



山东港口
SHANDONG PORT GROUP

青岛港国际股份有限公司
QINGDAO PORT INTERNATIONAL CO., LTD.

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

Stock Code: 06198.HK 601298.SH

2023

★
ANNUAL REPORT



CONTENTS

2	DEFINITIONS
12	CORPORATE INFORMATION
14	COMPANY PROFILE
18	2023 MAJOR EVENTS
23	FINANCIAL HIGHLIGHTS
25	CHAIRMAN'S STATEMENT
27	MANAGEMENT DISCUSSION AND ANALYSIS
56	DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
65	DIRECTORS' REPORT
82	SUPERVISORS' REPORT
86	CORPORATE GOVERNANCE REPORT
105	AUDITOR'S REPORT
110	CONSOLIDATED AND COMPANY BALANCE SHEET
114	CONSOLIDATED AND COMPANY INCOME STATEMENT
117	CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
121	CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
123	COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
125	NOTES TO THE FINANCIAL STATEMENTS

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings:

“2023 AGM”	the 2023 annual general meeting of the Company to be held on 6 June 2024
“2023 COSCO SHIPPING Goods and Services Agreement”	the goods and services framework agreement dated 28 October 2022 entered into between the Company and COSCO SHIPPING Group in relation to (i) the sales of goods and services by the Group to COSCO SHIPPING Group and its subsidiaries; (ii) the purchase of goods and services by the Group from COSCO SHIPPING Group and its subsidiaries; and (iii) the provision of asset lease services by the Group to COSCO SHIPPING Group and its subsidiaries
“2023 SDP Financial Services Agreement”	the financial services framework agreement dated 28 October 2022 entered into between the Company and Shandong Port Group in relation to the provision of financial services by Shandong Port Group to the Group
“2023 SDP Goods and Services Agreement”	the goods and services framework agreement dated 28 October 2022 entered into between the Company and Shandong Port Group in relation to (i) the purchase of goods and services by the Group from Shandong Port Group; (ii) the sales of goods and services by the Group to Shandong Port Group; (iii) the provision of asset lease services by Shandong Port Group to the Group; and (iv) the provision of asset lease services by the Group to Shandong Port Group
“2024 COSCO SHIPPING Group Goods and Services Agreement”	the goods and services framework agreement dated 27 October 2023 entered into between the Company and COSCO SHIPPING Group in relation to (i) the sales of goods and services by the Group to COSCO SHIPPING Group and the relevant connected subsidiaries; (ii) the purchase of goods and services by the Group from COSCO SHIPPING Group and the relevant connected subsidiaries; and (iii) the provision of asset lease services by the Group to COSCO SHIPPING Group and the relevant connected subsidiaries
“2024 SDP Financial Services Agreement”	the financial services framework agreement dated 27 October 2023 entered into between the Company and Shandong Port Group in relation to the provision of financial services by Shandong Port Group to the Group
“2024 SDP Goods and Services Agreement”	the goods and services framework agreement dated 27 October 2023 entered into between the Company and Shandong Port Group in relation to (i) the purchase of goods and services by the Group from Shandong Port Group; (ii) the sales of goods and services by the Group to Shandong Port Group; (iii) the provision of asset lease services by Shandong Port Group to the Group; and (iv) the provision of asset lease services by the Group to Shandong Port Group
“A share(s)”	share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the main board of Shanghai Stock Exchange (stock code: 601298) and traded in RMB

“A Share Offering”	the Company’s public offering 454,376,000 A shares, which are listed on the main board of Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Asset Purchase Agreement I”	the asset purchase agreement entered into between the Company and Rizhao Port Group dated 30 June 2023 in relation to the proposed acquisition of Target Asset I by issuance of Consideration Shares and cash payments by the Company
“Asset Purchase Agreement II”	the asset purchase agreement entered into between the Company and Yantai Port Group dated 30 June 2023 in relation to the proposed acquisition of Target Asset II by issuance of Consideration Shares and cash payments by the Company
“Audit Committee”	the board audit committee of the Company
“Board”	the board of directors of the Company
“CFS”	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refer to the location designated by carriers for de-vanning of containerized cargo
“Commonly Held Entities”	having the meaning ascribed to it in the Hong Kong Listing Rules
“Company” or “Qingdao Port”	Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013
“Consideration Shares”	new A shares to be issued by the Company to Rizhao Port Group and Yantai Port Group (as the case maybe) under the Asset Purchase Agreement I and the Asset Purchase Agreement II as part of the total consideration of Target Assets
“Consolidated Group Companies”	the subsidiaries of the Company (including its branches) which are consolidated into the consolidated financial statements of the Company
“Container Development Company”	Qingdao Port International Container Development Co., Ltd.* (青島港國際集裝箱發展有限公司), a company established in the PRC with limited liability on 21 January 2022 and a wholly-owned subsidiary of the Company, which is mainly engaged in the market development service and comprehensive customer service of container business
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules

DEFINITIONS

“COSCO Container Lines”	COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司, formerly known as COSCO Container Lines Co., Ltd.* (中遠集裝箱運輸有限公司)), a company established in the PRC with limited liability on 11 November 1997 and a wholly-owned subsidiary of COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司)
“COSCO SHIPPING Group”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), a company established in the PRC with limited liability on 5 February 2016 and the ultimate controlling shareholder of COSCO SHIPPING Ports and Shanghai China Shipping Terminal, indirectly holding approximately 21% equity interests in the Company as of 31 December 2023, which is a substantial shareholder and a connected person of the Company, when references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by COSCO SHIPPING Group and the Commonly Held Entities of COSCO SHIPPING Group (if applicable)
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited* (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the main board of the Hong Kong Stock Exchange (Stock Code: 01199), indirectly holding approximately 20% equity interests in the Company as of 31 December 2023, which is a substantial shareholder and a connected person of the Company
“Dagang Branch”	Dagang Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司大港分公司), a branch of the Company, which is mainly engaged in the business of domestic container, break bulk cargo, grains and other cargo handling and ancillary services
“Director(s)”	the director(s) of the Company
“Distributable Profit”	calculated by net profit attributable to shareholders of the Company in the scope of the consolidated financial statements prepared in the PRC Accounting Standards for Business Enterprise, deducting recovery of accumulated losses, appropriation to statutory surplus reserve and other necessary reserve by the parent company and subsidiaries as well as the impact of the appraisal value-added amount of the asset invested in the Company by Qingdao Port Group, the promoter at the establishment of the Company, on net profit for the year, etc.
“Dongjiakou Branch”	Dongjiakou Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司董家口分公司), a branch of the Company, which is mainly engaged in the business of break bulk cargo handling and ancillary services
“Dongjiakou General Terminal”	Qingdao Port Dongjiakou General Terminal Co., Ltd.* (青島港董家口通用碼頭有限公司), a company established in the PRC with limited liability on 8 December 2015 and a subsidiary in which the Company holds 80% equity interests, which is mainly engaged in the stevedoring of break bulk cargo and ancillary services business

“Dongjiakou Oil”	Qingdao Port Haiye Dongjiakou Oil Co., Ltd.* (青島港海業董家口油品有限公司), a company established in the PRC with limited liability on 23 May 2011 and a subsidiary in which the Company holds 70% equity interests, which is mainly engaged in the business of terminal stevedoring and warehousing services of liquid bulk
“Gangjian Branch”	Gangjian Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司港建分公司), a branch of the Company, which was mainly engaged in port engineering construction management and other businesses, was deregistered on 14 August 2023
“Global Offering”	the Hong Kong Public Offering and the International Offering (as defined in the Prospectus) conducted by the Company in May 2014 subject to and in accordance with the terms and conditions set out in the Prospectus and the related application forms
“Group”	the Company and its branches and subsidiaries, when references are made to operational data such as throughput, including joint ventures and associates of the Company
“H share(s)”	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange (stock code: 06198) and are traded in HKD
“H Share(s) Placing”	the Company issued the 243,000,000 H shares by way of placing and has been listed on the main board of the Hong Kong Stock Exchange
“Haiwan Liquid Chemical”	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd.* (青島海灣液體化工港務有限公司), a company established in the PRC with limited liability on 26 August 2011 and a joint venture in which the Company holds 35% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hongxing Logistics”	Qingdao Hongxing Logistics Industry Co., Ltd.* (青島紅星物流實業有限責任公司), a company established in the PRC with limited liability on 10 March 2004 and a subsidiary in which the Company holds 90% equity interests, which is mainly engaged in the business of stevedoring and warehousing services of liquid chemicals

DEFINITIONS

“Huaneng Qingdao”	Huaneng Qingdao Port Operation Co., Ltd.* (華能青島港務有限公司), a company established in the PRC with limited liability on 30 March 2006 and a joint venture in which the Company holds 49% equity interests, which is mainly engaged in the business of handling and ancillary services of dry bulk cargo and break bulk cargo
“Land-Sea Logistics Group”	Shandong Port Land-Sea International Logistics Group Co., Ltd.* (山東港口陸海國際物流集團有限公司), a company established in the PRC with limited liability on 27 December 2019 and a wholly-owned subsidiary of the Shandong Port Group, which is mainly engaged in domestic and international freight forwarding, road transportation, import and export agency, bonded logistics center operation and international shipping agency
“Mercuria Logistics”	Qingdao Haiye Mercuria Logistics Co., Ltd.* (青島海業摩科瑞物流有限公司), a company established in the PRC with limited liability on 23 May 2011 and a subsidiary in which the Company holds 62.07% equity interests, which is mainly engaged in the business of freight forwarding, importing and exporting cargo warehousing, transshipment and distribution, construction of warehousing and logistics facilities, etc.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“Nomination Committee”	the board nomination committee of the Company
“OBOR”	“the Silk Road Economic Belt” and “21st Century Maritime Silk Road”
“Ocean Bridge International”	Ocean Bridge International Ports Management Co., Ltd.* (海路國際港口運營管理有限公司), a joint stock company established in Hong Kong on 16 March 2018 and a joint venture in which the Company holds 49% equity interests, which is mainly engaged in investment and management of foreign projects and other businesses
“Oil Port Company”	Qingdao Port International Oil Port Co., Ltd.* (青島港國際油港有限公司), a company established in the PRC with limited liability on 28 June 2020 and a wholly-owned subsidiary of the Company, which is mainly engaged in crude oil warehousing, whole-process logistics of liquid bulk cargo and other businesses
“PRC” or “China”	the People’s Republic of China, and for the purpose of this report, excluding Hong Kong, Macau and Taiwan
“Prospectus”	the listing document of the Company in relation to the Global Offering dated 26 May 2014
“Proposed Restructuring”	the proposed purchase of the Target Assets by the Company by way of issuance of Consideration Shares and cash payments under the Asset Purchase Agreement I and the Asset Purchase Agreement II

“QDOT”	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.* (青島港董家口礦石碼頭有限公司), a company established in the PRC with limited liability on 9 January 2014 and a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services
“Qiangang Branch”	Qiangang Branch of Qingdao Port International Co., Ltd.* (青島港國際股份有限公司前港分公司), a branch of the Company, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services
“Qingdao Orient”	Qingdao Orient International Container Storage & Transportation Co., Ltd.* (青島東港國際集裝箱儲運有限公司), a company established in the PRC with limited liability on 18 November 1997 and a joint venture in which the Company holds 45% equity interests, which is mainly engaged in the business of warehousing, transshipment, transportation of the container etc.
“Qingdao OST”	Qingdao Ocean Shipping Tally Co., Ltd.* (青島外輪理貨有限公司), a company established in the PRC with limited liability on 13 September 2008 and a subsidiary in which the Company holds 84% equity interests, which is mainly engaged in the business of tallying services, when references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by Qingdao OST and the Commonly Held Entities of Qingdao OST (if applicable)
“Qingdao Port Engineering”	Qingdao Port (Group) Engineering Co., Ltd.* (青島港(集團)港務工程有限公司), a company established in the PRC with limited liability on 13 May 1992 and an associate in which the Company holds 49% equity interests, which is mainly engaged in the business of construction engineering, architectural decoration, and engineering design services, and other business
“Qingdao Port Equipment”	Qingdao Port Equipment Manufacturing Co., Ltd.* (青島港口裝備製造有限公司), a company established in PRC with limited liability on 16 November 2020 and an associate in which the Company holds 49% equity interests, which is mainly engaged in the business of port equipment manufacturing, engineering construction, maintenance and repair and other business
“Qingdao Port Group”	Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司), a company established in the PRC with limited liability on 12 August 1988 and the controlling shareholder of the Company, holding approximately 55.77% equity interests in the Company as of 31 December 2023. When references are made to connected transactions, also including its subsidiaries, joint ventures with 30% and more equity interests held by Qingdao Port Group and the Commonly Held Entities of Qingdao Port Group (if applicable)

DEFINITIONS

“Qingdao Port Logistics”	Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司), a company established in the PRC with limited liability on 2 February 2004 and a wholly-owned subsidiary of the Company, which is mainly engaged in the business of logistics and port value-added services, such as business of transportation, agency and warehousing services
“Qingdao Shihua”	Qingdao Shihua Crude Oil Terminal Co., Ltd.* (青島實華原油碼頭有限公司), a company established in the PRC with limited liability on 23 February 2006 and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“QQCT”	Qingdao Qianwan Container Terminal Co., Ltd.* (青島前灣集裝箱碼頭有限責任公司), a company established in the PRC with limited liability on 17 May 2000 and a joint venture in which the Company holds 51% equity interests, which is mainly engaged in the business of container handling and ancillary services
“QQCTN”	Qingdao Qianwan New Container Terminal Co., Ltd.* (青島新前灣集裝箱碼頭有限責任公司), a company established in the PRC with limited liability on 6 February 2009 and a subsidiary in which QQCT holds 95.32% equity interests, which is mainly engaged in the business of container handling and ancillary services at the fully automated container terminals
“QQCTU”	Qingdao Qianwan United Container Terminal Co., Ltd.* (青島前灣聯合集裝箱碼頭有限責任公司), a company established in the PRC with limited liability on 28 December 2009 and a joint venture in which QQCTN holds 50% equity interests, which is mainly engaged in the business of container handling and ancillary services
“RCEP”	Regional Comprehensive Economic Partnership
“Remuneration Committee”	the board remuneration committee of the Company
“Rizhao Port Group”	Shandong Port Rizhao Port Group Co., Ltd.* (山東港口日照港集團有限公司), a company established in the PRC with limited liability on 24 February 2004 and a wholly-owned subsidiary of Shandong Port Group, which is mainly engaged in the business of port operation, port industry investment, port infrastructure construction, port and shipping ancillary services, logistics services and other businesses
“RMB”	Renminbi, the lawful currency of the PRC
“RZP”	Rizhao Port Co., Ltd.* (日照港股份有限公司), a joint stock company established in the PRC with limited liability on 15 July 2002, A shares of which are listed on the main board of the Shanghai Stock Exchange (Stock Code: 600017), which is mainly engaged in bulk cargo handling, storage and transshipment business

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Free Trade Zone”	China (Shandong) Pilot Free Trade Zone
“Shandong Port Finance Company”	Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司), a company established in the PRC with limited liability on 22 July 2014 and an associate in which the Company holds 34.63% equity interests, which is mainly engaged in the business of the depository services, credit granting services, financial and financing advisory services, credit assurance services and relevant consulting and agency services, trade receivables collection and payment services; internal fund transfer and settlement services formulation of proposals for the corresponding settlement and clearing services and other financial services
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company with limited liability established on 2 August 2019 in the PRC, holding 100% equity interests in Qingdao Port Group, and an indirect controlling shareholder of the Company, with Shandong SASAC as the actual controller. When references are made to connected transactions, also including its subsidiaries and associates (if applicable)
“Shandong Port Lianhua”	Shandong Port Lianhua Pipeline Petroleum Transportation Co., Ltd.* (山東港聯化管道石油輸送有限公司), a company established in the PRC with limited liability on 9 December 2015 and a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
“Shandong Port Technology Qingdao Company”	Shandong Port Technology Group Qingdao Co., Ltd.* (山東港口科技集團青島有限公司), a company established in the PRC with limited liability on 15 December 2014 and an associate in which the Company holds 49% equity interests, which is mainly engaged in computer software and hardware development, computer system integration, multimedia technology design and production, computer graphics and animation design, computer engineering and other related businesses
“Shandong SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shandong Province* (山東省人民政府國有資產監督管理委員會), the actual controller of the Company
“Shanghai China Shipping Terminal”	Shanghai China Shipping Terminal Development Co., Ltd.* (上海中海碼頭發展有限公司), a company established in the PRC with limited liability on 18 February 2008 and a wholly-owned subsidiary of China Shipping Terminal Development Co., Ltd.* (中海碼頭發展有限公司), holding approximately 15.64% equity interests in the Company as of 31 December 2023
“Shanghai Cooperation Demonstration Zone”	China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone

DEFINITIONS

“Shanghai Panasia”	Shanghai Panasia Shipping Co., Ltd.* (上海泛亞航運有限公司), a company established in the PRC with limited liability on 28 April 1993 and a subsidiary that COSCO Container Lines holds 62% equity interests
“Shichang Logistics Equity Transfer Agreement”	the equity transfer agreement dated 25 August 2023 entered into between Qingdao Port Logistics and Weihai Shichang Logistics Co., Ltd.* (威海世昌物流有限公司), pursuant to which, Qingdao Port Logistics agreed to acquire 10% equity interests in Weihai Gangfeng Vessel Agency Co., Ltd.* (威海港豐船舶代理有限公司) held by Weihai Shichang Logistics Co., Ltd. by cash
“Strategy and Development Committee”	the board strategy and development committee of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Target Assets”	Target Asset I and Target Asset II
“Target Asset I”	100% equity interests in Rizhao Port Oil Terminal Co., Ltd.* (日照港油品碼頭有限公司), 50.00% equity interests in Rizhao Shihua Crude Oil Terminal Co., Ltd.* (日照實華原油碼頭有限公司) and 100% equity interests in Rizhao Gangrong Port Co., Ltd.* (日照港融港口服務有限公司) held by Rizhao Port Group
“Target Asset II”	67.56% equity interests in Yantai Port Co., Ltd.* (煙台港股份有限公司), 60.00% equity interests in Yantai Port Group Laizhou Port Co., Ltd.* (煙台港集團萊州港有限公司), 53.88% equity interests in Shandong United Energy Pipeline Transportation Co., Ltd.* (山東聯合能源管道輸送有限公司), 64.91% equity interests in Yantai Ganghang Investment Development Co., Ltd.* (煙台港航投資發展有限公司) and 100% equity interests in Yantai Port Operation Guarantee Co., Ltd.* (煙台港運營保障有限公司) held by Yantai Port Group
“TEU”	an abbreviation of Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of twenty feet, a width of eight feet and a height of eight feet and six inches, also known as the international unit of standard container
“Weihai Port”	Shandong Port Weihai Port Co., Ltd.* (山東港口威海港有限公司), a company established in the PRC with limited liability on 7 November 1997 and a wholly-owned subsidiary of Qingdao Port Group, which is mainly engaged in the handling of international express, passenger and vehicle, warehousing, transportation, agency services and other businesses

“Weihai Port Development Company”	Shandong Weihai Port Development Co., Ltd.* (山東威海港發展有限公司), a company established in the PRC with limited liability on 19 December 2001 and the Company and Weihai Port hold 51% equity interests and 49% equity interests of it, respectively, which is mainly engaged in the business of handling of containers and dry bulk cargo warehousing, road transportation, freight forwarding and other businesses
“Weihai Port Development Equity Transfer Agreements”	four equity transfer agreements dated 25 August 2023 entered into between Qingdao Port Logistics and Weihai Port Development Company, pursuant to which, Qingdao Port Logistics agreed to acquire 90% equity interests in Weihai Gangfeng Vessel Agency Co., Ltd. * (威海港豐船舶代理有限公司), 55% equity interests in China Weihai Foreign Vessel Agency Co., Ltd. * (中國威海外輪代理有限公司), 34% equity interests in Weihai Hailian Container Co., Ltd.* (威海海聯集裝箱有限公司) and 51% equity interests in Weihai International Logistics Park Development Co., Ltd.* (威海國際物流園發展有限公司) held by Weihai Port Development Company, respectively, by cash
“Weihai Qingwei”	Weihai Qingwei Container Terminal Co., Ltd.* (威海青威集裝箱碼頭有限公司), a company established in the PRC with limited liability on 31 December 2005, which is owned as to 49% equity interests by the Company and 51% equity interests by Weihai Port Development Company, respectively, which is mainly engaged in the business of container handling and ancillary services
“West United”	Qingdao Qianwan West Port United Terminal Co., Ltd.* (青島前灣西港聯合碼頭有限責任公司), a company established in the PRC with limited liability on 9 June 2010 and a joint venture in which the Company holds 51% equity interests, and which is mainly engaged in the business of dry bulk cargo and break bulk cargo handling and ancillary services
“Worldex Logistics”	Worldex Logistics Co., Ltd.* (全球捷運物流有限公司), a company established in the PRC with limited liability on 5 February 2016, which is mainly engaged in the freight forwarding, storage and other logistics businesses
“Yantai Port Group”	Shandong Port Yantai Port Group Co., Ltd.* (山東港口煙台港集團有限公司), a company established in PRC with limited liability on 27 November 1984 and a wholly-owned subsidiary of Shandong Port Group, which is mainly engaged in the business of handling of containers, liquid bulk, dry bulk, logistics services and other businesses

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

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

CORPORATE INFORMATION

CHINESE NAME OF THE COMPANY

青島港國際股份有限公司

ENGLISH NAME OF THE COMPANY

Qingdao Port International Co., Ltd.

