rule 3.29 of the Hong Kong Listing Rules during the Year.

(VI) Shareholders' Rights and Investor Relationship

Convening of Extraordinary General Meeting

In accordance with the Articles of Association, the shareholders of QHD Port may demand, convene, chair, attend or attend by proxy general meetings and exercise voting rights thereat.

Shareholder(s), separately or jointly, holding not less than 10% Shares in issue with voting rights may demand the convening of extraordinary general meeting in writing. The Company shall promptly convene such meeting after receipt of the demand. The following procedures shall be followed when Shareholders demand the convening of extraordinary general meeting or class shareholders' meeting:

- (I) Shareholder(s), separately or jointly, holding not less than 10% voting Shares of the Company may sign one or more written requests of the same format and content to demand the Board to convene extraordinary general meeting or class shareholders' meeting with explanation of the purpose of the meeting. Upon receipt of the request, the Board shall convene the extraordinary general meeting or class shareholders' meeting as soon as possible. The number of Shares held by the abovementioned Shareholders shall be based on the number of Shares as of the date on which the Shareholders put forward such written request.
- (II) Where the Board fails to issue notice to convening the meeting within 30 days upon receipt of the above written request, Shareholders proposing such request may convene a meeting by their own within four months upon receipt of the request by the Board. The convening procedures shall as much as possible be equivalent to the procedures for meeting convened by the Board.

SECTION V CORPORATE GOVERNANCE

If shareholders call and convene a meeting by themselves since the Board fails to convene the meeting in accordance with the aforesaid requirements, the reasonable expenses incurred shall be borne by the Company and be deducted from the amounts due to the Directors who shall be responsible for such dereliction of duty.

Procedures for Enquiry to the Board

According to the Articles of Association, shareholders of the Company shall have access to the Articles of Association, the personal particulars of Directors, Supervisors and senior management, minutes of Shareholders' general meetings, Board meetings, meetings of Supervisory Committee and financial statements.

Request for information, materials or enquiry to the Board shall be forwarded to the Company. Shareholder is required to provide written proof of his/her holding of Shares in the Company (including the class and number of Shares) for verification when submitting the enquiry.

Procedures for Proposal at the General Meeting

Shareholders are entitled to make proposal(s) at the general meeting by proposing resolution or speaking at the meeting.

Shareholder(s), separately or jointly, holding more than 3% of the Shares in the Company may propose additional resolution in writing to the convener 10 days before the general meeting. Upon receipt of the proposal, the convener shall issue supplemental notice of meeting to contain the additional resolutions in two days.

Shareholders attending the general meeting are entitled to speak. Shareholders who require speaking shall make registration before voting.

Amendment of Constitutional Documents

In April 2023, QHD Port made amendments to the Articles of Association, the current Articles of Association in effect is available on the website of SSE, the Hong Kong Stock Exchange and the Company, respectively.

Communication with Investors and Investor Relationship

The Company has established an Investor Relationship Management System to strengthen and regulate the communication between the Company and its investors and potential investors so as to enhance the understanding and recognition of the Company by the investors. The system is also part of the corporate governance of the Company as it protects the legal rights of the investors, in particular the public investors. The Company provides various communication channels for investors, including but not limited to:

- (I) announcements, including regular and ad hoc reports;
- (II) general meeting of the Shareholders;
- (III) website of the Company;
- (IV) mailing materials;
- (V) telephone enquiry;
- (VI) press interview;
- (VII) meeting with analysts and briefing of operation results;
- (VIII) advertisement or other promotion materials;
- (IX) face to face discussion;
- (X) on-site visit;
- (XI) road show;
- (XII) questionnaire survey; and
- (XIII) others.

SECTION V CORPORATE GOVERNANCE

The Company has complied with the disclosure requirement of the place in which the Shares are listed. The disclosure of information is compliant, transparent, sufficient and continuous and allows the investors and potential investors to have full access to the information of the Company.

The Company has always maintained efficient communication with the Shareholders and investors. The Company strictly complies with the legal disclosure requirement to allow local and overseas investors to have prompt and full access to information of the operation and development of the Company by organizing various investor relationship activities. The Board of Directors conducted an annual review of and was satisfied with the implementation and effectiveness of the above communication methods during the Reporting Period. In the future, the Company will maintain regular communication with local and overseas investors through telephone, mail and personal interview. The Company will also voluntarily and promptly disclose information of the Company on the websites of the Hong Kong Stock Exchange and the Company in accordance with the requirement of the Hong Kong Listing Rules. The Company will maintain its good corporate governance reputation by enhancing the transparency of the Company.

Corporate governance is a long-term strategic system of the Company. The Company will further improve its risk management and internal control in accordance with the regulatory requirements of the place in which its Shares are listed and the changes in the capital market as well as the expectation of investors. The Company will continue to review and improve its corporate governance and enhance the transparency of information disclosure to ensure the stable and healthy development of the Company and the continuous increase in Shareholders' value.

SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. INFORMATION ON ENVIRONMENTAL PROTECTION OF THE COMPANY

Whether the mechanism on environmental protection is developed	Yes
Investment in environmental protection during the Reporting Period (Unit: RMB0'000)	28,926.03

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

Applicable Not applicable

1. Information about pollution discharge

Applicable Not applicable

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

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

2. Construction and operation of pollution prevention facilities

Applicable Not applicable

In 2023, the Company completed the east windproof net project in Phase V coal yard of Qinhuangdao Port and the windproof net in Phase III, IV, and V coal yard has been fully enclosed. The Company strengthened coal leakage control of coal companies, carried out refined and grid online monitoring of environment and air quality, and regularly conducted cruise monitoring of road dust load; Developed a dust prevention and control system for the all-round production process of "unloading, stacking, picking and loading"; Took various measures to improve the effectiveness of comprehensive air pollution governance; Strengthened the governance of mobile pollution sources, purchased new energy non-road mobile machinery as required, and continuously increased the use of new energy vehicles.

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

Applicable Not applicable

The pollution discharge license is valid and the license number is 91130000673224391T001V, with effect from 28 July 2023 to 27 July 2028.

4. Contingency plans for environmental emergencies

Applicable Not applicable

In 2023, the Company has strictly complied with the Contingency Plans for Environmental Emergencies and actively carried out the relevant work. Comprehensive emergency drill for production safety accidents and sudden environmental incidents was organized and conducted by the Company to fully examine the applicability and operability of the plan.

5. Environmental self-monitoring plans

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Applicable Not applicable

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

Applicable Not applicable

The Company actively fulfilled environmental responsibility and regularly organized “Citizen Open Day” activities to invite citizens to visit the port. The Company paid attention to disclosure of environmental information, enhanced publicity efforts on the effectiveness of green port construction, and accepted public supervision. The Company regularly organized education and training on green port building, held characteristic promotional activities for green ports, put into practice social responsibility of state-owned enterprises, and showcased our good environmental image.

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

Whether to take carbon reduction measures	Yes
Reduction of carbon dioxide emissions (unit: tonne)	118,391
Types of carbon reduction measures (such as use of clean energy for power generation, carbon reduction technology in the production process, research and development of new products for carbon reduction)	Green power procurement, electrification transformation of diesel locomotives, electrification update of port vehicles and ships, and promotion of shore power construction and use of ships

Details

Applicable Not applicable

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

In 2023, with the focus on building a “five-star” green port, the Company adopted various measures to conserve energy and reduce emission. The Company formulated comprehensive energy-saving goals based on annual energy saving working priority and assessment indicators, tracked and reported energy consumption data on a monthly basis to improve the energy consumption management; controlled unit consumption during production, scientifically formulated production plans, optimized production processes, and reasonably dispatched and commanded; increased energy-saving investment, made concerted efforts to carry out energy-saving technology transformation projects in 2023, and conducted research, exchange and studying on new energy-saving technologies and products; continuously promoted the large-scale procurement of green electricity, developed photovoltaic industry and optimized the electricity consumption structure; increased the proportion of new energy mobile equipment and gradually replaced and updated fuel equipment such as motor vehicles, mobile machinery, diesel locomotives, and port tugboats with electric equipment; facilitated the construction and renovation of ship shore power facilities as planned. Qinhuangdao Port has become the first port in China to pass the on-site evaluation of the “five-star” green port, including the Phase III and IV coal projects, as well as the expansion and Phase V coal terminals.

II. SOCIAL RESPONSIBILITY COMMITMENTS

(I) Whether to disclose a separate social responsibility report, sustainability report or ESG report

Applicable Not applicable

For details of the Company’s performance of social responsibility commitments, please refer to the 2023 Social Responsibility Report disclosed by the Company on the website of Shanghai Stock Exchange on 29 March 2024.

(II) Specifics of social responsibility work

Applicable Not applicable

Details

Applicable Not applicable

SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Applicable Not applicable

Poverty alleviation and rural revitalization project	Amount/Content	Description
Total investment (RMB'0,000)	69.6	RMB496,000 for Phase II project of the rural revitalization and assistance micro-factory reconstruction and expansion in Shimenzi Village, Guanchang Town, Qinglong County, Qinhuangdao City, Hebei Province (hereinafter referred to as "Shimenzi Village") and RMB200,000 for street lights project of Yangshugou Village, Shanwanzi Township, Weichang County, Chengde City, Hebei Province (hereinafter referred to as "Yangshugou Village")
Of which: funds (RMB'0,000)	69.6	
Materials (RMB'0,000)		
Number of beneficiaries (people)	1,430	All 1,430 villagers in Yangshugou Village
Form of assistance (e.g. industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)		Industrial assistance and infrastructure construction

Details

Applicable Not applicable

The Company donated for the rural revitalization and assistance micro-factory reconstruction and expansion project in Shimenzi Village, which is expected to be implemented in 2022 and 2023. In 2022, an amount of RMB250,000 has been invested to complete the first phase of the project, of which the Company donated RMB200,000. In 2023, the Company invested in the Phase II project with a total budget of RMB556,000, of which the Company donated RMB496,000, and the remaining funds will be raised by the village. The Company intends to renovate and expand the original "poverty alleviation workshops" to develop steaming and refrigeration functions to improve the initial processing capacity of pumpkin and sweet potato, and achieve industrial upgrading.

The Company donated RMB200,000 to Yangshugou Village for the construction of street lights, which was completed in November 2023. This project installed a total of 100 solar street lights on the 8.5-kilometer road connecting Yangshugou Village. After the implementation of the project, Yangshugou Village further filled the gaps in infrastructure to improve the rural living environment, benefiting 1,430 villagers.

SECTION VII SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

√ Applicable □ Not applicable

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time of undertaking	Whether there is a time limit for performance or not	Term of undertaking	Whether strictly performed in a timely manner
Undertakings in relation to IPO	Dealing with horizontal competition	HPG	<p>In order to avoid competition with QHD Port and its controlled enterprises, HPG issued the Non-competition Undertaking to QHD Port on 10 August 2015, which irrevocably undertakes and guarantees as follows:</p> <ol style="list-style-type: none"> None of the controlling enterprises of HPG and HPG (Other than QHD Port) is or will be engaged in any business or activity in any form, directly or indirectly, in competition with or likely to be in competition with the principal businesses currently and in the future engaged by QHD Port and its controlling enterprises, both within and outside the PRC; HPG undertakes to use its best endeavors to procure that the companies in which HPG holds equity interests do not or will not engage in or participate in any form of business or activity which competes or is likely to compete, directly or indirectly, with the principal business of QHD Port and its controlled enterprises within or outside the PRC. If HPG or the holding enterprise of HPG other than QHD Port identifies any new business opportunity that competes or may compete, directly or indirectly, with the principal business of QHD Port or its holding enterprise, it shall immediately notify QHD Port in writing and use its best endeavors to procure that such business opportunity is first offered to QHD Port or its holding enterprise on reasonable and fair terms and conditions. If QHD Port or its controlled enterprises abandon such competing new business opportunities and HPG or its controlled enterprises engage in such competing business other than QHD Port, QHD Port or its controlled enterprises shall have the right to acquire any equity interests, assets and other interests in the aforesaid competing business from HPG or its controlled enterprises at any time, either on a one-off or multiple occasions, or by QHD Port to entrust, lease or contract to operate the assets or businesses of HPG or its controlled enterprises other than QHD Port in the aforesaid competing business in a manner permitted by national laws and regulations. When HPG and HPG's holding enterprises other than QHD Port intend to transfer, sell, lease, license or otherwise transfer or permit to use assets and businesses that compete or are likely to compete, directly or indirectly, with the principal businesses of QHD Port or its holding enterprises, HPG and HPG's holding enterprises other than QHD Port will provide QHD Port or its holding enterprises with pre-emptive rights, and undertake to use their best efforts to procure HPG's shareholding enterprises to provide pre-emptive rights to QHD Port or its holding enterprises in the above circumstances. From the date of this letter of undertaking, HPG undertakes to indemnify QHD Port or its controlled entities against all actual losses, damages and expenses suffered by HPG or its controlled entities as a result of any breach of any terms of this letter of undertaking. This letter of undertaking shall terminate upon the earlier of: (1) Any holding enterprise of HPG and HPG directly or indirectly holds less than 30% of the total number of shares of QHD Port (On an aggregated basis); or (2) The shares of QHD Port shall cease to be listed on the SSE and other internationally recognized stock exchanges (Except for the suspension of trading of the shares of QHD Port for any reason). 	13 July 2017	No	Long term	Yes
Disclosure of Information Undertaking		QHD Port	<p>If the CSRC or other competent authorities determine that there are false representations, misleading statements or material omissions in the prospectus and such circumstances have a material and substantial impact on the determination of whether QHD Port is subject to the conditions of Issuance as prescribed by the laws, QHD Port will repurchase all the new shares issued under this Issuance in accordance with the following methods: 1) If the above circumstances occur during the stage when the new shares issued under this issuance by QHD Port are issued but not traded, QHD Port will return the proceeds raised from this Issuance to the investors who have paid the subscription monies according to the issue price plus bank deposit interest for the same period within 5 working days from the date of the above circumstances. 2) If the above situation occurs after the new shares to be issued by QHD Port have been listed and traded, QHD Port will convene a board meeting within 15 trading days after the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the existence of the above-mentioned facts of QHD Port, formulate a share repurchase plan for the new shares to be issued and submit it to the general meeting for consideration and approval, and repurchase all the new shares to be issued under the Issuance through the trading system of the SSE in accordance with the specific share repurchase plan considered and approved by the Board and the general meeting at a price not lower than the issue price of the shares to be issued under the issuance plus interest on current bank deposits for the relevant period from the issuance of shares to the repurchase or such other price as recognized by the CSRC. In case of any ex-right or ex-dividend activities such as profit distribution, conversion of capital reserve into share capital, additional issuance and placing of shares of QHD Port after the issuance and before the repurchase, the above issue price shall be the ex-right and ex-dividend price. Should there be any false representation, misleading statement or material omission in the prospectus of QHD Port which results in losses suffered by investors in securities trading, QHD Port shall compensate the investors in full and in a timely manner according to the final decision or effective judgment of the competent authorities such as the CSRC or the People's Court.</p>	13 July 2017	No	Long term	Yes

SECTION VII SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time of undertaking	Whether there is a time limit for performance or not	Term of undertaking	Whether strictly performed in a timely manner
Disclosure of Information Undertaking		HPG	HPG, the controlling shareholder of QHD Port, undertakes that if the prospectus of QHD Port contains false representations, misleading statements or material omissions, which have material and substantial impact on the determination of the issue conditions as stipulated by the laws, it will repurchase the transferred original restricted shares in accordance with the laws after the competent authorities such as the CSRC or the People's Court have made the final determination or effective judgment of the aforesaid facts in the prospectus of QHD Port. The repurchase price shall not be lower than the issue price of the shares of QHD Port plus interest on bank demand deposits for the relevant period from the issuance of the shares to the issuance of the repurchase offer or such other price as recognized by the CSRC, and shall be implemented in accordance with the procedures stipulated by relevant laws and regulations. If there are any ex-right or ex-dividend activities such as profit distribution, conversion of capital reserve into share capital, additional issuance or distribution of shares after listing of QHD Port, the above issue price shall be the ex-right or ex-dividend price. If the prospectus of QHD Port contains any false record, misleading statement or material omission which causes losses to the investors in securities trading, it will compensate the investors in full and in a timely manner according to the final decision or effective judgment of the competent authorities such as the CSRC or the People's Court. In the event that there is any false representation, misleading statement or material omission in the prospectus of QHD Port, which has material and substantial impact on the determination of whether the issue conditions stipulated by the laws of the People's Republic of China have been fulfilled by the competent authorities such as the CSRC or the People's Court, which have made the final determination or effective judgment of the issuer, it has undertaken to procure QHD Port to perform the decision-making procedures for the share repurchase, and in the event that QHD Port convenes a general meeting to resolve on the share repurchase, it has undertaken to vote for the share repurchase at the general meeting.	13 July 2017	No	Long term	Yes
Disclosure of Information Undertaking		Directors and senior management of QHD Port	The directors and senior management of QHD Port have made undertakings on the effective implementation of the remedial measures for returns of the Company in accordance with the relevant requirements of the CSRC, details of which are as follows: Not to transfer to other entities or individuals for free or under unfair conditions, nor otherwise to prejudice the interests of QHD Port; To restrict job-related consumption; The assets of QHD Port will not be used for investment and consumption activities unrelated to the performance of their duties; The remuneration system formulated by the Board of Directors or the Remuneration Committee is linked to the implementation of the remedial measures for returns of QHD Port; If QHD Port proposes to implement an equity incentive, it will link the exercise conditions of the equity incentive formulated by QHD Port with the implementation of the remedial measures for returns of QHD Port; The Company will duly implement the relevant remedial measures for returns formulated by QHD Port, and if there is any breach of such undertakings which causes losses to QHD Port or investors, it will be liable for the compensation to QHD Port and investors in accordance with the laws; Prior to the completion of the offering and listing of QHD Port, if the CSRC imposes other new regulatory requirements in relation to the remedial measures for returns and its undertakings, and such undertakings fail to meet such requirements of the CSRC, it will make supplemental undertakings in accordance with the latest requirements of the CSRC.	13 July 2017	No	Long term	Yes
Resolving Title Defects such as Properties		HPG	QHD Port leased from HPG the properties without building ownership certificates, and HPG issued an undertaking letter, undertaking that it is the sole owner of such properties, and that there are no third party rights or any ownership disputes on such properties, and it is entitled to lease such properties to QHD Port; In the event that HPG or any third party causes any interruption or interference to the leasing and use of such properties by QHD Port or any third party due to the reasons for the ownership of such properties, which causes economic loss or other burden to QHD Port, HPG undertakes to compensate or bear any loss or burden caused to QHD Port by the aforesaid reasons.	13 July 2017	No	Long term	Yes

SECTION VII SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time of undertaking	Whether there is a time limit for performance or not	Term of undertaking	Whether strictly performed in a timely manner
Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party		QHD Port	<p>QHD Port will strictly perform all the public undertakings made by QHD Port in relation to the Issuance and actively accept social supervision. In the event that the undertaking of QHD Port fails to be performed, is unable to be performed or is unable to be performed on schedule (Except for reasons beyond the control of QHD Port due to objective reasons such as changes in relevant laws and regulations, policies, natural disasters and other force majeure), QHD Port will take the following measures: 1) To timely and fully disclose the specific reasons for the failure to perform, the failure to perform or the failure to perform on schedule by QHD Port; 2) Provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors as much as possible; 3) Submitting the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) QHD Port will impose penalties in the form of reduction or suspension of remuneration or allowances or demotion of duties on the relevant responsible person; at the same time, QHD Port will immediately cease the formulation or implementation of major asset purchases and disposals, as well as capital operation activities such as issuance of new shares, issuance of corporate bonds and major asset restructuring until QHD Port has fulfilled the relevant undertakings; 5) To publicly explain the specific reasons for non-performance of the undertakings at the general meeting and the media designated by the CSRC for disclosure, and apologize to the shareholders and the public investors.</p> <p>If the undertaking of QHD Port fails to be performed, is unable to be performed or is unable to be performed on schedule due to objective reasons beyond the control of QHD Port, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, QHD Port will adopt the following measures: 1) Timely and fully disclose the specific reasons for the failure, inability or inability to perform the undertaking of QHD Port; 2) Provide supplemental undertakings or alternative undertakings to the investors of QHD Port to protect the interests of the investors of QHD Port as much as possible; 3) To publicly explain the specific reasons for non-performance of the undertaking and apologize to the shareholders and public investors at the general meeting and the media designated by the CSRC for disclosure.</p>	13 July 2017	No	Long term	Yes
Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party		HPG, State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City	<p>It will strictly comply with all public undertakings made in relation to the Issuance of QHD Port and actively accept social supervision. If its undertaking is not performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond its control, such as relevant laws and regulations, policy changes, natural disasters and other force majeure), it will take the following measures: 1) To fully disclose the specific reasons for his failure to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) To submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) The proceeds obtained by it from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, it shall compensate QHD Port or the investors in accordance with the law, and shall be compensated in accordance with the following procedures: ① The cash dividends payable to it shall be directly used by QHD Port for the execution of the outstanding undertaking or to compensate for the losses incurred by QHD Port or the investors due to the non-performance of the undertaking; ② If it reduces its shareholding prior to the full performance of its undertaking or the completion of compensation, it shall transfer the funds received from the reduction to the Board of Directors of QHD Port for specific performance of its undertaking or for compensation until it has fulfilled its undertaking or made up for the losses of the Company and the investors. If its undertakings cannot be performed, cannot be performed or cannot be performed on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, it will take the following measures: 1) To timely and fully disclose the specific reasons for its failure, inability or inability to perform on schedule through QHD Port; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.</p>	13 July 2017	No	Long term	Yes

SECTION VII SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time of undertaking	Whether there is a time limit for performance or not	Term of undertaking	Whether strictly performed in a timely manner
Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	Executive Directors, Non-executive Directors and Senior Management of QHD Port	Executive Directors, Non-executive Directors and Senior Management of QHD Port	It will strictly perform all its public undertakings in relation to the issue of QHD Port and actively accept social supervision. If his undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) To fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) To submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) In the event that he/she fails to put forward the specific plan for increase in shareholding as stated in the share price stabilization plan, or fails to implement the plan for increase in shareholding as disclosed, he/she shall irrevocably authorize QHD Port to withhold 20% of the total remuneration received from QHD Port for the previous year and perform the obligation of increase in shareholding on his/her behalf; 5) The gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QHD Port or the investors in accordance with the following procedures: if I receive remuneration from QHD Port, I agree that QHD Port shall cease to pay remuneration to it and use it directly to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the non-performance of the undertaking. In the event of any failure, failure or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, I will take the following measures: 1) To timely and fully disclose the specific reasons for the failure to perform, failure to perform or failure to perform on schedule by QHD Port; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.	13 July 2017	No	Long term	Yes
Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party	Independent Non-executive Directors and Supervisors of QHD Port	Independent Non-executive Directors and Supervisors of QHD Port	It will strictly perform all its public undertakings in relation to the issue of QHD Port and actively accept social supervision. If his undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) To fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) To submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) The gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QHD Port or the investors in accordance with the following procedures: if I receive remuneration from QHD Port, I agree that QHD Port shall cease to pay remuneration to it, and this will be directly used to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the non-performance of the undertaking. In the event of any failure, failure or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, I will take the following measures: 1) To timely and fully disclose the specific reasons for the failure to perform, failure to perform or failure to perform on schedule by QHD Port; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.	13 July 2017	No	Long term	Yes

(II) If the Company has made a profit forecast to its assets or projects, and the profit estimate period is within the Reporting Period, the Company's explanation on whether its assets or projects would fulfill its profit forecast and the reasons thereof

Fulfillment Unfulfillment Not applicable

(III) Fulfillment of undertakings and its impact on goodwill impairment test

Applicable Not applicable

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

Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

III. IS THERE ANY ILLEGAL GUARANTEE

Applicable Not applicable

IV. EXPLANATION OF THE BOARD OF THE COMPANY ON THE “MODIFIED AUDIT REPORT” FROM AUDITORS

Applicable Not applicable

V. ANALYSIS AND EXPLANATION OF THE COMPANY ON THE REASONS FOR AND IMPACTS OF THE CHANGES IN ACCOUNTING POLICIES OR ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS

(I) Analysis and explanation of the Company on the reasons for and impacts of the changes in accounting policies or accounting estimates

Applicable Not applicable

On 30 November 2022, the Ministry of Finance published No. 16 of the Enterprise Accounting Standards Interpretation (Cai Kuai [2022] No. 31). 《企業會計準則解釋第16號》(財會[2022]31號), which stipulated that the accounting treatment of the deferred income tax related to assets and liabilities arising from a single transaction shall not be subject to the initial recognition exemption, which became effective from 1 January 2023. In accordance with the requirements of the above document, the Company shall make corresponding changes to the accounting policies and give effect to such changes according to the effective date and the transition provision stipulated in the document. Those changes to the accounting policies will not have a significant impact on the financial position, operating results and cash flows of the Company for the current period. For details about such matter, please refer to the Announcement on Changes in Accounting Policies (Announcement No.: 2023-041) published on the website of the SSE by QHD Port on 30 August 2023.

(II) Analysis and explanation of the Company on the reasons for and impacts of correction of material accounting errors

Applicable Not applicable

(III) Communications with former auditors

Applicable Not applicable

(IV) Approval procedures and other explanation

Applicable Not applicable

On 29 August 2023, the 14th meeting of the fifth session of the Board and the 9th meeting of the fifth session of the Supervisory Committee of the Company considered and approved the Resolution on Changes in Accounting Policies of the Company, which was not subject to submission for approval at the general meeting.

SECTION VII SIGNIFICANT EVENTS

VI. APPOINTMENT AND REMOVAL OF AUDITORS

Unit: Yuan Currency: RMB

	Current appointment
Name of domestic auditors	Ernst & Young Hua Ming LLP
Remuneration of domestic auditors	4,000,000 (inclusive of tax)
Term of domestic auditors	11
Name of certified public accountant of domestic auditors	Meng Dong, Wang Junqi
Cumulative year of service of certified public accountant of domestic auditors	Meng Dong (1), Wang Junqi (2)

	Name	Remuneration
Auditors for internal control audit	Ernst & Young Hua Ming LLP	700,000 (inclusive of tax)

Explanation on the appointment and removal of auditors

Applicable Not applicable

Explanation on the change of auditors during the audit period

Applicable Not applicable

Explanation on the decrease by more than 20% (including 20%) in audit fees over the previous year

Applicable Not applicable

VII. RISK OF DELISTING

(I) Reasons for alert of delisting

Applicable Not applicable

(II) Response measures to be adopted by the Company

Applicable Not applicable

(III) Delisting and the reasons thereof

Applicable Not applicable

VIII. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigations or arbitrations during the year The Company had no material litigation or arbitration during the year

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

Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

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

Applicable Not applicable

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

XII. MATERIAL RELATED TRANSACTIONS

(I) Related transactions related to daily operation

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

As HPG is the controlling shareholder of QHD Port, HPG and its associates (as defined in the Shanghai Listing Rules and the Hong Kong Listing Rules) are related parties/connected persons of QHD Port under the Shanghai Listing Rules and the Hong Kong Listing Rules. As HPG Finance is a subsidiary of HPG, and is held as to 60% equity interests by HPG, HPG Finance is an associate of HPG and a related party/connected person of the Company.