LEGAL REPRESENTATIVE

Mr. SU Jianguang

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

- (1) Headquarters in the PRC:
No. 12 Jingba Road, Huangdao District
Qingdao, Shandong Province
PRC
- (2) Principal Place of Business in Hong Kong:
31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

DATES OF LISTING

6 June 2014 (for H shares)
21 January 2019 (for A shares)

PLACES OF LISTING

Main Board of The Stock Exchange of Hong Kong Limited
(H shares)
Main Board of The Shanghai Stock Exchange (A shares)

ABBREVIATED CHINESE STOCK NAME

青島港 (applied to both H shares and A shares)

ABBREVIATED ENGLISH STOCK NAME

Qingdao Port (only applied to H shares)

STOCK CODES

06198 (H shares)
601298 (A shares)

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WEBSITE

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BOARD OF DIRECTORS

(1) Executive Directors

Mr. SU Jianguang (*Chairman*)
Mr. ZHANG Baohua (*General Manager*)

(2) Non-executive Directors

Mr. LI Wucheng (*Vice Chairman*)
Mr. ZHU Tao
Ms. WANG Fuling

(3) Independent Non-executive Directors

Ms. LI Yan
Mr. JIANG Min
Mr. LAI Kwok Ho

SUPERVISORY COMMITTEE

Mr. WANG Yaping
Mr. YANG Qiulin
Mr. LIU Shuiguo
Ms. YAO Junjun

JOINT COMPANY SECRETARIES

Ms. SUN Hongmei
Ms. NG Sau Mei

AUTHORISED REPRESENTATIVES

Mr. SU Jianguang
Ms. SUN Hongmei

SPECIAL COMMITTEES OF THE BOARD

(1) Strategy and Development Committee

Mr. SU Jianguang (*Chairman*)
Mr. LI Wucheng
Mr. ZHU Tao
Mr. ZHANG Baohua
Ms. WANG Fuling
Mr. JIANG Min

(2) Audit Committee

Ms. LI Yan (*Chairman*)
Ms. WANG Fuling
Mr. LAI Kwok Ho

(3) Remuneration Committee

Mr. LAI Kwok Ho (*Chairman*)
Mr. LI Wucheng
Ms. LI Yan

(4) Nomination Committee

Mr. JIANG Min (*Chairman*)
Mr. SU Jianguang
Mr. LAI Kwok Ho

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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Huangpu District, Shanghai, PRC

PRINCIPAL BANKERS

Bank of Qingdao Co., Ltd.
Bank of Communications Co., Ltd.
Bank of Industrial and Commercial Co., Ltd.

COMPANY PROFILE



The Port of Qingdao commenced its operation in 1892 and is one of the largest comprehensive ports in the world. It occupies the central position among ports in Northeast Asia and is an important hub of international trade in the West Pacific.

The Company was established on 15 November 2013, listed on the Main Board of the Hong Kong Stock Exchange on 6 June 2014 and listed on the Main Board of the Shanghai Stock Exchange on 21 January 2019.

The Group is the primary operator of the Port of Qingdao and operates five port areas, including Qianwan Port Area, Huangdao Oil Port Area, Dongjiakou Port Area, Dagang Port Area in Qingdao and Weihai Port Area. It is mainly engaged in stevedoring and ancillary services for container, metal ore, coal, crude oil and other cargoes, logistics and port value-added services, port ancillary services and other services.

As of 31 December 2023, the Group operated 112 berths and increased by 4 berths as compared to the same period in the prior year, which included 70 special berths dedicated to handling a single type of cargo and 42 general berths capable of handling metal ore, coal and other general cargo.

Leveraging on the natural deep-water capacity and industry-leading facilities and equipment, services and management, the Group can accommodate the world's largest container vessels, iron ore vessels and oil tankers. The Group possesses world-leading stevedoring efficiency, the fully automatic container terminal made the world record of 60.2 TEUs per hour as the single-machine average operating rate, for the tenth time to set a new world record for handling efficiency.

DISTRIBUTION OF PORT AREAS

**Qianwan
Port Area**

Principal operating companies

QQCT, QQCTN, QQCTU, Qiangang Branch, West United and Qingdao Port Logistics

Principal cargo types

container, dry bulk and break bulk

Number of berths

42

Maximum water depth

-21 meters



**Huangdao
Oil Port Area**

Principal operating companies

Qingdao Shihua and Hongxing Logistics

Principal cargo type

liquid bulk

Number of berths

13

Maximum water depth

-24 meters



COMPANY PROFILE



Dongjiakou Port Area

Principal operating companies

Dongjiakou Branch, QDOT, Qingdao Shihua, Dongjiakou Oil, Mercuria Logistics, Dongjiakou General Terminal, Qingdao Port General Terminal Co., Ltd. and Huaneng Qingdao

Principal cargo types

dry bulk, liquid bulk and break bulk

Number of berths

25

Maximum water depth

-25 meters



Dagang Port Area

Principal operating company

Dagang Branch

Principal cargo types

container, break bulk and liquid bulk

Number of berths

18

Maximum water depth

-15 meters

Weihai Port Area

Principal operating companies

Weihai Port Development Company, Weihai Qingwei

Principal cargo types

container, dry bulk and break bulk

Number of berths

14

Maximum water depth

-16.5 meters



2023 MAJOR EVENTS



Qingdao Port Dongjiakou Port Area North Jetty III Rear Yard Project passed the acceptance check, adding 156,000 square meters of new yard area and 2,902 new container spaces, with an annual design container turnover of 350,000 TEUs per year.



Evergreen Marine Corp released the latest global berth efficiency rank of ports of call, QQCT stood on top of the list.



The world's largest super-large container ship "MSC IRINA" made its maiden voyage to Qingdao Port. With an overall length of 399.99 meters and a maximum capacity of 24,346 TEUs, the ship once again set a new record for super-large ships calling at Qingdao Port.





The LNG (liquefied natural gas)-powered VLCC “EAGLE VALENCE” completed stevedoring and unberthing at Qingdao Port, marking that Qingdao Port completed the first stevedoring of LNG-powered VLCC.



Qingdao Port fully automated container terminal has been awarded “Five-star Intelligent Port” and “Five-star Green Port” by the China Ports and Harbors Association, which signified that Qingdao Port fully automated container terminal has become the first and only “Double Five-star” port in China in terms of both intelligence and greenness.



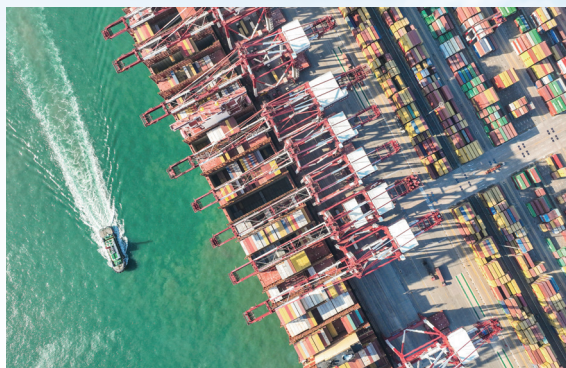
Zhenhua Crude Oil Depot Project at Dongjiakou Port Area of Qingdao Port was completed and put into operation, which is of great significance in ensuring the supply of crude oil to the petrochemical enterprises in the hinterland and to improve the layout and structure of Qingdao Port’s oil production with a new increase of capacity of 0.8 million cubic meters of crude oil and the designed annual turnover capacity of 6 million tons.



2023 MAJOR EVENTS



According to the “World Class Port Comprehensive Evaluation Report (2023)”, jointly released by China Economic Information Service and the Institute of Water Transportation Science of the Ministry of Transportation and Communications, Qingdao Port continues to be ranked in the forefront of the world’s first-class ports, and is the only port in northern China to be included in the list.



Qingdao Port Dongjiakou Port Area Crude Oil Commercial Reserve Phase III Project passed the acceptance check, adding 1.2 million cubic meters of crude oil storage capacity. The total capacity of the crude oil commercial reserve project of 5.2 million cubic meters was fully completed.

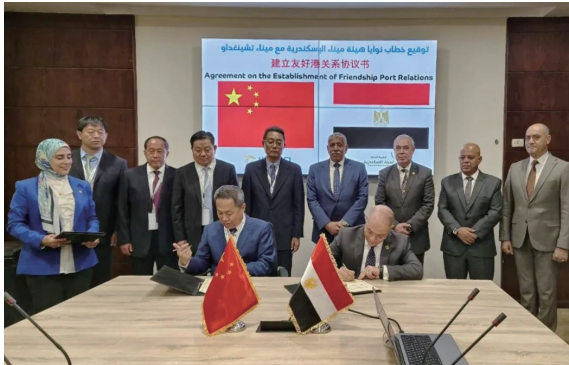


The world’s leading container shipping company, CMA CGM Group, announced the global berthing terminal efficiency ranking from January to August of 2023, and Qingdao Port container terminal once again won the first place in the world for the berth efficiency of CMA CGM Group.





QQCT was honored as the “Asia Pacific Green Port” of the year 2023 at the Asia Pacific Green Port Award Scheme (GPAS) 2023 Award Ceremony held by the Asia Pacific Ports Services Network (APSN).



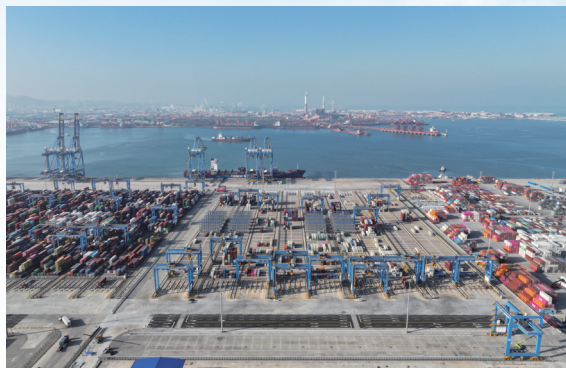
Qingdao Port signed a friendship agreement with Alexandria Port Authority of Egypt, which brought the number of international friendship ports of Qingdao Port to 29.



2023 MAJOR EVENTS



Qingdao Port fully automated container terminal's 2 new berths were officially put into operation, with a new container handling capacity of 1.2 million TEUs. Qingdao Port fully automated container terminal' stevedoring capacity of 5.2 million TEUs was fully completed.



On 18 December, China Economic Information Service and Institute of Water Transportation Science and Research of the Ministry of Transportation and Communications jointly released the "Report on the High-Quality Development of Chinese Ports (Seaports) 2023". Among them, Qingdao Port, with its excellent performance, ranked first level in the port industry in terms of comprehensive evaluation.



FINANCIAL HIGHLIGHTS

I. REVENUE

	Unit: RMB'000				
	2023	2022 (restated)	2021	2020	2019
Gross profit	6,471,580	6,056,947	5,328,949	4,731,817	3,985,390
Period expenses	1,326,790	986,486	955,637	684,707	366,054
Investment income	1,570,334	1,434,016	1,435,043	1,550,902	1,492,273
Earnings before interest, tax, depreciation and amortization	8,428,721	8,040,107	7,177,173	6,666,134	6,194,400
Total Profit	6,789,744	6,555,653	5,835,399	5,525,197	5,126,805
Net profit	5,517,664	5,250,137	4,666,203	4,420,360	4,132,602
Including: amounts attributable to shareholders of the Company	<u>4,923,322</u>	<u>4,528,240</u>	<u>3,982,212</u>	<u>3,841,863</u>	<u>3,790,143</u>

II. ASSETS

	Unit: RMB'000				
	2023	2022 (restated)	2021	2020	2019
Total assets	60,245,861	57,475,893	62,219,585	57,177,365	52,785,301
Total liabilities	15,707,198	16,198,992	22,202,450	20,436,633	19,187,939
Including:					
borrowings and bonds payable	2,098,296	1,811,616	1,957,392	2,615,015	2,936,192
Total equity	44,538,663	41,276,900	40,017,135	36,740,732	33,597,362
Including: share capital	6,491,100	6,491,100	6,491,100	6,491,100	6,491,100
Equity attributable to the shareholders of the Company	40,277,057	37,399,537	35,550,885	32,996,392	30,357,381
Equity per share attributable to the shareholders of the Company (RMB/share)	6.20	5.76	5.48	5.08	4.68
Asset-liability ratio	<u>26.1%</u>	<u>28.2%</u>	<u>35.7%</u>	<u>35.7%</u>	<u>36.4%</u>

Note: Asset-liability ratio is calculated as the total liabilities at the end of the year (including the payables not generated in the normal course of business) divided by the total assets.

FINANCIAL HIGHLIGHTS

III. FINANCIAL INDICATORS

	Unit: RMB				
	2023	2022 (restated)	2021	2020	2019
Earnings per share	0.76	0.70	0.61	0.59	0.59
Dividend payments per 1,000 shares	292.70	269.30	256.40	262.20	200.30
Return on total assets	9.37%	8.77%	7.82%	8.04%	8.14%
Weighted average return on net assets	12.70%	12.43%	11.51%	12.17%	12.94%



TO SHAREHOLDERS:

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

In 2023, in the face of the complex and volatile situation, Qingdao Port rose to the challenge and seized the opportunities, achieving the significant improvement in production and operation, intelligence and green, corporate governance, etc., and showing a satisfactory answer to the shareholders and other stakeholders of the Company.

CHAIRMAN'S STATEMENT

We focused on the development of main business and achieved steady growth in operating results. In 2023, the Group achieved cargo throughput of 664 million tons, representing an increase of 5.8% year-on-year, of which the container throughput of 30.02 million TEUs increased by 11.9% year-on-year. The Company achieved operating revenue with RMB18,173 million, representing a decrease of 5.7% year-on-year, and net profit attributable to shareholders of the Company amounted to RMB4,923 million, representing an increase of 8.7% year-on-year.

We persisted in market development and continued to extend service chain. In the container segment, we added 20 new shipping routes, with an increase of 13% year-on-year in foreign trade export heavy containers, an increase of 14% year-on-year in international transshipment containers and an increase of 16% year-on-year in sea-rail intermodal containers, keeping the first in China for nine consecutive years, and ranking first in Northeast Asia in the competitiveness index of the international shipping hub. In the dry bulk and break cargoes segment, the Company continued to expand service ways and hinterland, and enriched the new mixing and blending business. Pulp business volume accounted for 14% of the national pulp import volume, and the market share continued to be the highest in the country. In the liquid bulk segment, we have expanded the scale of "Crude Oil Supermarket" and opened up new channels for logistics, and our oil trading business continued to take the lead in the country.

We focused on intelligence and green, and achieved remarkable results in scientific and technological innovation. We accelerated the construction of intelligent and green port, the fully homemade and autonomous automated terminal was successfully put into operation, adding an annual capacity of 700,000 TEUs, completed the research and development of the national project of "ubiquitous perception" with high quality, created the first system integration platform for the port industry, and built the largest automated yard with railroad cranes in the country. The proportion of clean energy reached 66%, and the area of photovoltaic projects built and under construction reached 100,000 square meters. QQCTN was awarded China's first "Double Five-Star" port in terms of intelligence and greenness.

We emphasized reform and innovation to improve corporate governance. We played the role of the governance system with "shareholders' general meeting, Board, supervisory committee and senior management", revised and improved the governance system and management system, implemented a new round of state-owned enterprise reform and improvement actions, strengthened performance management, accelerated standardization construction, and improved the governance system. We have also strengthened cost reduction and cost saving, refined 14 types of typical cases and 378 items, deepened the application of the asset management system, and comprehensively enhanced the level of corporate management.

Looking forward to 2024, we will enhance confidence, seize the opportunities and make scientific decisions to build an international shipping hub in Northeast Asia, accelerate the construction of a world-class marine port, make new contributions to the development of the regional economy and society, and create greater value for our shareholders.

Finally, on behalf of the Board, I would like to thank all employees for their hard work in the past year and express my heartfelt thanks to shareholders of the Company and business partners for their strong support and loyal cooperation.