Details of the Company's related/connected transactions during the year are set out in note XII to the financial statements in this annual report. The related party transactions described in note XII to the financial statements, of which the related party transactions between the Company and HPG and its associates (as defined in the Shanghai Listing Rules and the Hong Kong Listing Rules) are also connected transactions/continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and comply with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

During the Year, the Company had the following continuing related/connected transactions with related parties/connected persons:

Leasing Framework Agreement

Considered and approved at the 29th meeting of the fourth session of the Board of the Company, on 28 October 2021, the Company entered into Lease Framework Agreement with HPG, with effect from 1 January 2022 to 31 December 2024. According to Lease Framework Agreement, HPG (including subsidiaries and units, same as in the following section) leased its properties, civil construction facilities, equipment and other assets managed by HPG to the Company. The pricing principle of rentals is cost plus reasonable profit of lease target. Pursuant to which, the Company paid the rentals of a maximum amount of RMB133,753,000 per annum to HPG. They agreed that the total rentals paid by the Company to HPG shall be adjusted in accordance with the Lease Execution Agreement, for the purpose of certain discontinued assets. For the details of the Leasing Framework Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2021-032) on the website of the SSE on 29 October 2021 and the Renewal of Continuing Connected Transactions and Major Transactions on the website of the Hong Kong Stock Exchange on 28 October 2021 published by QHD Port.

During the year of 2023, the Company incurred the rental of RMB120,975,124.01 according to Lease Framework Agreement.

SECTION VII SIGNIFICANT EVENTS

General Services Agreement

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

Pursuant to General Services Agreement, HPG provides the following services to the Company: (1) Social Services: medical service, printing and other related or similar services; (2) Living Logistic Services: property management services (including elevator maintenance, etc.), office rental, office supplies and other daily rental, sanitation, greening and other related or similar services; and (3) Production Services: labor service, equipment manufacturing, survey and design, supervision, port construction, real estate development, project agent construction, port engineering maintenance, material supply and other related or similar services; The Company will provide the following services to HPG: port service, port electricity management, transportation service, software service, labor service, lease service, material supply service and other related or similar services. For details of the General Services Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2021-032) on the website of the SSE on 29 October 2021 and the Renewal of Continuing Connected Transactions and Major Transactions on the website of the Hong Kong Stock Exchange on 28 October 2021 published by QHD Port.

On 28 June 2023, the Company hold the 2022 annual general meeting where the Resolution Regarding the Adjustment of the Cap Amounts of the Continuing Connected Transactions under the General Services Agreement for 2023 and 2024 was considered and approved. Upon the adjustment, the Company provides services to HPG with the amount of the annual cap of RMB166,000,000, RMB200,000,000 and RMB200,000,000 in 2022, 2023, 2024, respectively; HPG provides services to the Company with the amount of the annual cap of RMB607,000,000, RMB1,239,400,000 and RMB1,363,340,000 in 2022, 2023, 2024, respectively.

During the year of 2023, the Company provided services to HPG with an amount of RMB107,862,993.19; HPG provided services to the Company with an amount of RMB991,344,985.76.

Financial Services Framework Agreement

Considered and approved by the first extraordinary general meeting of 2021, on 28 October 2021, the Company entered into Financial Services Framework Agreement with HPG Finance, with effect from 1 January 2022 to 31 December 2024. Pursuant to Financial Services Framework Agreement, HPG Finance provides services to the Company, including deposit services, loan services, settlement services and settlement related auxiliary business, entrusted loan services, bill discount, guarantee services, financial and financing consultation services, credit verification services and relevant consultancy and agency services, and other financial services ("Other Financial Services") provided by financial companies according to applicable laws and regulations; Of which, the daily maximum balance of deposits and interest income for 2022, 2023, 2024 is RMB5.5 billion, RMB6 billion and RMB6.5 billion, respectively, and the daily maximum balance of loan and interest expenses for 2022, 2023, 2024 is RMB1.5 billion, RMB1.8 billion and RMB2 billion, respectively, and the total charges of Other Financial Services for 2022, 2023, 2024 are RMB50,000,000.

SECTION VII SIGNIFICANT EVENTS

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

1. Deposit services:

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

2. Loan services:

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

3. Other Financial Services:

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

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

- (1) the fees shall be in accordance with the relevant benchmark rates mandatorily determined by the PBOC or the CBRC (if any); and
- (2) if there is no such provision, the service fees charged by HPG Finance for the provision of such financial services to the Company and its subsidiaries and units shall not be higher than those charged by the relevant domestic commercial banks for the provision of the same type of financial services to the Company and its subsidiaries and units in the same period, and shall not exceed those charged by HPG Finance for the provision of the same type of financial services to HPG and its subsidiaries and units (other than the Company and its subsidiaries and units) in the same period. The service fees shall be paid by the Company and its subsidiaries and units in one lump sum or by installment in accordance with specific circumstances. For details of the Financial Services Framework Agreement, please refer to the Announcement on Related Transactions in Ordinary Course of Business (Announcement No. 2021-032) on the website of the Shanghai Stock Exchange on 29 October 2021 and the Renewal of Continuing Connected Transactions and Major Transactions on the website of the Hong Kong Stock Exchange on 28 October 2021 published by QHD Port.

During the year of 2023, the maximum deposit balance of deposit service (namely maximum daily deposit and interest income balance) and the maximum amount of loan granted in respect of loan service (namely maximum daily loan and interest expense balance) at the actual transaction date were RMB4,904,305,319.60 and RMB1,486,500,000.00, respectively. In terms of other financial services, the actual transaction amount was RMB0.00.

The independent non-executive Directors of QHD Port had reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of QHD Port;
- (2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms or not, on terms no less favorable than those available to or from independent third parties; and
- (3) in accordance with the relevant agreements governing the transactions and on terms that are fair and reasonable and in interests of QHD Port and the Shareholders as a whole.

SECTION VII SIGNIFICANT EVENTS

According to Rule 14A.56 of the Hong Kong Listing Rules, the auditor of QHD Port was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements Note 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". The auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Company in accordance with Rule 14A.56 of the Listing Rules.

The above continuing connected transactions:

- (1) have been approved by the Board;
- (2) have been, in all material respects, effected in accordance with pricing policies specified under the respective agreements relating to the transactions;
- (3) have been, in all material respects, entered into on the terms of the respective agreements relating to the transactions; and
- (4) do not exceed the annual caps as disclosed in relevant announcements.

3. Matters not disclosed in extraordinary announcements

Applicable Not applicable

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

1. Matters disclosed in extraordinary announcements without further development or change in subsequent implementation
 Applicable Not applicable
2. Matters disclosed in extraordinary announcements and with further development or change in subsequent implementation
 Applicable Not applicable
3. Matters not disclosed in extraordinary announcements
 Applicable Not applicable
4. If agreement upon performance is involved, the performance achievements during the Reporting Period shall be disclosed
 Applicable Not applicable

(III) Major related transactions relating to joint external investments

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

SECTION VII SIGNIFICANT EVENTS

(IV) Amounts due from/to related parties

- Matters disclosed in extraordinary announcements without progress or change in the subsequent implementation
 Applicable Not applicable
- Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation
 Applicable Not applicable
- Matters not disclosed in extraordinary announcements
 Applicable Not applicable

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

Applicable Not applicable

- Deposit business
 Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Relations with related party	Maximum daily deposit limit	Interest scope of deposit	Opening balance	Amount incurred		Closing balance
					Amount deposited	Amount withdrawn	
Hebei Port Group Finance Co., Ltd.	Controlling subsidiary of the parent	6,000,000,000.00	1.30%-3.27%	4,249,298,698.27	22,816,612,662.52	22,772,258,638.21	4,293,652,722.58
Total	/	/	/	4,249,298,698.27	22,816,612,662.52	22,772,258,638.21	4,293,652,722.58

- Loan business
 Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Relations with related party	Loan limitation	Interest scope of loan	Opening balance	Amount incurred		Closing balance
					Amount borrowed	Amount repaid	
Hebei Port Group Finance Co., Ltd.	Controlling subsidiary of the parent	1,800,000,000.00	2.55%-3.40%	618,600,000.00	1,201,100,000.00	333,200,000.00	1,486,500,000.00
Total	/	/	/	618,600,000.00	1,201,100,000.00	333,200,000.00	1,486,500,000.00

- Credit business or other financial business
 Applicable Not applicable
- Other explanation
 Applicable Not applicable

(VI) Others

Applicable Not applicable

In order to solve and avoid the problem of horizontal competition among the Company, its Controlling Shareholders and their subsidiaries, the Company entered into the Equity Custody Agreement with Caofeidian Port Group Co., Ltd. (hereinafter referred to as "Cao Port") and HPG, respectively, and was entrusted to manage 40% equity interests in Hebei Huadian Caofeidian Storage and Transportation Co., Ltd., 23% equity interests in Huaneng Caofeidian Port Co., Ltd. and 21% equity interests in Tangshan Caofeidian Coal Port Co., Ltd. held by Cao Port, and 43.0257% equity interest in Qinhuangdao Qinshan Chemical Port Co., Ltd. held by HPG. For details of the matter, please refer to the Announcement on the Execution of Equity Custodian Agreement and Related Transactions (Announcement No.: 2023-035) published on the website of the SSE by QHD Port on 29 June 2023.

SECTION VII SIGNIFICANT EVENTS

XIII. MATERIAL CONTRACTS AND THEIR EXECUTION

(I) Trusteeship, contracting and leasing

1. Trusteeship
 Applicable Not applicable
2. Contracting
 Applicable Not applicable
3. Leasing
 Applicable Not applicable

(II) Guarantees

- Applicable Not applicable

(III) Management of cash assets entrusted to third parties

1. Entrusted wealth management
 - (1) **General conditions of entrusted wealth management**
 Applicable Not applicable
Others
 Applicable Not applicable
 - (2) **Breakdown of entrusted wealth management**
 Applicable Not applicable
Others
 Applicable Not applicable
 - (3) **Provision for impairment of entrusted wealth management**
 Applicable Not applicable
2. Entrusted loans
 - (1) **General conditions of entrusted loans**
 Applicable Not applicable
Others
 Applicable Not applicable
 - (2) **Breakdown of entrusted loans**
 Applicable Not applicable
Others
 Applicable Not applicable
 - (3) **Provision of impairment of entrusted loans**
 Applicable Not applicable
3. Others
 Applicable Not applicable

(IV) Other material contracts

- Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

XIV. EXPLANATION ON PROGRESS IN USE OF PROCEEDS

Applicable Not applicable

XV. EXPLANATION FOR OTHER SIGNIFICANT EVENTS THAT HAVE A SIGNIFICANT INFLUENCE ON THE VALUE JUDGEMENTS AND INVESTMENT DECISIONS OF INVESTORS

Applicable Not applicable

XVI. COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognizes the importance of compliance with regulatory requirements and the risk of termination of operating licenses for non-compliance. QHD Port has been allocating system and staff resources to ensure continuing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the year ended 31 December 2023, to the best knowledge of the Directors, the Company has complied with the Company Law, the Securities Law, the Port Law of the PRC (《中華人民共和國港口法》), the Securities and Futures Ordinance, the Shanghai Listing Rules, the Hong Kong Listing Rules and other relevant rules and regulations.

XVII. RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Our results and sustainable development are materially affected by the Company's relationships with its employees, customers and suppliers. As such, the Company is committed to maintaining good relationships with its employees, customers and suppliers.

XVIII. USE OF PROCEEDS FROM ISSUANCE OF H SHARES

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

During the Reporting Period, the Company has used the proceeds from H Shares of HK\$2.3839 million mainly for working capital and general corporate purposes. As of 31 December 2023, HK\$3,847.5333 million of the proceeds from H Shares have been used by the Company and HK\$11.7554 million of the proceeds from H Shares remain unused, including the self-raised funds for the payment of the listing expenses of HK\$24.0174 million and the net interest income relating to the proceeds from H Shares of HK\$12.5986 million. During the Reporting Period, the use of proceeds from H Shares by the Company was in line with the planned use as disclosed in previous announcements and has no material change.

The balance of proceeds from H Shares of HK\$11.7554 million is expected to be used for the working capital and general corporate purposes of the Company in the next five years, including the payment of dividend to the shareholders of H Shares, if any, and the payment of relevant fees to the overseas intermediaries in relation to the listing of H Shares. "The balance of proceeds from H Shares" shall represent the balance of proceeds from H Shares kept in the Designated Account.

SECTION VIII REPORT OF SUPERVISORY COMMITTEE

The Supervisory Committee of QHD has fully discharged its duty of supervision on the Directors and senior management of the Company in a faithful and diligent manner according to the Company Law, the Articles of Association of the Company, Rules of Procedures of the Supervisory Committee and other applicable laws and regulations, playing a positive role for the regulation and compliance operation of the Company.

I. EVALUATION ON THE BEHAVIOR AND PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2023

The Supervisory Committee is of the view that the Directors and senior management of the Company were able to comply with the requirements of the Company Law, Articles of Association of the Company and other applicable laws and regulations to carry out operation. The Directors and senior management of the Company discharged their fiduciary duties in a prudent manner based on the resolutions approved at the general meetings and the resolutions approved and policies formulated by the Board. After supervision and investigation, none of the Directors and senior management of the Company were found to be in breach of the Articles of Association of the Company and other applicable laws and regulations when discharging their duties and none of their acts were found to be detrimental to the interests of the Company or the Shareholders of the Company.

II. OVERVIEW OF THE MEETINGS OF SUPERVISORY COMMITTEE

During the year, six meetings were held by the Supervisory Committee. Details of the meetings are set out below:

1. On 7 February 2023, the Supervisory Committee held its fifth meeting of the fifth session of the Supervisory Committee. At the meeting, the Resolution on the Plans of Investment in Fixed Asset and Investment in Software Asset of the Company for 2023 (《關於本公司 2023 年度固定資產投資和軟件資產投資計劃的議案》) was considered and approved.
2. On 29 March 2023, the Supervisory Committee held its sixth meeting of the fifth session of the Supervisory Committee. At the meeting, the Resolution on the Report of the Supervisory Committee of the Company for 2022 (《關於本公司 2022 年度監事會報告的議案》), the Resolution on the 2022 Annual Report of the Company (《關於本公司 2022 年年度報告的議案》), the Resolution on the Final Financial Report of the Company for the Year 2022 (《關於本公司 2022 年度財務決算報告的議案》), the Resolution on the Profit Distribution Plan and Declaration of Final Dividend of the Company for 2022 (《關於本公司 2022 年度利潤分配方案及宣派末期股息的議案》), the Resolution on the Internal Control Evaluation Report of the Company for 2022 (《關於本公司 2022 年度內部控制評價報告的議案》) were considered and approved.
3. On 31 March 2023, the Supervisory Committee held its seventh meeting of the fifth session of the Supervisory Committee. At the meeting, the Resolution on the Election of Supervisors of the Fifth Session of the Supervisory Committee of the Company (《關於選舉本公司第五屆監事會監事的議案》) was considered and approved.
4. On 27 April 2023, the Supervisory Committee held its eighth meeting of the fifth session of the Supervisory Committee. At the meeting, the Resolution on the 2023 First Quarterly Report of the Company (《關於本公司 2023 年第一季度報告的議案》) and the Resolution on the Election of the Chairman of the Fifth Session of the Supervisory Committee of the Company (《關於選舉本公司第五屆監事會主席的議案》) were considered and approved.
5. On 29 August 2023, the Supervisory Committee held its ninth meeting of the fifth session of the Supervisory Committee. At the meeting, the Resolution on the 2023 Interim Report of the Company (《關於本公司 2023 年半年度報告的議案》) and the Resolution on Changes in Accounting Policies of the Company (《關於本公司會計政策變更的議案》) were considered and approved.
6. On 27 October 2023, the Supervisory Committee held its tenth meeting of the fifth session of the Supervisory Committee. At the meeting, the Resolution on the 2023 Third Quarterly Report of the Company (《關於本公司 2023 年第三季度報告的議案》) was considered and approved.

The Supervisory Committee also kept track of the business operation, financial position and performance of the Company through a variety of means in a timely manner to conduct effective supervision on the internal control, financial and major decision-making process of the Company and the performance of duties by the Board and senior management of the Company. Such measures mainly include:

1. To understand and supervise the research and decision-making on major issues by attending important meetings, such as the Board meetings, general meetings, operation meetings of president, and regular and monthly meetings in relation to administrative affairs.
2. To understand and supervise the operation of the Company through extensive project review and inspection in line with its annual supervision emphasis.
3. To facilitate the active and proper performance of duties by Directors and senior management through supervision on the performance of duties and clear separation of roles of Directors and senior management.
4. To integrate supervision into daily operation with an emphasis on financial, investment and operation aspects so as to promptly respond to any problems identified.

During the Year, compositions of the Supervisory Committee and the meetings convened by the Supervisory Committee were in compliance with the Company Law, the Articles of Association of the Company, Rules of Procedures of Meetings of the Supervisory Committee and other applicable laws and regulations.

SECTION VIII REPORT OF SUPERVISORY COMMITTEE

III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT ISSUES IN YEAR 2023

1. Compliance of the Company

During the Year, the operation and decision-making process of the Board of QHD were in compliance with the Company Law, the Articles of Association and other applicable laws and regulations. The operating results of the Company are objective and true, reflecting its optimal internal control system. The Directors and senior management of the Company carried out the business and management with diligence, prudence and aspiration. None of the Directors and senior management of the Company were found to be in breach of the laws and regulations when discharging their duties and none of their acts were found to be detrimental to the interests of the Company and the Shareholders as a whole.

2. Financial Position and Periodic Report of the Company

The Supervisory Committee duly reviewed and discussed the audited financial statements of the Company for 2022 and other periodic reports and considered that it gave an objective, true, reasonable view in compliance with the laws, regulations and the Articles of Association of the Company. It also gave a complete and objective picture of the Company without any false representations, misleading statements or material omissions.

In addition, the Supervisory Committee considered that the preparation of this report was in compliance with the laws, regulations and the Articles of Association of the Company and its disclosure gave a complete and true picture of the operation, management and financial position of the Company during the Year.

3. Use of Proceeds

The H Shares of QHD has been listed and traded on the Stock Exchange since 12 December 2013. Since the Listing of the Company in December 2013, the use of proceeds from H-share (other than working capital and general corporate purposes) disclosed in the section “Future plans and use of proceeds” in the Prospectus has been completed as planned. The Board of Directors of QHD has resolved to approve the adjustment of unutilized proceeds from H-share to working capital and general corporate purposes. The Supervisory Committee supervised and inspected the use of proceeds from H-share of the Company and believed that the use of proceeds was in compliance with relevant requirements and no misappropriation was found.

4. Supervision and Review on Connected Transactions

The Supervisory Committee carried out supervision and review on connected transactions (including continuing connected transactions) of the Company during the Year. No connected transactions were found to be unfair and detrimental to the interests of the Company and the Shareholders as a whole.

5. Acquisition and disposal of material assets and external investments

The Supervisory Committee carried out supervision and inspection on the disposal and acquisition of material assets and external investments of the Company during the year. None of the above acquisition and disposal of material assets and external investments involved insider trading, was detrimental to the interests of the Company and the Shareholders or resulted in the loss of assets of the Company.

IV. PROSPECTS OF THE SUPERVISORY COMMITTEE FOR 2024

The Supervisory Committee will further carry out its supervision and inspection duties accountable to all the Shareholders in strict accordance with relevant laws and regulations, the Articles of Association and the Rules of Procedures of the Supervisory Committee of the Company in 2024. The Supervisory Committee will continue to safeguard the legal interests of the Company and the Shareholders so as to effectively regulate the operation and development of the Company.

By order of the Supervisory Committee

ZHENG Guoqiang

Chairman

28 March 2024

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Table for changes in shares

During the Reporting Period, there were no changes in the total number of shares and share capital structure of the Company.

2. Explanation on the changes in shares

Applicable Not applicable

3. Impact of changes in shares on financial indicators including earnings per share, net assets per share, etc. in the latest year and period (if any)

Applicable Not applicable

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

Applicable Not applicable

(II) Changes in shares subject to selling restrictions

Applicable Not applicable

II. SECURITIES ISSUANCE AND LISTING

(I) Issuance of securities during the Reporting Period

Applicable Not applicable

Explanation of securities issuance as at the Reporting Period (for bonds with different interest rates during the duration, please specify separately):

Applicable Not applicable

(II) Changes in the total number of shares of the Company and shareholder structure, and changes in the Company's assets and liabilities structure

Applicable Not applicable

(III) Shareholding of existing internal employees

Applicable Not applicable

III. PARTICULARS OF SHAREHOLDERS AND ACTUAL CONTROLLERS

(I) Total number of Shareholders

Total number of ordinary Shareholders as at the end of the Reporting Period (Person)	63,443
Total number of ordinary shareholders at the end of the previous month before the annual report disclosure date (Person)	65,957

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

Unit: share

Shareholding of the top 10 Shareholders (excluding those by lending shares for securities financing)							
Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Amount	
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)		3,144,268,078	56.27		Nil		State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人) 有限公司) ^{note}	3,500	827,480,873	14.81		Unknown		Overseas legal person
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產 監督管理委員會)		509,715,485	9.12		Nil		Country
Hebei Jiantou Transportation Investment Co., Ltd. (河北建投交通投資有限 責任公司)	9,779,000	209,866,757	3.76		Nil		State-owned legal person
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)		42,750,000	0.77		Nil		State-owned legal person
COSCO SHIPPING (Tianjin) Co., Ltd.* (中遠海運(天津)有限公司)		41,437,588	0.74		Nil		State-owned legal person
Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)		41,437,588	0.74		Nil		State-owned legal person
Hong Kong Securities Clearing Company Ltd. (Shanghai- Hong Kong Stock Connect) (香港中央結算有限公司(滬股通))	1,231,707	31,175,820	0.56		Nil		Overseas legal person
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐 秦皇島港務管理辦公室)		30,538,764	0.55		Nil		Others
Zuo Yuzhen (左玉珍)	6,619,800	6,619,800	0.12		Nil		Domestic natural person

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholding of top 10 Shareholders not subject to selling restrictions			
Name of Shareholder	Number of tradable shares held not subject to selling restrictions	Types and number of Shares	
		Types of Shares	Number of Shares
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)	3,144,268,078	RMB-denominated ordinary shares	3,144,268,078
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ^{Note}	827,480,873	Overseas-listed foreign shares	827,480,873
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產監督管理委員會)	509,715,485	RMB-denominated ordinary shares	509,715,485
Hebei Jiantou Transportation Investment Co., Ltd. (河北建投交通投資有限責任公司)	209,866,757	RMB-denominated ordinary shares	209,866,757
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	42,750,000	RMB-denominated ordinary shares	42,750,000
COSCO SHIPPING (Tianjin) Co., Ltd.* (中遠海運(天津)有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Hong Kong Securities Clearing Company Ltd. (Shanghai-Hong Kong Stock Connect) (香港中央結算有限公司(滬股通))	31,175,820	RMB-denominated ordinary shares	31,175,820
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室)	30,538,764	RMB-denominated ordinary shares	30,538,764
Zuo Yuzhen (左玉珍)	6,619,800	RMB-denominated ordinary shares	6,619,800
Explanations on the repurchase of special accounts among the top ten shareholders	Not Applicable		
Explanation of the above-mentioned shareholders' entrusting voting rights, entrusted voting rights, and abstaining from voting	Not Applicable		
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of the existence of any connections in concert among the aforesaid Shareholders among the aforesaid Shareholders, or whether they are parties acting in concert within the requirements of the Administrative Measures on Takeover of Listed Companies		
Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held	Not Applicable		

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

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Top 10 shareholders' participation in lending shares for securities financing

Applicable Not applicable

Unit: Share

Top 10 shareholders' participation in lending shares for securities financing								
Name of Shareholder (full name)	Shareholding of ordinary accounts and credit accounts at the beginning of the period		Shares of lending shares for securities financing and not yet being returned at the beginning of the period		Shareholding of ordinary accounts and credit accounts at the end of the period		Shares of lending shares for securities financing and not yet being returned at the end of the period	
	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
Hebei Jiantou Transportation Investment Co., Ltd.	200,087,757	3.58	9,779,000	0.18	209,866,757	3.76	0	0

Changes of top 10 shareholders over the last period

Applicable Not applicable

Unit: Share

Changes of top 10 shareholders over the last period end					
Name of Shareholder (full name)	New/exit during the Reporting Period	Number of Shares of lending shares for securities financing and not yet being returned at the end of the period		Number of shareholding of Shareholders through ordinary accounts and credit accounts and Shares of lending shares for securities financing and not yet being returned at the end of the period	
		Total	Percentage (%)	Total	Percentage (%)
Zuo Yuzhen (左玉珍)	New	0	0	6,619,800	0.12
Li Guo (李國)	Exit	0	0	-	-

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

Applicable Not applicable

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

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

IV. CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLERS

(I) Particulars of the Controlling Shareholder

1 Legal person

Applicable Not applicable

Name	Hebei Port Group Co., Ltd.
Person in charge or legal representative	Cao Ziyu
Date of establishment	28 August 2002
Principal business	General items: Port and waterway construction investment and operational management; cargo handling, warehousing, tugging and railway transport, other port business and logistics services; shipping and port passengers transport service; port information and technology consulting service; lease and maintenance of port facilities, equipment and machinery; port-centric industry investments, acquisition and reservation of land resources along coastlines and around ports for development and utilization; building lease; provision of terminal facilities for vessels; port operation; corporate management service. (In addition to items as permitted by laws, it can operate independently within the scope of business license according to law)
Details of controlling interests and investments in other domestic and foreign-listed companies during the Reporting Period	HPG holds 100% equity interests of Tangshan Port Industrial Group Co., Ltd., therefore, it indirectly holds 44.88% equity interests of Tangshan Port (60100.SH). Meanwhile, HPG holds 1.81% equity interests of Tangshan Port through Hebei Port Group (Tianjin) Investment Management Co., Ltd.(河北港口集團(天津)投資管理有限公同), its wholly-owned subsidiary, with a total of 46.69% equity interests indirectly held in Tangshan Port.
Other descriptions	Nil