SU Jianguang
Chairman

28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS



I. MACRO SITUATION AND INDUSTRY OVERVIEW

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

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

II. REVIEW OF BUSINESS AND FINANCIAL CONDITION

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

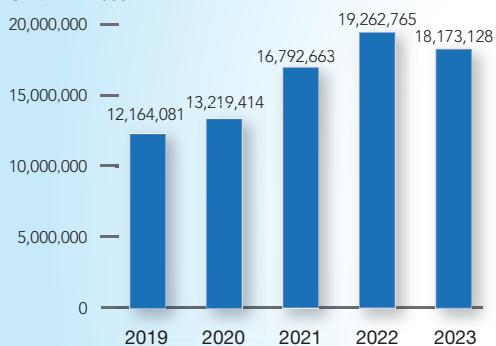
1. Review of Overall Business and Results

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

Comparison of Major Operating Indicators

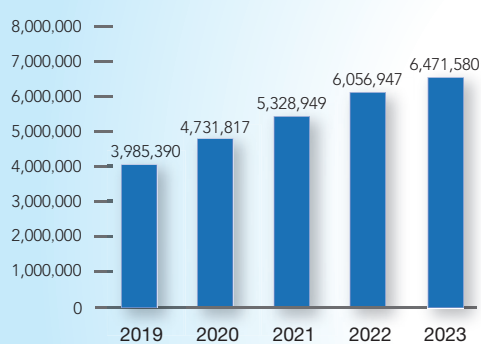
Revenue

Unit: RMB '000



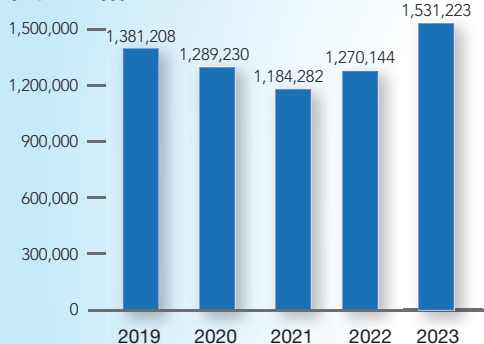
Gross profit

Unit: RMB '000



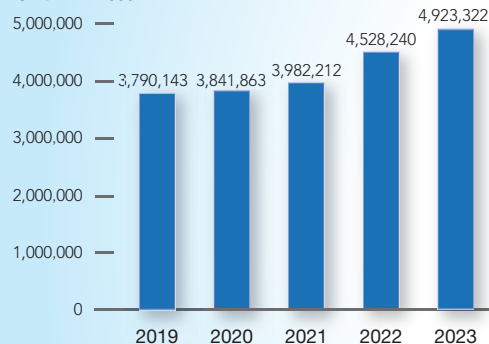
Investment income from associates and joint ventures

Unit: RMB '000



Net profit attributable to shareholders of the Company

Unit: RMB '000



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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

2. Segment Review and Business Review

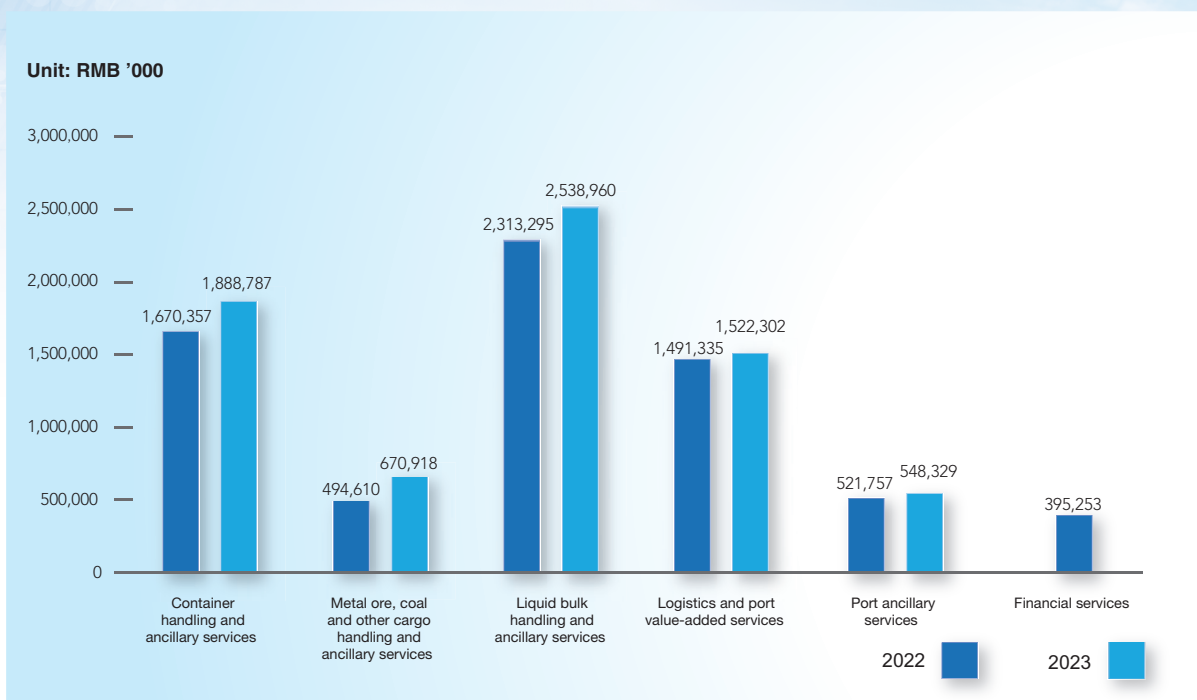
Segment Results

Unit: RMB'000

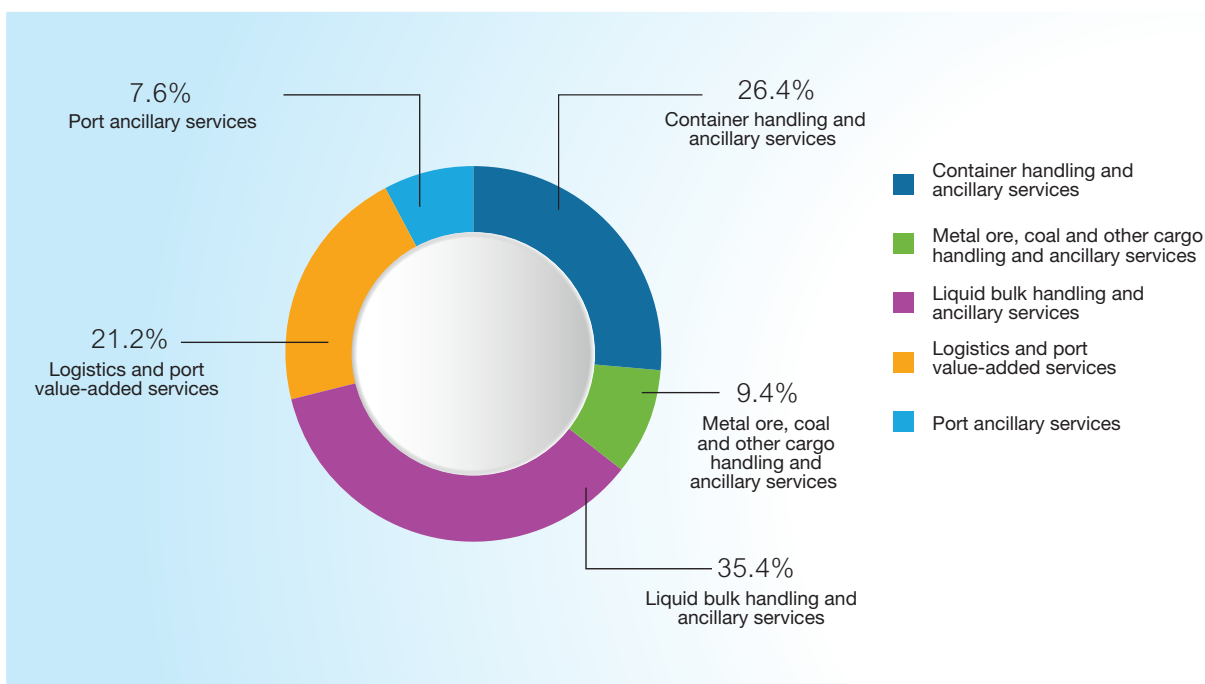
Business Segments	2023		2022		Percentage of Change
	Results	Percentage of the total	Results	Percentage of the total	
Container handling and ancillary services	1,888,787	26.4%	1,670,357	24.3%	13.1%
Metal ore, coal and other cargo handling and ancillary services	670,918	9.4%	494,610	7.2%	35.6%
Liquid bulk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

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison of Each Segment Results



Breakdown of Each Results for the Year Ended 31 December 2023



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

1 Container handling and ancillary services



Unit: RMB'000

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Unit: RMB'000

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

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



Unit: RMB'000

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

- a. the Group leveraged on joint marketing with the railway company to fully develop dry and break bulk cargo market, and developed 45 new customers, achieving an increase of approximately 3 million tons of cargo sources;
- b. the Group deeply cultivated the hinterland market and focused on developing four incremental channels, such as expanding market of the Yangtze River area southward, transshipment business northward, river-sea coordinated transportation and international transshipment and distribution; and
- c. the Group consolidated its advantageous business in backbone goods, with an increase of 5% year-on-year in pulp business volume, keeping the world's largest port for pulp imports. The Group's business volume of non-ferrous metals increased by 57%, as compared to the same period in the prior year, continuing to maintain its leading position in the coastal ports of China. The Group developed 15 new grain customers, with an increase of 25% year-on-year in business volume.

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

3 Liquid bulk handling and ancillary services



Unit: RMB'000

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

- a. In 2023, new crude oil storage tanks with 2.60 million cubic meters were put into operation, and the Group's self-owned tank capacity reached 12.85 million cubic meters. The Dongjiakou crude oil commercial reserve tank has become the largest single storage tank among the coastal ports in northern China; and
- b. By virtue of three logistics channels, including the mode of transshipment, pipeline and railway, the Group developed 7 new refineries and trading clients to add 6.23 million tons of cargo source. The Group expanded the scale of "crude oil supermarket" and completed 49.93 million tons of trade oil, with an increase of 30% year-on-year.

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

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

Unit: RMB'000

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

4 Logistics and port value-added services

Unit: RMB'000

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

5 Port ancillary services

Unit: RMB'000

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

3. Financial Position Analysis

Unit: RMB'000

Item	As at 31 December 2023	As at 31 December 2022	Amount of Change	Percentage of Change
Financial assets held for trading	284,562	999,865	-715,303	-71.5%
Short-term borrowings	126,412	269,088	-142,676	-53.0%
Accounts payable	1,870,122	1,435,308	434,814	30.3%
Current portion of non-current liabilities	452,224	720,195	-267,971	-37.2%
Lease liabilities	289,112	482,364	-193,252	-40.1%
Long-term payables	205,376	374,006	-168,630	-45.1%

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

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

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

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

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

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

4. Cash Flow Analysis

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

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

5. Liquidity and Financial Resources

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

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

6. Capital Structure

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

7. Gearing Ratio

As at 31 December 2023, the Group's cash at bank and on hand exceeded interest bearing liabilities.

8. Interest Rate and Exchange Rate Risks

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

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

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

9. Major Financial Indicators

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

For the year ended 31 December 2023, the weighted average return on net assets was 12.70%, representing an increase of 0.27 percentage point as compared to the same period in the prior year, mainly due to an increase of RMB395 million in the net profit attributable to the shareholders of the Company as compared to the same period in the prior year. The return on total assets was 9.37%, representing an increase of 0.60 percentage point, as compared to the same period in the prior year, mainly due to that the increase of net profit exceeded the increase of the total assets. The interest coverage ratio was 42.34 times, representing a decrease of 1.02 times, as compared to the same period in the prior year, mainly due to an increase of interest expense. The current ratio was 1.73, representing an increase of 0.13 percentage point, as compared to the same period in the prior year, mainly due to the significant increase in current assets such as currency funds.

10. Significant Capital Investment

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

11. Material Entrusted Wealth Management

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

Unit: RMB'000

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

13. Mortgages or Pledges of Assets

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

14. Contingent Liabilities

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

15. Employees

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

The details of employees are set out as below:

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

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

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

16. Description of Other Business Operations

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

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

17. Outlook for 2024

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

III. CHANGES AND TERMINATION OF USE OF PROCEEDS

1. Changes and termination of use of proceeds of A Share Offering

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

Details of the use of proceeds were as follows:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB'000

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

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

2. Changes of use of proceeds of H Share Placing

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

Based on the actual situation of the investment projects for the use of proceeds from H Share Placing, after the voting by the Board meeting on 24 May 2021 and the consideration and approval by 2020 annual general meeting of the Company held on 28 June 2021, the Company decided to change the investment use of the remaining proceeds from the H Share Placing of approximately HKD634.91 million (including accumulated interests income), into the acquisition of 51% equity interests in Qingdao Haiye Oil Terminal Co., Ltd.* (青島海業油碼頭有限公司). To improve the efficiency for the use of proceeds, after the consideration and approval by the Board meeting on 28 October 2022 and the 2022 second extraordinary general meeting of the Company held on 23 December 2022, the Company decided to change the investment use of the remaining proceeds from the H Share Placing of approximately RMB558.68 million (including accumulated interests income), into the investment of engineering construction, including terminals, oil storage and other construction projects at the Dongjiakou port area.

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

IV. USE OF PROCEEDS

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

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

Unit: HKD0'000

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Unit: RMB0'000

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

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

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

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

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

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

VI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

VII. COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

VIII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

IX. ISSUANCE OF NEW A SHARES

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

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

X. AUDIT COMMITTEE

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

XI. AMENDMENTS TO CONSTITUTIONAL DOCUMENT

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

XII. CLOSURE OF REGISTER

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

XIII. MATERIAL LITIGATIONS

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

XIV. MATERIAL SUBSEQUENT EVENTS

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

XV. CORPORATE SOCIAL RESPONSIBILITY

1. Environment Protection

The Group focuses on its social responsibility, sticks to the concept of green development, pursues the national goal of “carbon peaking and carbon neutrality”, fully promotes the construction of green and low-carbon ports, actively adopts measures to prevent pollution of the atmosphere, water and solid waste, and improves the standards of environmental protection management. The Group constructed 2 sets of high-voltage shore power facilities and 3 sets of oil and gas recovery equipment, completed the construction of 2 power swapping stations, introduced electrical rental truck fleets, purchased 20 hydrogen-energy trucks, promoted electric front cranes and loaders, studied the construction of electric hydrogen-energy tugboats, and reduced fuel consumption and carbon emissions in the port area. The Group actively carried out the construction of photovoltaic projects on warehouses, building tops, and undeveloped land to reduce energy consumption in the port. In 2023, QQCTN, Qiangang Branch and QQCT were awarded the “Five-star China Green Port”, “Four-star China Green Port” and “Asia-Pacific Green Port”, respectively.

The Group continues to promote the construction of green port. In 2023, the Group organized garden-style port renovation projects in Dagang Port Area, Qianwan Port Area, and Dongjiakou Port Area to enhance the overall environment of the port area and optimize the green landscape of the port area. Approximately 450,000 seasonal flowers were newly planted throughout the year, increasing the landscape characteristics of the port area and continuing to maintain the scene of blooming flowers in the port area.

The Group continues to enhance sanitation management. In 2023, the Group completed an accumulated pesticide application over 30.00 million square meters, improving the port environment continuously.

2. Employee Care

The Group strives to provide a platform for employees to improve their talents and builds a channel for their personal development. The Group insists on respecting people, training people, shaping people, using advanced culture to gather people and using flexible mechanisms to motivate people. The Group creates good conditions and builds the platform for employees to promotes the all-round development of employees, and achieves a harmonious and win-win situation for enterprises and employees.

The Group concentrates on the cultivation and development of talents and works hard to implement its talent cultivation plan. In 2023, the number of employees in the Group who obtained various professional and technical titles in high, middle and junior levels reached 300, and the number of employees who were newly qualified as senior technicians, technicians and senior workers reached 172. Employees of key positions such as management personnel and technical workers have shown a trend of high skills and high quality in terms of their age, education, knowledge and ability, providing a solid talent foundation for the development of the company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's learning-oriented employees and learning-oriented organizations have achieved new improvements. In 2023, the Company organized and carried out 110 offline training sessions for middle level management and other trainings. The Group conducted 1.15 million professional skills training sessions for all employees through the Zhiniaio platform, and organized 470 exams, with the coverage rate of employee training reaching 100% and the average annual training length not less than 88 hours.

3. Community Care

The Group actively undertakes social responsibilities and promotes the sustainable and steady development of the Group, meanwhile, it carries out various forms of social welfare activities.

The Group carried out various volunteer service activities featured with different forms, content and port characteristic particularly for social groups such as community residents, children and the elderly, and visiting customers. The Group donated to build the "Hope House" and work together with the community to continue providing volunteer services such as poverty alleviation, caring for the elderly, helping the young, and sponsoring struggling students. The Group regularly organized employees to participate in voluntary blood donation activities and carried out the public welfare activity to attract 243 young people from the port donating 81,400 milliliters of blood. The Group organized voluntary employees to help couriers, deliverymen, sanitation workers, and truck drivers and visit the elderly living alone, clean up and create a clean and tidy living environment for residents.

Please refer to the "2023 Sustainability Report" published by the Company for further details on the corporate social responsibility.

XVI. RISK ALERT

1. Risk in Relation to the Macro Economy Volatility

Port industry is fundamental for the national economy, the development of which has high correlation with the macro-economic of China and will be greatly influenced by the volatility of economic cycle. The volatility of world trade will influence the import and export business in various countries, which in turn will impact the operating situation of ports.

Recently, the world economy is still in a complicated and severe situation, the competition between major powers has intensified, and its scope continues to expand. At the same time, geopolitics are getting tense. The unexpected impact caused by the "black swan incident" may increase the risk of global market volatility. With the transformation and upgrading of domestic economic structure, the uncertainty of economic recovery increased. If the economy development in China as well as the international and domestic trade volume is impacted due to the relatively long recovery cycle of world economy and the structural adjustment of China's economy, the production activities and operating performance of the Group may be affected.

2. Risk in Relation to the Dependence on the Economic Development of the Hinterland

The Group's main economic hinterlands include Shandong, Jiangsu, Hebei, Shanxi and Henan, with its extending hinterlands including Shaanxi, Ningxia, Gansu and Xinjiang. The economic development as well as the international and domestic trade demand in these regions are the main factors affecting the Company's development. If the economic growth in these regions slows down or declines, it would cause certain negative impacts to the Group's operation.

3. Risk in Relation to the Adjustment of Port Rate

The Group's main revenue comes from the cargo loading and discharging and ancillary services at port, the charging standard of which is in compliance with the regulations in "Port Charging Calculation Methods" formulated by governmental authorities. In the event of adjustment of the national port charging rules or systems by governmental authorities, the Group's operating results may be influenced.

4. Risk in Integration of the Port

The Group has certain horizontal competition with Shandong Port Group and some of its subsidiaries in the core businesses. Shandong Port Group promises to take a series of measures to integrate the port related businesses within the consolidated scope within 5 years after becoming an indirect controlling shareholder of the Company, to solve the horizontal competition, which may lead to changes in the scope of the Group's assets and have a certain impact on the Group's operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF MEMBERS OF THE BOARD OF THE COMPANY



Mr. SU Jianguang (蘇建光), born in 1969, is an on-the-job engineering master of harbor coastal and offshoring engineering in Ocean University of China (中國海洋大學) and a researcher of engineering technology application. He joined the Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1989, and has joined the Company since November 2013. He currently serves as the secretary to the Party Committee, chairman, executive Director, chairman of Strategy and Development Committee, a member of Nomination Committee, and authorized representative of the Company, a member of the Party Committee of Shandong Port Group, the secretary to the Party Committee and chairman of Qingdao Port Group, the secretary to the Party Committee and chairman of Container Development Company, the commander of Qingdao Port Construction Headquarters, and a member of the Party group and the deputy director of Qingdao International Cruise Port Service Administration (青島國際郵輪港區服務管理局), the director of Qingdao Port International Development (HK) Co., Ltd. (青島港國際發展(香港)有限公司). He served as the secretary to the Party Committee, the manager and secretary to the discipline inspection committee of Qingdao Port Engineering, the secretary to the Party Committee and the manager of Gangjian Branch, the secretary to the Party Committee and the general manager of Qingdao Port Investment and Construction (Group) Co., Ltd. (青島港口投資建設(集團)有限責任公司), the deputy secretary to the Party Committee, the vice president, the vice chairman and the non-executive director of the Company, the deputy secretary to the Party Committee, the director and the general manager of Qingdao Port Group, etc. Mr. SU Jianguang has over 30 years of working experience in the port industry, and is experienced in managing large-scale port enterprises.