2 Natural person

Applicable Not applicable

3 No specific descriptions of controlling shareholders of the Company

Applicable Not applicable

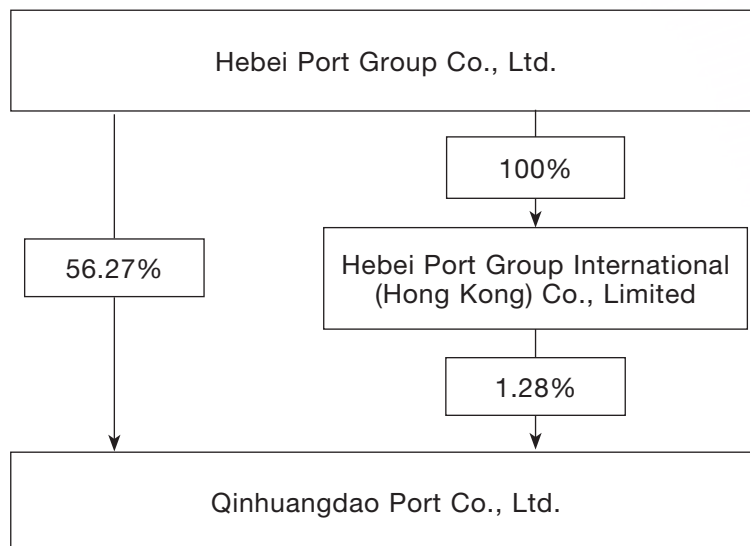
4 Explanations on the particulars of change in controlling shareholders during the Reporting Period

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

- 5 Table of ownership and controlling relationship between the Company and controlling Shareholders

Applicable Not applicable



(II) Particulars of De Facto Controllers

- 1 Legal person

Applicable Not applicable

Name	State-owned Assets Supervision and Administration Commission of People's Government of Hebei Province

- 2 Natural person

Applicable Not applicable

- 3 No specific descriptions of de facto controllers of the Company

Applicable Not applicable

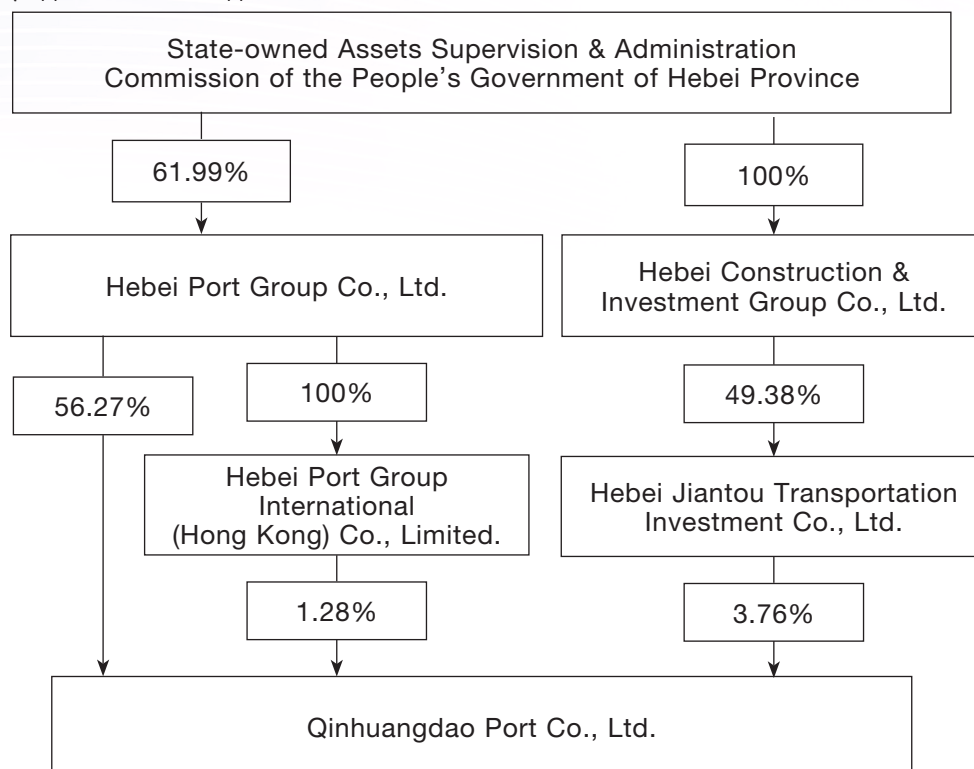
- 4 Explanations on the particulars of change in control of the Company during the Reporting Period

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

5 Table of ownership and controlling relationship between the Company and de facto controllers

Applicable Not applicable



6 Control of the Company by de facto controllers by way of trust or other means of asset management

Applicable Not applicable

(III) Particulars of controlling shareholders and de facto controllers

Applicable Not applicable

V. THE ACCUMULATED NUMBER OF SHARES PLEDGED BY THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OR PERSON ACTING IN CONCERT ACCOUNT FOR MORE THAN 80% OF THE AMOUNT OF SHARES OF THE COMPANY HELD BY THEM

Applicable Not applicable

VI. OTHER CORPORATE SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR ABOVE

Applicable Not applicable

VII. EXPLANATION ON REDUCED SHAREHOLDING

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING REPORTING PERIOD

Applicable Not applicable

IX. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, so far as the Directors and Supervisors are aware, other than the Directors, Supervisors, the senior management of QHD Port and their respective associates, the following persons had or deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by QHD Port pursuant to Section 336 of the SFO:

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

Note:

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

Save as disclosed above, as at 31 December 2023, so far as the Directors, Supervisors and senior management of QHD Port are aware, no other persons or substantial shareholders of the Company (as defined in the Hong Kong Listing Rules) had or deemed to have an interest or short position in the Shares or underlying Shares (as the case may be) of QHD Port which was required to be disclosed pursuant to Divisions 2 and 3 of Part XV under the SFO.

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

X. MANAGEMENT CONTRACTS

During the Reporting Period, QHD Port did not enter into any contracts with respect to the management or administration of all or any substantial part of our businesses.

XI. PRE-EMPTIVE RIGHTS

The Articles of Association of QHD Port or the laws of the PRC did not stipulate the articles of pre-emptive rights.

XII. PURCHASE, SALES AND REDEMPTION OF SHARES

For the twelve months ended 31 December 2023, the Company did not purchase, sell or redeem any of the listed shares of QHD Port.

XIII. PUBLIC FLOAT

The Hong Kong Stock Exchange has granted QHD Port a waiver from strict compliance with the requirements of Rule 8.08(1) of the Listing Rules ("**Waiver from Compliance with Public Float Requirement**"). In accordance with the Waiver from Compliance with Public Float Requirement, QHD Port shall maintain the minimum percentage of public float of at least 15% of our total issued share capital. Pursuant to information available for public and as far as Directors are aware, as of the date of this annual report, QHD Port has maintained the public float in accordance with the Listing Rules and the Waiver from Compliance with Public Float Requirement.

SECTION X INFORMATION OF PREFERENCE SHARES

Applicable Not applicable

SECTION XI CORPORATE BONDS

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

Applicable Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

AUDIT REPORT

Ernst & Young Hua Ming (2024) Shen Zi No. 70074112_S01
Qinhuangdao Port Co., Ltd.

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

I. AUDIT OPINION

We have audited the financial statements of Qinhuangdao Port Co., Ltd., which comprise the consolidated and Company balance sheet as at 31 December 2023, the consolidated and Company income statement, the statement of changes in equity and the cash flow statement for 2023, and notes to the relevant financial statements.

In our opinion, the financial statements of Qinhuangdao Port Co., Ltd. as attached herewith are prepared in accordance with the provisions of Enterprise Accounting Standards to a material extent, and give a fair view of the consolidated and Company financial position of Qinhuangdao Port Co., Ltd. as at 31 December 2023, and of its consolidated and Company financial performance and its cash flows for 2023.

II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the provisions of the Standards on Auditing for Certified Public Accountants in China. Our responsibilities under those standards are further described in the section of Certified Public Accountants' Responsibilities for the Audit of the Financial Statements under this audit report. We are independent of Qinhuangdao Port Co., Ltd. in accordance with the Code of Ethics for Certified Public Accountants in China, and we have fulfilled our other ethical responsibilities accordingly. We believe that the audit evidences we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Set against this background are our responses to these matters and how they are addressed in our audit.

We have performed our responsibilities described in the section of Certified Public Accountants' Responsibilities for the Audit of the Financial Statements under this report, which include the liabilities related to these key audit matters. Correspondingly, our audit includes audit procedures designed to assess where there are risks of material misstatement risks for these financial statements. The results deriving from our audit, including the procedures to address the following key audit matters, formed a basis for the audit opinion of the financial statements as a whole.

Key Audit Matter:	How Our Audit Addressed the Key Audit Matter:
Impairment of fixed assets	
<p>As at 31 December 2023, the carrying amounts of fixed assets as included in the consolidated financial statements were RMB12,934,816,515.53, which had deducted the provision for the impairment of fixed assets of RMB128,285,958.76. The Management shall judge at the end of the year where there is any evidence of impairment occurred. If there are evidences of impairment, the Management shall estimate its recoverable amount and conduct an impairment test. The impairment test of fixed assets, to a considerable extent, is relied on the judgment and estimates made by the Management. For example, the estimates of the future cash flow to be generated from the asset group to which such asset is belonged and the discount rate. Such estimates are subject to impact on the market in future and the judgment on economic environment. Different estimates and assumptions applied may have very significant impact on the recoverable amount of fixed assets. Therefore, we identified the impairment of fixed assets as a key audit matter of the year.</p> <p>For the disclosure in relation to the impairment of fixed assets, please refer to Note III. 16 and Note III. 27, and Note V. 10 and Note V. 44.</p>	<p>Our audit procedures are mainly as follows:</p> <ol style="list-style-type: none"> (1) Analyzed and assessed the Management’s judgment on the indications of asset impairment, evaluated the significant assumptions made and the key parameters used by the Management in determining the recoverable amounts of the identified assets with indications of impairment, in particular future business volume, gross profit margin and other key data and assumptions involved and the assessment methods adopted in estimating the present value of the future cash flows from the asset groups by the Management; (2) Understand the historical performance and development plan of the asset groups, and the development trend of the macro-economy and the industry involved, compared the significant assumptions made by the Management to the present situation and the economic trend of the industry and other relevant factors, and evaluated the Management’s estimation of the present value of the future cash flows through comparing the historical estimations and the actual results; (3) Performed sensitivity analyses of the significant assumptions used in the estimation to evaluate the changes in the use value of the asset groups that would result from changes in the significant assumptions; (4) Under the assistance of the internal valuation experts, evaluated the valuation techniques of the Management and the discount rate used in estimating the present value of the future cash flows; (5) Reviewed the disclosure on fixed assets and the impairment of fixed assets in the financial report.

IV. OTHER INFORMATION

The management of Qinhuangdao Port Co., Ltd. are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibilities are to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements that give a fair view in accordance with the provisions of Enterprise Accounting Standards, and for designing, implementing and maintaining such internal control as the Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the ability of Qinhuangdao Port Co., Ltd. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless under the circumstances of liquidation, cessation of operation or lack of other realistic alternatives.

Those charged with governance are responsible for overseeing the financial reporting process of Qinhuangdao Port Co., Ltd.

VI. CERTIFIED PUBLIC ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards of Audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards of Auditing, we exercise professional judgment and maintain skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Qinhuangdao Port Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Qinhuangdao Port Co., Ltd. to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Qinhuangdao Port Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

AUDIT REPORT

Ernst & Young Hua Ming (2024) Shen Zi No. 70074112_S01
Qinhuangdao Port Co., Ltd.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Meng Dong (Project Partner)

Chinese Certified Public Accountant: Wang Junqi

Beijing, PRC

28 March 2024

CONSOLIDATED BALANCE SHEET

31 December 2023

RMB

Assets	Note V	31 December 2023	31 December 2022
Current assets			
Cash and bank balances	1	2,838,023,456.57	4,847,758,214.85
Including: deposits with financial companies		2,075,790,264.80	4,049,298,698.27
Bills receivable	2	49,965,475.00	91,361,696.00
Accounts receivable	3	67,817,955.73	46,622,811.77
Financing receivables	4	74,502,289.57	35,866,130.32
Prepayments		30,560,118.08	23,630,461.95
Other receivables	5	131,647,857.46	22,220,105.04
Inventories	6	145,739,815.70	125,279,242.63
Other current assets	7	178,778,070.14	82,539,575.60
Total current assets		3,517,035,038.25	5,275,278,238.16
Non-current assets			
Long-term equity investments	8	3,821,426,321.81	3,595,010,502.57
Other equity instruments investments	9	1,091,562,136.20	1,136,892,279.11
Fixed assets	10	12,934,816,515.53	11,548,007,158.30
Construction in progress	11	815,220,131.65	2,478,720,446.03
Right-of-use assets	12	120,254,978.12	141,869,720.26
Intangible assets	13	2,928,202,819.21	2,950,070,241.42
Long-term prepaid expenses	14	4,797,193.38	5,639,206.39
Deferred income tax assets	15	365,511,874.01	439,589,423.33
Other non-current assets	16	2,427,279,951.61	369,621,867.69
Total non-current assets		24,509,071,921.52	22,665,420,845.10
Total assets		28,026,106,959.77	27,940,699,083.26

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

CONSOLIDATED BALANCE SHEET

31 December 2023

RMB

Liabilities and Shareholders' equity	Note V	31 December 2023	31 December 2022
Current liabilities			
Short-term borrowings	18	500,252,083.33	260,270,111.11
Accounts payable	19	253,421,149.43	259,894,659.77
Contract liabilities	20	564,480,062.57	563,480,833.77
Employee benefits payable	21	583,280,527.61	742,093,194.47
Taxes payable	22	21,764,786.44	43,304,688.38
Other payables	23	603,776,486.76	548,457,808.34
Non-current liabilities due within one year	24	633,718,528.57	680,774,886.72
Total current liabilities		3,160,693,624.71	3,098,276,182.56
Non-current liabilities			
Long-term borrowings	25	4,995,881,608.50	5,949,695,604.50
Lease liabilities	26	7,219.53	16,720,143.33
Long-term payable	27	32,000,000.00	34,000,000.00
Long-term employee benefits payable	28	267,844,523.45	372,187,195.91
Deferred income	29	108,099,841.75	143,939,129.50
Deferred income tax liabilities	15	89,471,967.06	100,804,502.79
Total non-current liabilities		5,493,305,160.29	6,617,346,576.03
Total liabilities		8,653,998,785.00	9,715,622,758.59
Shareholders' equity			
Share capital	30	5,587,412,000.00	5,587,412,000.00
Capital reserve	31	5,241,882,136.35	5,207,670,068.40
Other comprehensive income	32	645,070,189.30	639,705,620.44
Special reserve	33	119,947,727.76	192,106,174.51
Surplus reserve	34	1,754,087,442.20	1,634,203,017.11
Retained profit	35	5,075,119,932.68	4,060,508,205.81
Total equity attributable to shareholders of the parent		18,423,519,428.29	17,321,605,086.27
Minority interests		948,588,746.48	903,471,238.40
Total shareholders' equity		19,372,108,174.77	18,225,076,324.67
Total liabilities and shareholders' equity		28,026,106,959.77	27,940,699,083.26

The financial statements have been signed by:

Legal representative:

Zhang Xiaoqiang

Person in charge of

business operation:

Nie Yuzhong

Chief financial officer:

Bu Zhouqing

Head of accounting department:

Zhao Liangjun

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

CONSOLIDATED INCOME STATEMENT

2023

RMB

	Note V	2023	2022
Revenue	36	7,054,883,834.36	6,919,421,033.92
Less: Operating costs	36	4,413,559,410.53	4,267,181,490.83
Tax and surcharges	37	135,725,310.18	135,409,345.59
Administrative expenses	38	746,412,812.10	834,726,694.34
Research and development expenses	39	154,045,515.83	143,991,281.29
Financial costs	40	105,653,575.66	139,990,216.94
Including: Interest expense	40	236,306,728.69	234,358,723.92
Interest income	40	130,974,478.65	93,696,682.15
Add: Other income	41	64,104,619.72	83,784,701.68
Investment income	42	311,501,884.52	235,234,912.61
Including: Investment income from associates and joint ventures		275,501,884.52	223,039,392.85
Credit impairment loss	43	3,859,652.04	(16,362,180.04)
Asset impairment loss	44	(4,375,553.88)	(36,782,860.23)
Gains from the disposal of assets	45	4,357,037.29	572,569.46
Operating profits		1,878,934,849.75	1,664,569,148.41
Add: Non-operating income	46	8,934,003.71	5,287,891.55
Less: Non-operating expenses	47	4,726,814.58	6,669,457.12
Total profit		1,883,142,038.88	1,663,187,582.84
Less: Income tax expenses	48	318,669,264.72	306,122,888.75
Net profit		1,564,472,774.16	1,357,064,694.09
Classified by business continuity			
Net profit from continuing operations		1,564,472,774.16	1,357,064,694.09
Classified by ownership			
Net profit attributable to shareholders of the parent		1,531,202,403.96	1,308,419,060.49
Minority interests		33,270,370.20	48,645,633.60
Other comprehensive income, net of tax		15,422,431.30	239,202,177.64
Other comprehensive income attributable to shareholders of the parent, net of tax	32	5,364,568.86	241,415,653.04
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income not to be taken to profit or loss using the equity method		48,735,206.87	65,142,567.44
Changes in fair value of other equity instruments investments		(44,055,469.62)	172,370,205.95
Those other comprehensive income to be reclassified into profit or loss			
Exchange differences on foreign currency translation		684,831.61	3,902,879.65
Other comprehensive income attributable to minority shareholders, net of tax	32	10,057,862.44	(2,213,475.40)
Total comprehensive income		1,579,895,205.46	1,596,266,871.73
Including:			
Total comprehensive income attributable to shareholders of the parent		1,536,566,972.82	1,549,834,713.53
Total comprehensive income attributable to minority shareholders		43,328,232.64	46,432,158.20
Earnings per share			
Basic and diluted earnings per share	49	0.27	0.23

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2023
RMB

2023

	Equity attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Sub-total		
I. Current year's opening balance	5,587,412,000.00	5,207,670,068.40	639,705,620.44	192,106,174.51	1,634,203,017.11	4,060,508,205.81	17,321,605,086.27	903,471,238.40	18,225,076,324.67
II. Changes during the year									
(I) Total comprehensive income									
1. Net profit	-	-	-	-	-	1,531,202,403.96	1,531,202,403.96	33,270,370.20	1,564,472,774.16
2. Other comprehensive income	-	-	5,364,568.86	-	-	-	5,364,568.86	10,057,862.44	15,422,431.30
(II) Increase and decrease in capital contribution from shareholders									
1. Others	-	34,212,067.95	-	-	-	-	34,212,067.95	12,002.32	34,224,070.27
(III) Profit distribution									
1. Appropriation to surplus reserves	-	-	-	-	119,884,425.09	(119,884,425.09)	-	-	-
2. Distribution to Shareholders	-	-	-	-	-	(396,706,252.00)	(396,706,252.00)	-	(396,706,252.00)
(IV) Special reserve									
1. Accrual	-	-	-	67,530,778.13	-	-	67,530,778.13	5,238,045.67	72,768,823.80
2. Usage	-	-	-	(139,689,224.88)	-	-	(139,689,224.88)	(3,460,772.55)	(143,149,997.43)
III. Current year's closing balance	5,587,412,000.00	5,241,882,136.35	645,070,189.30	119,947,727.76	1,754,067,442.20	5,075,119,932.68	18,423,519,428.29	948,588,746.48	19,372,108,174.77

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2023
RMB

2022

	Equity attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Sub-total		
I. Current year's opening balance	5,587,412,000.00	5,207,670,068.40	398,289,967.40	162,786,888.70	1,529,961,605.48	3,169,225,628.95	16,055,346,158.93	854,347,870.49	16,909,694,029.42
II. Changes during the year									
(I) Total comprehensive income									
1. Net profit	-	-	-	-	-	1,308,419,060.49	1,308,419,060.49	48,645,633.60	1,357,064,694.09
2. Other comprehensive income	-	-	241,415,653.04	-	-	-	241,415,653.04	(2,213,475.40)	239,202,177.64
(II) Profit distribution									
1. Appropriation to surplus reserves	-	-	-	-	104,241,411.63	(104,241,411.63)	-	-	-
2. Distribution to Shareholders	-	-	-	-	-	(312,895,072.00)	(312,895,072.00)	-	(312,895,072.00)
(III) Special reserve									
1. Accrual	-	-	-	65,956,480.65	-	-	65,956,480.65	4,352,422.20	70,308,902.85
2. Usage	-	-	-	(36,637,194.84)	-	-	(36,637,194.84)	(1,661,212.49)	(38,298,407.33)
III. Current year's closing balance	5,587,412,000.00	5,207,670,068.40	639,705,620.44	192,106,174.51	1,634,203,017.11	4,060,508,205.81	17,321,605,086.27	903,471,238.40	18,225,076,324.67

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

CONSOLIDATED CASH FLOWS

2023

RMB

	Note V	2023	2022
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		7,316,984,510.60	7,043,418,190.59
Refund of taxes and levies		3,129,398.92	170,268,258.59
Cash received relating to other operating activities	50	111,274,409.08	110,576,889.42
Sub-total of cash inflows		7,431,388,318.60	7,324,263,338.60
Cash paid for goods and services		1,952,721,436.97	1,745,750,203.11
Cash paid to and on behalf of employees		2,103,236,325.67	2,022,501,026.28
Cash paid for all taxes		588,160,131.66	701,139,769.01
Cash paid relating to other operating activities	50	393,471,317.05	420,571,938.93
Sub-total of cash outflows		5,037,589,211.35	4,889,962,937.33
Net cash flows from operating activities	51	2,393,799,107.25	2,434,300,401.27
II. Cash flows from investing activities:			
Cash received from return of investment		1,835,860,348.40	931,530,000.00
Cash received from investment income		72,853,869.92	208,707,419.67
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		12,032,527.50	4,047,271.13
Net cash received for the disposal of subsidiaries and other business units	51	10,712,597.92	-
Cash received relating to other investing activities	50	-	320,000.00
Sub-total of cash inflows		1,931,459,343.74	1,144,604,690.80
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,061,056,755.66	709,944,583.95
Cash paid for investments		3,604,410,348.40	899,340,200.00
Cash paid relating to other investing activities	50	5,456,523.88	-
Sub-total of cash outflows		4,670,923,627.94	1,609,284,783.95
Net cash flows from investing activities		(2,739,464,284.20)	(464,680,093.15)

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

CONSOLIDATED CASH FLOWS

2023

RMB

	Note V	2023	2022
III. Cash flows from financing activities:			
Cash received from borrowings		2,001,100,000.00	670,000,000.00
Sub-total of cash inflows		2,001,100,000.00	670,000,000.00
Cash paid for repayments of borrowings		2,760,573,690.48	1,125,714,000.00
Cash paid for distribution of dividends or profits or for interest expenses		634,578,485.08	613,057,062.88
Cash paid relating to other financing activities	50	17,587,025.04	18,502,678.08
Sub-total of cash outflow		3,412,739,200.60	1,757,273,740.96
Net cash flows from financing activities		(1,411,639,200.60)	(1,087,273,740.96)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		544,518.96	4,761,940.99
V. Net increase in cash and cash equivalents		(1,756,759,858.59)	887,108,508.15
Add: Balance of cash and cash equivalents at the beginning of the year		3,446,027,714.85	2,558,919,206.70
VI. Balance of cash and cash equivalents at the end of the year	51	1,689,267,856.26	3,446,027,714.85

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

BALANCE SHEET

31 December 2023

RMB

Assets	Note XVI	31 December 2023	31 December 2022
Current assets			
Cash and bank balances		1,760,461,469.49	3,723,257,308.61
Including: deposits with financial companies		1,334,235,050.39	3,357,757,408.51
Bills receivable		2,500,000.00	–
Accounts receivable	1	26,603,156.00	30,734,950.60
Financing receivables		23,919,615.56	27,200,000.00
Prepayments		7,081,207.77	8,499,927.92
Other receivables		112,679,348.66	1,566,165.54
Inventories		80,523,026.17	70,607,319.23
Other current assets		112,055,474.40	59,043,179.77
Total current assets		2,125,823,298.05	3,920,908,851.67
Non-current assets			
Long-term equity investments	2	10,239,399,425.99	9,970,150,573.41
Other equity instruments investments	3	862,458,063.92	935,156,540.00
Fixed assets		3,190,052,709.75	3,253,905,786.53
Construction in progress		366,177,861.27	105,205,106.93
Right-of-use assets		17,099,125.68	34,198,251.26
Intangible assets		388,785,379.51	393,202,246.73
Deferred income tax assets		257,525,827.86	329,443,882.47
Other non-current assets		2,289,413,943.57	284,629,115.99
Total non-current assets		17,610,912,337.55	15,305,891,503.32
Total assets		19,736,735,635.60	19,226,800,354.99

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

BALANCE SHEET

31 December 2023

RMB

Liabilities and Shareholders' equity	31 December 2023	31 December 2022
Current liabilities		
Accounts payable	116,410,982.64	135,295,406.54
Contract liabilities	365,429,232.20	372,344,141.85
Employee benefits payable	557,995,250.47	710,618,485.04
Taxes payable	9,769,062.42	8,744,024.34
Other payables	349,065,352.86	268,695,827.10
Non-current liabilities due within one year	21,043,438.23	20,555,111.86
Total current liabilities	1,419,713,318.82	1,516,252,996.73
Non-current liabilities		
Lease liabilities	–	16,551,504.71
Long-term payable	32,000,000.00	34,000,000.00
Long-term employee benefits payable	246,780,140.30	346,187,808.29
Deferred income	102,934,015.44	137,614,391.14
Deferred income tax liabilities	68,926,426.48	87,101,045.50
Total non-current liabilities	450,640,582.22	621,454,749.64
Total liabilities	1,870,353,901.04	2,137,707,746.37
Shareholders' equity		
Share capital	5,587,412,000.00	5,587,412,000.00
Capital reserve	5,231,063,136.42	5,197,336,468.67
Other comprehensive income	608,311,377.19	614,100,027.38
Special reserve	85,679,189.75	138,466,080.24
Surplus reserve	1,753,949,097.43	1,634,064,672.34
Retained profit	4,599,966,933.77	3,917,713,359.99
Total shareholders' equity	17,866,381,734.56	17,089,092,608.62
Total liabilities and shareholders' equity	19,736,735,635.60	19,226,800,354.99

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

INCOME STATEMENT

2023

RMB

	Note XVI	2023	2022
Revenue	4	4,222,124,285.54	4,227,245,099.85
Less: Operating costs	4	2,420,927,106.56	2,316,584,936.78
Tax and surcharges		80,037,409.62	85,453,036.44
Administrative expenses		603,276,381.37	669,099,367.05
Research and development expenses		115,834,527.43	121,426,140.07
Financial costs		(103,910,637.83)	(73,814,892.00)
Including: Interest expense		1,361,095.70	2,149,166.85
Interest income		105,644,399.66	75,227,845.15
Add: Other income		52,945,989.64	52,266,260.54
Investment income	5	321,446,360.46	215,848,823.89
Including: Investment income from associates and joint ventures		285,446,360.46	215,848,823.89
Credit impairment loss		456,802.99	(3,332,653.90)
Asset impairment loss		-	(36,782,860.23)
Gains from the disposal of assets		139,733.90	384,263.57
Operating profits		1,480,948,385.38	1,336,880,345.38
Add: Non-operating income		8,675,821.40	4,632,781.73
Less: Non-operating expenses		3,296,238.99	1,386,779.23
Total profit		1,486,327,967.79	1,340,126,347.88
Less: Income tax expenses		287,483,716.92	297,712,231.63
Net profit		1,198,844,250.87	1,042,414,116.25
Including: Net profit from continuing operations		1,198,844,250.87	1,042,414,116.25
Other comprehensive income, net of tax		(5,788,650.19)	239,816,594.72
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income not to be taken to profit or loss using the equity method		48,735,206.87	65,142,567.44
Changes in fair value of other equity instruments investments		(54,523,857.06)	174,674,027.28
Total comprehensive income		1,193,055,600.68	1,282,230,710.97