Mr. LI Wucheng (李武成), born in 1965, graduated from Shandong College of Economics (山東經濟學院) (now known as Shandong University of Finance and Economics (山東財經大學)) with a bachelor degree of economics majoring in planning statistics and is an engineer and an assistant statistician. He joined the Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1987, and has joined the Company since November 2013. He currently serves as the deputy secretary to the Party Committee, vice chairman, non-executive Director, a member of Strategy and Development Committee and a member of Remuneration Committee of the Company, the director of Container Operation Center of Shandong Port Group, the deputy secretary to the Party Committee, a director, the general manager and a chief quality officer of Qingdao Port Group, the deputy secretary to the Party Committee, the director and the general manager of Container Development Company. He served as a member of Party Committee and the deputy general manager of QQCT, the secretary to the Party Committee and the general manager of Qingdao Port Logistics, the general manager of Qingdao Port Yizhihang Cold-Chain Logistics Co., Ltd. (青島港怡之航冷鏈物流有限公司), the secretary to the Party Committee and the manager of Logistics Branch of the Company, a supervisor of the Company, the secretary to the Party Committee, an executive director and the general manager of Land-Sea Logistics Group, the deputy secretary to the Party Committee, the director and the general manager of Shandong Port Bohaiwan Port Group Co., Ltd. (山東港口渤海灣港集團有限公司), etc. Mr. LI Wucheng has over 30 years of working experience in the port industry, and is experienced in managing large-scale port enterprises.

Note: Information of Directors, Supervisors and senior management stated in this section was up to 28 March 2024 by the Board's approval and disclosure.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Mr. ZHU Tao (朱濤), born in 1972, is a master in business administration of the Shanghai Jiao Tong University (上海交通大學) and is an economist. He has joined the Company since December 2022. He currently serves as the non-executive Director, a member of Strategy and Development Committee, an executive director and the managing director, the chairman of the risk management committee, and a member of the executive committee, nomination committee, remuneration committee and investment and strategic planning committee of COSCO SHIPPING Port (a company listed on the Hong Kong Stock Exchange, stock code: 01199), the chairman of Shanghai China Shipping Terminal, the chairman of China Shipping Terminal Development Co., Ltd. (中海碼頭發展有限公司). He served as the business deputy manager and business manager of the dispatching division of the liner department of COSCO Container Lines, the deputy head of the business division of the coastal transportation department of the COSCO Container Lines, the manager of the east and south China operating department of Sino-Japan trade division of the COSCO Container Lines, the deputy general manager and chairman of the labour union of Shanghai Panasia, the deputy general manager of Americas trading division of the COSCO Container Lines, the general manager of COSCO Container Lines (Netherlands) B.V., the director of the general manager's office of the COSCO Container Lines, the general manager and deputy secretary to the Party Committee of Shanghai Panasia, and the deputy general manager and a member of the Party Committee of the COSCO Container Lines, etc.



Mr. ZHANG Baohua (張保華), born in 1968, is a master of law majoring in Party history of the Communist Party of China of Tianjin Normal University (天津師範大學), a senior political worker and an engineer. He joined the Company since March 2020. He currently serves as a deputy secretary to the Party Committee, an executive Director, a member of Strategy and Development Committee, the general manager, the secretary of the Party Committee of Intra-Organizational Department of the Company, the deputy secretary to the Party Committee and the director of Qingdao Port Group. He served as the director of Container Operation Center of Shandong Port Group, a member of the Party Committee and the deputy general manager of Rizhao Port Group, the general party branch secretary and general manager of Rizhao Jurong Port Terminals Co., Ltd. (日照港裕廊碼頭有限公司) (now known as Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a company listed on the Hong Kong Stock Exchange, stock code: 06117), the chairman and a non-executive director of the board of Rizhao Port Jurong Co., Ltd., the supervisor of RZP (a company listed on the Shanghai Stock Exchange, stock code: 600017), the chairman of the board of QQCT, the director of QQCTU, the director and the general manager of Container Development Company, etc. Mr. ZHANG Baohua has 30 years of working experience in port industry and is experienced in managing large-scale port enterprises.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Ms. WANG Fuling (王芙玲), born in 1974, is an on-the-job engineering master of Nanjing University of Posts and Telecommunications (南京郵電大學) majoring in computer technology, and has joined the Company since April 2020. She currently serves as a member of the Party Committee, the chairman of the labor union, an employee representative Director, a member of Strategy and Development Committee, a member of Audit Committee of the Company, a member of the Party Committee and the chairman of the labor union of Qingdao Port Group. She served as a staff member in the inspection office and a deputy director of the decision supervision division of the inspection office of Qingdao Municipal Party Committee, a deputy director and an investigator of the intra-party network and government affairs department of the general office of Qingdao Municipal Party Committee, an investigator of the general duty office, director of the publicity and education division of the office of the secrecy commission, and director of the publicity and education division of administration bureau of secrets protection of Qingdao Municipal Party Committee, an assistant to the general manager of Qingdao Port Group, etc. Ms. WANG Fuling has more than 20 years of management experience.



Ms. LI Yan (李燕), born in 1957, graduated from Central Finance and Economics Institute (中央財政金融學院) (now known as Central University of Finance and Economics (中央財經大學)) with a bachelor degree in economics majoring in finance. She is a professor and has joined the Company since May 2019. She currently serves as an independent non-executive Director, the chairman of Audit Committee and a member of Remuneration Committee of the Company, a professor and doctoral tutor of the School of Finance and Taxation of Central University of Finance and Economics, a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), a director of Chinese Finance Association (中國財政學會), a director of China Finance and Taxation Law Society (中國財稅法學研究會), an independent director of Beijing Capital Tourism Limited by Share Ltd. (北京首旅酒店(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600258), an independent director of Beijing Caishikou Department Store Co., Ltd. (北京菜市口百貨股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 605599) and an independent supervisor of Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, with stock codes of 00168 and 600600, respectively). She served as an independent director of Tsingtao Brewery Company Limited, China Film Co., Ltd. (中國電影股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600977), an independent director of Anhui Win-all Hitech Seed Co., Ltd. (安徽荃銀高科種業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300087) and an independent director of DHC Software Co., Ltd. (東華軟件股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002065), an independent director of Jiangxi Fushine Pharmaceutical Co., Ltd. (江西富祥藥業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300497), and an independent director of Beijing Huali Chuangtong Technology Co., Ltd. (北京華力創通科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300045), etc.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Mr. JIANG Min (蔣敏), born in 1965, is a master of civil and commercial law from Anhui University (安徽大學). He has joined the Company since May 2019. He currently serves as an independent non-executive Director, chairman of Nomination Committee and a member of Strategy and Development Committee of the Company, a founding partner of Tianhe Law Firm in Anhui Province, an independent non-executive director of China Xinhua Education Group Limited (中國新華教育集團有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 02779). He was a deputy director of Anhui Economic Law Firm, an independent director of Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, stock codes: 00168 and 600600, respectively), an independent director of Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300274), an independent director of CSG Smart Science & Technology Co., Ltd. (科大智能科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300222), and an independent director of Shandong Pharmaceutical Glass Co., Ltd. (山東藥用玻璃股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600529), etc.



Mr. LAI Kwok Ho (黎國浩), born in 1977, is a bachelor of business administration degree in professional accounting from The Chinese University of Hong Kong (香港中文大學). He has joined the Company since May 2019. He currently serves as an independent non-executive Director, chairman of the Remuneration Committee, a member of Audit Committee, and a member of Nomination Committee of the Company, chief financial officer and executive director of The 9 Limited (上海第九城市信息技術有限公司) (a company listed on NASDAQ, stock code: NCTY). He was an audit manager of Deloitte & Touche Tohmatsu (德勤會計師事務所). Mr. LAI Kwok Ho has the qualifications of the Chartered Certified Accountants in UK, the certified public accountant in Hong Kong, and American certified public accountant.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF MEMBERS OF THE SUPERVISORY COMMITTEE OF THE COMPANY

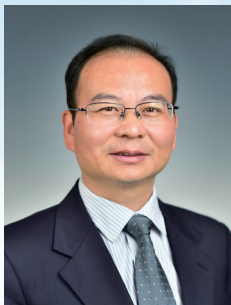


Mr. WANG Yaping (王亞平), born in 1964, is a bachelor of law from East China College of Political Science and Law (華東政法學院) (now known as East China University of Political Science and Law (華東政法大學)) and a first-grade lawyer. He has joined the Company since May 2014. He currently serves as an independent supervisor of the Company, the chairman of partners' meeting of Shandong Guoyao Qindao Law Firm (山東國曜琴島律師事務所), a director of All China Lawyers Association (中華全國律師協會), chief supervisor of Qingdao Lawyers Association (青島市律師協會), an arbitrator of Qingdao Arbitration Commission (青島市仲裁委員會), an independent supervisor of Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, stock codes: 00168 and 600600, respectively), an independent non-executive director of Prosper Construction Holdings Limited (瑞港建設控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 06816), an independent director of Qingdao Gon Technology Co., Ltd. (青島國恩科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002768), and an independent director of Qingdao Sportsoul Health & Technology Co., Ltd. (青島三柏碩健康科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 001300). He served as an independent non-executive Director, chairman of Nomination Committee, chairman of Remuneration Committee, and a member of Strategy and Development Committee of the Company, a vice president of Shandong Lawyers Association (山東省律師協會), the president of Qingdao Lawyers Association (青島市律師協會), an independent director of Qingdao Tianneng Heavy Industry Co., Ltd. (青島天能重工股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300569), the external director of Qingdao Conson Financial Holdings Co., Ltd. (青島國信金融控股有限公司), and an independent director of Qingdao BAHEAL Pharmaceutical Co., Ltd. (青島百洋醫藥股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 301015), etc.



Mr. YANG Qiulin (楊秋林), born in 1966, is a master of science in applied accounting and finance of Hong Kong Baptist University (香港浸會大學), a senior member of certified public accountant in China, an assets appraiser and the Excellent Certified Public Accountant in Shandong Province. He has joined the Company since September 2014. He currently serves as an independent supervisor of the Company, a deputy head of Shandong Branch of Da Hua Certified Public Accountants (大華會計師事務所) (special general partnership), an executive director of Qingdao Ruiyuan Chengde Management Consultation Limited Company (青島睿遠成德管理諮詢有限公司), the director of Qingdao Aviation Industry Investment Service Center Ltd. (青島航空產業投資服務中心有限公司), an independent director of Shandong Tai Peng Environmental Protection Materials Ltd. (山東泰鵬環保材料股份有限公司), and the external director of Tsingtao Brewery Group Company Limited (青島啤酒集團有限公司). He served as an independent non-executive Director, a member of Audit Committee, a member of the Nomination Committee, and a member of the Remuneration Committee of the Company, deputy head of Shandong Dongfang Junhe Certified Public Accountants Co., Ltd. (山東東方君和會計師事務所), financial general manager of Shandong Zhongyuan Group Company (山東中苑集團公司), deputy general manager of Shandong Reanda Dongxin Certified Public Accountants Co., Ltd. (山東利安達東信會計師事務所有限公司), deputy general manager of Qingdao Branch of Reanda Certified Public Accountants LLP (利安達會計師事務所) (special general partnership) and the external director Qingdao Haifa State-owned Capital Investment and Operation Group Co., Ltd. (青島海發國有資本投資運營集團有限公司), etc.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Mr. LIU Shuiguo (劉水國), born in 1975, is an on-the-job master of transportation planning and management of Dalian Maritime University (大連海事大學), a qualified lawyer of the PRC and an professor. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1998 and the Company since April 2017. He currently serves as an employee representative Supervisor and director of legal compliance department, a member of the Organ Party Committee and chairman of organ labor union of Intra-Organizational Department of the Company, a director of Shandong Port Lianhua, a director of Weihai Port, a director of Weihai Port Development Company, the external director of Qingdao Cardiovascular Hospital Co., Ltd. (青島心血管病醫院有限公司) and the supervisor of Container Development Company. He served as a member of the Party Committee, assistant to the dean, director of educational administration office of Qingdao Harbour Vocational & Technical College (青島港灣職業技術學院), assistant to the director and deputy director (presiding over work) of legal department of the Company, and vice chairman of organ labor union of Intra-Organizational Department of the Company, etc.



Ms. YAO Junjun (姚雋雋), born in 1977, is an on-the-job master of engineering in logistics engineering field of Ocean University of China (中國海洋大學), a senior political worker and an economist. She has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since August 2000 and the Company since November 2013. She currently serves as an employee representative supervisor, a vice chairman of the labor union and the director of women work committee of the Company, a vice chairman of the labor union and the director of women work committee of the Qingdao Port Group. She served as an office secretary of Qiangang Branch of Qingdao Port Group (青島港集團前港分公司), the secretary of Organ League Committee of Qingdao Port Group, the secretary of Organ League Committee of the Company, a member of the Party branch, an assistant to director and the deputy secretary of the news center of the Company, the secretary of the Party branch and general manager of Qingdao Port Culture Media Company Limited (青島港文化傳媒有限公司), the director of the news and publicity communication station of Qingdao Port Group, and the deputy director of the division of party and masses' affairs of the Company, etc.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF THE SENIOR MANAGEMENT OF THE COMPANY



Mr. ZHANG Baohua (張保華), please refer to details of members of the Board.



Mr. CHANG Zhizhuan (常志專), born in 1972, is an on-the-job bachelor of industrial and business management of Central Radio and Television University (中央廣播電視大學) and an economist. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1992, and the Company since December 2013. He currently serves as a deputy general manager, the director of investment and development department, a member of the Organ Party Committee of the Company, a director of Qingdao Shihua, a director of QQCT, a director of West United, a director of Qingdao OST, a director of QDOT, a director of Mercuria Logistics, a director of Dongjiakou Oil, a director of Shandong Port Lianhua, a director of Weihai Port, a director of Weihai Port Development Company, a director of Qingdao Port Pilot Station Co., Ltd. (青島港引航站有限公司), a director of Qingdao Huanhai Bay Development and Construction Co., Ltd. (青島環海灣開發建設有限公司) and an external director of Qingdao Cardiovascular Hospital Co., Ltd. (青島心血管病醫院有限公司). He served as a deputy director of development department of Qingdao Port Group, a chairman of Qingdao Orient, a chairman of supervisory committee of Rizhao Riqing Container Terminal Co., Ltd. (日照日青集裝箱碼頭有限公司), a chairman of supervisory committee of Weihai Qingwei, and a director of Qingdao Changrong Container Storage and Transportation Co., Ltd. (青島長榮集裝箱儲運有限公司), etc. Mr. CHANG Zhizhuan has over 30 years of working experience in the port industry and has extensive experience in large-scale port enterprise management.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Mr. LI Jingkui (李靖逵), born in 1972, is an on-the-job bachelor of English of Central Radio and Television University (中央廣播電視大學), an on-the-job engineering master of logistics engineering major of China University of Petroleum (East China) (中國石油大學(華東)), and a political worker and an economist. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1992, and the Company since November 2013. He currently serves as a deputy general manager of the Company, the secretary to the Party Committee, a director and the general manager of QQCT, a member of the Party Committee of Container Development Company, the vice chairman and the general manager of Ocean Bridge International, the vice chairman of Weihai Qingwei, a director of COSCO SHIPPING Ports (Abu Dhabi) Limited (中遠海運港口(阿佈扎比)有限公司), and a director of COSCO SHIPPING Ports Abu Dhabi Terminal Co., Ltd. (中遠海運港口阿佈紮比碼頭有限公司). He served as a deputy secretary to the Party Committee, the chairman and the deputy general manager (presiding) of QQCT, the chairman and the general manager of Qingdao Ganghai International Logistics Co., Ltd. (青島港海國際物流有限公司), the chairman of China Shipping Agency (Qingdao) Co., Ltd. (青島中海船務代理有限公司), the chairman of Qingdao Ganglianshun Shipping Co., Ltd. (青島港聯順船務有限公司), the chairman and the general manager of Qingdao Port Yizhihang Cold-Chain Logistics Co., Ltd., the chairman of Qingdao Changrong Container Storage and Transportation Co., Ltd. (青島長榮集裝箱儲運有限公司), the chairman of Qingdao Orient, etc. Mr. LI Jingkui has over 30 years of working experience in the port industry and has extensive experience in large-scale port enterprise management.



Mr. YU Shoushui (于守水), born in 1980, is an on-the-job provincial party school master of law theory at the Party School of the Shandong Provincial Committee of the Communist Party of China (中共山東省委黨校), an on-the-job engineering master of engineering major in control engineering field of the Qingdao University (青島大學), and a senior engineer. He has joined Qingdao Port Group since August 2002, and the Company since November 2013. He currently serves as a deputy general manager of the Company, the secretary and the general manager of Oil Port Company, the secretary, a director and the general manager of Qingdao Shihua, the secretary, a director and the general manager of Shandong Port Lianhua, and the director or senior management of subsidiaries or joint stock companies in the sector of liquid bulk cargo. He served as the assistant director of the safety and technology department of the Company, the deputy manager and a member of Party Committee of Qiangang Branch, a director of Qingdao Yongli Insurance Agency Co., Ltd. (青島永利保險代理有限公司), and a director of safety, environmental protection, technology department, etc. Mr. YU Shoushui has over 20 years of working experience in the port industry and has extensive experience in large-scale port enterprise management.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT



Mr. LI Zhengxu (李正旭), born in 1970, is an on-the-job provincial party school bachelor of law at the Party School of the Shandong Provincial Committee of the Communist Party of China (中共山東省委黨校) and an engineer. He has joined Qingdao Port Authority (青島港務局) (now known as Qingdao Port Group) since July 1991 and the Company since November 2013. He currently serves as a deputy general manager, the director of the department of audit, a member of Organ Party Committee of the Company, an external director of Qingdao Cardiovascular Hospital Co., Ltd. (青島心血管病醫院有限公司), the chairman of supervisory committee, supervisor or other posts of the Company and some subsidiaries of Shandong Port Group. He served as the supervisor of the Company, the director of Inspection Leading Group Office of Qingdao Port Group, the director of the equipment division, the director of the engineering division and the deputy secretary of the general youth league branch of Qingdao Port Construction Headquarters, the captain of the storage and transportation team of the Oil Port Branch Company of Qingdao Port Group (青島港集團油港分公司), a member of the Party Committee and the deputy manager of Qingdao Shihua, the secretary to the Party branch and director of the materials and equipment bidding and procurement center, and the secretary to the Party Committee and a manager of the Dagang Branch of the Company, etc. Mr. LI Zhengxu has over 30 years of working experience in port industry and is experienced in managing large-scale port enterprises.