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

STATEMENT OF CHANGES IN EQUITY

2023
RMB

2023

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Current year's opening balance	5,587,412,000.00	5,197,336,468.67	614,100,027.38	138,466,080.24	1,634,064,672.34	3,917,713,359.99	17,089,092,608.62
II. Changes during the year							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	1,198,844,250.87	1,198,844,250.87
2. Other comprehensive income	-	-	(5,788,650.19)	-	-	-	(5,788,650.19)
(II) Increase and decrease in capital contribution from shareholders							
1. Others	-	33,726,667.75	-	-	-	-	33,726,667.75
(III) Profit distribution							
1. Appropriation to surplus reserves	-	-	-	-	119,884,425.09	(119,884,425.09)	-
2. Distribution to Shareholders	-	-	-	-	-	(396,706,252.00)	(396,706,252.00)
(IV) Special reserve							
1. Accrual	-	-	-	44,844,364.93	-	-	44,844,364.93
2. Usage	-	-	-	(97,631,255.42)	-	-	(97,631,255.42)
III. Current year's closing balance	5,587,412,000.00	5,231,063,136.42	608,311,377.19	85,679,189.75	1,753,949,097.43	4,599,966,933.77	17,866,381,734.56

2022

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Current year's opening balance	5,587,412,000.00	5,197,336,468.67	374,283,432.66	121,482,157.51	1,529,823,260.71	3,292,435,727.37	16,102,773,046.92
II. Changes during the year							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	1,042,414,116.25	1,042,414,116.25
2. Other comprehensive income	-	-	239,816,594.72	-	-	-	239,816,594.72
(II) Profit distribution							
1. Appropriation to surplus reserves	-	-	-	-	104,241,411.63	(104,241,411.63)	-
2. Distribution to Shareholders	-	-	-	-	-	(312,895,072.00)	(312,895,072.00)
(III) Special reserve							
1. Accrual	-	-	-	47,103,092.23	-	-	47,103,092.23
2. Usage	-	-	-	(30,119,169.50)	-	-	(30,119,169.50)
III. Current year's closing balance	5,587,412,000.00	5,197,336,468.67	614,100,027.38	138,466,080.24	1,634,064,672.34	3,917,713,359.99	17,089,092,608.62

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

STATEMENT OF CASH FLOWS

2023

RMB

	2023	2022
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	4,390,410,699.09	4,245,865,320.51
Cash received relating to other operating activities	85,272,904.83	86,129,072.52
Sub-total of cash inflows	4,475,683,603.92	4,331,994,393.03
Cash paid for goods and services	1,122,788,332.48	898,250,411.85
Cash paid to and on behalf of employees	1,762,537,855.56	1,729,167,218.30
Cash paid for all taxes	411,942,008.17	546,954,450.33
Cash paid relating to other operating activities	244,803,345.22	257,329,210.67
Sub-total of cash outflows	3,542,071,541.43	3,431,701,291.15
Net cash flows from operating activities	933,612,062.49	900,293,101.88
II. Cash flows from investing activities:		
Cash received from return of investment	1,550,000,000.00	700,000,000.00
Cash received from investment income	64,639,473.92	196,511,899.91
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	9,971,866.65	2,630,865.86
Sub-total of cash inflows	1,624,611,340.57	899,142,765.77
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	512,322,966.49	229,136,784.31
Cash paid for investments	3,361,190,288.66	714,000,000.00
Sub-total of cash outflows	3,873,513,255.15	943,136,784.31
Net cash flows from investing activities	(2,248,901,914.58)	(43,994,018.54)

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

STATEMENT OF CASH FLOWS

2023

RMB

	2023	2022
III. Cash flows from financing activities:		
Cash paid for distribution of dividends or profits or for interest expenses	396,705,468.13	312,895,017.98
Cash paid relating to other financing activities	17,424,274.04	18,339,927.08
Sub-total of cash outflow	414,129,742.17	331,234,945.06
Net cash flows from financing activities	(414,129,742.17)	(331,234,945.06)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(246,286.71)	867,906.37
V. Net increase in cash and cash equivalents	(1,729,665,880.97)	525,932,044.65
Add: Balance of cash and cash equivalents at the beginning of the year	2,523,257,308.61	1,997,325,263.96
VI. Balance of cash and cash equivalents at the end of the year	793,591,427.64	2,523,257,308.61

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

NOTES TO FINANCIAL STATEMENTS

2023

RMB

I. GENERAL INFORMATION

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

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

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

These financial statements have been approved by the board of directors of the Company by resolutions on 28 March 2024. According to the articles of association of the Company, these financial statements will be submitted to the general meeting for consideration.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued and amended subsequently by the Ministry of Finance (collectively referred to as “Accounting Standards for Business Enterprises”). In addition, these financial statements have also disclosed the relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting.

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2023 and their financial performance and cash flows for 2023.

2. Accounting Period

The accounting year for the Group is from 1 January to 31 December of each calendar year.

3. Functional Currency

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

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

NOTES TO FINANCIAL STATEMENTS

2023
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Methods of Determining and Basis of Selecting Materiality Criteria

	Materiality Criteria
Major construction in progress	The balance at the beginning or the end of the Year accounts for more than 10% of the carrying amount of the construction in progress and the budget amount exceeds RMB500.00 million
Major payables aged more than one year	The book balance accounts for more than 10% of the carrying amount of other payables and the amount exceeds RMB50.00 million
Major investment activity-related Cash	A single investment activity accounts for more than 10% of the total cash inflows or outflows and the amount exceeds RMB200.00 million
Subsidiary with material minority interests	It contributes more than 10% of the revenue of the Group and the Group has a minority interests therein representing more than 3% of its net assets
Major joint venture and associate	The carrying amount of a single long-term equity investment exceeds RMB500.00 million and accounts for more than 3% of the net assets of the Group

5. Consolidated Financial Statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural body controlled by the Company, etc.) that is controlled by the Company. The investor can exercise control over the investee when and only when the investor has the following three elements: the investor has the power over the investee; the entitlement to variable returns through the participation in the relevant activities of the investee; and the ability to affect the amount of returns by using its power over the investee.

In preparation of consolidated financial statements, as the subsidiaries use different accounting policies and accounting period from those of the Company, the Group makes necessary adjustments to the financial statements of the subsidiaries in accordance with the accounting policies and accounting period of the Company. All assets, liabilities, interests, income, fees and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

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

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

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Classifications of Joint Arrangement and Joint Operations

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

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

7. Cash and Cash Equivalents

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2023
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments

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

Recognition and derecognition of financial instruments

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

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

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

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

Regular way purchases or sales of financial assets are recognized and derecognized on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are purchased or sold in accordance with contracts, and the delivery of the financial assets is to be completed in accordance with the terms of the contracts based on the schedule normally established by regulation or convention in the market place. Trade date is the date that the Group commits to purchase or sell the financial asset.

Classification and measurement of financial assets

The Group classifies its financial assets on initial recognition, based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, as the financial assets measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss.

A financial asset is recognized initially at fair value. However, if the accounts receivable or notes receivable generated from the sale of goods or the provision of services do not include significant financing components or do not consider financing components not exceeding one year, the initial measurement is based on the transaction price.

In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (Continued)

Classification and measurement of financial assets (Continued)

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

Debt instrument investment measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if the financial assets meet the following conditions: the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The interest income from such financial assets is recognized using the effective interest method. The gains or losses arising from derecognition, modification or impairment of such assets are recognized in profit or loss for the current period.

Debt instrument investment at fair value through other comprehensive income

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

Equity instrument investment at fair value through other comprehensive income

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

Financial assets measured at fair value through profit or loss

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

NOTES TO FINANCIAL STATEMENTS

2023

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (Continued)

Classification and measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities measured at amortized cost

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial Instruments (Continued)

Financial instrument impairment

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

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

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

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

Expected credit losses of financial instruments are assessed on an individual basis and group basis. The Group considered the credit risk characteristics of different customers and assessed the expected credit losses of the receivables based on the shared risk characteristics and the age group. In addition to the financial instruments which are assessed for expected credit losses on group basis, if the credit risk characteristics of a customer are significantly different from those of other customers in a group assessment, or the credit risk characteristics of such customer changed significantly, the Group will assess the expected credit losses thereof on an individual basis.

The Group's criteria for judging the significant increase in credit risk and the definition of assets with credit impairment are disclosed in Note X. 2.

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

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

Offsetting of financial instruments

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

Transfers of financial assets

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

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

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

NOTES TO FINANCIAL STATEMENTS

2023
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Inventories

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

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

The Group adopts perpetual inventory system.

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

11. Long-term Equity Investments

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

Long-term equity investments were initially recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the owners' equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital reserve (if the capital reserve is insufficient for setting off the difference, such difference shall be further set off against retained profits). For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held prior to the date of acquisition and new investment cost incurred as at the date of acquisition). The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments; for those acquired by way of issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term Equity Investments (Continued)

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

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

12. Fixed Assets

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2023
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Construction in Progress

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

Construction in progress is transferred to fixed assets or intangible assets when the asset is ready for its intended use, standard as follows:

	Criteria of transfer to fixed assets
Buildings	Actually put into operation/completed and passed the completion verification (which is earlier)
Terminal facilities	Actually put into operation/completed and passed the completion verification (which is earlier)
Machinery and equipment	Actually put into operation/completed installation and passed the completion verification (which is earlier)
Transportation equipment	Actually put into operation/passed the verification (which is earlier)
Other equipment	Actually put into operation/passed the verification (which is earlier)

14. Borrowing Costs

Directly attributable to the acquisition or construction of qualifying assets or borrowing cost for production are capitalized. Other borrowing costs are recognized in profit or loss for the current period.

The capitalization of borrowing costs commences only when expenditures for the asset and borrowing costs are being incurred, activities relating to the acquisition or construction or production of the asset that are necessary to prepare the asset for its intended use or saleable status have commenced.

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Intangible Assets

Intangible assets are amortized over the useful lives on the straight-line basis, the useful lives of the intangible assets are as follows:

	Useful lives	Recognition basis
Land use rights	40 – 50 years	Period of land use rights
Software	5 – 10 years	Expected useful lives
Sea area use rights	50 years	Period of sea area use rights

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

16. Asset Impairment

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

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

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

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

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Long-term Prepaid Expenses

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

18. Employee Benefits

Employee benefits are all forms of considerations given by the Group in exchange for services rendered by its employees or for the termination of employment. Employee benefits include short-term employee benefits, postemployment benefits, termination benefits and other long-term employee benefits.

Short-term employee benefits

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

Post-employment benefits (defined contribution plans)

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

The Group contributes on a monthly basis to these schemes or annuity based on certain percentages of the salaries of the employees. The Group's employer contributions vest fully with the employees when contributed into the scheme or annuity and there are no forfeited contributions that may be used by the Group.

Termination benefits

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

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

Other long-term employee benefits

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Provisions

Except for contingent consideration and contingent liability assumed in a business combination not under common control, the Group recognizes an obligation related to a contingency as a provision when the obligation is a present obligation of the Group, it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed and adjusted accordingly at each balance sheet date and the carrying amount is adjusted appropriately to the best estimate.

20. Revenue from Contracts with Customers

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

Contracts for the rendering of services

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

Contracts for the sales of goods

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

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Contract Assets and Contract Liabilities

The Group presents contract assets or contract liabilities in the statement of financial position based on the relationship between performance obligations and customer payments. The Group presents contract assets and contract liabilities under the same contract as net amount after they offset each other.

Contract assets

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

Contract liabilities

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

22. Government Grants

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

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Deferred Income Tax

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

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

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss, and the initial recognition of assets and liabilities incur no equal taxable temporary differences and deductible temporary differences;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

- (1) where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible tax loss, and the initial recognition of assets and liabilities incur no equal taxable temporary differences and deductible temporary differences;
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred income tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilized in the future.

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

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

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

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Leases

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

As a lessee

Save for short-term lease and Low value asset leasing, the Group recognizes right-of-use assets and lease liabilities for the leases.

Right-of-use assets

On the commencement date of the lease term, the Group recognizes its right to use the lease assets over the lease term as the right-of-use asset, which is initially carried at cost. The cost of the right-of-use asset includes: the initial measurement amount of the lease liability; the amount of the lease payment on or before the commencement date of the lease term, deducting the relevant amount of the lease incentives already enjoyed; the initial direct expenses incurred by the lessee; and the cost expected to be incurred by lessee for dismantling and removing the lease assets, restoring the site where the lease assets are located or restoring the lease assets to the state agreed upon under the lease terms. When the Group re-measures the lease liabilities due to the change in lease payment amount, it shall adjust the carrying amounts of the right-of-use assets accordingly. The Group subsequently depreciated the right-of-use assets using the straight-line method. If it is reasonable to determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Group will provide for depreciation during the remaining useful life of the lease assets. If it is not reasonable to determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Group will provide for depreciation during the shorter of the lease term and the remaining useful life of the lease assets.

Lease liabilities

On the commencement date of the lease term, the Group recognizes the present value of the outstanding lease payments as lease liabilities, except for short-term leases and low-value asset leases. The lease payments include fixed payments and in-substance fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option and payments for exercising the option to terminate a lease, if the Group is reasonably certain to exercise that option or the lease term reflects the Group exercising the option to terminate.

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

After the commencement date of the lease term, the Group increases the carrying amount to reflect interest on the lease liability and reduce the carrying amount to reflect lease payments made. When the substantially fixed payment amount changes, the expected amount payable of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, or the assessment results or actual exercise of the purchase option, renewal option or termination option change, the Group re-measures the lease liabilities based on the present value of the changed lease payments.

Short-term lease and Low value asset leasing

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Leases (Continued)

As a lessor

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

As an operating lease lessor

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

25. Production Safety Expense

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

26. Fair Value Measurement

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

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

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

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III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Significant Accounting Judgments and Estimates

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

Judgment

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

The business model

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

The contractual cash flow characteristics

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

Uncertainty of estimation

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

Impairment of financial instruments

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Significant Accounting Judgments and Estimates (Continued)

Uncertainty of estimation (Continued)

Fair value of unlisted equity investments

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

Deferred income tax assets

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

Lessee's incremental borrowing rate

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

Useful lives and residual values of fixed assets

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

28. Changes in Accounting Policies

Recognition of deferred income taxes in relation to the lease

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

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IV. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

	Tax basis	Tax Rate
Value-added tax (“VAT”)	The balance of the output tax, calculated based on sales and at applicable tax rates, deducting deductible input tax	13%, 6%
City maintenance and construction tax	Value-added tax actually paid	7%
Enterprise income tax	Taxable income	25%, 16.5%
Property tax	70% of initial cost of the properties and rental income	1.2%, 12%
Land use tax	Actual area of land used	Unit tax amount prescribed in the tax law
Environmental protection tax	Taxable pollutant emissions and pollution equivalent	Applicable taxable amount stipulated by the Environmental Protection Tax Law

The taxpayers who are subject to different corporate income tax rates are as follows:

	Income tax rate
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited	16.5%

2. Tax Concessions

Land use tax

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

Value-added tax

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

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IV. TAXATION (CONTINUED)

2. Tax Concessions (Continued)

Enterprise income tax

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

Pursuant to the relevant regulations on the taxation of small and micro enterprises, during the period from 1 January 2022 to 31 December 2024, where the annual taxable income of small and micro enterprises is less than RMB3 million, 25% of the taxable income will be reduced, and the PRC Enterprise Income Tax will be at the tax rate of 20%. The Group's subsidiaries, Cangzhou Zhongli, Jitong Port and Jigang General, are entitled to the aforesaid tax incentives.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	2023	2022
Cash on hand	11,334.47	25,508.88
Bank deposits	762,221,357.30	798,433,507.70
Other cash and bank balances	500.00	500.00
Deposits with finance companies	2,075,790,264.80	4,049,298,698.27
Total	2,838,023,456.57	4,847,758,214.85
Including: Interest receivable from bank deposits	4,184,760.83	–
Interest receivable from finance companies	16,290,339.48	–
Total amount deposited overseas	59,086,093.58	59,014,402.57

2. Bills Receivable

	2023	2022
Commercial acceptance notes	2,784,400.00	–
Bank acceptance notes	47,181,075.00	91,361,696.00
Total	49,965,475.00	91,361,696.00

As at 31 December 2023, the bills receivable pledged by the Group to issue bank acceptance notes was nil.

As at 31 December 2023, the bills receivable which was endorsed but undue as at the balance sheet date are as follows:

	Derecognized	Not derecognized
Bank acceptance notes	–	5,625,541.00

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

3. Accounts Receivable

An ageing analysis of the accounts receivable is as follows:

	2023	2022
Within 1 year	71,028,396.67	51,506,942.00
1 to 2 years	3,629,733.00	860,169.46
2 to 3 years	1,924.00	9,728.80
3 to 4 years	–	–
4 to 5 years	–	–
Over 5 years	913,672.63	1,633,960.63
	75,573,726.30	54,010,800.89
Less: Provision for bad debts of accounts receivable	7,755,770.57	7,387,989.12
Total	67,817,955.73	46,622,811.77

	2023				
	Balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Individual provision for bad debts	3,252,364.00	4	3,252,364.00	100	–
Provision for bad debts made by portfolio of credit risk characteristics	72,321,362.30	96	4,503,406.57	6	67,817,955.73
Total	75,573,726.30	100	7,755,770.57		67,817,955.73

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

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

3. Accounts Receivable (Continued)

Accounts receivable with individual provision for bad debts are as follows:

	2023				2022	
	Balance	Provision for bad debts	Percentage of provision (%)	Reason for provision	Balance	Provision for bad debts
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	61,460.00	61,460.00	100	The debtor involved in litigation	61,460.00	61,460.00
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	3,190,904.00	3,190,904.00	100	The debtor involved in litigation	3,190,904.00	3,190,904.00
Total	3,252,364.00	3,252,364.00			3,252,364.00	3,252,364.00

As at 31 December 2023, the accounts receivable with provision for bad debts made by portfolio are as follows:

	Balance	Provision for impairment	Percentage of provision (%)
Within 1 year	71,028,396.67	3,551,419.84	5
1 to 2 years	377,369.00	37,736.90	10
2 to 3 years	1,924.00	577.20	30
Over 3 years	913,672.63	913,672.63	100
Total	72,321,362.30	4,503,406.57	

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

	Opening balance	Provision for the year	Recover or reversal in the year	Write-off in the year	Closing balance
Provision for bad debts on individual basis	3,252,364.00	-	-	-	3,252,364.00
Provision for bad debts on aging group basis	4,135,625.12	1,937,044.39	(811,977.55)	(757,285.39)	4,503,406.57
Total	7,387,989.12	1,937,044.39	(811,977.55)	(757,285.39)	7,755,770.57

The Group had accounts receivable of RMB757,285.39 written off in 2023.

As at 31 December 2023, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Hebei Xinshenggang International Logistics Co., Ltd. (河北新盛港國際物流有限公司)	28,707,254.39	37.99	1,435,362.72	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	4,900,354.00	6.48	245,017.70	5
Tangshan Port International Container Terminal Co., Ltd. (唐山港國際物流有限公司)	3,617,824.00	4.79	180,891.20	5
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	3,617,751.37	4.79	195,086.32	5
Penavico QHD Logistics Co., Ltd. (秦皇島外代物流有限公司)	3,190,904.00	4.22	3,190,904.00	100
Total	44,034,087.76	58.27	5,247,261.94	12

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

4. Accounts receivable financing

	2023	2022
Bank acceptance notes	74,502,289.57	35,866,130.32

As at 31 December 2023, the accounts receivable financing pledged by the Group to issue bank acceptance notes was nil.

As at 31 December 2023, the accounts receivable financing which was endorsed but undue as at the balance sheet date are as follows:

	Derecognized	Not Derecognized
Bank acceptance notes	28,766,419.52	–

5. Other receivables

	2023	2022
Dividend receivables	110,950,000.00	–
Other receivables	20,697,857.46	22,220,105.04
Total	131,647,857.46	22,220,105.04

Dividend receivables

	2023	2022
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	110,950,000.00	–

As at 31 December 2023, the dividend receivables are aged within one year.

Other Receivables

An aged analysis of other receivables is as follows:

	2023	2022
Within 1 year	12,995,573.09	9,079,162.90
1 to 2 years	4,129,751.51	8,395,055.06
2 to 3 years	6,166,051.46	8,166,887.07
3 to 4 years	6,717,849.26	44,937,770.44
4 to 5 years	38,615,810.13	457.74
Over 5 years	936.50	4,553,605.20
	68,625,971.95	75,132,938.41
Less: Provision for bad debts of other receivables	47,928,114.49	52,912,833.37
Total	20,697,857.46	22,220,105.04

Other receivables categorized by nature are listed as follows:

	2023	2022
Assets transfer consideration receivable	27,816,839.00	27,816,839.00
Utilities receivable	22,494,380.47	18,551,831.75
Equity transfer consideration receivable	10,712,597.91	21,425,195.83
Other	7,602,154.57	7,339,071.83
Total	68,625,971.95	75,132,938.41

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

5. Other receivables (Continued)

Other Receivables (Continued)

2023

	Carrying amount		Provision for bad debts		Book Value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts on individual basis	27,816,839.00	41	27,816,839.00	100	-
Provision for bad debts on credit risk characteristic group basis	40,809,132.95	59	20,111,275.49	49	20,697,857.46
Total	68,625,971.95	100	47,928,114.49		20,697,857.46

2022

	Balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts on individual basis	27,816,839.00	37	27,816,839.00	100	-
Provision for bad debts on credit risk characteristic group basis	47,316,099.41	63	25,095,994.37	53	22,220,105.04
Total	75,132,938.41	100	52,912,833.37		22,220,105.04

The other accounts receivable with individual provision for bad debts are as follows:

	2023				2022	
	Balance	Provision for bad debts	Percentage of provision (%)	Reason for provision	Balance	Provision for bad debts
Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (沧州市国土资源局渤海新区分局)	23,222,539.00	23,222,539.00	100	Expectation of unable to recover	23,222,539.00	23,222,539.00
Han Huang Railway Co., Ltd. (邯黄铁路有限责任公司)	4,594,300.00	4,594,300.00	100	Expectation of unable to recover	4,594,300.00	4,594,300.00
Total	27,816,839.00	27,816,839.00			27,816,839.00	27,816,839.00

As at 31 December 2023, the other accounts receivable with provision for bad debts made by portfolio are as follows:

	Balance	Provision for impairment	Percentage of provision (%)
Provision for bad debts on aging group basis	40,809,132.95	20,111,275.49	49

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

	Opening balance	Provision for the year	Reversal during the year	Write-off during the year	Closing balance
Provision for bad debts on individual basis	27,816,839.00	-	-	-	27,816,839.00
Provision for bad debts on aging group basis	25,095,994.37	5,916,743.43	(10,901,462.31)	-	20,111,275.49
Total	52,912,833.37	5,916,743.43	(10,901,462.31)	-	47,928,114.49

In 2023, the Group had no other receivable actually written off.

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

5. Other receivables (Continued)

Other Receivables (Continued)

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

	Stage 1 12m ECL	Stage 2 Lifetime ECL (the credit impairment has not occurred)	Stage 3 Lifetime ECL (the credit impairment has occurred)	Total
Opening balance	25,095,994.37	–	27,816,839.00	52,912,833.37
Transfer of opening balance during the year	–	–	–	–
Provision for the year	5,916,743.43	–	–	5,916,743.43
Reversal during the year	(10,901,462.31)	–	–	(10,901,462.31)
Closing balance	20,111,275.49	–	27,816,839.00	47,928,114.49

As at 31 December 2023, other receivables from the five largest customers were as follows:

	Closing balance	Percentage of total balance of other receivables (%)	Nature	Aging	Closing balance of bad debt provision
Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (滄州市國土資源局渤海新區分局)	23,222,539.00	33.84	Assets transfer consideration	4 to 5 years	23,222,539.00
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	19,590,176.56	28.55	Utilities and rental expenses	Within 1 year and 1 to 4 years	8,664,923.41
Bohai Jinji Port Investment Development Co., Ltd. (渤海津冀港口投資發展有限公司)	10,712,597.91	15.61	Equity transfer consideration	4 to 5 years	10,712,597.91
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	6.69	Assets transfer consideration	4 to 5 years	4,594,300.00
China Certification & Inspection Group Hebei Co., Ltd. (中國檢驗認證集團河北有限公司)	2,562,477.51	3.73	Consumption expense of equipment	Within 1 year	128,123.88
Total	60,682,090.98	88.42			47,322,484.20

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

6. Inventories

	2023			2022		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	55,563,643.76	7,242,740.48	48,320,903.28	37,498,767.60	7,704,743.48	29,794,024.12
Fuels	1,916,204.65	–	1,916,204.65	1,561,084.99	–	1,561,084.99
Spare parts	106,886,995.23	14,667,218.88	92,219,776.35	107,049,206.96	15,562,073.14	91,487,133.82
Low-cost consumables	3,422,226.26	139,294.84	3,282,931.42	2,586,811.92	149,812.22	2,436,999.70
Total	167,789,069.90	22,049,254.20	145,739,815.70	148,695,871.47	23,416,628.84	125,279,242.63

Change in provision for impairment is as follows:

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Materials	7,704,743.48	361,849.08	–	(823,852.08)	7,242,740.48
Spare parts	15,562,073.14	–	–	(894,854.26)	14,667,218.88
Low-cost consumables	149,812.22	–	–	(10,517.38)	139,294.84
Total	23,416,628.84	361,849.08	–	(1,729,223.72)	22,049,254.20

7. Other Current Assets

	2023	2022
Prepaid enterprise income tax	98,235,428.75	48,508,849.10
Outstanding VAT credit	62,214,750.80	15,761,277.80
Input VAT to be certified	17,973,090.59	18,269,448.70
Others	354,800.00	–
Total	178,778,070.14	82,539,575.60

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

8. Long-term Equity Investments

Equity method	Change within the year									
	Opening balance	Additional investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend	Provision for impairment	Closing carrying amount	Including: Closing provision for impairment
Joint ventures										
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	98,610,616.82	-	(52,213,383.31)	-	(18,381.82)	-	-	-	46,378,851.69	(81,850,808.99)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	18,101,561.98	-	(11,542,558.62)	-	(4,084.85)	-	-	-	6,554,918.51	(18,119,045.54)
Cangzhou Bohai New Area Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司) (Note)	26,610,200.00	26,879,596.00	7,128.71	-	-	-	-	-	53,496,924.71	-
Sub-total	143,322,378.80	26,879,596.00	(63,748,813.22)	-	(22,466.67)	-	-	-	106,430,694.91	(99,969,852.53)
Associates										
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	712,851,197.75	-	17,879,051.45	-	-	-	(15,200,000.00)	-	715,530,249.20	-
Tangshan Caofeidian Shipye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,958,458,916.52	-	329,532,102.94	48,735,206.87	1,939,225.84	-	(110,950,000.00)	-	2,227,715,452.17	-
Qinhuangdao Xingao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興業秦港能源運輸有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	210,850,327.05	-	(19,259,572.37)	-	119.99	-	-	-	191,590,874.67	-
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	280,000,000.00	-	-	-	-	-	-	-	280,000,000.00	-
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	160,982,568.71	-	9,072,843.66	-	231,726.61	-	-	-	170,287,158.98	-
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理程貿易附屬責任公司)	1,186,340.99	-	679,646.83	-	-	-	-	-	1,865,989.82	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,386,342.13	-	672,965.33	-	-	-	(689,473.92)	-	12,369,833.54	-
Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉里(秦皇島)糧油工業有限公司)	114,982,410.62	-	673,657.90	-	-	-	-	-	115,656,068.52	-
Sub-total	3,451,688,123.77	-	339,250,697.74	48,735,206.87	2,171,072.44	-	(126,849,473.92)	-	3,714,995,626.90	(20,800,000.00)
Total	3,595,010,502.57	26,879,596.00	275,501,884.52	48,735,206.87	2,148,605.77	-	(126,849,473.92)	-	3,821,426,321.81	(120,769,852.53)

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

8. Long-term Equity Investments (Continued)

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

As Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) (hereinafter referred to as “Jinji International Container”) and Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) (hereinafter referred to as “Bohai Jin-Ji Port Investment”) suffered losses for consecutive years, the Group conducted impairment tests on Jinji International Container and Bohai Jin-Ji Port Investment since there were indications that its long-term equity investments in Jinji International Container and Bohai Jin-Ji Port Investment may be impaired. The carrying amounts of Jinji International Container and Bohai Jin-Ji Port Investment were RMB6,550,000 and RMB46,380,000, respectively, and the recoverable amounts were determined based on the present value of the estimated future cash flows of the asset groups, which amounted to RMB18,550,000 and RMB101,180,000, respectively. The management prepared a financial projection for the next five years based on revenue growth rates extrapolated from future market developments, and the pre-tax discount rate applied to the future cash flows was 10.54%.

Provision for impairment of the long-term equity investments:

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Qinhuangdao Xing’ao Qin’gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	20,800,000.00	–	–	20,800,000.00
Bohai Jin-Ji Port Investment	81,850,806.99	–	–	81,850,806.99
Jinji International Container	18,119,045.54	–	–	18,119,045.54
Total	120,769,852.53	–	–	120,769,852.53

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

9. Other Equity Instruments Investments

	2023	2022
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	790,933,937.65	864,910,190.24
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	16,832,918.41	16,928,570.67
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	36,944,606.14	33,871,159.10
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	17,746,601.72	19,446,619.99
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	39,853,836.87	48,204,636.40
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	189,250,235.41	153,531,102.71
Total	1,091,562,136.20	1,136,892,279.11

	Gains in other comprehensive income for the year	Losses in other comprehensive income for the year	Gains accumulated in other comprehensive income	Losses accumulated in other comprehensive income	Dividend income for the year	Reasons for designated as at fair value through other comprehensive income
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	-	73,976,252.59	292,933,937.65	-	36,000,000.00	Non-tradable equity instrument
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	-	95,652.26	-	17,167,081.59	-	Non-tradable equity instrument
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	3,073,447.04	-	6,192,248.19	-	-	Non-tradable equity instrument
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	-	1,700,018.27	-	6,253,398.28	-	Non-tradable equity instrument
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	-	8,350,799.53	-	25,186,163.13	-	Non-tradable equity instrument
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	35,719,132.70	-	107,368,325.41	-	-	Non-tradable equity instrument
Total	38,792,579.74	84,122,722.65	406,494,511.25	48,606,643.00	36,000,000.00	

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

10. Fixed Assets

	2023	2022
Fixed assets	12,930,781,373.11	11,543,919,367.83
Disposal of fixed assets	4,035,142.42	4,087,790.47
Total	12,934,816,515.53	11,548,007,158.30

Fixed Assets

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	6,674,941,190.58	8,295,706,592.20	10,513,979,058.91	463,061,714.62	241,891,231.90	26,189,579,788.21
Purchase	-	-	556,407.26	130,795.58	218,179.47	905,382.31
Transferred from construction in progress	510,289,267.25	947,750,734.95	1,149,595,145.37	51,897,600.67	24,120,649.74	2,683,653,397.98
Disposal or obsolescence	(4,099,298.89)	-	(166,616,091.48)	(26,476,899.28)	(13,100,070.38)	(210,292,360.03)
Transferred to construction in progress	(35,755,630.59)	(57,833,226.31)	(541,632.00)	-	-	(94,130,488.90)
Closing balance	7,145,375,528.35	9,185,624,100.84	11,496,972,888.06	488,613,211.59	253,129,990.73	28,569,715,719.57
Accumulated depreciation						
Opening balance	2,668,786,656.11	3,392,387,936.66	7,858,374,578.12	407,778,547.98	188,062,867.01	14,515,390,585.88
Provision	291,952,657.52	339,546,235.11	573,511,451.33	11,705,837.72	17,202,857.66	1,233,919,039.34
Disposal or obsolescence	(2,179,936.23)	-	(154,326,421.34)	(25,547,467.70)	(12,664,246.94)	(194,718,072.21)
Transferred to construction in progress	(14,340,345.88)	(29,077,436.39)	(525,383.04)	-	-	(43,943,165.31)
Closing balance	2,944,219,031.52	3,702,856,735.38	8,277,034,225.07	393,936,918.00	192,601,477.73	15,510,648,387.70
Provision for impairment						
Opening balance	20,552,470.15	34,402,929.19	74,404,073.15	18,623.09	891,738.92	130,269,834.50
Provision	-	-	4,013,704.80	-	-	4,013,704.80
Disposal or obsolescence	-	-	(5,949,310.96)	(531.48)	(47,738.10)	(5,997,580.54)
Closing balance	20,552,470.15	34,402,929.19	72,468,466.99	18,091.61	844,000.82	128,285,958.76
Carrying amount						
End of the year	4,180,604,026.68	5,448,364,436.27	3,147,470,196.00	94,658,201.98	59,684,512.18	12,930,781,373.11
Beginning of the year	3,985,602,064.32	4,868,915,726.35	2,581,200,407.64	55,264,543.55	52,936,625.97	11,543,919,367.83

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

10. Fixed Assets (Continued)

Fixed Assets (Continued)

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

Fixed assets leased out under operating leases were as follows:

	Properties and buildings	Terminal facilities	Office and other equipment	Total
Cost				
Opening balance	39,090,919.88	7,905,480.75	47,700.00	47,044,100.63
Transferred to fixed assets during the year	8,243,182.37	–	10,600.00	8,253,782.37
Transferred from fixed assets during the year	(11,013,947.36)	–	(15,900.00)	(11,029,847.36)
Closing balance	36,320,154.89	7,905,480.75	42,400.00	44,268,035.64
Accumulated depreciation				
Opening balance	5,293,348.24	3,726,546.16	46,269.00	9,066,163.40
Transferred to fixed assets during the year	1,393,482.13	–	10,282.00	1,403,764.13
Provision	653,310.47	355,648.44	–	1,008,958.91
Transferred from fixed assets during the year	(1,546,864.62)	–	(15,423.00)	(1,562,287.62)
Closing balance	5,793,276.22	4,082,194.60	41,128.00	9,916,598.82
Carrying amount				
End of the year	30,526,878.67	3,823,286.15	1,272.00	34,351,436.82
Beginning of the year	33,797,571.64	4,178,934.59	1,431.00	37,977,937.23

As at 31 December 2023, fixed assets without title certificate are as follows:

	Carrying amount	Reason for not obtaining the title certificate
Properties and buildings	8,084,091.11	In progress

Due to consecutive years of losses in the oil business, there were signs of impairment. Therefore, an impairment test was conducted on the asset group (“Oil Business Asset Group”) consisting of fixed assets and intangible assets attributable to the oil business. The carrying amounts of fixed assets and intangible assets in the Oil Business Asset Group were RMB152.73 million and RMB22.83 million, respectively. The recoverable amount was determined based on the present value of the estimated future cash flows of the asset group, which amounted to RMB201.15 million. Based on the 5-year financial forecast approved by the management and the expected market development, the revenue growth rates during the forecast period and the stable period were extrapolated. The pre-tax discount rate applicable to future cash flows was 11.14%.

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

11. Construction in Progress

	2023			2022		
Construction in progress	815,220,131.65			2,478,720,446.03		
	2023			2022		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Multi-functional Port 1# and 2# Berth Upgrading and Reengineering	388,078,829.63	-	388,078,829.63	-	-	-
Phase 3 Coal Terminal Stack-reclaimer and 2# Reclaimer Renewal Project	55,546,852.00	-	55,546,852.00	219,811.32	-	219,811.32
Phase 4 Coal Terminal Portal Reclaimer Reengineering Project	61,440,288.26	-	61,440,288.26	46,002,288.26	-	46,002,288.26
Phase 3 Coal Terminal 1# and 3# Reclaimer Renewal Project	51,489,861.57	-	51,489,861.57	212,264.15	-	212,264.15
Phase 5 Coal Terminal Single Unit and Stacking Yard Intelligent Reengineering Project	33,486,389.75	-	33,486,389.75	11,741,182.28	-	11,741,182.28
Phase 6 & 7 of Caofeidian Coal Terminal	15,091,814.70	-	15,091,814.70	18,466,438.16	-	18,466,438.16
Huanghua Port Comprehensive Cargo Port Area Construction Project	9,679,037.17	-	9,679,037.17	23,941,614.11	-	23,941,614.11
Phase 3 Coal Terminal 1#, 2# and 3# Loaders Renewal Project	6,884,470.45	-	6,884,470.45	96,854.71	-	96,854.71
Huanghua Port Bulk Cargo Port Area Metal Ores Terminal Phase 1 (Expansion) Project	-	-	-	2,303,050,713.18	-	2,303,050,713.18
Others	217,939,054.37	24,416,466.25	193,522,588.12	99,405,746.11	24,416,466.25	74,989,279.86
Total	839,636,597.90	24,416,466.25	815,220,131.65	2,503,136,912.28	24,416,466.25	2,478,720,446.03

Movements in significant construction in progress are as follows:

	Budget (RMB'000)	Opening balance	Increase in the year	Transferred from fixed assets during the year	Transferred to fixed assets and intangible assets during the year	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Multi-functional Port 1# and 2# Berth Upgrading and Reengineering	125,278	-	388,078,829.63	-	-	-	388,078,829.63	Loans from financial institutes and self-owned capital	35
Huanghua Port Bulk Cargo Port Area Metal Ores Terminal Phase 1 (Expansion) Project	305,086	2,303,050,713.18	5,505,724.34	-	(2,308,556,437.52)	-	-	Fund raised, loans from financial institutes and self-owned capital	100
Other	-	200,086,199.10	660,288,548.54	50,187,323.59	(453,843,170.96)	(5,161,132.00)	451,557,768.27		
Total	-	2,503,136,912.28	1,053,873,102.51	50,187,323.59	(2,762,399,608.48)	(5,161,132.00)	839,636,597.90		

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

11. Construction in Progress (Continued)

Capitalized interest included in construction in progress is as follows:

	Progress of project	Accumulated amounts of capitalized interest	Including: Capitalized interest for the year	Ratio of capitalized interest for the year
Huanghua Port Bulk Cargo Port Area Metal Ores Terminal Phase 1 (Expansion) Project	100%	581,973,911.81	1,025,698.05	3.64

Provision for impairment of construction in progress:

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

12. Right-of-use Assets

	Properties and buildings	Terminal facilities	Machinery and equipment	Total
Cost				
Opening and closing balance	153,603,715.91	10,632,435.04	18,809,905.12	183,046,056.07
Accumulated depreciation				
Opening balance	31,362,222.43	3,544,145.01	6,269,968.37	41,176,335.81
Provision	11,800,628.72	3,544,145.06	6,269,968.36	21,614,742.14
Closing balance	43,162,851.15	7,088,290.07	12,539,936.73	62,791,077.95
Carrying amount				
End of the year	110,440,864.76	3,544,144.97	6,269,968.39	120,254,978.12
Beginning of the year	122,241,493.48	7,088,290.03	12,539,936.75	141,869,720.26

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

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

13. Intangible Assets

	Land use rights	Software	Sea area use rights	Total
Cost				
Opening balance	2,590,223,305.58	166,316,260.37	729,579,486.95	3,486,119,052.90
Purchase	–	1,378,029.77	–	1,378,029.77
Transferred from construction in progress	7,173,827.27	71,572,383.23	–	78,746,210.50
Transferred from investment	(16,153,658.87)	–	–	(16,153,658.87)
Closing balance	2,581,243,473.98	239,266,673.37	729,579,486.95	3,550,089,634.30
Accumulated amortization				
Opening balance	409,123,027.04	81,650,461.37	45,275,323.07	536,048,811.48
Provision	55,111,974.34	18,770,390.91	14,724,419.40	88,606,784.65
Transferred from investment	(2,768,781.04)	–	–	(2,768,781.04)
Closing balance	461,466,220.34	100,420,852.28	59,999,742.47	621,886,815.09
Carrying amount				
End of the year	2,119,777,253.64	138,845,821.09	669,579,744.48	2,928,202,819.21
Beginning of the year	2,181,100,278.54	84,665,799.00	684,304,163.88	2,950,070,241.42

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

Details of impairment testing of fixed assets and intangible assets attributable to the oil business are set out in Note V.10.

14. Long-term Prepaid Expenses

	Opening balance	Increase in the year	Amortisation	Closing balance
Renovation costs	2,215,371.32	2,841,463.71	682,460.87	4,374,374.16
Others	3,423,835.07	–	3,001,015.85	422,819.22
Total	5,639,206.39	2,841,463.71	3,683,476.72	4,797,193.38

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

15. Deferred Tax Assets/Liabilities

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

	2023		2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences (Restated)	Deferred tax assets (Restated)
Government grants	107,566,461.07	26,891,615.27	143,333,163.33	35,833,290.84
Asset impairment provision	201,666,514.31	50,415,651.47	203,954,061.51	50,988,515.40
Unpaid employee remuneration	308,640,000.00	77,160,000.00	368,850,000.00	92,212,500.00
Accrued early retirement schemes	498,440,941.08	124,463,719.71	700,915,765.47	175,228,941.37
Recoverable loss	269,742,217.62	67,435,554.40	267,193,565.09	66,798,391.27
Difference between tax base and accounting base of fixed assets	68,126,816.04	17,031,704.01	74,111,137.80	18,527,784.45
Temporary differences on lease liabilities	19,043,438.23	4,760,859.56	34,198,251.28	8,549,562.82
Unrealized profits from internal transactions	6,510,204.00	1,627,551.00	-	-
Changes in fair value of other equity instrument investments	48,606,643.00	12,151,660.75	38,460,172.94	9,615,043.23
Total	1,528,343,235.35	381,938,316.17	1,831,016,117.42	457,754,029.38

	2023		2022	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences (Restated)	Deferred income tax liabilities (Restated)
Difference between tax base and accounting base of right-of-use assets	17,099,125.68	4,274,781.41	34,198,251.28	8,549,562.82
Changes in fair value of other equity instrument investments	406,494,511.25	101,623,627.81	441,678,184.10	110,419,546.02
Total	423,593,636.93	105,898,409.22	475,876,435.38	118,969,108.84

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

	2023		2022	
	Eliminations	Remaining balance	Eliminations (Restated)	Remaining balance
Deferred income tax assets	(16,426,442.16)	365,511,874.01	(18,164,606.05)	439,589,423.33
Deferred income tax liabilities	(16,426,442.16)	89,471,967.06	(18,164,606.05)	100,804,502.79

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

	2023	2022
Deductible temporary differences	161,491,508.00	171,572,032.14
Deductible losses	298,262,395.87	490,919,636.65
Total	459,753,903.87	662,491,668.79

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

15. Deferred Tax Assets/Liabilities (Continued)

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

	2023	2022
2023	–	159,146,117.48
2024	115,898,340.25	140,559,008.30
2025	96,549,198.81	134,670,927.36
2026	10,448,815.67	10,448,815.67
2027	45,726,124.06	46,094,767.84
2028	29,639,917.08	–
Total	298,262,395.87	490,919,636.65

16. Other Non-current Assets

	2023	2022
Time deposits with maturity over one year and interest	2,330,035,082.78	280,000,000.00
Prepayments for engineering equipment expenses	95,837,875.79	89,223,980.02
Outstanding VAT credit	1,406,993.04	397,887.67
Total	2,427,279,951.61	369,621,867.69

As at 31 December 2023, the interest rate of the above time deposits was 2.35% – 3.27% per annum, and the deposit terms range from two to three years.

17. Assets with Restricted Ownership or Right-of-use

	2023	2022
Cash and bank balances (Note 1)	500.00	500.00
Bills receivable (Note 2)	5,625,541.00	18,307,584.00
Total	5,626,041.00	18,308,084.00

Note 1: As at 31 December 2023, the Group's other deposits were RMB500.00.

Note 2: As at 31 December 2023, bills receivable represented bank acceptance notes which were endorsed but undue with a carrying value of RMB5,625,541.00 in aggregate. Please refer to Note V. 2 for details.

18. Short-term Borrowings

	2023	2022
Unsecured borrowings	500,000,000.00	260,000,000.00
Interest payable on short-term borrowings	252,083.33	270,111.11
	500,252,083.33	260,270,111.11

As at 31 December 2023, the Group had no overdue borrowings.

19. Accounts Payable

	2023	2022
Accounts Payable	253,421,149.43	259,894,659.77

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

19. Accounts Payable (Continued)

As at 31 December 2023, an ageing analysis of accounts payable is as follows:

	2023	2022
Within 1 year	210,450,324.92	221,512,097.92
1 to 2 years	22,746,375.74	32,208,486.99
2 to 3 years	19,405,919.47	3,412,105.15
Over 3 years	818,529.30	2,761,969.71
Total	253,421,149.43	259,894,659.77

As at 31 December 2023, the Group had no significant accounts payable aging more than 1 year.

20. Contract Liabilities

	2023	2022
Port handling fees	562,413,448.07	561,933,615.55
Weighing fees	480,797.69	325,359.54
Others	1,585,816.81	1,221,858.68
Total	564,480,062.57	563,480,833.77

Contract liabilities mainly represent the payment received by the Group for providing port operation services to customers. There is no significant change in contract liabilities as at the end of the year as compared to those as at the end of the previous year.

21. Employee Benefits Payable

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term employee benefits	384,272,894.42	1,521,325,353.47	1,581,227,541.81	324,370,706.08
Post-employment benefits (defined contribution plans)	19,420,259.66	251,575,134.21	250,642,026.36	20,353,367.51
Early retirement schemes due within one year (Note V. 28)	338,400,040.39	192,559,913.01	292,403,499.38	238,556,454.02
Total	742,093,194.47	1,965,460,400.69	2,124,273,067.55	583,280,527.61

Short-term employee benefits are as follows:

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	368,850,000.00	1,125,159,312.67	1,185,369,312.67	308,640,000.00
Staff welfare	1,034,270.09	97,855,660.08	97,988,363.85	901,566.32
Social insurance	-	127,026,570.25	127,026,570.25	-
Including: Medical insurance	-	112,863,903.00	112,863,903.00	-
Work-related injury insurance	-	14,162,667.25	14,162,667.25	-
Housing funds	7,482,291.87	122,993,908.92	122,926,653.87	7,549,546.92
Union fund and employee education fund	6,906,332.46	29,349,078.60	28,975,818.22	7,279,592.84
Short-term paid leaves	-	12,017,082.88	12,017,082.88	-
Other short-term employee benefits	-	6,923,740.07	6,923,740.07	-
Total	384,272,894.42	1,521,325,353.47	1,581,227,541.81	324,370,706.08

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

21. Employee Benefits Payable (Continued)

Defined contribution plans are as follows:

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic pension	–	161,673,156.28	161,673,156.28	–
Unemployment insurance	–	7,041,470.81	7,041,470.81	–
Enterprise annuity contribution (Note 1)	19,420,259.66	82,860,507.12	81,927,399.27	20,353,367.51
Total	19,420,259.66	251,575,134.21	250,642,026.36	20,353,367.51

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

22. Taxes Payable

	2023	2022
Environmental protection tax	12,619,702.42	12,498,101.84
Enterprise income tax	5,236,686.50	27,127,134.34
Individual income tax	3,604,309.07	3,369,518.58
Stamp duty	212,256.47	273,793.65
VAT	84,409.49	33,228.10
Others	7,422.49	2,911.87
Total	21,764,786.44	43,304,688.38

23. Other Payables

	2023	2022
Dividend payable	3,474.48	2,690.61
Other payables	603,773,012.28	548,455,117.73
Total	603,776,486.76	548,457,808.34

Other payables

	2023	2022
Engineering equipment expenses	339,250,670.95	321,430,015.01
Equity repurchase consideration	206,000,000.00	204,000,000.00
Others	58,522,341.33	23,025,102.72
Total	603,773,012.28	548,455,117.73

As at 31 December 2023, significant other payables aging more than 1 year or past due are as follows:

	Sums payable	Reasons for non-repayment or non-carryover
Engineering equipment expenses payable	75,275,714.00	Not yet settled
Equity repurchase	200,000,000.00	Not yet settled
Total	275,275,714.00	

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

24. Non-current Liabilities Due within One Year

	2023	2022
Long-term borrowings due within one year (Note V. 25)	612,520,215.15	660,071,987.54
Lease liabilities due within one year (Note V. 26)	19,198,313.42	18,702,899.18
Long-term payables due within one year (Note V. 27)	2,000,000.00	2,000,000.00
Total	633,718,528.57	680,774,886.72

25. Long-term Borrowings

	2023	2022
Unsecured borrowings	5,608,401,823.65	6,609,767,592.04
Less: long-term borrowings due within one year	612,520,215.15	660,071,987.54
Total	4,995,881,608.50	5,949,695,604.50

As at 31 December 2023, the interest rate of the above borrowings ranged from 2.65% to 3.55% (31 December 2022: 3.55% to 4.00%) per annum.

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

	2023	2022
Within 1 year (including 1 year)	612,520,215.15	660,071,987.54
Within 2 years (including 2 years)	309,824,004.50	605,210,000.00
Within 2 to 5 years (including 5 years)	1,176,214,000.00	2,766,450,636.00
Over 5 years	3,509,843,604.00	2,578,034,968.50
Total	5,608,401,823.65	6,609,767,592.04

26. Lease Liabilities

	2023	2022
Lease Liabilities	19,205,532.95	35,423,042.51
Less: lease liabilities due within one year	19,198,313.42	18,702,899.18
Total	7,219.53	16,720,143.33

27. Long-term Payables

	2023	2022
Long-term payables	34,000,000.00	36,000,000.00
Less: amount due within one year	2,000,000.00	2,000,000.00
Total	32,000,000.00	34,000,000.00

As at 31 December 2023, the long-term payables represented the Group's equity repurchase of RMB34,000,000.00 from Tangshan Jingtang Railway Co., Ltd.

Analysis of long-term payables maturity date:

	2023	2022
Within 1 year (including 1 year)	2,000,000.00	2,000,000.00
Within 2 years (including 2 years)	2,000,000.00	2,000,000.00
Within 2 to 5 years (including 5 years)	10,000,000.00	8,000,000.00
Over 5 years	20,000,000.00	24,000,000.00
Total	34,000,000.00	36,000,000.00

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

28. Long-term Employee Remuneration Payables

Other long-term employee benefits

	2023	2022
Early retirement schemes payable	506,400,977.47	710,587,236.30
Less: amount due within one year	238,556,454.02	338,400,040.39
Non-current portion	267,844,523.45	372,187,195.91

Changes in early retirement schemes payable are as follows:

	2023	2022
Early retirement schemes		
Opening balance	710,587,236.30	847,379,964.60
Increase in the year	88,217,240.55	180,917,297.71
Decrease in the year	(292,403,499.38)	(317,710,026.01)
Closing balance	506,400,977.47	710,587,236.30

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

	2023	2022
Undiscounted amount		
Within 1 year	238,556,454.02	338,400,040.39
1 year to 2 years	125,161,961.97	175,403,333.26
2 years to 3 years	81,604,021.69	110,385,916.70
Over 3 years	97,963,618.42	135,532,414.77
	543,286,056.10	759,721,705.12
Unrecognized financing cost	(36,885,078.63)	(49,134,468.82)
Total	506,400,977.47	710,587,236.30

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

29. Deferred Income

	Opening balance	Accrued	Recognized in other revenue in the year	Closing balance
Government grants	143,939,129.50	-	35,839,287.75	108,099,841.75

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

30. Share Capital

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

31. Capital Reserve

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Share premium	5,196,156,925.69	-	-	5,196,156,925.69
Others (Note)	11,513,142.71	34,212,067.95	-	45,725,210.66
Total	5,207,670,068.40	34,212,067.95	-	5,241,882,136.35

Note: Other increase of capital reserve during the Year represents special reserve of production safety expenses appropriated by the joint ventures and associates.

32. Other Comprehensive Income

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

2023

	1 January 2023	Increase/(decrease)	31 December 2023
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	352,796,890.83	48,735,206.87	401,532,097.70
Changes in fair value of other equity instruments investment	282,269,426.19	(44,055,469.62)	238,213,956.57
Exchange differences arising from translation of foreign currency denominated financial statements	4,639,303.42	684,831.61	5,324,135.03
Total	639,705,620.44	5,364,568.86	645,070,189.30

2022

	1 January 2022	Increase/(decrease)	31 December 2022
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	287,654,323.39	65,142,567.44	352,796,890.83
Changes in fair value of other equity instruments investment	109,899,220.24	172,370,205.95	282,269,426.19
Exchange differences arising from translation of foreign currency denominated financial statements	736,423.77	3,902,879.65	4,639,303.42
Total	398,289,967.40	241,415,653.04	639,705,620.44

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

32. Other Comprehensive Income (Continued)

Amount of other comprehensive income:

2023

	Amount before tax	Less: Income tax	Attributable to the parent company	Attributable to minority interest
Other comprehensive income which will not be reclassified to profit and loss				
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	48,735,206.87	-	48,735,206.87	-
Changes in fair value of other equity instruments investment	(45,330,142.91)	(11,332,535.73)	(44,055,469.62)	10,057,862.44
Other comprehensive income which will be reclassified to profit and loss				
Exchange differences on foreign currency translation	684,831.61	-	684,831.61	-
	4,089,895.57	(11,332,535.73)	5,364,568.86	10,057,862.44

2022

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

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

33. Special Reserve

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety expense	192,106,174.51	67,530,778.13	(139,689,224.88)	119,947,727.76

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

34. Surplus Reserve

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	1,634,203,017.11	119,884,425.09	-	1,754,087,442.20

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

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

35. Retained Profits

	2023	2022
Retained profits at the beginning of the year	4,060,508,205.81	3,169,225,628.95
Net profit attributable to shareholders of the parent	1,531,202,403.96	1,308,419,060.49
Less: Appropriation to statutory surplus reserve	119,884,425.09	104,241,411.63
Cash dividend payable for common shares (Note 1)	396,706,252.00	312,895,072.00
Retained profits at the end of the year	5,075,119,932.68	4,060,508,205.81

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

Pursuant to the 2021 Profit Distribution Plan of the Company approved on the 2021 Annual General Meeting held on 28 June 2022, the Company proposed to pay a cash dividend totaling RMB312,895,072.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.056 per share (inclusive of tax).