Ms. SUN Hongmei (孫洪梅), born in 1980, is a literature master majoring in foreign linguistics and applied linguistics of Tongji University (同濟大學) and a senior economist. She has joined Qingdao Port Group since August 2007, and the Company since December 2013. She currently serves as the secretary to the Board, the joint company secretary, authorized representative and the director of general office to the board of the Company, a director of Container Development Company, a director of Weihai Port, and a director of Weihai Port Development Company. She served as a securities affairs representative of the Company, the department director of the capital market office (currently known as the general office to the Board), etc. Ms. Sun Hongmei has fully participated in major projects such as the restructuring and establishment of the Company, H-share IPO and A-share IPO, and port asset restructuring. Ms. SUN Hongmei has extensive work experience in corporate governance, capital operation, information disclosure, investor relations management and other securities matters of A share and H share listed companies.

The Board is pleased to present the Company's annual report and the audited financial statements for the year ended 31 December 2023.

PRINCIPAL BUSINESSES AND ACTIVITIES

The Group operates the following businesses through its branches, subsidiaries, joint ventures and associates: (i) container handling and ancillary services; (ii) metal ore, coal and other cargo handling and ancillary services; (iii) liquid bulk handling and ancillary services; (iv) logistics and port value-added services; and (v) port ancillary services.

More details regarding the subsidiaries, joint ventures and associates of the Company are set out in Note 6 to the financial statements. The performance of the Group's business segments for the year is set out in Note 7 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in Management Discussion and Analysis and the Chairman's Statement of this report. Description of possible risks and uncertainties that the Group may be facing is set out on pages 54 to 55 of this report. The material subsequent event undertaken by the Group after 31 December 2023 is set out on page 53 of this report. An analysis of the Group's performance during the year using financial key performance indicators is set out on page 42 of this report. Details of the capital structure of the Company is set out on page 41 of this report. Details of the significant capital investment of the Group is set out on page 42 of this report.

In addition, information of the Company's environmental policies and performance can be found in "Corporate Social Responsibility" in the Management Discussion and Analysis of this report. Our Company's compliance with relevant laws and regulations which have a significant impact on the Group, are set out in the section headed "Compliance with Laws and Regulations" of this directors' report. An account of the Company's relationship with its employees, customers, and suppliers is disclosed in the section headed "Relationship with Stakeholders" of this directors' report.

DIVIDEND POLICY

Reference is made to the dividend policy stipulated in the Prospectus and the Company has consistently distributed dividends in accordance with the Articles of Association. The Board is responsible for submitting the suggestions concerning dividend distribution (if any) to shareholders' general meeting for approval. Whether the Company distributes dividend and the amount of such dividend paid by the Company depend on the Company's operation performance, cash flow, financial status, cash dividend collected from subsidiaries, future business prospects, legal and regulatory restriction concerning the dividend distribution and other factors considered by the Board to be related.

DIRECTORS' REPORT

The profit distribution policy set out in the Articles of Association is as follows:

- (I) The Company distributes profit in cash, stock, or combined cash and stock or other methods permitted by laws and regulations and normative documents;
- (II) The Company may distribute its dividend in cash under the condition that the Company is profitable in the current year and its accumulated undistributed profit is positive, and the audit institution has issued a standard audit report with unqualified opinions towards the Company's annual financial report. The accumulated profit distributed by the Company in cash in recent three years shall be no less than 30% of the average annual distributable profit gained in recent three years. The undistributed distributable profit of the year may be retained for distribution for future years. The distribution of the Company's profit shall not exceed its accumulated distributable profit nor damage the Company's sustainable operation ability;
- (III) While satisfying the requirements of cash dividend stipulated in the Articles of Association, the Company will proactively distribute dividend in cash. In principle, the cash dividend is distributed once a year. The Board will make the proposal of conducting mid-term profit distribution according to the Company's profitability and capital demand; and
- (IV) To keep equity expansion in line with performance growth, the Company may distribute profit in stock dividend according to the situation of accumulated distributable profit, capital reserves and cash flow and under the premise that the conditions of the minimum cash dividend ratio and the above-mentioned cash dividend have been satisfied.

The profit distribution policies set out in the *Shareholders' Dividend Return Plan in Three Years of 2022-2024 of Qingdao Port International Co., Ltd.* are as follows:

The Company distributes profit in cash, stock, or combined cash and stock or other methods permitted by laws and regulations and normative documents;

The Company may distribute its dividend in cash under the condition that the Company is profitable in the current year and its accumulated undistributed profit is positive, and the audit institution has issued a standard audit report with unqualified opinions towards the Company's annual financial report. The cash dividend of the Company in each year shall be no less than 40% of the distributable profit in the current year. The calculation method used for distributable profit in the current year is the net profit attributable to the parent company according to the consolidated financial statements prepared by the PRC Accounting Standards deducts the accumulated compensation amount for losses, statutory provident fund and other necessary reserves calculated and drew by the parent company and its subsidiaries, and the amount after considering the factors such as the impact caused to the annual net profit by the amount of asset evaluation increment invested in the Company by its sponsor and shareholder Qingdao Port Group when the Company was established. The undistributed distributable profit of the year may be retained for distribution for future years. The distribution of the Company's profit shall not exceed its accumulated distributable profit nor damage the Company's sustainable operation ability;

While satisfying the requirements of cash dividend stipulated in the Articles of Association, the Company will proactively distribute dividend in cash. In principle, the cash dividend is distributed once a year. The Board will make the proposal of conducting mid-term profit distribution according to the Company's profitability and capital demand; and

To keep equity expansion in line with performance growth, the Company may distribute profit in stock dividend according to the situation of accumulated distributable profit, capital reserves and cash flow and under the premise that the conditions of the minimum cash dividend ratio and the above-mentioned cash dividend have been satisfied.

RESULTS AND FINAL DIVIDEND

The results of the Group for the year are set out in the consolidated income statement of this report.

The Board has proposed the distribution of a final dividend of RMB292.70 (tax inclusive) per thousand shares, totaling approximately RMB1,899.9450 million (tax inclusive), which represents approximately 45% of Distributable Profits attributable to shareholders of the Company for the year ended 31 December 2023. Such distribution plan will be implemented on 31 July 2024 subject to approval at the 2023 AGM.

SHARE CAPITAL

As at 31 December 2023, the number of shares issued by the Company was 6,491,100,000, with a nominal value of RMB1.00 per share. The share capital structure of the Company was set out below:

Class	Number of shares	Percentage of the issued shares of the Company
A shares	5,392,075,000	83.1%
H shares	1,099,025,000	16.9%
Total	6,491,100,000	100.0%

Changes in share capital of the Company during the year are set out in Note 4(38) to the financial statements.

AUDIT COMMITTEE

Please refer to the chapters of "Management Discussion and Analysis" and "Corporate Governance Report" in this report for details.

RESERVES

Details of changes in reserves of the Group and the Company for the year are set out in the Consolidated Statement of Changes in Equity.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the amount of reserves available for distribution of the Company was approximately RMB17,232 million, including a dividend of approximately RMB1,900 million, which is to be proposed at the 2023 AGM.

DIRECTORS' REPORT

DONATIONS

During the reporting period, the Group donated RMB0.2 million, which was donated to the “Special Fund of Guarding Country by Frontier Inspection Police of Shandong Provincial Public Security Police Special Care Foundation”.

USE OF NET PROCEEDS

Please refer to the chapter of “Management Discussion and Analysis” in this report for details.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2023 are set out in Note 4(24), Note 4(32), and Note 4(34) to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's major customers and suppliers accounted for the following percentages in the Group's revenue from sales of goods or rendering of services and purchases:

Revenue from the largest customer as a percentage of the Group's revenue from sales of goods or rendering of services	Less than 10%
Revenue from the top five customers as a percentage of the Group's revenue from sales of goods or rendering of services	Less than 15%
Purchase amount from the largest supplier as a percentage of the Group's purchases amount	Less than 5%
Purchase amount from the top five suppliers as a percentage of the Group's purchases amount	Less than 15%

None of the Directors or any of their close associates or any shareholders (to the best of the Directors' knowledge, owning more than 5% of the issued share capital of the Company as at the date of this report) have any interest in any of the five customers and suppliers of the Group.

SIGNIFICANT INVESTMENTS

Details of the Group's significant investments and their performance during the year are set out in Note 4(12), Note 4(49), Note 5(1) and Note 6(2) to the financial statements. Such investments are important parts of the business of the Group, which are in favour of enhancing the profitability, business diversification and abilities in shielding against risks of the Group.

FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Details of changes in property, plant and equipment of the Group are set out in Note 4(15) and Note 4(16) to the financial statements.

INVESTMENT PROPERTIES

Details of investment properties of the Group for the year are set out in Note 4(14) to the financial statements.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES AND THEIR CHANGES

There were no changes to the Directors', Supervisors' and chief executive's information as required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the period from 1 January 2023 to 31 December 2023.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Board currently comprises of eight Directors, including two executive Directors, namely Mr. SU Jianguang and Mr. ZHANG Baohua; three non-executive Directors, namely Mr. LI Wucheng, Mr. ZHU Tao and Ms. WANG Fuling; and three independent non-executive Directors, namely Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.

On 28 March 2024, due to work adjustment, Mr. XUE Baolong resigned as a non-executive Director and a member of the Strategy and Development Committee. For further details, please refer to the announcement of the Company dated 28 March 2024.

The Supervisory Committee currently comprises of four Supervisors, including two independent Supervisors, namely Mr. WANG Yaping and Mr. YANG Qiulin, and two employee representative Supervisors, namely Mr. LIU Shuiguo and Ms. YAO Junjun.

On 8 January 2024, due to work adjustment, Mr. LI Zhengxu resigned as a Supervisor. For further details, please refer to the announcement of the Company dated 8 January 2024.

On 28 March 2024, due to work adjustment, Mr. XIE Chunhu resigned as a Supervisor and the chairman of the Supervisory Committee. For further details, please refer to the announcement of the Company dated 28 March 2024.

There are six senior management in total, including the general manager of Mr. ZHANG Baohua, the deputy general manager of Mr. CHANG Zhizhuan, Mr. LI Jingkui, Mr. YU Shoushui, Mr. LI Zhengxu and the secretary to the Board of Ms. SUN Hongmei.

Information about the details of the directors, supervisors and senior management of the Company is set out in the section headed "Directors, Supervisors and Senior Management" in this report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all Directors and Supervisors for a term of commencing from the date on which the election resolution approved by the Company's shareholder meeting until the conclusion of 2024 annual general meeting holding in 2025 or which shall be terminated pursuant to relevant terms of respective contracts.

None of the Directors or Supervisors has entered into any service contract with the Company or any of its subsidiaries which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for service contracts, there were no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which none of the Directors and Supervisors or its connected entities had a material interest, whether directly or indirectly, as at the end of the year or at any time during the year.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2023.

INTERESTS OF DIRECTORS IN COMPETING BUSINESSES

Shandong Port Group was established in August 2019, the port operation, logistics and other businesses of its controlled companies are similar to those of the Company and/or compete with or likely to compete with those of the Company. For the year ended 31 December 2023, the then directors of the Company of Mr. SU Jianguang, Mr. LI Wucheng, Mr. ZHANG Baohua, Ms. WANG Fuling and Mr. XUE Baolong concurrently served as a director and/or a member of senior management at Shandong Port Group and/or its subsidiaries.

COSCO SHIPPING Group is one of the largest shipping companies in the world, the port operation and investment and the logistics business of which are similar to and/or are likely to compete/compete with those of the Company. For the year ended 31 December 2023, the current director of the Company of Mr. ZHU Tao concurrently served as a director and a member of senior management of COSCO SHIPPING Ports, which is a member of COSCO SHIPPING Group.

The Company has received confirmation letters from the Directors confirming that, save as disclosed above, other than business of the Group, none of the Directors holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Group during the year ended 31 December 2023.

REMUNERATION OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Remuneration of Directors and Supervisors is determined based on their roles and duties, the Company's remuneration policy and the prevailing market conditions, subject to the approval of the shareholders' general meeting. Details of remuneration of Directors, Supervisors and the five highest paid individuals of the Company during the year are set out in Note 8(8) and Note 8(9) to the financial statements.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 31 December 2023, none of the Directors, Supervisors or the chief executive and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO): (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

MATERIAL CONTRACT

Save as disclosed in this report, at no time during the year had the Company or any of its subsidiaries entered into any material contract with the controlling shareholder of the Company (as defined in the Hong Kong Listing Rules) or any of its subsidiaries, nor had any material contract been entered into for the services provided by the controlling shareholder of the Company or any of its subsidiaries to the Company or any of its subsidiaries.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December 2023, the following persons (other than the Directors, Supervisors and chief executive) had interest or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

Name	Class of Shares	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company	Approximate percentage of shareholding in the total number of issued A shares of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company	Long position/short position
Qingdao Port Group	A shares	Beneficial owner ⁽¹⁾	3,522,179,000	54.26%	65.32%	–	Long position
	H shares	Beneficial owner ⁽¹⁾	84,185,000	1.30%	–	7.66%	Long position
	H shares	Interest in a controlled corporation ⁽¹⁾	13,739,000	0.21%	–	1.25%	Long position
Shandong Port Group	A shares	Interest in a controlled corporation ⁽¹⁾	3,522,179,000	54.26%	65.32%	–	Long position
	H shares	Interest in a controlled corporation ⁽¹⁾	97,924,000	1.51%	–	8.91%	Long position
COSCO SHIPPING Ports Development Co., Ltd.	H shares	Beneficial owner ⁽⁴⁾	173,313,000	2.67%	–	15.77%	Long position
Shanghai China Shipping Terminal	A shares	Beneficial owner ⁽²⁾	1,015,520,000	15.64%	18.83%	–	Long position
COSCO SHIPPING Ports	A shares	Interest in a controlled corporation ⁽²⁾	1,111,520,000	17.12%	20.61%	–	Long position
	H shares	Interest in a controlled corporation ⁽⁴⁾	173,313,000	2.67%	–	15.77%	Long position
China COSCO (Hong Kong) Limited	A shares	Interest in a controlled corporation ⁽²⁾	1,111,520,000	17.12%	20.61%	–	Long position
	H shares	Interest in a controlled corporation ⁽⁴⁾	173,313,000	2.67%	–	15.77%	Long position
COSCO SHIPPING Holdings Co., Ltd.	A shares	Interest in a controlled corporation ⁽²⁾	1,111,520,000	17.12%	20.61%	–	Long position
	H shares	Interest in a controlled corporation ⁽⁴⁾	173,313,000	2.67%	–	15.77%	Long position
China Ocean Shipping Co., Ltd.	A shares	Interest in a controlled corporation ⁽²⁾	1,207,520,000	18.60%	22.39%	–	Long position
	H shares	Interest in a controlled corporation ⁽⁴⁾	173,313,000	2.67%	–	15.77%	Long position

DIRECTORS' REPORT

Name	Class of Shares	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding in the registered capital of the Company	Approximate percentage of shareholding in the total number of issued A shares of the Company	Approximate percentage of shareholding in the total number of issued H shares of the Company	Long position/short position
COSCO SHIPPING Group	A shares	Interest in a controlled corporation ⁽³⁾	1,207,520,000	18.60%	22.39%	-	Long position
	H shares	Interest in a controlled corporation ⁽⁴⁾	173,313,000	2.67%	-	15.77%	Long position
China Life Insurance (Group) Company	H shares	Beneficial owner	180,000,000	2.77%	-	16.38%	Long position
China Life Franklin Asset Management Co., Limited	H shares	Investment manager	180,000,000	2.77%	-	16.38%	Long position
FMR LLC	H shares	Interest in a controlled corporation	87,856,233	1.52%	-	7.99%	Long position
FIL Limited	H shares	Interest in a controlled corporation ⁽⁵⁾	87,930,000	1.35%	-	8.00%	Long position
Pandanus Associates Inc.	H shares	Interest in a controlled corporation ⁽⁵⁾	87,930,000	1.35%	-	8.00%	Long position
Pandanus Partners L.P.	H shares	Interest in a controlled corporation ⁽⁵⁾	87,930,000	1.35%	-	8.00%	Long position

Notes:

- As at 31 December 2023, Qingdao Port Group was wholly-owned by Shandong Port Group. The Company was informed that as at 31 December 2023, Qingdao Port Group directly and indirectly held 97,924,000 H shares of the Company, representing approximately 8.91% of the total number of issued H shares of the Company. As at the date of holding the H shares of the Company by Qingdao Port Group and as at the date of this report, based on publicly available information and so far as the Directors are aware, the Company has sufficient public float and the issued shares of the Company held by the public is no less than 16.62%, and is therefore in compliance with the Hong Kong Listing Rules.
- 96,000,000 A shares and 1,015,520,000 A shares of the Company are directly held by China Shipping Terminal Development Co., Ltd. and Shanghai China Shipping Terminal, respectively. Shanghai China Shipping Terminal is wholly owned by China Shipping Terminal Development Co., Ltd. China Shipping Terminal Development Co., Ltd. is wholly owned by COSCO SHIPPING Ports Development Co., Ltd., which is wholly owned by COSCO SHIPPING Ports. China COSCO (Hong Kong) Limited, which is wholly owned by COSCO SHIPPING Holdings Co., Ltd., owned 66.13% interests (in which 7.03% interests was held by its wholly-owned subsidiary) in COSCO SHIPPING Ports. COSCO SHIPPING Group and China Ocean Shipping Co., Ltd. owned 4.37% and 39.08% equity interests in COSCO SHIPPING Holdings Co., Ltd., and China Ocean Shipping Co., Ltd. is wholly owned by COSCO SHIPPING Group. As such, each of COSCO SHIPPING Ports, China COSCO (Hong Kong) Limited, COSCO SHIPPING Holdings Co., Ltd., China Ocean Shipping Co., Ltd. and COSCO SHIPPING Group is deemed to be interested in 1,111,520,000 A shares of the Company.

- (3) In addition to the 96,000,000 A shares and 1,015,520,000 A shares of the Company directly held by China Shipping Terminal Development Co., Ltd. and Shanghai China Shipping Terminal, respectively, there are 96,000,000 A shares of the Company directly held by COSCO Shipping (Qingdao) Co., Ltd., which is wholly owned by COSCO SHIPPING Group. As such, COSCO SHIPPING Group is deemed to be interested in 96,000,000 A shares of the Company and deemed to be interested in 1,207,520,000 A shares of the Company in total.
- (4) 173,313,000 H shares of the Company are directly held by COSCO SHIPPING Ports Development Co., Ltd., which is wholly-owned by COSCO SHIPPING Ports. Based on the shareholding relationships set out under note (2) above, each of COSCO SHIPPING Ports, China COSCO (Hong Kong) Limited, COSCO SHIPPING Holdings Co., Ltd., China Ocean Shipping Co., Ltd. and COSCO SHIPPING Group is deemed to be interested in 173,313,000 H shares of the Company.
- (5) FIL Limited is deemed to be interested in 87,930,000 H shares of the Company held by its controlled entities/corporations. Pandanus Partners L.P. indirectly held 39.60% of the equity interests in FIL Limited. Pandanus Partners L.P. is indirectly wholly owned by Pandanus Associates Inc. Accordingly, Pandanus Partners L.P. and Pandanus Associates Inc. are also deemed to be interested in the aforesaid 87,930,000 H shares of the Company.

Save as disclosed above, as at 31 December 2023, none of the persons had interest or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company.

DEBENTURES IN ISSUE

The Company did not issue any debentures for the year ended 31 December 2023.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, no rights for any Directors or Supervisors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted by the Company or a specified undertaking of the Company (as defined in Companies (Directors' Report) Regulation) to them, or were any such rights exercised by them; or was the Company or a specified undertaking of the Company (as defined in Companies (Directors' Report) Regulation) a party to any arrangement to enable the Directors and Supervisors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the year ended 31 December 2023.

EQUITY-LINKED AGREEMENT

Save as disclosed in this report, the Company did not enter into any equity-linked agreement for the year ended 31 December 2023.

PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling shareholder of the Company did not pledge any of its shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended 31 December 2023.

DIRECTORS' REPORT

SHARE INCENTIVE SCHEME

As of 31 December 2023, the Company did not implement any share incentive scheme.

SUFFICIENCY OF PUBLIC FLOAT

The Hong Kong Stock Exchange has granted the Company a waiver from compliance with the minimum public float requirement under Rule 8.08(1)(a) of the Hong Kong Listing Rules, and the minimum percentage of the Company's shares from time to time held by the public was reduced to 16.62%. Based on publicly available information and so far as the Directors are aware, as at the date of this report, the Company had sufficient public float and the issued shares of the Company held by the public is no less than 16.62%, and is therefore in compliance with the Hong Kong Listing Rules.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Please refer to the chapter of "Management Discussion and Analysis" in this report for details.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and the laws of the PRC which would otherwise require the offer of new shares of the Company to existing shareholders on a pro-rata basis.

EMPLOYEES, REMUNERATION AND PENSION SCHEME

Details of employees, remuneration policy and pension scheme of the Group are set out in Note 4(28) and Note 4(36) to the financial statements.

CONTINGENT LIABILITIES

Please refer to the chapter of "Management Discussion and Analysis" in this report for details.

NON-COMPETITION AGREEMENT AND UNDERTAKING

The Company' controlling shareholder Qingdao Port Group and Shandong Port Group both have made a commitment to avoid horizontal competition with the Group. Qingdao Port Group and Shandong Port Group both have complied with the agreement and commitment to avoid horizontal competition with the Group during the reporting period.

CONFIRMATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted and complied with all applicable provisions as set out in the Corporate Governance Code for this year. For details of compliance with the Corporate Governance Code, please refer to the Corporate Governance Report in this report.

AUDITORS

The financial statements of the Group have been audited by PricewaterhouseCoopers Zhong Tian LLP whose office will be expired at the conclusion of the forthcoming annual general meeting. The Company has not changed the auditors in the past three years.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Summary of the Company's connected persons (set out below is the information as of 31 December 2023)

Connected Person	Connected Relationship
Shandong Port Group/SDP	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), the indirect controlling shareholder of the Company, holding 100% equity interests in Qingdao Port Group as at the date of this report
Qingdao Port Group	Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司), the direct controlling shareholder of the Company, holding approximately 55.77% of the Company's total issued share capital directly and through its subsidiaries indirectly
Harbour Construction Group	Shandong Harbour Construction Group Co., Ltd.* (山東港灣建設集團有限公司), an associate of Shandong Port Group, which is the indirect controlling shareholder of the Company
Qingdao Port Engineering	Qingdao Port (Group) Engineering Co., Ltd.* (青島港(集團)港務工程有限公司), an associate of Shandong Port Group, which is the indirect controlling shareholder of the Company, with 51% and 49% equity interests held by Harbor Construction Group and the Company, respectively
Weihai Port	Shandong Port Weihai Port Co., Ltd.* (山東港口威海港有限公司), the subsidiary of Qingdao Port Group, which is the direct controlling shareholder of the Company
Weihai Port Development Company	Shandong Weihai Port Development Co., Ltd.* (山東威海港發展有限公司), a connected subsidiary of the Company, with 51% and 49% equity interests held by the Company and Weihai Port, respectively
Shichang Logistics	Weihai Shichang Logistics Co., Ltd.* (威海世昌物流有限公司), a connected subsidiary of the Company and a wholly-owned subsidiary of Weihai Port Development Company
COSCO SHIPPING Group	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), an associate of substantial shareholder of the Company, Shanghai China Shipping Terminal, holding approximately 21% equity interests of the Company indirectly by its subsidiaries
Qingdao OST	Qingdao Ocean Shipping Tally Co., Ltd.* (青島外輪理貨有限公司), a connected subsidiary of the Company, which is held as to 84% equity interests by the Company and 16% equity interests by China Ocean Shipping Tally Company* (中國外輪理貨有限公司), a subsidiary of COSCO SHIPPING Group
Worldex Logistics	Worldex Logistics Co., Ltd.* (全球捷運物流有限公司), a substantial shareholder of Qingdao Port Jieyuntong Logistics Co., Ltd.* (青島港捷運通物流有限公司), a connected person at subsidiary level of the Company

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

The Group has conducted three non-exempt connected transactions during the reporting period.

(A) ACQUISITION OF PART OF EQUITY INTERESTS IN COMPANIES HELD BY RIZHAO PORT GROUP AND YANTAI PORT GROUP

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

As each of Rizhao Port Group and Yantai Port Group is a wholly-owned subsidiary of Shandong Port Group, both Rizhao Port Group and Yantai Port Group are associates of Shandong Port Group and are connected persons of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the above transaction constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

For further details, please refer to the Company's announcements dated 27 June 2023, 30 June 2023 and 27 December 2023.

(B) TRANSFER OF THE PHASE I PROJECT ASSET OF COMPREHENSIVE LOGISTICS YARD IN DONGJIAKOU PORT AREA

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

As Qingdao Port Engineering is an indirect subsidiary of Shandong Port Group, pursuant to Chapter 14A of the Hong Kong Listing Rules, Qingdao Port Engineering is an associate of Shandong Port Group and a connected person of the Company. Therefore, the above transaction constituted a connected transaction of the Company under the Hong Kong Listing Rules.

For further details, please refer to the Company's announcement dated 17 July 2023.

(C) ACQUISITION OF EQUITY INTERESTS IN SOME CONNECTED SUBSIDIARIES

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

Weihai Port Development Company is a non-wholly owned subsidiary with 51% equity interests held by the Company, and Weihai Port Company, a wholly-owned subsidiary of Qingdao Port Group, holds 49% equity interests in Weihai Port Development Company. Weihai Port Development Company, and its wholly-owned subsidiary, Weihai Shichang Logistics Co., Ltd., both are the connected subsidiaries of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the transaction of equity transfer of Qingdao Port International Trade constitutes a connected transaction of the Company.

For further details, please refer to the Company's announcement dated 25 August 2023.

CONTINUING CONNECTED TRANSACTIONS

Unless otherwise defined, the terms used below have the same meanings as defined in the relevant announcements.

(A) CONTINUING CONNECTED TRANSACTIONS WITH SHANDONG PORT GROUP

i 2023 SDP Goods and Services Agreement

On 28 October 2022, the Company entered into the 2023 SDP Goods and Services Agreement with Shandong Port Group, pursuant to which the Group shall provide and purchase comprehensive goods and services (including sales of goods and services, purchase of goods and services, leasing out of assets and leasing in assets) to Shandong Port Group and/or its subsidiaries and associates. The term of the agreement was from 1 January 2023 to 31 December 2023. For the details, please refer to the announcement dated 28 October 2022, the circular of 2022 second extraordinary general meeting dated 18 November 2022, and the poll results of 2022 second extraordinary general meeting dated 23 December 2022.

ii 2023 SDP Financial Services Agreement

On 28 October 2022, the Company entered into the 2023 SDP Financial Services Agreement with Shandong Port Group, pursuant to which Shandong Port Group and/or its subsidiaries and associates shall provide financing services to the Group, including deposit service, credit service, intermediary service. The term of the agreement was from 1 January 2023 to 31 December 2023. For the details, please refer to the announcement dated 28 October 2022, the circular of 2022 second extraordinary general meeting dated 18 November 2022, and the poll results of 2022 second extraordinary general meeting dated 23 December 2022.

DIRECTORS' REPORT

(B) CONTINUING CONNECTED TRANSACTIONS WITH COSCO SHIPPING GROUP

On 28 October 2022, the Company entered into the 2023 COSCO SHIPPING Goods and Services Agreement with COSCO SHIPPING Group, a substantial shareholder of the Company, pursuant to which the Group shall provide and purchase comprehensive goods and services (including sales of goods and services, purchase of goods and services and leasing out of assets) to COSCO SHIPPING Group and/or its subsidiaries and associates. The term of the agreement was from 1 January 2023 to 31 December 2023. For the details, please refer to the announcement of the Company dated 28 October 2022, the circular of 2022 second extraordinary general meeting dated 18 November 2022, and the poll results of 2022 second extraordinary general meeting dated 23 December 2022.

(C) CONTINUING CONNECTED TRANSACTIONS WITH QINGDAO OST

On 28 October 2022, the Company entered into the 2023 Qingdao OST Goods and Services Agreement with Qingdao OST, pursuant to which the Group shall provide comprehensive goods and services (including sales of goods and services) to Qingdao OST and/or its subsidiaries and associates. The term of the agreement was from 1 January 2023 to 31 December 2023. For the details, please refer to the announcement of the Company dated 28 October 2022.

(D) CONTINUING CONNECTED TRANSACTIONS WITH WORLDEX LOGISTICS

On 28 June 2022, the Company entered into the 2022 Worldex Logistics Comprehensive Service Framework Agreement with Worldex Logistics, pursuant to which the Group shall provide comprehensive logistic services to Worldex Logistics and/or its subsidiaries and associates mutually (the Group mainly provides container CFS service and freight forwarding service to Worldex Logistics, and Worldex Logistics mainly provides freight forwarding service to the Group). The term of the agreement is from 28 June 2022 to 31 December 2024. For details, please refer to the announcement of the Company dated 28 June 2022.

Annual caps and actual transactions amounts for the above continuing connected transactions for the year 2023 are as follows:

Unit: RMB'000

	Annual cap for 2023	Amount incurred in 2023
A. Shandong Port Group continuing connected transactions		
i. 2023 SDP Goods and Services Agreement		
The Group sells goods and services to Shandong Port Group	2,400,000	905,758
The Group purchases goods and services from Shandong Port Group	9,000,000	2,540,596
The Group leases assets to Shandong Port Group	40,000	21,242
The Group leases assets from Shandong Port Group	350,000	182,945
ii. 2023 SDP Financial Services Agreement		
Daily maximum balance deposited by the Group in Shandong Port Group (including accrued interest and handling fee)	18,000,000	13,511,483
Daily maximum outstanding loan balance of credit services provided by Shandong Port Group to the Group (including accrued interest and handling fee)	18,000,000	4,551,153
Including: secured credit services	3,000,000	904,777
unsecured credit	15,000,000	3,646,376
Intermediary business services provided by Shandong Port Group to the Group	20,000	1,363
B. Continuing connected transactions with COSCO SHIPPING Group		
2023 COSCO SHIPPING Goods and Services Agreement		
The Group purchases goods and services from COSCO SHIPPING Group	800,000	198,065
The Group sells goods and services to COSCO SHIPPING Group	1,500,000	846,092
The Group leases assets to COSCO SHIPPING Group	60,000	27,810
C. Continuing connected transactions with Qingdao OST		
2023 Qingdao OST Goods and Services Agreement		
The Group sells goods and services to Qingdao OST	150,000	68,331
D. Continuing connected transactions with Worldex Logistics		
2022 Worldex Logistics Comprehensive Services Framework Agreement		
The Group provides comprehensive logistics services to Worldex Logistics	770,000	291,931
Worldex Logistics provides comprehensive logistics services to the Group	330,000	80,541

DIRECTORS' REPORT

In 2023, the Company and relevant connected persons renewed the 2024 SDP Goods and Services Agreement, 2024 SDP Financial Services Agreement and 2024 COSCO SHIPPING Group Goods and Services Agreement, which related to the continuing connected transactions and their annual caps from 2024 to 2026 between the Group and Shandong Port Group and COSCO Shipping Group. The agreements are all valid from 1 January 2024 to 31 December 2026. The Company will disclose details of continuing connected transactions in accordance with the Hong Kong Listing Rules. For details, please refer to the Company's announcements dated 27 October 2023 and 20 December 2023, and the circular dated 22 November 2023.

(E) CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company's independent non-executive Directors have reviewed the above continuing connected transactions and confirmed these transactions:

- (1) were entered into in the ordinary and usual course of business of the Group;
- (2) were either on normal commercial terms, or, in the absence of similar transactions to judge whether the terms are normal commercial terms, on terms no less favorable to those adopted for transactions between the Group and independent third parties;
- (3) were in accordance with the terms of such transactions agreements, which are in the interest of the Group and our Shareholders as a whole, and fair and reasonable; and
- (4) did not exceed the annual cap amounts.

(F) CONFIRMATION FROM THE AUDITOR

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company as set out on pages 77 to 79 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "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" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Hong Kong Listing Rules.

(G) OTHERS

Except for the above connected transactions, the Group did not enter into any other connected transactions which should comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For certain material related party transactions disclosed in Note 8 to the financial statements which also constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules, the Company had made disclosure as required under the Hong Kong Listing Rules.

DESCRIPTION OF OTHER MATTERS

Please refer to the chapter of “Management Discussion and Analysis” in this report for details.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Group has allocated system and staff resources to ensure ongoing compliance with rules and regulations and to maintain well relationships with regulators effectively through effective communications. During the year, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Group.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognizes that our employees, customers and business partners are keys to our sustainability journey on the way to sustainability development. We strive to achieve corporate sustainability through coordinating with our employees closely, providing quality services to our customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human resources. The Company provides a fair workplace and develop the non-discriminatory and diversified environment. We also provide competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits performance. The Company ensures that all businesses of the Group are conducted in accordance with the principles under the health and safety management system. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

To increase customer satisfaction and promote a customer-oriented culture within the Company, we take “Customer First” as one of our core values. We value the feedback from customers through daily communication, regular inspections, etc. We have also established the mechanism about customer service, support and complaints. When dealing with customer complaint, we treat it as an opportunity to improve our relationship with the customer, addressing the concern in a timely manner and in accordance with international standards.

We deeply believe that our suppliers are equally important in developing high-quality projects. We proactively collaborate with our business partners (including suppliers and contractors) to deliver quality sustainable products and services. We have formulated certain requirements in the field of bidding. These requirements include regulatory compliance, tracking and evaluation of procurement results, dynamic assessment of suppliers, anti-corruption and other business ethics. We assure the performance of our suppliers through supplier approval process and by conducting factory audits/site visits and spot checks on the delivered goods at site during the contractual periods.

By order of the Board
SU Jianguang
Chairman

Qingdao, the PRC
28 March 2024

SUPERVISORS' REPORT

In 2023, the Supervisory Committee maintained the interests of the Company and its shareholders by actively undertaking its responsibilities, conducting effective supervision and expressing supervisory opinions the compliant operation, connected transactions and other matters of the Company in accordance with laws, regulations and normative documents including the Company Law of the PRC, the Securities Law of the PRC, and rules including the Articles of Association and the Rules of Procedures for the Supervisory Committee of Qingdao Port International Co., Ltd., and the rights conferred by the general meeting of shareholders.

I. MEETINGS HELD BY THE SUPERVISORY COMMITTEE

During the year, the Supervisory Committee held seven Supervisory Committee meetings, the details of which were as follows:

- (i) On 29 March 2023, the Supervisory Committee held the seventh meeting of the fourth session of the Supervisory Committee to consider and approve eight resolutions, including Resolution on the Annual Report for 2022 of Qingdao Port International Co., Ltd., Resolution on the Sustainability Report for 2022 and the Sustainability Report Work Plan for 2023 of Qingdao Port International Co., Ltd., Resolution on the Work Report of the Supervisory Committee for 2022 of Qingdao Port International Co., Ltd., Resolution on the Final Financial Statements for 2022 of Qingdao Port International Co., Ltd., Resolution on the Profit Distribution Plan for 2022 of Qingdao Port International Co., Ltd., Resolution on the Remuneration Plan of 2022 for Supervisors of Qingdao Port International Co., Ltd., Resolution on the Special Report for 2022 on the Storage and Actual Use of Funds Raised by Qingdao Port International Co., Ltd. and Resolution on the Internal Control Evaluation Report for 2022 of Qingdao Port International Co., Ltd..
- (ii) On 28 April 2023, the Supervisory Committee held the eighth meeting of the fourth session of the Supervisory Committee to consider and approve the “Resolution on the First Quarterly Report for 2023 of Qingdao Port International Co., Ltd.”.
- (iii) On 30 June 2023, the Supervisory Committee held the ninth meeting of the fourth session of the Supervisory Committee to consider and approve five resolutions, including Resolution on the Eligibility of the Company to Purchase Assets and Raise Ancillary Funds by Issuing Consideration Shares and Cash Payments, Resolution on A Connected Transaction Constituted by the Issuing Consideration Shares and Cash Payments to Purchase Assets and Raise Ancillary Funds, Resolution on Issuing Consideration Shares and Cash Payments to Purchase Assets and Raise Ancillary Funds and A Connected Transaction, Resolution on the Plan of Qingdao Port International Co., Ltd. Issuing Consideration Shares and Cash Payments to Purchase Assets and Raise Ancillary Funds and A Connected Transaction and Its Abstract, Resolution on Signing Agreement of Issuing Consideration Shares and Cash Payments to Purchase Assets and Raise Ancillary Funds with Effective Conditions.
- (iv) From 7 July 2023 to 17 July 2023, the Supervisory Committee held the tenth meeting of the fourth session of the Supervisory Committee to vote and approve the Resolution on Transferring the Phase I Project Asset of Comprehensive Logistics Yard in Dongjiakou Port Area of Qingdao Port.

- (v) On 25 August 2023, the Supervisory Committee held the eleventh meeting of the fourth session of the Supervisory Committee to consider and approve four resolutions, including Resolution on the Interim Report for 2023 of Qingdao Port International Co., Ltd., Resolution on the Special Report on the Storage and Actual Use of Funds Raised by Qingdao Port International Co., Ltd. in the First Half of 2023, Resolution on Acquiring Certain Equity Interests of Shandong Weihai Port Development Co., Ltd. by Qingdao Port International Logistics Co., Ltd., and Resolution on Amending the Rules of Procedure for the Supervisory Committee of Qingdao Port International Co., Ltd..

- (vi) On 27 October 2023, the Supervisory Committee held the twelfth meeting of the fourth session of the Supervisory Committee to consider and approve six resolutions, including Resolution on the Third Quarterly Report for 2023 of Qingdao Port International Co., Ltd., Resolution on Changes in Accounting Estimates, Resolution on the Ordinary Connected Transaction from 2024 to 2026 with Shandong Port Group Co., Ltd., Resolution on the Financial Connected Transaction from 2024 to 2026 with Shandong Port Group Co., Ltd., Resolution on the Ordinary Connected Transaction from 2024 to 2026 with China COSCO Shipping Corporation Limited, and Resolution on the Ordinary Connected Transaction from 2024 to 2026 with Relevant Connected Parties.