36. Operating Revenue and Operating Cost

	2023		2022	
	Revenue	Cost	Revenue	Cost
Principal operations	7,035,734,499.35	4,404,980,404.73	6,913,191,222.91	4,264,189,398.61
Other operations	19,149,335.01	8,579,005.80	6,229,811.01	2,992,092.22
Total	7,054,883,834.36	4,413,559,410.53	6,919,421,033.92	4,267,181,490.83

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

36. Operating Revenue and Operating Cost (Continued)

The breakdown of operating revenue is as follows:

	2023	2022
Types of services		
Service in relation to coal and relevant products	4,860,509,886.00	4,878,324,042.01
Service in relation to metal ore and relevant products	1,326,984,491.21	1,246,072,324.52
Service in relation to general and other cargoes	631,446,404.93	572,239,016.63
Container service	93,324,303.09	85,128,193.35
Service in relation to liquefied cargoes	43,608,962.15	45,951,734.67
Others	99,009,786.98	91,705,722.74
Total	7,054,883,834.36	6,919,421,033.92
Geographical area of operations		
Qinhuangdao	4,310,106,901.84	4,315,797,813.02
Others	2,744,776,932.52	2,603,623,220.90
Total	7,054,883,834.36	6,919,421,033.92

The breakdown of operating cost is as follows:

	2023
Types of services	
Service in relation to coal and relevant products	2,674,852,807.32
Service in relation to metal ore and relevant products	915,332,881.82
Service in relation to general and other cargoes	597,228,407.69
Container service	98,610,695.95
Service in relation to liquefied cargoes	57,027,111.25
Others	70,507,506.50
Total	4,413,559,410.53
Geographical area of operations	
Qinhuangdao	2,520,153,961.99
Others	1,893,405,448.54
Total	4,413,559,410.53

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

The revenue recognized by the Group in 2023 included in the book value of the contract liabilities at the beginning of the year was RMB515,154,192.01 (2022: RMB648,068,191.25).

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

	2023	2022
Within one year	564,480,062.57	518,200,188.59
Above one year	–	45,280,645.18
Total	564,480,062.57	563,480,833.77

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

37. Tax and Surcharges

	2023	2022
Environmental protection tax	53,293,923.44	52,419,836.97
Land use tax	49,456,408.94	48,066,766.08
Real estate tax	19,052,291.80	18,664,303.52
Urban maintenance and construction tax and education surcharge	12,154,704.08	14,531,852.03
Others	1,767,981.92	1,726,586.99
Total	135,725,310.18	135,409,345.59

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

38. Administrative Expenses

	2023	2022
Payroll and cost of outsourcing labor	446,806,862.46	457,704,912.40
Early retirement schemes	88,827,966.93	179,739,908.45
Depreciation and amortization	48,325,859.55	44,996,783.94
Rental expenses	21,110,095.29	21,562,782.94
Repair and maintenance expenses	20,947,482.18	15,076,006.73
Management consulting fee	16,281,703.06	11,452,627.37
Office charges	13,360,895.68	8,205,205.33
Epidemic prevention expenses	11,509,873.59	9,116,063.86
Auditors' remuneration	5,664,748.23	5,638,862.99
Others	73,577,325.13	81,233,540.33
Total	746,412,812.10	834,726,694.34

39. Research and Development Expenses

	2023	2022
Commissioned research and development expense	62,438,619.03	61,176,626.09
Staff labor costs	60,336,276.93	53,459,780.19
Direct investment	29,585,731.27	28,184,003.71
Depreciation and amortization	531,370.32	125,770.78
Others	1,153,518.28	1,045,100.52
Total	154,045,515.83	143,991,281.29

40. Financial Cost

	2023	2022
Interest expenses	237,332,426.74	300,515,323.58
Less: interest income	130,974,478.65	93,696,682.15
Less: capitalized interest	1,025,698.05	66,156,599.66
Foreign exchange gain or loss	140,312.65	(859,061.34)
Others	181,012.97	187,236.51
Total	105,653,575.66	139,990,216.94

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

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

41. Other Income

	2023	2022
Government subsidy related to daily activities	63,731,913.15	82,720,461.78
Refund of withholding personal income tax	372,706.57	1,064,239.90
Total	64,104,619.72	83,784,701.68

42. Investment Income

	2023	2022
Long-term equity investment income accounted for under the equity method	275,501,884.52	223,039,392.85
Dividend income during the holding period on other equity instruments investments held	36,000,000.00	12,195,519.76
Total	311,501,884.52	235,234,912.61

43. Impairment Loss of Credit

	2023	2022
Loss on bad debts for accounts receivable	(1,125,066.84)	(2,733,010.37)
Reversal of/(loss on) bad debts for other receivables	4,984,718.88	(13,629,169.67)
Total	3,859,652.04	(16,362,180.04)

44. Asset Impairment Loss

	2023	2022
Fixed assets impairment loss	(4,013,704.80)	(28,652,200.00)
Loss for inventory impairment	(361,849.08)	(8,130,660.23)
Total	(4,375,553.88)	(36,782,860.23)

45. Gains from the Disposal of Assets

	2023	2022
Gains or losses from the disposal of intangible assets	6,510,203.74	-
Gains or losses from the disposal of fixed assets	(2,153,166.45)	572,569.46
Total	4,357,037.29	572,569.46

46. Non-operating Income

	2023	2022	Including 2023 non-recurring gains and losses
Payables waived	774,092.73	2,055,388.10	774,092.73
Gains from spoilage and obsolescence of non-current assets	6,746,621.67	877,271.31	6,746,621.67
Government subsidy	-	300,000.00	-
Others	1,413,289.31	2,055,232.14	1,413,289.31
Total	8,934,003.71	5,287,891.55	8,934,003.71

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

47. Non-operating Expenses

	2023	2022	Including 2023 non-recurring gains and losses
Losses from spoilage and obsolescence of non-current assets	2,252,283.05	6,206,673.76	2,252,283.05
Penalty and overdue surcharge	1,234,415.29	77.29	1,234,415.29
Public welfare donation expenses	696,000.00	432,319.04	696,000.00
Others	544,116.24	30,387.03	544,116.24
Total	4,726,814.58	6,669,457.12	4,726,814.58

48. Income Tax Expense

	2023	2022
Current income tax expenses	244,591,715.40	335,633,530.29
Deferred income tax expenses	74,077,549.32	(29,510,641.54)
Total	318,669,264.72	306,122,888.75

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

	2023	2022
Total profit	1,883,142,038.88	1,663,187,582.84
Income tax expenses calculated at the statutory tax rate	470,785,509.72	415,796,895.71
Effect of different tax rates of subsidiaries	(52,209,115.61)	(280,483.58)
Effect of adjustments in respect of income tax of previous periods	(1,740,198.29)	(7,287,305.97)
Effect of income not subject to tax	(9,000,000.00)	(3,048,879.94)
Share of profits and losses of joint ventures and associates	(68,875,471.13)	(55,759,848.21)
Effect of costs, expenses and losses not deductible for tax	12,383,782.20	14,848,468.35
Effect of utilizing deductible losses of unrecognized deferred income tax assets of previous periods	(4,690,737.78)	(11,414,746.05)
Effect of recognition of deductible temporary difference or deductible losses of unrecognized deferred income tax assets of previous periods	(15,396,625.10)	(69,367,159.12)
Effect of deductible temporary difference or effect of deductible losses of unrecognized deferred income tax assets of current period	5,251,885.94	19,338,504.97
Effect of claiming additional deduction for research and development expenses	(4,534,409.52)	-
Others	(13,305,355.71)	3,297,442.59
Income tax expense at the Group's effective rate	318,669,264.72	306,122,888.75

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

49. Earnings per Share

	2023	2022
	RMB/share	RMB/share
Basic and diluted earnings per share		
Continuing operations	0.27	0.23

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

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

	2023	2022
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company		
Continuing operations	1,531,202,403.96	1,308,419,060.49
Shares		
Weighted average number of ordinary shares outstanding of the Company	5,587,412,000.00	5,587,412,000.00

The Company had no dilutive potential ordinary shares in issue in 2023 (2022: nil).

50. Notes to the Statement of Cash Flows

(1) Cash relating to operating activities

	2023	2022
Cash received relating to other operating activities		
Interest income from bank deposit	83,621,447.51	93,696,682.15
Rental income	14,236,128.94	7,833,246.81
Insurance claims	926,713.79	38,232.35
Others	12,490,118.84	9,008,728.11
Total	111,274,409.08	110,576,889.42
Cash paid relating to other operating activities		
Rental expenses	104,409,449.60	136,008,970.16
Sanitary charges, afforestation fee	78,678,182.92	89,483,395.86
Research and development expenses	62,438,619.03	61,176,626.09
Insurance	30,891,918.87	29,191,995.51
Professional service fee	26,660,609.35	61,056,457.02
Expenses on guard and firefighting services	14,343,437.37	14,490,408.88
Office charges, conference expenses	11,500,012.88	5,739,895.09
Travel expenses	7,604,926.48	2,989,016.79
Others	56,944,160.55	20,435,173.53
Total	393,471,317.05	420,571,938.93

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

50. Notes to the Statement of Cash Flows (Continued)

(2) Cash relating to investing activities

	2023	2022
Cash payments relating to major investing activities		
Purchase of term deposits	500,000,000.00	-
Cash received relating to other investing activities		
Recovery of guarantee deposits	-	320,000.00
Cash payments relating to other investing activities		
Payment of land appreciation tax	5,456,523.88	-

(3) Cash relating to financing activities

	2023	2022
Cash payments relating to other financing activities		
Payment of lease fee of right-of-use assets	17,587,025.04	18,502,678.08

Changes in liabilities arising from financing activities are as follows:

	Opening balance	Increase in the year		Decrease in the year		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	260,270,111.11	500,000,000.00	-	260,000,000.00	18,027.78	500,252,083.33
Long-term borrowings (including those due within one year)	6,609,767,592.04	1,501,100,000.00	-	2,500,573,690.48	1,892,077.91	5,608,401,823.65
Lease liabilities (including those due within one year)	35,423,042.51	-	1,369,515.48	17,587,025.04	-	19,205,532.95
Total	6,905,460,745.66	2,001,100,000.00	1,369,515.48	2,778,160,715.52	1,910,105.69	6,127,859,439.93

(4) Major activities not involving current cash receipts and payments

	2023	2022
Payments for production and purchases by way of endorsed notes	55,787,893.52	17,737,513.00
Payments for engineering equipment expenses by way of endorsed notes	81,656,675.00	135,565,436.46
External capital contribution by way of land use rights	33,389,800.00	-
Acquisition of use-of-right assets by way of leasing liabilities	-	51,297,376.80
Total	170,834,368.52	204,600,326.26

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

51. Supplemental Information to Statement of Cash Flows

(1) Supplemental information to statement of cash flows

Reconciliation of net profit to cash flows from operating activities:

	2023	2022
Net profit	1,564,472,774.16	1,357,064,694.09
Add: Credit impairment loss	(3,859,652.04)	16,362,180.04
Asset impairment loss	4,375,553.88	36,782,860.23
Fixed assets depreciation	1,233,919,039.34	1,147,744,103.92
Right-of-use assets depreciation	21,614,742.14	21,614,742.10
Amortization of intangible assets	88,606,784.65	68,281,349.83
Decrease in long-term deferred expenses	842,013.01	29,457,560.41
Decrease in deferred income	(35,839,287.75)	(31,344,914.88)
Loss on disposal of fixed assets, intangible assets and other long-term assets	(8,851,375.91)	4,756,832.99
Financial costs	215,492,645.34	233,499,662.58
Investment loss	(311,501,884.52)	(235,234,912.61)
Decrease in deferred income tax assets	74,077,549.32	(29,510,641.54)
Decrease in inventories	(20,822,422.15)	33,913,078.71
Decrease in other current assets	(96,238,494.54)	44,534,522.19
Decrease in other non-current assets	-	94,998,965.45
Decrease in operating receivables	(140,862,294.73)	(150,848,515.53)
Increase in operating payables	(153,320,873.82)	(236,575,347.91)
Increase in special reserve	(38,305,709.13)	28,804,181.20
Net cash flows from operating activities	2,393,799,107.25	2,434,300,401.27

Net movements in cash and cash equivalents:

	2023	2022
Balances of cash at end of the year	1,689,267,856.26	3,446,027,714.85
Less: Balances of cash at beginning of the year	3,446,027,714.85	2,558,919,206.70
Net increase in cash and cash equivalents	(1,756,759,858.59)	887,108,508.15

(2) Disposed of subsidiaries and other business units

	2023	2022
Net cash and cash equivalents received during current year for disposal of subsidiaries and other business units in previous years	10,712,597.92	-
Net cash received for disposal of subsidiaries and other business units	10,712,597.92	-

The Group transferred 90% equity interest of Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司), one of its subsidiaries, to Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) in 2017, and received consideration of RMB10,712,597.92 during the Year.

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

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

(3) Composition of cash and cash equivalents

	2023	2022
Cash	1,689,267,856.26	3,446,027,714.85
Including: Cash on hand	11,334.47	25,508.88
Bank deposits on demand	1,689,256,521.79	3,446,002,205.97
Balance of cash and cash equivalents	1,689,267,856.26	3,446,027,714.85

(4) Monetary capital other than cash and cash equivalents

	2023	2022	Reason
Term deposits over 3 months and interest	1,148,755,100.31	1,401,730,000.00	For the purpose of holding until maturity
Other deposits	500.00	500.00	The right of use is restricted
Total	1,148,755,600.31	1,401,730,500.00	

52. Foreign Currency Monetary Items

	2023		
	Original currency	Exchange rate	Translated RMB
Cash and bank balances			
US\$	6,611,587.75	7.0827	46,827,892.56
HK\$	13,526,738.55	0.9062	12,258,201.02
Accounts payable			
HK\$	1,293,302.00	0.9062	1,172,016.14
Other payables			
HK\$	61,643.43	0.9062	55,862.50

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

53. Leases

(1) As lessee

	2023	2022
Interest expenses on lease liabilities	1,369,515.48	2,164,130.55
Short-term lease payments with simplified processing included in profit or loss	104,368,747.86	135,950,139.65
Lease payments of low-value asset with simplified processing included in profit or loss (other than short-term leases)	162,256.74	61,652.61
Total cash outflow relating to lease	121,996,474.64	154,511,648.24

The leased assets of the Group include premises, buildings, port facilities and machinery equipment, means of transportation and other equipment used in operation, generally with a lease term of one year. Leasing contracts generally stipulate that the Group cannot sublease the leased assets. Certain leasing contracts contain the terms of renewal and termination options.

Leases committed but not yet commenced

Expected future cash outflow of leases committed but not yet commenced of the Group is as follows:

	2023	2022
Within 1 year (including 1 year)	936,265.91	437,689.00
1 year to 2 years (inclusive)	193,818.00	449,542.00
2 years to 3 years (inclusive)	207,388.00	193,818.00
Over 3 years	459,344.00	666,732.00
Total	1,796,815.91	1,747,781.00

Other information on leases

Please refer to Note V. 12 for details of right-of-use assets; please refer to Note III. 24 for details of simplified processing of short-term leases and leases of low-value assets; please refer to Note V. 26 for details of lease liabilities.

(2) As lessor

The Group used some port facilities such as stockpiling and machinery equipment for leasing to constitute operating leases.

Operating leases

Profit or loss in relation to the operating leases is set out as follows:

	2023	2022
Lease income	13,887,095.85	7,833,246.81

According to the lease contracts entered into with lessees, the undiscounted minimum lease payments are as follows:

	2023	2022
Within 1 year (including 1 year)	647,096.00	769,533.69
1 year to 2 years (inclusive)	233,950.00	460,122.69
2 years to 3 years (inclusive)	-	226,172.69
Total	881,046.00	1,455,829.07

Please refer to Note V. 10 for operating leased fixed assets.

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VI. RESEARCH AND DEVELOPMENT EXPENDITURES

The Group has no development expenditure on R&D project eligible for capitalization. The expensed R&D expenditures in 2023 and 2022 are broken down by nature, please refer to Note V. 39.

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Changes in the Scope of Consolidation for other Reasons

During the Year, the Company established a wholly-owned subsidiary, Qinghuangdao Port Xinyi Port Co., Ltd.* (秦皇島港新益港務有限公司), with a registered capital of RMB60,000,000 by way of capital contribution in cash in October 2023 after the resolution of the 15th meeting of the fifth session of the board of directors of the Company was announced. Qinghuangdao Port Xinyi Port Co., Ltd.* (秦皇島港新益港務有限公司) was incorporated on 16 November 2023, and the Company has paid up the capital contribution in December 2023. Qinghuangdao Port Xinyi Port Co., Ltd.* (秦皇島港新益港務有限公司) is principally engaged in stevedoring, stacking, warehousing of cargos including oil and liquid chemical products and other port services, sewage treatment and recycling.

Except for the newly established subsidiary during the Year, the scope of the consolidated financial statements is consistent with that of the previous year.

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VIII. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

The subsidiaries of the Company are as follows:

	Place of principal business and place of incorporation	Type of legal entity	Nature of business	Registered capital RMB0'000	Percentage of shareholding (%)	
					Direct	Indirect
Subsidiaries acquired through the equity contribution from HPG during the establishment of the Company						
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	Qinhuangdao city	Limited liability company	Loading and unloading services	40,000	55.00	-
Subsidiaries acquired through establishment or investment						
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	Tangshan city	Limited liability company	Loading and unloading services	180,000	51.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	Cangzhou city	Limited liability company	Loading and unloading services	526,635	97.59	-
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	Cangzhou city	Limited liability company	Cargo tallying services	500	33.00	23.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	Tangshan city	Limited liability company	Loading and unloading services	5,000	99.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	Cangzhou city	Limited liability company	Loading and unloading services	12,000	65.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	Hong Kong	Private limited company	International trade	HK\$5,000	100.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	Tangshan city	Limited liability company	Port investment	200,000	56.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	Cangzhou city	Limited liability company	Loading and unloading services	5,000	100.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	Tangshan city	Limited liability company	Cargo tallying services	300	100.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	Tangshan city	Limited liability company	Loading and unloading services	5,000	100.00	-
Hebei Tangshan Caofeidian Jitong Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	Tangshan city	Limited liability company	Loading and unloading services	300,000	59.00	-
Qinhuangdao Port Xinyi Port Co., Ltd. (秦皇島港新益港務有限公司) (Note VII. 1)	Qinhuangdao city	Limited liability company	Loading and unloading services	6,000	100.00	-
Subsidiaries acquired through the merger of enterprises under common control						
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司)	Qinhuangdao city	Limited liability company	Cargo tallying services	1,274	84.00	-

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VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in Subsidiaries (Continued)

Subsidiaries with significant minority interests are as follows:

2023

	Percentage of shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	33,757,730.13	–	610,453,309.39

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

	2023	2022
Current assets	330,677,045.73	369,845,722.30
Non-current assets	4,129,607,800.51	4,457,311,874.29
Total assets	4,460,284,846.24	4,827,157,596.59
Current liabilities	796,269,292.71	776,639,780.96
Non-current liabilities	2,418,192,473.11	2,898,800,213.70
Total liabilities	3,214,461,765.82	3,675,439,994.66
Revenue	833,118,070.77	814,591,737.70
Net profit	68,893,326.80	115,051,775.13
Other comprehensive income	20,526,249.88	(4,517,296.73)
Total comprehensive income	89,419,576.68	110,534,478.40
Net cash flows from operating activities	551,828,158.19	557,544,602.41

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VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates

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

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VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

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

2023

	Caofeidian Shiye	Finance Company
Current assets	2,709,823,040.50	11,693,597,537.89
Including: Cash and cash equivalents	1,452,283,768.30	3,954,939,400.73
Non-current assets	5,290,914,744.36	1,006,263,496.99
Total assets	8,000,737,784.86	12,699,861,034.88
Current liabilities	1,176,724,296.76	10,908,805,222.22
Non-current liabilities	419,867,454.13	2,230,189.68
Total liabilities	1,596,591,750.89	10,911,035,411.90
Minority interest	39,244,742.04	–
Equity attributable to shareholders of the parent	6,364,901,291.93	1,788,825,622.98
Share of net assets in proportion to shareholding	2,227,715,452.17	715,530,249.20
Carrying amount of investment	2,227,715,452.17	715,530,249.20
	Caofeidian Shiye	Finance Company
Revenue	1,922,404,576.86	245,241,602.65
Administrative expenses	154,747,151.14	21,402,497.05
Financial cost – interest income	11,421,952.38	–
Financial cost – interest expense	6,480,287.03	–
Income tax expense	259,566,679.14	14,495,522.12
Net profit	942,951,024.07	44,697,628.62
Including: Net profit attributable to the parent	941,520,294.12	44,697,628.62
Other comprehensive income	139,243,448.20	–
Total comprehensive income	1,080,763,742.32	44,697,628.62
Dividend received	–	15,200,000.00

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VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

2022

	Caofeidian Shiye	Finance Company
Current assets	1,663,348,739.00	6,785,441,827.23
Including: Cash and cash equivalents	572,129,566.90	2,810,663,966.75
Non-current assets	5,505,314,943.25	440,938,708.24
Total assets	7,168,663,682.25	7,226,380,535.47
Current liabilities	1,090,603,633.19	5,444,252,541.11
Non-current liabilities	444,649,132.61	–
Total liabilities	1,535,252,765.80	5,444,252,541.11
Minority interest	37,814,012.09	–
Equity attributable to shareholders of the parent	5,595,596,904.36	1,782,127,994.36
Share of net assets in proportion to shareholding	1,958,458,916.52	712,851,197.75
Carrying amount of investment	1,958,458,916.52	712,851,197.75
	Caofeidian Shiye	Finance Company
Revenue	1,626,561,614.26	187,791,703.34
Administrative expenses	157,335,413.79	18,239,635.22
Financial cost – interest income	5,789,416.95	–
Financial cost – interest expense	17,873,268.44	–
Income tax expense	189,199,358.67	22,169,456.18
Net profit	704,224,829.92	68,308,438.89
Including: Net profit attributable to the parent	704,491,735.47	68,308,438.89
Other comprehensive income	186,121,621.26	–
Total comprehensive income	890,613,356.73	68,308,438.89
Dividend received	182,000,000.00	13,200,000.00

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VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

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

	2023	2022
Joint ventures		
Total carrying amount of investment	106,430,694.91	143,322,378.80
Total amount of the following items calculated in the Group's equity proportion		
Net profit	(70,259,017.22)	(59,201,421.16)
Total comprehensive income	(70,259,017.22)	(59,201,421.16)
Associates		
Total carrying amount of investment	771,749,925.53	780,378,009.50
Total amount of the following items calculated in the Group's equity proportion		
Net profit	(8,160,456.65)	8,345,331.04
Total comprehensive income	(8,160,456.65)	8,345,331.04

IX. GOVERNMENT GRANTS

As at 31 December 2023, no government grant was included in other receivables.

As at 31 December 2023, liabilities items related to government grants are as follows:

	Opening balance	Accrued	Recognized in other revenue in the year	Closing balance	Related to assets/income
Special environmental subsidy	111,456,330.83	-	14,192,571.85	97,263,758.98	Related to assets
Subsidy for retrofitting of contingency coal storage depot	21,250,000.00	-	19,225,000.00	2,025,000.00	Related to assets
Technology center project funds	3,669,782.59	-	1,141,803.84	2,527,978.75	Related to assets/income
Intelligent stacking yard operation transformation system	5,718,773.51	-	1,086,327.88	4,632,445.63	Related to assets
Others	1,844,242.57	-	193,584.18	1,650,658.39	Related to assets
	143,939,129.50	-	35,839,287.75	108,099,841.75	

There is no return of government grants during the Year.

Government grants recognized in profit or loss are as follows:

	2023	2022
Asset-related government grants		
Credited to other income	35,639,287.75	35,144,914.88
Government grants relating to income		
Credited to other income	28,092,625.40	47,575,546.90
Credited to non-operating income	-	300,000.00
Total	63,731,913.15	83,020,461.78

X. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial Instruments by Category

Financial assets at fair value through other comprehensive income totaled RMB1,166,064,425.77 (31 December 2022: RMB1,172,758,409.43), mainly presented in financing receivables and other equity instruments investments; financial assets carried at amortized cost totaled RMB5,417,489,827.54 (31 December 2022: RMB5,287,962,827.66), mainly presented in cash and bank balances, bills receivable, accounts receivable, other receivables and other non-current assets; financial liabilities carried at amortized cost totaled RMB6,999,851,543.17 (31 December 2022: RMB7,714,390,171.26), mainly presented in short-term borrowings, accounts payable, other payables, non-current liabilities due within one year, long-term payables and long-term borrowings.

2. Risks Arising from Financial Instruments

The Group has exposure to the following main risks from its use of financial instruments during the ordinary course of business: credit risk, liquidity risk and market risk. The risk management policies adopted by the Group to minimize such risks are summarized below.

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

Credit risk

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

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

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

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 31 December 2023, there is a concentration of specific credit risk within the Group as 38% and 58% (31 December 2022: 24% and 50%) of the Group's accounts receivables were due from the largest and five largest customers. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

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X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Risks Arising from Financial Instruments (Continued)

Credit risk (Continued)

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. Judgement of the Group for significant increase in credit risk is mainly based on whether the number of overdue days exceeds 30, or whether one or more of the following indicators changed significantly: business environment of the debtor, internal and external credit rating, significant changes in actual or expected operating results, etc.

On 31 December 2023, credit risks of other receivables that were overdue for more than 30 days were not considered to increase significantly due to that the increase in remaining lifetime probability of default at the reporting date was considered significant comparing with the one at initial recognition and significant adverse change in debtor's operation or financial status, the watch-list, etc. The Group made provision for impairment based on the expected credit loss in the next 12 months.