- (vii) On 20 December 2023, the Supervisory Committee held the thirteenth meeting of the fourth session of the Supervisory Committee to consider and approve two resolutions, including “Resolution on Using Unused Raised Funds for Cash Management” and “Resolution on the Entrusted Financial Investment Plan for 2024 of Qingdao Port International Co., Ltd.”.

II. SUPERVISORY ADVICE OF SUPERVISORY COMMITTEE ON RELEVANT ISSUES OF THE COMPANY DURING THE REPORTING PERIOD

(i) Compliance Operation

During the reporting period, the Supervisory Committee inspected and supervised the procedures and resolutions of important meetings such as the Board and shareholders' meetings, and the performance of duties by Directors and the senior management in 2023. The Supervisory Committee believed that the Board held board meetings and considered resolutions as well as convened and organized the general meeting and attended relevant meetings through undertaking their responsibilities and operating legally in accordance with laws and regulations, normative documents as well as the Articles of Association. The Directors and senior management maintained the interests of the Company and its shareholders by performing duties seriously and carrying out the resolutions made by the shareholder's general meetings and the Board strictly, and acting diligently and responsibly in the management and operation of the Company.

(ii) Inspection of Financial Conditions of the Company

During the reporting period, the Supervisory Committee inspected and supervised the financial statements, profit distribution, and other financial situations of the company for the year of 2023. The Supervisory Committee believed that the Company has a sound financial system, standardized management and a good financial condition, and the relevant reports have fairly and truly reflected the financial and operating conditions of the Company. PricewaterhouseCoopers Zhong Tian LLP, the auditor of the Company, has audited the financial statements of the Company in accordance with the PRC Accounting Standards for Business Enterprises.

SUPERVISORS' REPORT

(iii) Use of Raised Proceeds

During the reporting period, the Supervisory Committee inspected and supervised the use of various raised funds by the Company in 2023. The Supervisory Committee believed that the use of all raised proceeds strictly complied with the requirements of the H Share Prospectus, the A Share Prospectus, the Company's announcements and related governance systems. The procedures for using funds are in compliance with regulations, and there is no illegal use of raised funds. Under the premise of not affecting the construction of the investment projects and the scheduled operation of the business, the Company has used the idle raised funds to appropriately purchase wealth management products with high safety, good liquidity, guaranteed capital with a term of not more than 12 months. This is conducive to improving the efficiency of the use of funds and to gaining more investment returns for the Company and shareholders.

(iv) Connected Transactions and Related-Party Transactions

During the reporting period, the Supervisory Committee inspected and supervised connected transactions and related-party transactions of the company in 2023. The Supervisory Committee believed that the procedures of connected transactions/related-party transactions have been complying with laws and regulations as well as the requirements of the relevant connected transactions and related-party transactions agreements, and are fair and reasonable to the Company and its shareholders without unfairness or harming non-related-party shareholders' interests, especially middle and minority shareholders.

(v) Review of Periodic Reports

During the reporting period, the Supervisory Committee supervised and reviewed the quarterly, interim, annual financial reports and related documents of the company for the year 2023. The Supervisory Committee believed that the preparation and review procedures of the Company's periodic reports are in compliance with laws, regulations, the Articles of Association and the provisions of the Company's internal management policy. The content and format of the periodic reports are in accordance with the requirements of the China Securities Regulatory Commission and the stock listing location of the Company. There is no false record, misleading statement or material omission in these periodic reports. No personnel involved in the preparation and review of the periodic reports were found to have violated confidentiality agreement before the Supervisory Committee reviewed the periodic reports.

(vi) Internal Control Situation

During the reporting period, the Supervisory Committee inspected and supervised the internal control evaluation report and the construction and operation of the company's internal control system. The Supervisory Committee believed that the internal control of the company is well-designed, effectively executed, and can ensure the achievement of control objectives. There are no major defects in the company's internal control. The 2023 Internal Control Evaluation Report prepared by the Board truthfully, completely, and objectively reflected the construction and operation of the company's internal control system.

III. OUTLOOK AND PROSPECT FOR 2024

In 2024, the Supervisory Committee will continue to seriously fulfill their responsibilities in accordance with relevant laws and regulations, the Articles of Association and the Rules of Procedures for the Supervisory Committee of Qingdao Port International Co., Ltd. to further enhance the Company's compliant operation.

(i) Undertake responsibilities in accordance with laws

The Supervisory Committee will continue to urge the Company to continuously improve the corporate governance structure in accordance with the requirements of the modern enterprise system and further improve the corporate governance level. At the same time, we will urge Directors and senior management to perform their duties diligently, complete their work conscientiously, make more standardized business decisions, and effectively safeguard the legitimate rights and interests of the Company and shareholders.

(ii) Strengthen supervision and inspection

By communicating with the management and reviewing regular reports, the Supervisory Committee will keep track of the Company's operations, and supervise the Company's financial operations. The Supervisory Committee will comprehensively monitor the use of funds raised by the Company, connected transactions/related-party transactions and major foreign investment to promote the Company's healthy and sustainable development.

(iii) Strengthen learning and improve supervision capabilities

The Supervisory Committee will continue to strengthen the study of laws and regulations, broaden professional knowledge and improve business capacity, improve supervision methods, and enhance supervision results.

In 2024, the Supervisory Committee will comply to the laws and regulations, normative documents as well as the Articles of Association to improve its working abilities continuously, enhance its responsibilities and awareness of self-discipline business skills, carefully fulfill its duties and strengthen the supervision to fulfill its responsibilities to protect the interests of the Company and the shareholders of the Company, and jointly promote the healthy, stable and sustainable development of the Company together with the Board and all the shareholders of the Company, pursuant to the Company Law of the PRC.

All the Supervisors

Qingdao, the PRC
28 March 2024

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the annual report of the Company for the year ended 31 December 2023.

The Board is committed to upholding a high standard of corporate governance practices in the belief that they are essential for maintaining and promoting investors' confidence and improving shareholders' returns. The Board reviews its corporate governance practices from time to time in order to ensure high standards of corporate governance of the Company and meet the expectations of shareholders and other stakeholders.

The Company has been in compliance with the code provisions set out in the Corporate Governance Code during the reporting period.

I. THE BOARD

1. Composition of the Board

The Board currently comprises eight Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors, among which, there are two female Directors, accounted for 25% of the total number of Directors and achieved the Company's goals. Board members possess the knowledge, skills, and abilities necessary to perform their duties. During the reporting period, members of the board of the Company are listed as below:

Member of the Board	Position	Date of appointment/ re-designation
Mr. SU Jianguang (蘇建光)	Chairman, executive Director	21 July 2021
Mr. LI Wucheng (李武成)	Vice chairman, non-executive Director	18 August 2021
Mr. ZHU Tao (朱濤)	Non-executive Director	23 December 2022
Mr. ZHANG Baohua (張保華)	Executive Director	23 December 2022
Ms. WANG Fuling (王芙玲)	Non-executive Director	20 May 2020
Mr. XUE Baolong (薛寶龍) (Note)	Non-executive Director	23 December 2022
Ms. LI Yan (李燕)	Independent non-executive Director	17 May 2019
Mr. JIANG Min (蔣敏)	Independent non-executive Director	17 May 2019
Mr. LAI Kwok Ho (黎國浩)	Independent non-executive Director	17 May 2019

Note: Due to the adjustment of work, Mr. XUE Baolong (薛寶龍) ceased to serve as a non-executive Director and a member of Strategy and Development Committee on 28 March 2024.

The Directors are elected by the general meeting of the Company and will hold offices until the annual general meeting of 2024 to be held in 2025. The Directors are subject to re-election for re-appointment when their terms of office as Directors expire.

Biography of each Director is set out in the section headed "Directors, Supervisors and Senior Management". In addition, the list setting out the name, roles and function of each Director has been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.qingdao-port.com).

The Directors have no fiscal, business, family or other material/relevant relationships with each other.

Chairman and General Manager

The positions of chairman and general manager of the Company are segregated and held by different persons to ensure their respective independence of responsibility and accountability and the balance and restriction of power and authority between them. The chairman plays a critical role in leading the Board, ensuring that the Board is functioning properly and with well-formulated corporate governance practices and procedures, whilst the general manager is mainly responsible for the day-to-day management of the Company's operations, including being in charge of the production and operation management of the Company, organizing the implementation of resolutions of the Board and coordinating overall business operations. There are no other relationships except for work relationships among the members of the Board, and between the chairman and the general manager.

During the reporting period, the chairman has held meetings with the independent non-executive Directors without the presence of other Directors.

Responsibilities of the Board and Management

The Board is responsible to all shareholders and mainly responsible for implementing the resolutions approved by general meetings, determining the operating plans and investment projects of the Company, managing the disclosure of the Company's information, attending to the regular or irregular work report of the general manager and review the work of the general manager, and determining such matters as the external investments, asset purchase and sale and pledge of assets within the scope authorized by the general meetings. The Company has established a mechanism to ensure that the Board obtained independent viewpoints and opinions. The Board reviews the implementation and effectiveness of the mechanism annually. The Board has examined and reviewed the relevant mechanism and is of the view that it has been duly implemented and effective during the reporting period.

Under the leadership of the general manager, the management of the Company is responsible for implementing the resolutions approved by the Board and organizing the Company's day-to-day operation and management. In order to ensure the effective operation of the Company, the management submits an operation report of the Company to the Board each month, which enables the Board to monitor the operation situation of the Company in time and to assess and supervise the management. Meanwhile, the management also communicates with the Board in formal and informal manners in respect of the issues related to the operation and business of the Company and provides sufficient information at appropriate time to allow the Board to make decisions with sufficient background information, which enhances the decision-making efficiency and quality of the Board.

Independent Non-executive Directors

During the reporting period, the Company has three independent non-executive Directors in compliance with the Rules 3.10(1) and (2) of the Hong Kong Listing Rules, two of whom own accounting or financial management expertise and the other one owns expertise in law. The number of independent non-executive Directors accounts for one-third or more of the number of the Board members.

According to the Rule 3.13 of the Hong Kong Listing Rules, the independent non-executive Directors have made confirmations to the Company regarding their independence during the reporting period. Based on the confirmations provided by independent non-executive Directors, the Company considers each of them to be independent during the reporting period.

The Company has established multiple channels for independent non-executive Directors to express their opinions openly and honestly, and express the opinion confidentially when necessary, including but not limited to the ways of interacting with management and other Board members (including the chairman) outside of meetings, and pre-board communication meetings.

The Board is committed to continuously evaluating the independence of independent non-executive Directors, taking into account all relevant factors, including whether independent non-executive Directors can continue to raise constructive opinions and suggestions for management and other Directors, whether their views are independent of those expressed by management or other Directors, and whether their words and actions are appropriate within and outside of the Board. The behaviors of independent non-executive directors of the Company can meet expectations in appropriate circumstances, demonstrating the above characteristics.

Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as the code of conduct for the Directors and Supervisors to conduct securities transactions. After making specific enquiries to all Directors and Supervisors, all Directors and Supervisors confirmed that they had fully complied with the required standards set out in the Model Code during the period from 1 January 2023 to 31 December 2023.

Training and Continuous Professional Development of Directors

On 16 January 2023 and 26 May 2023, the newly appointed directors, supervisors and proposed senior management of the Company received the training provided by the Company's PRC legal adviser respectively, which mainly covered the main amendments and impacts of the Securities Law of the People's Republic of China, the code of conduct for directors, supervisors and senior management, and key points of corporate governance and information disclosure. On 16 January 2023 and 26 May 2023, the newly appointed directors, supervisors and proposed senior management of the Company also received the training provided by the Company's Hong Kong legal adviser respectively, which mainly covered an overview of the Hong Kong securities market regulatory system, analysis of director responsibilities and violation cases of Hong Kong listed companies, etc.

On 28 March 2023, all directors, supervisors and senior management of the Company received the training provided by the Company's PRC legal adviser, which mainly covered the overview of refinancing under the new regulations of comprehensive registration system, introduction of refinancing tools, key points of refinancing review, etc.. On the same day, all directors, supervisors and senior management of the Company received the training provided by the Company's continuous supervision of securities firms, which mainly covered the impact of the implementation of comprehensive registration system and the overview of regulatory reviews for mergers and acquisitions, project review processes, key review points, etc.

The Company secretary provided the Directors with information such as the latest amendments to the Hong Kong Listing Rules and other applicable regulatory requirements, cases of listed companies, industry news, production and operation situations of the Company from time to time to allow them to learn the updates of regulatory rules, industry information and the Company's information in time and fulfill their responsibilities.

Newly appointed Directors will receive trainings provided by the Company upon the appointment, so as to ensure that they have adequate understanding of the Company's business and they are fully aware of their duties as Directors under the laws, regulations, regulatory documents and the Articles of Association.

During the reporting period, the Directors, namely Mr. SU Jianguang, Mr. LI Wucheng, Mr. ZHU Tao, Mr. ZHANG Baohua, Ms. WANG Fuling, Mr. XUE Baolong, Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho have got continuing professional development through participating in specific trainings, seminars, forums and reading publications on economy and securities to update their knowledge and technique, which enables them to make continuous contributions to the Company with comprehensive knowledge and technique. Each Director has confirmed that he/she is aware of their director responsibilities under the Hong Kong Listing Rules.

Liability Insurance of Directors, Supervisors and Members of Senior Management

The Company has been always placing great emphasis on risk prevention of the Directors' liability, thus the Company has purchased insurances for all Directors, Supervisors and members of senior management to minimize risks that may be incurred in their normal performance of responsibilities.

Directors' Responsibility on Financial Statements

The Directors are responsible for the preparation of the financial statements for the year ended 31 December 2023, which gives a true and fair view of the affairs of the Company and the Group and the results and cash flow of the Group.

2. Board Meetings and General Meetings

During the reporting period, the Company held eight Board meetings and five general meetings of shareholders (including the annual general meeting of 2022, the first extraordinary general meeting of 2023, the first A shareholders' class meeting of 2023, the first H shareholders' class meeting of 2023, the second extraordinary general meeting of 2023). The attendance of the above meetings by each Director is as follows:

Name of Directors	Number of Board Meetings Among Which, Attended			Attendance Rate	Number of General Meeting(s) Among Which, Attended			Attendance Rate
	During the Tenure	Number of Attendance by Proxy	Attendance Rate		During the Tenure	Number of Attendance by Proxy	Attendance Rate	
Mr. SU Jianguang (蘇建光) (Note 1)	8/8	0	100%	4/5	0	80%		
Mr. LI Wucheng (李武成)	8/8	0	100%	5/5	0	100%		
Mr. ZHU Tao (朱濤) (Note 2)	3/8	5	37.5%	0/5	0	0%		
Mr. ZHANG Baohua (張保華)	8/8	0	100%	5/5	0	100%		
Ms. WANG Fuling (王芙玲)	8/8	0	100%	5/5	0	100%		
Mr. XUE Baolong (薛寶龍) (Note 3)	8/8	0	100%	5/5	0	100%		
Ms. LI Yan (李燕)	8/8	0	100%	5/5	0	100%		
Mr. JIANG Min (蔣敏)	8/8	0	100%	5/5	0	100%		
Mr. LAI Kwok Ho (黎國浩)	8/8	0	100%	5/5	0	100%		

CORPORATE GOVERNANCE REPORT

Note 1: On 20 December 2023, Mr. SU Jianguang (蘇建光) did not attend the second extraordinary general meeting of 2023 due to other official arrangements.

Note 2: On 6 June 2023, 15 September 2023 and 20 December 2023, Mr. ZHU Tao (朱濤) did not attend the annual general meeting of 2022, the first extraordinary general meeting of 2023, the first A shareholders' class meeting of 2023, the first H shareholders' class meeting of 2023 and the second extraordinary general meeting of 2023, due to other official arrangements. On 29 March 2023, 30 June 2023 and 27 October 2023, Mr. ZHU Tao (朱濤) did not attend the on-site Board meetings due to other official arrangements and authorized the independent non-executive Director, Mr. JIANG Min (蔣敏), to vote on his behalf at the Board meetings. On 28 April 2023 and 6 June 2023, Mr. ZHU Tao (朱濤) did not attend the on-site Board meetings due to other official arrangements and authorized the chairman, Mr. SU Jianguang (蘇建光), to vote on his behalf at the Board meetings.

Note 3: Due to the work adjustment, Mr. XUE Baolong (薛寶龍) resigned as a non-executive Director and a member of Strategy and Development Committee on 28 March 2023.

Notices for all regular Board meeting, the agenda and the relevant papers have been given to each Director at least fourteen days before the meetings in order that they are able to attend the meetings, record related arrangement on the agenda and have sufficient time to review the papers. Minutes of each Board meeting is circulated to all Directors for perusal. Directors who have conflicts of interest in the Board resolutions have avoided of voting.

All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek for independent professional advice at the Company's expense after making reasonable request to the Board.

II. SPECIAL COMMITTEES OF THE BOARD

The Board established four special committees, namely Strategy and Development Committee, Audit Committee, Remuneration Committee and Nomination Committee. The Company has provided sufficient resources to all the Board Committees to perform their duties.

1. Strategy and Development Committee

The Strategy and Development Committee currently consists of six Directors, namely Mr. SU Jianguang (蘇建光), Mr. LI Wucheng (李武成), Mr. ZHU Tao (朱濤), Mr. ZHANG Baohua (張保華), Ms. WANG Fuling (王芙玲) and Mr. JIANG Min (蔣敏), among which, Mr. JIANG Min (蔣敏) is an independent non-executive Director and Mr. SU Jianguang (蘇建光) is the chairman of the Strategy and Development Committee.

The primary responsibility of the Strategy and Development Committee is to review the overall development and strategic plans of the Company, the major investment and financing proposals of the Company and other issues that are material to the development of the Company, and to make recommendations to the Board. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

During the reporting period, the Strategy and Development Committee held two meetings, in which ten resolutions regarding general mandate to issue shares of the Company, general mandate to issue the debt financing instruments of the Company domestically and overseas, business plan of the Company in 2023, and issuing shares and cash payments to purchase assets and raise ancillary funds were considered and approved and recommendations were made to the Board.

During the reporting period, the attendance of the meetings by each member is as follows:

Name of Members	Number of Meeting(s) Attended During the Tenure	Among Which, Number of Attendance by Proxy	Attendance Rate
Mr. SU Jianguang (蘇建光) (Chairman)	2/2	0	100%
Mr. LI Wucheng (李武成)	2/2	0	100%
Mr. ZHU Tao (朱濤) (Note 1)	1/2	1	50%
Mr. ZHANG Baohua (張保華)	2/2	0	100%
Ms. WANG Fuling (王芙玲)	2/2	0	100%
Mr. XUE Baolong (薛寶龍) (Note 2)	2/2	0	100%
Mr. JIANG Min (蔣敏)	2/2	0	100%

Note 1: On 30 June 2023, Mr. ZHU Tao (朱濤) did not attend the on-site Strategy and Development Committee meeting and authorized the member, Mr. JIANG Min (蔣敏), to vote on his behalf at the Strategy and Development Committee meeting, due to other official arrangements.