Definition of credit-impaired financial asset

Judgement of the Group on the occurred credit impairment is mainly based on whether the number of overdue days exceeds 90. However, in certain cases, the Group also considers credit impairment to have occurred when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Credit risk exposures

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

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X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Risks Arising from Financial Instruments (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various funding means. The Group funds its operations by revenue from its operating activities and borrowings.

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

2023

	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	512,310,555.55	–	–	512,310,555.55
Accounts payable	253,421,149.43	–	–	253,421,149.43
Other payables	603,776,486.76	–	–	603,776,486.76
Lease liabilities (including those due within one year)	19,733,232.45	7,219.53	–	19,740,451.98
Long-term borrowings (including those due within one year)	791,151,245.91	2,054,621,410.60	3,990,561,236.73	6,836,333,893.24
Long-term payables (including those due within one year)	2,000,000.00	12,000,000.00	20,000,000.00	34,000,000.00
Total	2,182,392,670.10	2,066,628,630.13	4,010,561,236.73	8,259,582,536.96

2022

	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	267,811,500.00	–	–	267,811,500.00
Accounts payable	259,894,659.77	–	–	259,894,659.77
Other payables	548,457,808.34	–	–	548,457,808.34
Lease liabilities (including those due within one year)	18,702,899.18	18,458,936.40	–	37,161,835.58
Long-term borrowings (including those due within one year)	902,369,580.00	4,076,781,564.17	2,973,752,747.75	7,952,903,891.92
Long-term payables (including those due within one year)	2,000,000.00	10,000,000.00	24,000,000.00	36,000,000.00
Total	1,999,236,447.29	4,105,240,500.57	2,997,752,747.75	9,102,229,695.61

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X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Risks Arising from Financial Instruments (Continued)

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing liabilities with floating interest rates. The Group manages interest rate risk by closely monitoring changes in interest rates and reviewing its borrowings on a regular basis.

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

2023

	Increase/ (decrease) in basis points	(Decrease)/ increase in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total (decrease)/ increase in shareholder's equity
RMB	50	(21,009,733.52)	–	(21,009,733.52)
RMB	(50)	21,009,733.52	–	21,009,733.52

2022

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

Exchange rate risk

The Group's denomination and settlement are mainly in reporting currency and its exposure to the exchange rate risk relates primarily to the Group's foreign currency bank deposits. There are no significant exchange rate risks.

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X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Capital Management

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

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

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

	2023	2022
Accounts payable	253,421,149.43	259,894,659.77
Other payables	603,776,486.76	548,457,808.34
Short-term borrowings	500,252,083.33	260,270,111.11
Non-current liabilities due within one year	633,718,528.57	680,774,886.72
Lease liabilities	7,219.53	16,720,143.33
Long-term borrowings	4,995,881,608.50	5,949,695,604.50
Long-term payables	32,000,000.00	34,000,000.00
Less: Cash and bank balances	2,838,023,456.57	4,847,758,214.85
Other non-current assets – term deposit and interest	2,330,035,082.78	280,000,000.00
Net debt	1,850,998,536.77	2,622,054,998.92
Equity attributable to shareholders of the parent company	18,423,519,428.29	17,321,605,086.27
Capital and net debt	20,274,517,965.06	19,943,660,085.19
Net debt to equity ratio	9%	13%

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X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

4. Transfer of Financial Assets

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Basis for determining derecognition
Bill endorsement	Bills receivable	5,625,541.00	Not derecognized	Retain substantially all risks and rewards, including default risks
Bill endorsement	Financing receivables	28,766,419.52	Derecognized	Transfer substantially all risks and rewards
Total		34,391,960.52		

The financial assets derecognized as a result of the transfer as at 31 December 2023 are as follows:

	Method for transferring financial assets	Amount of derecognized financial assets	Profit or loss related to derecognition
Financing receivables	Bill endorsement	28,766,419.52	-

The continuing involvement in transferred financial assets as at 31 December 2023 is as follows:

	Method for transferring assets	Amount of continuing involvement in assets	Amount of continuing involvement in liabilities
Bills receivable	Bill endorsement	5,625,541.00	5,625,541.00

Financial assets transferred but not derecognized generally

As at 31 December 2023, the Group has endorsed bank acceptance notes with a carrying amount of RMB5,625,541.00 (31 December 2022: RMB18,307,584.00) that have not yet matured to settle the amounts payable. The Group considered that the Group has retained substantially all risks and rewards, including default risks. Therefore, it continued to fully recognize its settled payables and those related to them. After endorsement, the Group will not reserve the right of use, including the right to sale, transfer and pledge to other third parties.

Continuing involvement in transferred financial assets derecognized generally

As at 31 December 2023, the Group has endorsed bank acceptance notes with a carrying amount of RMB28,766,419.52 (31 December 2022: RMB79,636,000.46) that have not yet matured to settle the amounts payable. If acceptance banks dishonored the notes, the holder may exercise the right of recourse against any or several or all of the persons liable for the bill of exchange including the Group in disregard of the order of precedence ("Continuing Involvement") according to the Law of Bill. The Group considered that these acceptance banks are reputable banks so that the potential risk of dishonoring the notes for recourse is small. Therefore, it continued to fully recognize its settled payables and those related to them. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

In 2023, the Group did not recognize any profit or loss at the date of transfer. The Group had no current or accumulated income or expense related to Continuing Involvement of financial assets which had been derecognized. The endorsement occurred evenly throughout the year.

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XI. DISCLOSURE OF FAIR VALUE

1. Assets Measured at Fair Value

2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets				
Continuous measurement of fair value				
Financing receivables	-	74,502,289.57	-	74,502,289.57
Other equity instruments investments	-	-	1,091,562,136.20	1,091,562,136.20
Total	-	74,502,289.57	1,091,562,136.20	1,166,064,425.77

2022

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

2. Fair Value Measurement of Level 2

The fair values of financing receivables are determined at the discount rate of market yields on other financial instruments with similar credit risk and remaining maturities using the discounted future cash flow method, and their fair values approximate their carrying amounts due to the short-term maturities.

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XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Fair Value Measurement of Level 3

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

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

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

		Fair value at the end of year	Valuation techniques	Unobservable inputs (weighted average)		Range
Equity instrument investments	31 December 2023	1,091,562,136.20	listed company comparison method	Liquidity discount	2023	16%-22%
Equity instrument investments	31 December 2022	1,136,892,279.11	listed company comparison method	Liquidity discount	2022	17%-23%

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

2023

	Total profit or loss for the current period				Settlement	Closing balance	Changes in unrealized gains or losses of the current period of the assets held at the end of the year included in profit or loss
	Opening balance	Included in profit or loss	Included in other comprehensive income				
Other equity instruments investments	1,136,892,279.11	-	(45,330,142.91)	-	1,091,562,136.20	-	

2022

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

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XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

4. Financial Assets and Financial Liabilities Not Measured at Fair Value

The fair values of long-term borrowings and long-term payables are determined at the discount rate of market yields on other financial instruments with similar contractual terms, credit risk and remaining maturities using the discounted future cash flow method. As at 31 December 2023, the risk of its own non-performance against long-term borrowings and long-term payables was assessed to be insignificant.

XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

1. Parent Company

	Place of Registration	Nature of business	Registered capital RMB	Proportion of shareholding (%)	Proportion of votes (%)
HPG	Tangshan city	Integrated port service	20 billion	56.27	56.27

HPG is the ultimate holding company of the Company.

2. Subsidiaries

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

3. Joint Ventures and Associates

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

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

4. Other Related Parties

Company name	Relationship with related parties
Hebei Port Group Port Machinery Limited	A subsidiary of the controlling shareholder
Hebei Port Group Port Engineering Limited	A subsidiary of the controlling shareholder
Hebei Port Group Testing Technology Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Fangyu Property Services Management Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd.	A subsidiary of the controlling shareholder
HPG Health Industry Development Company Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Kezheng Engineering Detection Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Gangyun Conference Services Co., Ltd. (秦皇島港韻會議服務有限公司)	A subsidiary of the controlling shareholder
Hebei Port Group City Construction and Development Co., Ltd.	A subsidiary of the controlling shareholder
Hebei Port Group International Logistics Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Port Jingtang Port Area Imports & Exports the Low-tax Storage and Transportation Co., Ltd. (唐山港京唐港區進出口保稅儲運有限公司)	A subsidiary of the controlling shareholder
China Ocean Shipping Agency Qinhuangdao Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	A subsidiary of the controlling shareholder
Caofeidian Port Group Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Port Hede Shipping Co., Ltd. (唐山港合德海運有限公司)	A subsidiary of the controlling shareholder
HPG (Tianjin) Investment Management Co., Ltd.	A subsidiary of the controlling shareholder
HEBEI PORT GROUP International (Hong Kong) Co., Ltd.	A subsidiary of the controlling shareholder
Jigang Financial leasing (Tianjin) Co., Ltd.	A subsidiary of the controlling shareholder
Caofeidian Port Ore Terminal Co., Ltd.	A subsidiary of the controlling shareholder
Caofeidian West Terminal Co., Ltd.	A subsidiary of the controlling shareholder
HPG Real Estate Development Co., Ltd.****	A subsidiary of the controlling shareholder
Tangshan Port International Logistics Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Port Group Co., Ltd. (唐山港集團股份有限公司)	A subsidiary of the controlling shareholder

XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

4. Other Related Parties (Continued)

Company name	Relationship with related parties
Tangshan Port Group Tugboat Co., Ltd. (唐山港集團拖輪有限公司)	A subsidiary of the controlling shareholder
Jigang Commercial Factoring (Tianjin) Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Zhihai Shipping Agency Co., Ltd.	A subsidiary of the controlling shareholder
Penavico QHD Logistics Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Port SHIPPING Freight Agency Co., Ltd. (唐山港船舶貨運代理有限公司)	A subsidiary of the controlling shareholder
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Caofeidian Ore Storage and Transportation Co., Ltd. (唐山曹妃甸礦石儲運有限公司)	A subsidiary of the controlling shareholder
Tangshan Port Industrial Group Co., Ltd.	A subsidiary of the controlling shareholder
Caofeidian Port Group Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Oriental Petroleum Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
SDIC Caofeidian Port Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Huaneng Caofeidian Port Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Hebei Dataport Technology Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Qinren Shipping Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Huibo Petroleum Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Tanggong Railway Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Kaifu Industrial Development Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Huanghua Foreign Ships Agency Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Jinyuan Shipping Agency Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Tangshan Caofeidian Steel Logistics Co., Ltd. (唐山曹妃甸鋼鐵物流有限公司)	Other enterprises significantly affected by the controlling shareholder
Han Huang Railway Co., Ltd.	Same key management personnel*
SACF	Same key management personnel*
Qinhuangdao Water Supply Co., Ltd. (秦皇島市自來水有限公司)	Same key management personnel*
Jinneng Holding Coal Industry Group Co., Ltd.	Same key management personnel*
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	Same key management personnel**
Qinhuangdao Qinshan Chemical Port Co., Ltd.	Same key management personnel***

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

** Senior management of the Company is also director of the company.

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

**** The company is deregistered during the year.

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

	Type of goods or services	2023	2022
Transactions with the parent company			
HPG	Integrated service	17,417,569.44	17,509,982.56
Transactions with other related parties			
Hebei Port Group Port Engineering Limited	Construction service	507,298,306.13	211,250,246.06
Hebei Port Group Port Machinery Limited	Repair and maintenance service	321,590,777.01	279,639,436.32
Hebei Port Group Testing Technology Co., Ltd.	Examination and test services	75,728,213.97	49,687,004.87
Qinhuangdao Fangyu Property Services Management Co., Ltd.	Logistics service	43,703,297.67	36,019,740.84
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	Supervisory service	15,230,745.19	6,561,789.56
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd.	Logistics service	8,159,300.69	1,518,257.12
Qinhuangdao Water Supply Co., Ltd. (秦皇島市自來水有限公司)	Logistics service etc.	7,177,754.65	–
Hebei Dataport Technology Co., Ltd.	Production service	802,415.09	–
Caofeidian Port Group Co., Ltd.	Production service	513,912.29	972,271.17
Caofeidian Port Group Co., Ltd.	Production service	456,180.34	–
Qinhuangdao Kezheng Engineering Detection Co., Ltd.	Examination and test services	232,394.87	52,678.56
Qinhuangdao Gangyun Conference Services Co., Ltd. (秦皇島港韻會議服務有限公司)	Logistics service	124,802.43	18,738.00
HPG Health Industry Development Company Ltd.	Logistics service	52,642.61	55,050.50
Tangshan Port Jingtang Port Area Imports & Exports the Low-tax Storage and Transportation Co., Ltd. (唐山港京唐港區進出口保稅儲運有限公司)	Logistics service	15,369.80	–
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	Examination and test services	9,822.38	1,574.34
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Production service	8,009.43	3,890.58
Huaneng Caofeidian Port Co., Ltd.	Production service	1,226.42	2,161.32
Hebei Port Group City Construction and Development Co., Ltd.	Logistics service	–	18,504.91
Sub-total		981,105,170.97	585,801,344.15
Total		998,522,740.41	603,311,326.71

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

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

Purchase of goods and receipt of services from related parties (Continued)

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

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

Note 3: On 16 December 2021, the Group held the first extraordinary general meeting of Qinhuangdao Port Co., Ltd. in 2021 to consider and approve the Resolution Regarding the Entering into of the General Services Agreement, and agreed the Group to enter into new general services agreement with HPG, and to the proposed caps for the related transactions under the general services agreement from 2022 to 2024. The approved annual caps for the related transactions of the goods procured and the services received between the Group and HPG and its subsidiaries were RMB637,000,000.00. An general meeting was held on 28 June 2023 to consider and approve the Resolution Regarding the Adjustment of the Caps for Continuing Connected Transactions under the General Services Agreement from 2023 to 2024, which amended the annual caps for the related transactions of the goods procured and the services received between the Group and HPG and its subsidiaries for the year 2023 from RMB637,000,000.00 to RMB1,239,400,000.00. The related transactions between the Group and such companies for the current year have not exceeded the caps of the related transactions.

Sales of goods and render of services to related parties

	Type of goods or services	2023	2022
Transactions with the parent company			
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)	Electricity supply service etc.	4,978,602.82	7,823,802.01
Transactions with joint ventures			
Tangshan Caofeidian Shiye Port Co., Ltd.	Labor services	2,996,914.11	3,301,634.28
Zhejiang Yuehua Energy Detection Co., Ltd.	Electricity supply service	174,254.74	234,240.57
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Labor services etc.	–	890,944.84
Hebei Port Group Finance Company Limited	Electricity supply service	–	17,964.16
Sub-total		3,171,168.85	4,444,783.85
Transactions with other Related Parties			
Hebei Port Group International Logistics Co., Ltd.	Sales of goods	53,846,745.07	60,249,909.09
Qinhuangdao Qinren Shipping Co., Ltd.	Sales of goods etc.	17,446,581.23	21,070,406.08
Tangshan Port Hede Shipping Co., Ltd. (唐山港合德海運有限公司)	Tallying service etc.	9,546,149.38	2,320,241.51
Qinhuangdao Huibo Petroleum Co., Ltd.	Electricity supply service	8,749,103.68	4,199,688.29
Qinhuangdao Oriental Petroleum Co., Ltd.	Electricity supply service etc.	6,258,573.83	2,532,683.38
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Labor services etc.	4,169,205.30	4,132,950.56
Tangshan Port International Logistics Co., Ltd.	Production service	3,413,041.53	–
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	Labor services etc.	2,911,042.22	2,624,981.27

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

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

Sales of goods and render of services to related parties (Continued)

	Type of goods or services	2023	2022
Tangshan Port Group Tugboat Co., Ltd. (唐山港集團拖輪有限公司)	Production service	2,059,741.50	-
Hebei Port Group Port Machinery Limited	Labor services etc.	1,158,363.26	954,535.22
SACF	Sales of goods	1,801,599.04	2,862,915.10
Tanggang Railway Co., Ltd. (唐港鐵路有限責任公司)	Electricity supply service	1,687,324.31	2,432,781.25
Tangshan Port Group Co., Ltd. (唐山港集團股份有限公司)	Production service	806,603.77	-
Hebei Port Group Port Engineering Limited	Electricity supply service etc.	430,832.24	628,952.49
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	Labor services etc.	592,264.38	822,007.54
Qinhuangdao Fangyu Property Services Management Co., Ltd.	Electricity supply service	239,372.48	168,107.87
Caofeidian Port Ore Terminal Co., Ltd.	Production service	228,990.57	-
Caofeidian West Terminal Co., Ltd.	Production service	173,264.15	-
HPG Real Estate Development Co., Ltd.	Production service	146,666.63	-
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	Electricity supply service	137,285.06	232,311.60
Hebei Port Group Testing Technology Co., Ltd.	Sales of goods	37,550.32	32,301.46
Qinhuangdao Qinshan Chemical Port Co., Ltd.	Electricity supply service	16,205.31	16,205.31
HPG (Tianjin) Investment Management Co., Ltd.	Sales of goods	2,486.81	16,480.45
Jinneng Holding Coal Industry Group Co., Ltd.	Sales of goods	-	1,677,752.84
Huaneng Caofeidian Port Co., Ltd.	Labor services etc.	-	491,186.63
Qinhuangdao Kaifu Industrial Development Co., Ltd.	Electricity supply service	-	34,147.65
HEBEI PORT GROUP International (Hong Kong) Co., Ltd.	Electricity supply service	-	5,182.80
Jigang Financial leasing (Tianjin) Co., Ltd.	Sales of goods	-	2,898.68
Sub-total		115,858,992.07	107,508,627.07
Total		124,008,763.74	119,777,212.93

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

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(2) Management entrusted by related parties

2023

Entrusting party	Entrusted party	Type of entrusted assets	Beginning of the entrust	End of the entrust	Custody profits recognized
HPG	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司)	43.0257% equity of Qinhuangdao Qinshan Chemical Port Co., Ltd.	14 July 2023	14 July 2026	-
Caofeidian Port Group Co., Ltd.	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司)	40% equity of Hebei Huadian Caofeidian Storage and Transportation Co., Ltd.	29 December 2023	29 December 2026	-
Caofeidian Port Group Co., Ltd.	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司)	23% equity of Huaneng Caofeidian Port Co., Ltd.	29 December 2023	29 December 2026	-
Caofeidian Port Group Co., Ltd.	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司)	21% equity of Tangshan Caofeidian Coal Port Co., Ltd.	29 December 2023	29 December 2026	-
Tangshan Port Industrial Group Co., Ltd.	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司)	20% equity of SDIC Zhongmei Tongmei Jingtang Port Co., Ltd.	31 December 2022	31 December 2025	-

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

In 2023, the Company entered into Equity Custodian Agreement with Caofeidian Port Group Co., Ltd., pursuant to which 40% equity of Hebei Huadian Caofeidian Storage and Transportation Co., Ltd., 23% equity of Huaneng Caofeidian Port Co., Ltd. and 21% equity of Tangshan Caofeidian Coal Port Co., Ltd. were entrusted by the Company on behalf of Caofeidian Port Group Co., Ltd., respectively. The parties acknowledged that this agreement is for the purpose of resolving and avoiding trade competition, and that the entrusted party will not charge any custody fees from the entrusting party.

2022

Entrusting party	Entrusted party	Type of entrusted assets	Beginning of the entrust	End of the entrust	Custody profits recognized
Tangshan Port Industrial Group Co., Ltd.	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司)	20% equity of SDIC Zhongmei Tongmei Jingtang Port Co., Ltd.	31 December 2022	31 December 2025	-

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

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(3) Leases with related parties

As lessor

	Category of leased assets	Rental income in 2023	Rental income in 2022
Jinji International Container Terminal Co., Ltd.	Storage facilities	650,047.62	650,047.62
Hebei Port Group Port Engineering Limited	Land use right	326,710.58	318,153.34
Zhejiang Yuehua Energy Detection Co., Ltd.	Building	121,111.01	121,111.01
HPG	Machinery and equipment and building	196,476.36	70,271.29
Hebei Port Group Port Machinery Limited	Machinery and equipment	164,667.49	156,366.35
HPG Real Estate Development Co., Ltd.	Building	102,385.32	76,788.99
Jinneng Holding Coal Industry Group Co., Ltd.	Building	86,589.99	–
Qinhuangdao Huibo Petroleum Co., Ltd.	Land use right	46,319.88	160,170.03
Hebei Port Group International Logistics Co., Ltd.	Building	30,802.96	16,428.46
Qinhuangdao Oriental Petroleum Co., Ltd.	Land use right	25,083.81	199,838.54
Huanghua Foreign Ships Agency Co., Ltd.	Tangible asset	18,321.57	23,710.28
Qinhuangdao Qinren Shipping Co., Ltd.	Tangible asset	14,601.77	10,619.47
Total		1,783,118.36	1,803,505.38

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(3) Leases with related parties (Continued)

As lessee

2023

	Category of leased assets	Lease fees of short-term leasing and low-asset leasing with simplified processing	The variable lease payments that are not included in the measurement of the lease liabilities	Rental paid	Interest expenses incurred on lease liabilities	Increased right-of-use assets
HPG	Machinery and equipment	55,699,505.06	-	67,746,176.75	499,091.43	-
HPG	Port facilities	41,993,380.99	-	49,846,329.84	282,115.04	-
HPG	Building facilities	4,760,502.79	-	13,651,476.35	579,889.22	-
Hebei Port Group Testing Technology Co., Ltd.	Machinery and equipment	12,519.20	-	14,146.70	-	-
Hebei Port Group Testing Technology Co., Ltd.	Building facilities	48,994.69	-	55,364.00	-	-
Total		102,514,902.73	-	131,313,493.64	1,361,095.69	-

2022

	Category of leased assets	Lease fees of short-term leasing and low-asset leasing with simplified processing	The variable lease payments that are not included in the measurement of the lease liabilities	Rental paid	Interest expenses incurred on lease liabilities	Increased right-of-use assets
HPG	Machinery and equipment	56,420,948.62	-	68,885,728.31	788,064.17	18,809,905.12
HPG	Port facilities	42,880,363.48	-	51,057,598.25	445,458.98	10,632,435.04
HPG	Building facilities	6,394,348.85	-	15,860,882.96	915,643.70	21,855,036.64
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (沧州渤海新区港兴拖轮有限公司)	Machinery and equipment	2,830.19	-	3,000.00	-	-
Total		105,698,491.14	-	135,807,209.52	2,149,166.85	51,297,376.80

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

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

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(4) Borrowings from related parties

Capital Repayment

2023

	Borrowing amount	Commencement date	Maturity date
Hebei Port Group Finance Company Limited	20,000,000.00	2023/8/30	2024/8/29
Hebei Port Group Finance Company Limited	30,000,000.00	2023/10/7	2024/9/27
Hebei Port Group Finance Company Limited	50,000,000.00	2023/10/30	2024/10/29
Hebei Port Group Finance Company Limited	100,000,000.00	2023/11/29	2024/10/29
Hebei Port Group Finance Company Limited	200,000,000.00	2023/12/22	2024/12/21
Hebei Port Group Finance Company Limited	500,000,000.00	2023/12/21	2033/12/17
Hebei Port Group Finance Company Limited	100,000,000.00	2023/12/20	2024/5/20
Hebei Port Group Finance Company Limited	100,000,000.00	2023/12/20	2024/5/20
Hebei Port Group Finance Company Limited	53,100,000.00	2023/12/21	2024/5/9
Hebei Port Group Finance Company Limited	48,000,000.00	2023/12/20	2024/11/20

2022

	Borrowing amount	Commencement date	Maturity date
Hebei Port Group Finance Company Limited	110,000,000.00	2022/12/8	2023/12/7
Hebei Port Group Finance Company Limited	50,000,000.00	2022/8/30	2023/8/29
Hebei Port Group Finance Company Limited	40,000,000.00	2022/5/19	2028/5/1
Hebei Port Group Finance Company Limited	20,000,000.00	2022/1/11	2027/3/10

Interest expenses paid

	2023	2022
Hebei Port Group Finance Company Limited	19,521,373.08	18,752,902.73
Jigang Commercial Factoring (Tianjin) Co., Ltd.	-	3,720,000.00
Total	19,521,373.08	22,472,902.73

Capital Repayment

	2023	2022
Hebei Port Group Finance Company Limited	333,200,000.00	385,200,000.00
Jigang Commercial Factoring (Tianjin) Co., Ltd.	-	80,000,000.00
Total	333,200,000.00	465,200,000.00

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

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(5) Equity transaction

The details of equity transactions between the Group and related parties for the year see Note V. 8.

(6) Transactions with other related parties

Trademark use right

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

Centralized management of funds

As at 31 December 2023, the balance of the Group's deposits in Hebei Port Group Finance Company Limited amounted to RMB4,293,652,722.58 (31 December 2022: RMB4,249,298,698.27) with the interest rate of 1.30%-3.27% per annum. The interest income received from the Hebei Port Group Finance Company Limited amounted to RMB112,044,913.23 in 2023 (2022: RMB74,658,165.83).

Key management personnel

	2023	2022
Remuneration for key management personnel	7,453,999.38	7,247,149.49

Agency business

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

	2023	2022
Qinhuangdao Zhihai Shipping Agency Co., Ltd.	55,636,712.42	55,351,825.58
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd.	45,743,507.89	86,044,544.30
Tangshan Port SHIPPING Freight Agency Co., Ltd. (唐山港船舶貨運代理有限公司)	3,314,777.28	-
Huanghua Foreign Ships Agency Co., Ltd.	2,235,790.65	3,966,660.86
Qinhuangdao Jinyuan Shipping Agency Co., Ltd.	151,025.43	121,683.76
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd.	5,392.46	223,258.95
Penavico QHD Logistics Co., Ltd.	-	30,248,861.41
China Ocean Shipping Agency Qinhuangdao Co., Ltd.	-	12,053,679.97
Total	107,087,206.13	188,010,514.83

NOTES TO FINANCIAL STATEMENTS

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

6. Commitments Made between the Group and Related Parties

Capital commitments

	2023	2022
Contracted, but not provided for		
Hebei Port Group Port Engineering Limited	76,138,619.75	65,552,074.23
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	10,130,122.09	6,387,141.56
Hebei Port Group Testing Technology Co., Ltd.	284,073.58	2,266,411.00
Qinhuangdao Kezheng Engineering Detection Co., Ltd.	47,271.63	93,338.03
Total	86,600,087.05	74,298,964.82

Investment commitments

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

NOTES TO FINANCIAL STATEMENTS

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

7. Balances of Accounts Due from and to Related Parties

(1) Receivables

	2023		2022	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<u>Due from the parent company</u>				
HPG	40,818.00	4,466.60	52,818.00	2,737.10
<u>Due from associates</u>				
Tangshan Caofeidian Shiye Port Co., Ltd.	3,617,751.37	195,086.32	3,212,272.68	165,007.14
<u>Due from other related parties</u>				
Qinhuangdao Zhihai Shipping Agency Co., Ltd.	4,900,354.00	245,017.70	2,847,525.00	142,376.25
Tangshan Port International Logistics Co., Ltd.	3,617,824.00	180,891.20	-	-
Penavico QHD Logistics Co., Ltd.	3,190,904.00	3,190,904.00	3,190,904.00	3,190,904.00
Qinhuangdao Qinren Shipping Co., Ltd.	3,034,055.00	151,702.75	2,235,824.00	111,791.20
Tangshan Port Hede Shipping Co., Ltd. (唐山港合德海運有限公司)	1,057,549.20	52,877.46	291,094.00	14,554.70
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	431,523.29	21,576.16	381,111.07	19,055.55
Tanggang Railway Co., Ltd. (唐港鐵路有限責任公司)	237,344.55	11,867.23	519,674.73	25,983.73
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	143,536.12	7,176.81	170,733.00	8,536.65
China Ocean Shipping Agency Qinhuangdao Co., Ltd.	61,460.00	61,460.00	61,460.00	61,460.00
Qinhuangdao Oriental Petroleum Co., Ltd.	19,500.00	1,950.00	19,500.00	975.00
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	-	-	686,709.00	34,335.45
Huanghua Foreign Ships Agency Co., Ltd.	-	-	169,889.00	8,494.45
Sub-total	16,694,050.16	3,925,423.31	10,574,423.80	3,618,466.98
Total	20,352,619.53	4,124,976.23	13,839,514.48	3,786,211.22

NOTES TO FINANCIAL STATEMENTS

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(2) Other receivables

	2023		2022	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<u>Due from the parent company</u>				
HPG	-	-	100,000.00	5,000.00
<u>Due from joint ventures and associates</u>				
Jinji International Container Terminal Co., Ltd.	19,590,176.56	8,664,923.41	16,366,587.83	3,139,859.98
Bohai Jin-Ji Port Investment and Development Company Limited	10,712,597.91	10,712,597.91	21,425,195.83	21,425,195.83
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	627,500.00	31,375.00	672,900.31	33,645.02
Sub-total	30,930,274.47	19,408,896.32	38,464,683.97	24,598,700.83
<u>Due from other related parties</u>				
Han Huang Railway Co., Ltd.	4,594,300.00	4,594,300.00	4,594,300.00	4,594,300.00
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	310,000.00	41,000.00	310,000.00	18,000.00
Hebei Port Group Port Engineering Limited	178,182.04	8,909.10	395,137.30	19,756.87
Hebei Port Group Port Machinery Limited	54,620.11	2,731.01	-	-
Tangshan Port Group Co., Ltd. (唐山港集團股份有限公司)	50,000.00	2,500.00	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驛港鋼鐵物流有限公司)	20,000.00	1,000.00	-	-
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	20,000.00	6,000.00	20,000.00	2,000.00
Tangshan Caofeidian Ore Storage and Transportation Co., Ltd. (唐山曹妃甸礦石儲運有限公司)	9,331.50	-	-	-
Sub-total	5,236,433.65	4,656,440.11	5,319,437.30	4,634,056.87
Total	36,166,708.12	24,065,336.43	43,884,121.27	29,237,757.70

NOTES TO FINANCIAL STATEMENTS

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(3) Prepayments

	2023		2022	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<u>Advances to parent company</u>				
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)	397,067.38	-	364,621.60	-
<u>Advances to other related parties</u>				
Hebei Port Group Port Engineering Limited	4,351,358.80	-	11,321,516.00	-
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	-	-	2,598.40	-
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	-	-	1,612.00	-
Sub-total	4,351,358.80	-	11,325,726.40	-
Total	4,748,426.18	-	11,690,348.00	-

(4) Dividend receivables

	2023	2022
<u>Due from associates</u>		
Tangshan Caofeidian Shiye Port Co., Ltd.	110,950,000.00	-

(5) Payables

	2023	2022
<u>Due to the parent company</u>		
HPG	4,442.00	459,905.00
<u>Due to other related parties</u>		
Hebei Port Group Port Engineering Limited	55,120,861.89	23,189,729.31
Hebei Port Group Port Machinery Limited	41,539,931.12	56,443,696.76
Hebei Port Group Testing Technology Co., Ltd.	9,110,824.17	10,403,345.22
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	1,503,792.27	352,202.10
Qinhuangdao Fangyu Property Services Management Co., Ltd.	409,900.26	827,477.00
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	7,448.80	-
Sub-total	107,692,758.51	91,216,450.39
Total	107,697,200.51	91,676,355.39

NOTES TO FINANCIAL STATEMENTS

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(6) Contract Liabilities

	2023	2022
<u>Advance from associates</u>		
Zhejiang Yuehua Energy Detection Co., Ltd.	50,862.47	30,862.47
<u>Advance from other related parties</u>		
Hebei Port Group International Logistics Co., Ltd.	12,048,121.77	5,997,448.07
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd.	892,557.15	1,599,520.15
Jinneng Holding Coal Industry Group Co., Ltd.	310,213.66	256,978.88
Penavico QHD Logistics Co., Ltd.	285,678.00	285,678.00
Qinhuangdao Oriental Petroleum Co., Ltd.	167,155.00	311,881.67
Qinhuangdao Zhihai Shipping Agency Co., Ltd.	75,072.00	-
SACF	30,059.00	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	3,738.00	-
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd.	2,827.00	2,827.00
Qinhuangdao Huibo Petroleum Co., Ltd.	1,892.00	230,000.00
Hebei Port Group Port Engineering Limited	1,605.50	-
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd.	1,021.00	6,737.00
Qinhuangdao Qinren Shipping Co., Ltd.	778.00	31,419.00
Huanghua Foreign Ships Agency Co., Ltd.	1.00	-
Qinhuangdao Jinyuan Shipping Agency Co., Ltd.	-	280,117.54
Sub-total	13,820,719.08	9,002,607.31
Total	13,871,581.55	9,033,469.78

NOTES TO FINANCIAL STATEMENTS

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XII. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(7) Other payables

	2023	2022
<u>Due to the parent company</u>		
HPG	–	3,170,776.60
<u>Due to associates</u>		
Tangshan Jingtang Railway Co., Ltd.	6,000,000.00	4,000,000.00
Zhejiang Yuehua Energy Detection Co., Ltd.	35,000.00	5,000.00
Sub-total	6,035,000.00	4,005,000.00
<u>Due to other related parties</u>		
Hebei Port Group Port Engineering Limited	114,261,380.46	60,658,480.73
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	4,253,083.15	2,712,363.10
Hebei Port Group Testing Technology Co., Ltd.	1,150,671.21	102,672.64
Qinhuangdao Fangyu Property Services Management Co., Ltd.	262,646.40	–
Qinhuangdao Kezheng Engineering Detection Co., Ltd.	174,060.37	6,857.97
Hebei Port Group Port Machinery Limited	136,950.00	20,000.00
Tangshan Caofeidian Steel Logistics Co., Ltd. (唐山曹妃甸鋼鐵物流有限公司)	67,332.80	–
HPG Real Estate Development Co., Ltd.	9,300.00	–
Hebei Port Group International Logistics Co., Ltd.	1,000.00	1,000.00
Huanghua Foreign Ships Agency Co., Ltd.	–	3,600.00
Sub-total	120,316,424.39	63,504,974.44
Total	126,351,424.39	70,680,751.04

(8) Lease liabilities (including those due within one year)

	2023	2022
<u>The parent company</u>		
HPG	19,205,532.95	35,106,616.57

(9) Short-term borrowings

	2023	2022
<u>Loans to associates</u>		
Hebei Port Group Finance Company Limited	400,000,000.00	160,000,000.00

(10) Long-term borrowings (including those due within one year)

	2023	2022
<u>Loans to associates</u>		
Hebei Port Group Finance Company Limited	1,086,500,000.00	458,600,000.00

Accounts due from and to related parties are non-interest bearing and unsecured except short-term borrowings and long-term borrowings.

NOTES TO FINANCIAL STATEMENTS

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XIII. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

	2023	2022
Investment commitments	1,111,914,300.00	1,145,304,100.00
Capital commitments	1,151,111,197.55	228,438,917.69
Total	2,263,025,497.55	1,373,743,017.69

As the lease commitment of the lessee, please refer to Note V.53.

2. Contingencies

Formation of Pending Litigations and Arbitrations of the Company

From August 2022 to December 2023, Shaanxi Blower (Group) Co., Ltd., China National Chemical Fiber Corp., Anhui Blazers Trade Co., Ltd., Jiangxi Copper International Trading Co., Ltd. and Ningbo ETDZ Holdings Ltd. have successively appealed to courts and designated the Company as co-defendants in respect of copper concentrate trade disputes with the related parties including Qinhuangdao Waidai Logistics Co., Ltd. ("Waidai Logistics") for import and export agency contract dispute, admiralty and maritime dispute, contract dispute or maritime tortious dispute. For more details, please refer to the Announcement on Litigations Involving the Company (Ann No. 2022-045) published by the Company on 30 December 2022. As of the date of approval of the financial statements, the total amount of litigations related to the above-mentioned copper concentrate case by the Company is approximately RMB1.780 billion, and the relevant cases are pending hearing in court.

In practical business, Waidai Logistics and the Company have entered into the Qinhuangdao Foreign Trade General Cargo Port Operation Contract and Qinhuangdao Domestic Trade General Cargo Port Operation Contract, the Company provides unloading and outbound services for the relevant cargoes based on the agreement in the aforesaid port operation contract and the instructions of Waidai Logistics, the operation trustor.

In light of the evidence collected by the Company and the professional opinions from the representing lawyer, the management of the Company considers that the Company has entered into port operation contract with Waidai Logistics only, and has no contractual relationship with any other parties. The Company carried out relevant port operation in strict accordance with the agreement in port operation contract with Waidai Logistics and carefully fulfilled contractual obligation without any violation. Based on contractual agreement and industry practice, the Company as the port operator has no obligation to verify the actual possession of the ownership of cargo nor has been committed to provide guarantee or assume any joint liability to the parties. As of 31 December 2023, the Company make no provision related to the aforesaid litigations.

Save for the aforesaid contingencies, the Company has no other significant guarantee or other contingencies required to be explained as at 31 December 2023.

XIV. EVENTS AFTER THE BALANCE SHEET DATE

Dividends declared

Pursuant to the Resolution on 2023 Profit Distribution deliberated at the 18th meeting of the five session of the Board of the Company held on 28 March 2024, the Company proposed to pay a cash dividend totaling RMB463,755,196.00 to all the shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.83 per 10 shares (tax inclusive). Such proposal is pending approval at the general meeting of the Company.

XV. OTHER IMPORTANT ITEMS

1. Segment Reporting

Operating segments

The Group is primarily engaged in provision of integrated port services for customers. The Management manages the operating results of its business units as a whole for the purpose of making decisions on resources allocation and performance assessment.

Other information

Information about products and services

For the revenue classified by services category, please refer to 36 of Note V.

Geographical information

100% of the Group's operations and customers are located in Mainland China; 100% of its revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

Information about major customers

Operating revenue (revenue generated that reached or exceeded 10% of the Group's revenue) of RMB735,162,514.12 (2022: RMB891,205,908.43) was attributed to the Group's revenue from a single customer.

2. Remunerations of Directors, Supervisors and Senior Management

	2023	2022
Fees	400,000.00	350,000.00
Other emoluments:		
Salaries and allowances	7,574,633.87	7,707,988.35
Pension scheme contributions	696,298.77	713,414.71
Subtotal	8,270,932.64	8,421,403.06
Total	8,670,932.64	8,771,403.06

(1) Independent non-executive Directors

The fees paid to independent non-executive Directors during the year were as follows:

	2023	2022
CHEN Ruihua	100,000.00	100,000.00
XIAO Zuhe	100,000.00	100,000.00
ZANG Xiuqing	100,000.00	50,000.00
ZHAO Jinguang	100,000.00	50,000.00
ZANG Xiuqing	-	50,000.00
Total	400,000.00	350,000.00

There were no other remunerations payable to the independent non-executive Directors during the year (2022: nil).

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XV. OTHER IMPORTANT ITEMS (CONTINUED)

2. Remunerations of Directors, Supervisors and Senior Management (Continued)

(2) Executive Directors, non-executive Directors and Supervisors

	2023	2022
Salaries and allowances		
Executive Directors		
NIE Yuzhong*	998,114.64	–
ZHANG Xiaoqiang**	993,989.82	–
GAO Feng***	776,468.20	–
MA Xiping***	84,275.51	933,487.38
YANG Wensheng	–	894,397.30
Subtotal	2,852,848.17	1,827,884.68
Non-executive Directors		
XIAO Xiang	–	–
LI Yingxu	–	–
Subtotal	–	–
Supervisors		
PEI Baowen****	553,861.14	–
LI Yufeng*****	550,864.44	–
ZHENG Guoqiang*****	–	–
QU Ying*****	–	–
YANG Jun****	–	713,269.10
ZHOU Chengtao*****	–	603,255.54
CHEN Linyan	–	57,354.66
BIAN Yingzi	–	–
Subtotal	1,104,725.58	1,373,879.30
Total	3,957,573.75	3,201,763.98

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XV. OTHER IMPORTANT ITEMS (CONTINUED)

2. Remunerations of Directors, Supervisors and Senior Management (Continued)

(2) Executive Directors, non-executive Directors and Supervisors (Continued)

	2023	2022
Pension scheme contributions		
Executive Directors		
NIE Yuzhong*	88,183.04	-
ZHANG Xiaoqiang**	80,861.57	-
GAO Feng***	68,679.30	-
MA Xiping***	7,118.75	81,731.30
YANG Wensheng	-	81,731.30
Subtotal	244,842.66	163,462.60
Non-executive Directors		
XIAO Xiang	-	-
LI Yingxu	-	-
Subtotal	-	-
Supervisors		
PEI Baowen****	56,827.35	-
LI Yufeng*****	55,380.33	-
ZHENG Guoqiang*****	-	-
QU Ying*****	-	-
YANG Jun****	-	71,468.43
ZHOU Chengtao*****	-	72,269.04
CHEN Linyan	-	6,636.80
BIAN Yingzi	-	-
Subtotal	112,207.68	150,374.27
Total	357,050.34	313,836.87

* NIE Yuzhong was appointed as an executive Director and the President and resigned as Vice President in February 2023.

** ZHANG Xiaoqiang was appointed as an executive Director and the Chairman in February 2023.

*** GAO Feng was appointed as an executive Director and the Secretary to the Board in April 2023, MA Xiping resigned as executive Director and the Secretary to the Board in February 2023.

**** PEI Baowen was appointed as an Employee Representative Supervisor in March 2023, Yang Jun resigned as an Employee Representative Supervisor in March 2023.

***** LI Yufeng was appointed as an Employee Representative Supervisor in March 2023, ZHOU Chengtao resigned as an Employee Representative Supervisor in March 2023.

***** ZHENG Guoqiang was appointed as the chairman of the Supervisory Committee in April 2023.

***** QU Ying was appointed as a Supervisor in April 2023.

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XV. OTHER IMPORTANT ITEMS (CONTINUED)

2. Remunerations of Directors, Supervisors and Senior Management (Continued)

(3) Senior Management

	2023	2022
Salaries and allowances		
XIA Zhixin	985,056.00	949,303.18
YANG Xuejun	942,285.78	978,696.10
BU Zhouqing*	809,044.98	–
HU Zhaohui**	782,508.66	–
CAO Dong*	64,023.78	734,885.50
CHEN Lixin**	34,140.92	909,852.18
NIE Yuzhong	–	933,487.41
Total	3,617,060.12	4,506,224.37

	2023	2022
Pension scheme contributions		
XIA Zhixin	88,183.04	80,642.28
YANG Xuejun	88,183.04	81,731.30
BU Zhouqing*	73,537.50	–
HU Zhaohui**	67,986.00	–
CAO Dong*	14,240.10	74,962.44
CHEN Lixin**	7,118.75	80,510.52
NIE Yuzhong	–	81,731.30
Total	339,248.43	399,577.84

* BU Zhouqing resigned as a Supervisor and was appointed as Chief Financial Officer in March 2023, CAO Dong resigned as Chief Financial Officer in March 2023.

** HU Zhaohui was appointed as Vice President in March 2023, Chen Lixin resigned as Vice President in February 2023.

There was no agreement under which a Director, Supervisor or Senior Management waived or agreed to waive any remuneration during the year (2022: Nil).

3. Five Highest Paid Senior Management

The five highest paid employees during the year included two Director (2022: one), details of whose remuneration are set out in 2. Remunerations of Directors, Supervisors and Senior Management of Note XV. Details of remunerations of the remaining three non-directors and non-supervisor employees (2022: four) during the year are as follows:

	2023	2022
Salaries and allowances	2,736,386.76	3,771,338.87
Pension scheme contributions	249,903.58	324,615.40
Total	2,986,290.34	4,095,954.27

The number of non-directors and non-supervisor employees whose remunerations fell within the following bands is as follows:

	2023	2022
Nil to RMB1,000,000	2	1
RMB1,000,000 to RMB1,500,000	1	3

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XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

An ageing analysis of the accounts receivable is as follows:

	2023	2022
Within 1 year	27,644,396.95	31,164,170.77
1 to 2 years	3,100,779.00	4,121,575.23
2 to 3 years	1,924.00	9,728.80
3 to 4 years	-	-
4 to 5 years	-	-
Over 5 years	913,672.63	933,960.63
	31,660,772.58	36,229,435.43
Less: Provision for bad debts of accounts receivable	5,057,616.58	5,494,484.83
Total	26,603,156.00	30,734,950.60

	2023				Book Value
	Carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on individual basis	2,723,410.00	9	2,723,410.00	100	-
Provision for bad debts on credit risk characteristic group basis	28,937,362.58	91	2,334,206.58	8	26,603,156.00
Total	31,660,772.58	100	5,057,616.58		26,603,156.00

	2022				Book Value
	Carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on individual basis	2,723,410.00	8	2,723,410.00	100	-
Provision for bad debts on credit risk characteristic group basis	33,506,025.43	92	2,771,074.83	8	30,734,950.60
Total	36,229,435.43	100	5,494,484.83		30,734,950.60

Accounts receivable which are subject to provision for bad debts on individual basis are as follows:

	2023				2022	
	Carrying amount	Provision for bad debts	Percentage for provision (%)	Reason for provision	Carrying amount	Provision for bad debts
China Ocean Shipping Agency Qinhuangdao Co., Ltd.	61,460.00	61,460.00	100	The debtor involved in litigation	61,460.00	61,460.00
Penavico QHD Logistics Co., Ltd.	2,661,950.00	2,661,950.00	100	The debtor involved in litigation	2,661,950.00	2,661,950.00
Total	2,723,410.00	2,723,410.00			2,723,410.00	2,723,410.00

NOTES TO FINANCIAL STATEMENTS

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XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

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

	Carrying amount	Provision for impairment	Percentage for provision (%)
Within 1 year	27,644,396.95	1,382,219.85	5
1 to 2 years	377,369.00	37,736.90	10
2 to 3 years	1,924.00	577.20	30
Over 3 years	913,672.63	913,672.63	100
Total	28,937,362.58	2,334,206.58	

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

	Opening balance in the year	Provision in the current year	Recovery or reversal in the current year	Write-off in the current year	Closing balance in the year
Provision for bad debts on individual basis	2,723,410.00	-	-	-	2,723,410.00
Provision for bad debts on aging group basis	2,771,074.83	466,992.05	(846,574.91)	(57,285.39)	2,334,206.58
Total	5,494,484.83	466,992.05	(846,574.91)	(57,285.39)	5,057,616.58

In 2023, the Group's accounts receivable of RMB57,285.39 were written off.

As at 31 December 2023, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	10,870,079.35	34.33	543,503.97	5
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	4,900,354.00	15.48	245,017.70	5
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	3,617,751.37	11.43	195,086.32	5
CNOOC Energy Technology & Services Limited (中海油能源發展股份有限公司)	2,816,042.00	8.89	140,802.09	5
Penavico QHD Logistics Co., Ltd.	2,661,950.00	8.41	2,661,950.00	100
Total	24,866,176.72	78.54	3,786,360.08	15

NOTES TO FINANCIAL STATEMENTS

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XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments

	Opening balance	Additional investment	Decrease in investment	Closing balance	Distribution of dividend
Subsidiaries					
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	12,085,383.72	-	-	12,085,383.72	-
Qinhuangdao Xin'gangwan Container Terminal Co. Ltd (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	219,521,347.15	-
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	918,000,000.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	5,213,212,300.00	-	-	5,213,212,300.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	78,000,000.00	-	-	78,000,000.00	-
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	49,500,000.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	-	-	56,000,000.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	40,115,000.00	-	-	40,115,000.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	50,000,000.00	-	-	50,000,000.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	5,000,000.00	-	-	5,000,000.00	-
Hebei Caofeidian Jigang General Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	118,000,000.00	-	-	118,000,000.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	9,915,228.64	-	-	9,915,228.64	-
Qinhuangdao Port Xinyi Co., Ltd.(秦皇島港新益港務有限公司)	-	60,000,000.00	-	60,000,000.00	-
Subtotal	6,769,349,259.51	60,000,000.00	-	6,829,349,259.51	-

NOTES TO FINANCIAL STATEMENTS

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XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

Equity method	Opening balance	Additional investment	Decrease in investment	Investment gain or loss under the equity method	Change within the year				Closing carrying value	Including: Year-end provision for impairment
					Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend		
Joint ventures										
Botai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	98,610,616.82	-	-	(52,213,383.31)	-	(18,381.82)	-	-	46,378,851.69	(81,850,806.99)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	19,977,871.98	-	-	(11,542,538.62)	-	(4,084.85)	-	-	8,431,228.51	(18,119,045.54)
Subtotal	118,588,488.80	-	-	(63,755,941.93)	-	(22,466.67)	-	-	54,810,080.20	(99,969,852.53)
Associates										
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	712,851,197.75	-	-	17,879,051.45	-	-	(15,200,000.00)	-	715,530,249.20	-
Tangshan Caofeidian Shiyue Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,958,458,916.52	-	-	329,532,102.94	48,735,206.87	1,939,225.84	(110,950,000.00)	-	2,227,715,452.17	-
Qinhuangdao Xingao Qirang Energy Storage & Transportation Co., Ltd. (秦皇島興濤港務能源運輸有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	280,000,000.00	-	-	-	-	-	-	280,000,000.00	-	-
Gangzhou Ocean Shipping Tally Co., Ltd. (廣州中外輪理貨有限公司)	3,543,958.08	-	-	444,824.77	-	-	-	3,988,482.85	-	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江遠華能源檢測有限公司)	12,396,342.13	-	-	672,965.33	-	-	(689,473.92)	12,369,833.54	-	-
Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉里(秦皇島)糧油工業有限公司)	114,962,410.62	-	-	673,657.90	-	-	-	115,636,068.52	-	-
Subtotal	3,082,212,825.10	-	-	349,202,302.39	48,735,206.87	1,939,225.84	(125,849,473.92)	3,355,240,086.28	(20,800,000.00)	-
Total	9,970,150,573.41	60,000,000.00	-	285,446,360.46	48,735,206.87	1,916,759.17	(125,849,473.92)	10,239,399,425.99	(120,769,852.53)	-

NOTES TO FINANCIAL STATEMENTS

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XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

Provision for impairment of long-term equity investments

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

3. Other Equity Instruments Investments

	2023	2022
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	790,933,937.65	864,910,190.24
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島睿港煤炭物流有限公司)	16,832,918.41	16,928,570.67
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	36,944,606.14	33,871,159.10
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	17,746,601.72	19,446,619.99
Total	862,458,063.92	935,156,540.00

NOTES TO FINANCIAL STATEMENTS

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XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating Revenue and Cost

	2023	2022
Revenue from the principal operations	4,222,124,285.54	4,227,245,099.85
Cost of the principal operations	2,420,927,106.56	2,316,584,936.78

Breakdown of operating revenue is as follows:

	2023	2022
Types of service		
Service in relation to coal and relevant products	3,945,539,669.04	3,915,618,516.65
Service in relation to general and other cargoes	157,851,353.70	165,807,110.62
Service in relation to liquefied cargoes	43,608,962.15	45,951,734.67
Service in relation to metal ore and relevant products	194,028.30	31,420,764.18
Others	74,930,272.35	68,446,973.73
Total	4,222,124,285.54	4,227,245,099.85
Operating area		
Qinhuangdao	4,222,124,285.54	4,227,245,099.85

Breakdown of operating cost is as follows:

	2023
Types of service	
Service in relation to coal and relevant products	2,038,018,910.13
Service in relation to general and other cargoes	271,339,484.06
Service in relation to liquefied cargoes	56,968,752.81
Service in relation to metal ore and relevant products	303,624.28
Other	54,296,335.28
Total	2,420,927,106.56
Operating area	
Qinhuangdao	2,420,927,106.56

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

The revenue recognized by the Company in 2023 included in the book value of the contract liabilities at the beginning of the year was RMB339,075,851.61 (2022: RMB492,278,206.33).

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

	2023	2022
Within 1 year	365,429,232.20	351,074,848.06
Above one year	-	21,269,293.79
Total	365,429,232.20	372,344,141.85

5. Investment Income

	2023	2022
Dividend income on other equity instruments investments held	36,000,000.00	-
Income from long-term equity investments under equity method	285,446,360.46	215,848,823.89
Total	321,446,360.46	215,848,823.89

1. SCHEDULE OF EXTRAORDINARY PROFIT AND LOSS

	Amount
Gain on disposal of non-current assets	14,848,956.45
Government grants credited to profit or loss for the current period (Note)	46,961,145.50
Donation expenses	(696,000.00)
Other non-operating income and expenses other than above	408,850.51
Subtotal	61,522,952.46
Less: Effect of income tax	15,375,539.37
Less: Effect of non-controlling interests (after tax)	1,471,539.08
Total	44,675,874.01

Note: Among the government grants credited to profit or loss for the current period, the special environmental subsidies amounted to RMB14,192,571.85, the Intelligent stacking yard operation transformation subsidies amounted to RMB1,086,327.88, the lifting fee subsidies amounted to RMB1,066,037.73, the container subsidies amounted to RMB425,830.19 and the refund of withholding personal income tax amounted to RMB372,706.57 as they were closely related to the business and received in accordance with the uniform state's regulations and thus recognized as recurring gains and losses.

The Group recognizes non-recurring profit and loss according to Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Their Securities to the Public – Non-recurring Profit and Loss (CSRC Announcement [2023] No. 65).

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted Average Return on Net Assets (%)	Earnings Per Share	
		Basic	Diluted
Net profit for the year attributable to ordinary shareholders of the Company	8.57	0.27	0.27
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	8.32	0.27	0.27

DOCUMENTS AVAILABLE FOR INSPECTION

Documents Available for Inspection	Financial statements signed and affixed with the seal by the responsible person, person in charge of accounting and head of the accounting department of the Company
	Originals of the Audit Report affixed with the seal by certified public accountants firm and signed and affixed with the seal by certified public accountants
	Originals of all documents and manuscripts of announcements publicly disclosed by the Company in website designated by the CSRC during the Reporting Period