Note 2: Due to the work adjustment, Mr. XUE Baolong (薛寶龍) resigned as a non-executive Director and a member of Strategy and Development Committee on 28 March 2024.

2. Audit Committee

The Audit Committee currently consists of three Directors, namely Ms. LI Yan (李燕), Ms. WANG Fuling (王芙玲) and Mr. LAI Kwok Ho (黎國浩), of which Ms. LI Yan (李燕) and Mr. LAI Kwok Ho (黎國浩) are both independent non-executive Directors, Ms. WANG Fuling (王芙玲) is an employee representative Director. Ms. LI Yan (李燕) and Mr. LAI Kwok Ho (黎國浩) hold the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. Ms. LI Yan (李燕) serves as the chairman of the Audit Committee.

The primary responsibility of the Audit Committee is to review the financial information of the Company and its disclosure, oversee the financial operation status, risk management and internal control procedures of the Company, propose the appointment of external auditors and monitor their relationship with the Company and maintain close communication between the Company and its management with external auditors. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

During the reporting period, the Audit Committee held seven meetings to consider and approve the resolutions, including resolutions on the Company's 2022 annual report, capital occupation by controlling shareholders and other connected parties, special report on storage and actual use of raised funds in 2022, internal control evaluation report of 2022, audit committee performance report of 2022, 2023 first quarterly report, appointment of the Company's accounting firm for the year 2023, the plan of issuing shares and cash payments to purchase assets and raise ancillary funds and a connected transaction and its abstract, transferring the phase I project asset of comprehensive logistics yard in Dongjiakou port area of Qingdao Port, 2023 interim report, the continuous risk assessment report of Shandong Port Finance Company, 2023 third quarterly report, changes in accounting estimates, the continuing connected transaction from 2024 to 2026 with Shandong Port Group, the continuing connected transaction from 2024 to 2026 with COSCO SHIPPING Group, 2024 guarantee plan, 2024 entrusted financial investment plan, etc., and make recommendations to the Board. At the same time, the Audit Committee communicated with the external auditors on the 2022 audit results and the 2023 audit plan of the Company and etc., and heard the internal audit report made by the head of the internal audit department.

During the reporting period, the attendance of the meetings by each member is as follows:

Name of Members	Number of Meetings Attended During the Tenure	Among Which, Number of Attendance by Proxy	Attendance Rate
Ms. LI Yan (李燕) (Chairman)	7/7	0	100%
Ms. WANG Fuling (王芙玲)	7/7	0	100%
Mr. LAI Kwok Ho (黎國浩)	7/7	0	100%

Representatives of external auditors participated in some of the Audit Committee meetings held in 2023.

3. Remuneration Committee

Recently, the Remuneration Committee consists of three Directors, namely Mr. LAI Kwok Ho (黎國浩), Mr. LI Wucheng (李武成) and Ms. LI Yan (李燕), of which Mr. LAI Kwok Ho (黎國浩) and Ms. LI Yan (李燕) are both independent non-executive Directors, and Mr. LI Wucheng (李武成) is a non-executive Director. Mr. LAI Kwok Ho (黎國浩) serves as the chairman of the Remuneration Committee.

The primary responsibility of the Remuneration Committee is to consider the remuneration structures and policies for all Directors and senior management of the Company, establish formal and transparent procedures to devise such remuneration policies and formulate the remuneration packages of Directors and senior management, as well as make recommendations to the Board. The Remuneration Committee has adopted the model as described in code E.1.2(c)(ii) of the Corporate Governance Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including remuneration, bonuses, pension rights, compensation payments and benefits in kind. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

During the reporting period, the Remuneration Committee held one meeting to consider and approve the resolution on remuneration of Directors and senior management of the Company for 2022.

During the reporting period, the attendance of the meeting by each member is as follows:

Name of Members	Number of Meeting(s) Attended During the Tenure	Among Which, Number of Attendance by Proxy	Attendance Rate
Mr. LAI Kwok Ho (黎國浩) (Chairman)	1/1	0	100%
Mr. LI Wucheng (李武成)	1/1	0	100%
Ms. LI Yan (李燕)	1/1	0	100%

The Company regularly reviews its remuneration policy including directors' remuneration payable, taking into account the Company's performance and market conditions, to formulate better incentives and appraisal measures. Pursuant to the code E.1.5 of the Corporate Governance Code, the following table sets forth the remuneration of the Directors, Supervisors and members of senior management of the Company categorized by remuneration group for the year ended 31 December 2023:

Group (Note)	Remuneration (RMB)	Number of Individuals
1	0-500,000	13
2	500,001-1,000,000	7
3	1,000,001-2,000,000	3

Notes:

Group 1 includes 7 Directors, 3 Supervisors and 3 senior executives of the Company, among which 1 Director concurrently serves as a senior executive of the Company during the reporting period.

Group 2 includes 2 Supervisors and 5 senior executives of the Company.

Group 3 includes 2 Directors and 1 Supervisor of the Company.

No share options were granted to Directors and no Directors waived remuneration during the reporting period. The Company has not paid any gratuity to the Directors as compensation for leaving the Company, nor has it paid any gratuity as an incentive upon or after joining the Company.

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix D2 to the Hong Kong Listing Rules are set out in Note 8(8) and Note 8(9) to the financial statements for the year.

4. Nomination Committee

Recently, the Nomination Committee currently consists of three Directors, namely Mr. JIANG Min (蔣敏), Mr. SU Jianguang (蘇建光) and Mr. LAI Kwok Ho (黎國浩), of which Mr. JIANG Min (蔣敏) and Mr. LAI Kwok Ho (黎國浩) are both independent non-executive Directors, Mr. SU Jianguang (蘇建光) is an executive Director and the chairman of the Company. Mr. JIANG Min (蔣敏) serves as the chairman of the Nomination Committee.

The primary responsibility of the Nomination Committee is to develop standards and procedures for the election of the Board members and members of the senior management, and make recommendations to the Board; review the structure, number, composition and membership diversity of the Board and make appropriate recommendations for adjustments made to the Board in line with the corporate strategies of the Company; propose to the Board candidates for Directors, General Manager, Deputy General Manager, chief financial officer and secretary to the Board; and provide opinions to the Board on the appointment or re-appointment of Directors and the succession plan for Directors (especially the chairman and general manager), and review the independence of independent non-executive Directors. Its terms of reference can be referred to on the websites of the Hong Kong Stock Exchange and the Company. The Nomination Committee should seek independent professional adviser to perform its responsibilities at the Company's expense, when necessary.

During the Reporting Period, the Nomination Committee held one meeting, in which the resolution regarding the nomination of deputy general managers was considered and approved, and recommendations were made to the Board.

During the reporting period, the attendance of the meeting by each member is as follows:

Name of Members	Number of Meeting(s) Attended During the Tenure	Among Which, Number of Attendance by Proxy	Attendance Rate
Mr. JIANG Min (蔣敏) (Chairman)	1/1	0	100%
Mr. SU Jianguang (蘇建光)	1/1	0	100%
Mr. LAI Kwok Ho (黎國浩)	1/1	0	100%

The Board formulated and adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. For the year ended 31 December 2023, the Board has met the expected goal of the Board Diversity Policy and kept an appropriate balance of member structure. During the reporting period, the Board has reviewed the implementation and effectiveness of the Board Diversity Policy.

The Board formulated and adopted the Policy for the Nomination of Directors of the Company. According to such policy, in evaluating and selecting candidates for directorship, the Nomination Committee and/or the Board would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidates can make to the Board in terms of qualifications, skills, experience, independence, as well as their willingness and ability to devote adequate time to discharge duties as members of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of a new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified to assume the directorship. The Nomination Committee should then recommend to the Board to appoint appropriate candidates for the directorship in the order of their ranking (if applicable) based on the needs of the Company and reference check of each candidate.

Qualified shareholders meeting requirements under laws and regulations and the Articles of Association are also eligible to nominate candidate(s) for directorship, please refer to Procedures for Shareholders to Propose a Person for Election as a Director for more details.

III. SUPERVISORY COMMITTEE

The Supervisory Committee currently consists of four Supervisors, including two employee representative Supervisors and two independent Supervisors. During the reporting period, the members of the Supervisory Committee of the Company are listed below:

Member of the Supervisory Committee	Position	Date of appointment
Mr. XIE Chunhu (謝春虎) (Note 1)	Shareholder representative Supervisor	28 June 2022
	Chairman of the Supervisory Committee	5 December 2022
Mr. WANG Yaping (王亞平)	Independent Supervisor	17 May 2019
Mr. YANG Qiulin (楊秋林)	Independent Supervisor	17 May 2019
Mr. LI Zhengxu (李正旭) (Note 2)	Shareholder representative Supervisor	23 December 2022
Mr. LIU Shuiguo (劉水國)	Employee representative Supervisor	29 April 2019
Ms. YAO Junjun (姚雋雋)	Employee representative Supervisor	28 June 2022

Note 1: Mr. XIE Chunhu (謝春虎) resigned from the Supervisor and the chairman of the Supervisory Committee due to the work adjustment on 28 March 2024.

Note 2: Mr. LI Zhengxu (李正旭) resigned from the Supervisor due to the work adjustment on 8 January 2024.

Shareholder representative Supervisors and independent Supervisors are elected at the general meeting, while employee representative Supervisors are democratically elected and removed by the staff of the Company. Each supervisor will hold offices until the annual general meeting for 2024 to be held in 2025, and is subject to re-election for re-appointment when terms of office as Supervisor expire.

Biography of each Supervisor is set out in the section headed "Directors, Supervisors and Senior Management".

CORPORATE GOVERNANCE REPORT

During the reporting period, the Supervisory Committee held seven meetings and the Company held five general meetings of shareholders in total. The attendance of the meetings by each Supervisor is as follows:

Name of Supervisors	Number of Meetings of the Supervisory Committee			Number of General Meeting(s)		
	Attended During the Tenure	Among Which, Number of Attendance by Proxy	Attendance Rate	Attended During the Tenure	Among Which, Number of Attendance by Proxy	Attendance Rate
Mr. XIE Chunhu (謝春虎) (Chairman of the Supervisory Committee)	7/7	0	100%	5/5	0	100%
Mr. WANG Yaping (王亞平)	7/7	0	100%	5/5	0	100%
Mr. YANG Qiulin (楊秋林)	7/7	0	100%	5/5	0	100%
Mr. LI Zhengxu (李正旭)	7/7	0	100%	5/5	0	100%
Mr. LIU Shuiguo (劉水國)	7/7	0	100%	5/5	0	100%
Ms. YAO Junjun (姚雋雋)	7/7	0	100%	5/5	0	100%

The performance of responsibilities by the Supervisory Committee is set out under the section headed “Supervisors’ Report” in this report.

IV. CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include:

- to formulate and review the Company’s policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company’s compliance with the listing rules of stock listing place of the Company and disclosure in the Corporate Governance Report.

V. JOINT COMPANY SECRETARIES

During the reporting period, Ms. SUN Hongmei and Ms. NG Sau Mei as the joint company secretaries of the Company, had complied with the requirements on taking no less than 15 hours of continuous professional trainings as set out in Rule 3.29 of the Hong Kong Listing Rules. Meanwhile, Ms. SUN Hongmei and Ms. NG Sau Mei also actively participated in studies and updated their professional knowledge related to the Hong Kong Listing Rules and corporate governance to continuously improve their professional skills as the company secretary. The main contact person of the Company is Ms. SUN Hongmei, one of the Company's joint company secretaries.

VI. AUDITOR

Financial statements contained in this annual report have been audited by PricewaterhouseCoopers Zhong Tian LLP. Service fees which shall be paid by the Company to PricewaterhouseCoopers Zhong Tian LLP for the year amounted to RMB9.89 million (value-added tax and other related tax included). The non-audit services primarily comprise working capital sufficiency non-audit assurance service.

Services rendered	Fees Payable (RMB Yuan)
Annual audit service for listed company	5,450,000
Other audit services of the Group	4,260,000
Non-audit services	180,000
	<hr/>
Total	9,890,000
	<hr/> <hr/>

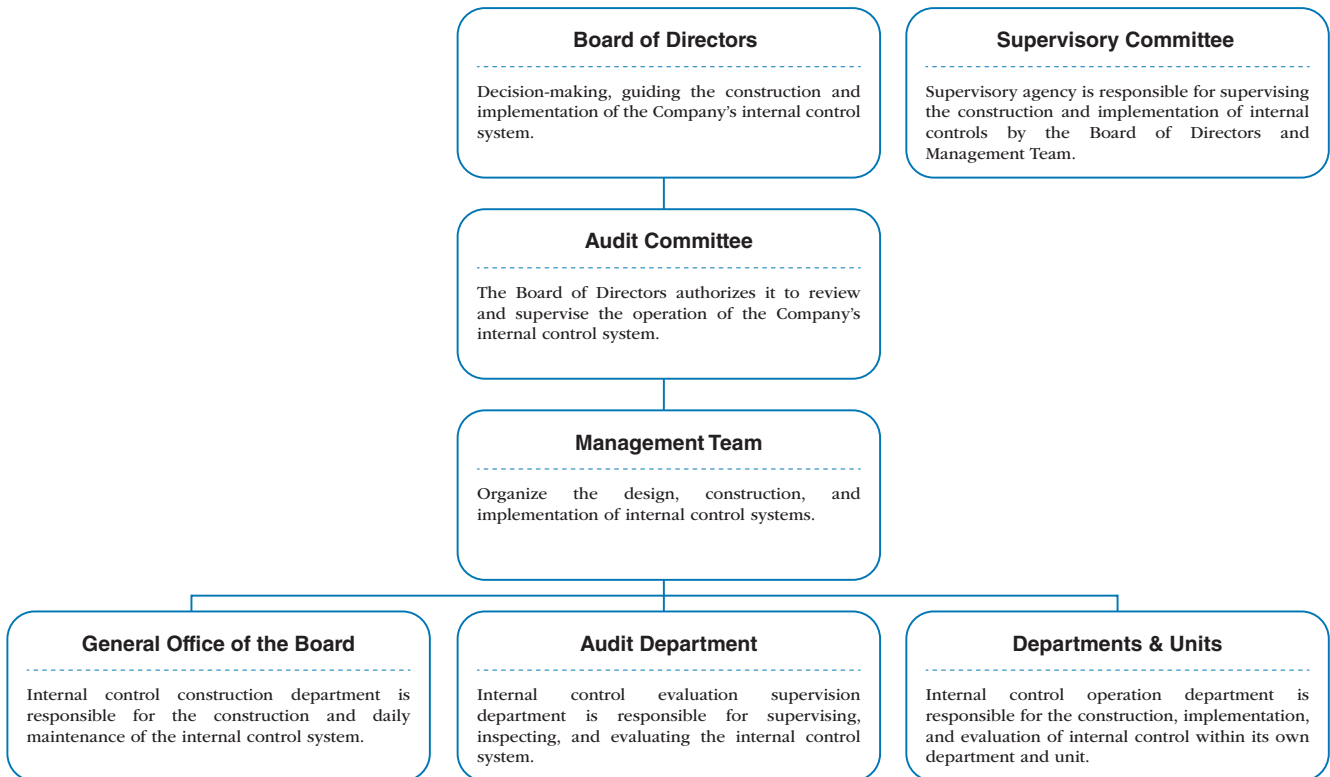
VII. RISK MANAGEMENT AND INTERNAL CONTROL

The Company is committed to establishing high level risk management and internal control systems to safeguard the Company's assets and shareholders' investment. Systems and procedures in relation to risk management are set up to identify, measure, manage and control risks that include but are not limited to strategic, market, financial, operational and legal risk that may have an impact on the Company. The Company has defined the overall business structure of the Company and its subsidiaries, which detailed lines of authority and controls responsibilities in each business unit of the Company, to allow segregation of duties as well as to increase accountability, and has set up an internal control manual to monitor these procedures and activities. The Company has established relevant measures to cope with the material internal control defects identified.

CORPORATE GOVERNANCE REPORT

The Board carefully evaluates the possibility and potential impacts of the internal control defects and is responsible for assessing and determining the nature and extent of the risks willing to be accepted for achieving strategic objectives on an annual basis and continuously oversees the design, implementation and monitoring of the risk management and internal control systems by the management to ensure its safe and effective operation, and has formulated Rules on Internal Control Management, Rules on Overall Risk Management, Rules on Internal Auditing and Management Measures for Internal Control Evaluation. The Audit Committee established by the Board makes recommendations to the Board on the formulation and implementation of risk management and internal control systems within their terms of reference, reviews the effectiveness of the Company’s risk management, internal control systems and internal audit system and assists the Board to oversee the Company’s risk management and internal control systems on an ongoing basis. The management assists the Board to formulate corresponding corrective measures and implement them to ensure these internal control defects are properly resolved in a timely manner.

The internal control management structure of the Company includes the Board and its Audit Committee, Supervisory Committee, management, internal control construction department, internal control evaluation and supervision department, and internal control operation departments, as shown in the following figure:



The Company has adopted the following measures in order to establish effective risk management and internal control:

1. Compliance Control

The Company has established a set of corporate governance mechanism to promote the compliance operation of the shareholders' general meetings, Supervisory Committee and the Board. The Company is also complied with the requirements of the Hong Kong Listing Rules, SFO and the Guidelines on Disclosure of Inside Information that it regulates information disclosure matters. The Company continues to strengthen connected transactions management, perform related approval and disclosure obligations according to the requirements of the Hong Kong Listing Rules.

The procedures and internal controls for the identifying, handling, and publishing inside information by the Company include: (1) formulating and implementing relevant supporting systems, including the Management Measures Governing Information Disclosure, by the Board, and establishing the comprehensive process of reporting, identifying, and disclosing inside information to ensure that the disclosure of inside information is in compliance; (2) by means of training and instruction, fully informing the Board, the Supervisory Committee, the management and the related staff of the obligations on information disclosure as stipulated under the Hong Kong Securities and Futures Commission's Guidelines on Disclosure of Inside Information and the Hong Kong Listing Rules; and (3) dispatching information to specific personnel on a need-to-know principle, putting emphasis on the prohibition of unauthorised use of confidential or inside information, and conducting the confidential work preceding the disclosure of insider information.

2. Operation Control

The Company has adjusted development initiatives timely by observing and evaluating the macroeconomic policies and operating conditions, the national industrial policies, and the industrial supply-demand conditions, in order to reduce market risk. The Company has established hierarchy control and approval mechanism for rate, cargo handover and delivery, and supervision of goods pledge to strengthen control through the whole process. The Company implements centralized procurement management, strictly inspects the procurement process of large-scale equipment and bulk goods and services to prevent procurement risk. The Company has also established safety accountability system and safety management system to safeguard the safety in production and operation of ports. The Company has established a system of information management, contract management and seal management to strengthen contract risk control.

3. Investment Control

The Group has implemented centralized procedures of examination and approval on external investments of the Company itself and its subsidiaries, and established a set of management process, ranging from project screening, decision approval, disposal of investment and risk control. In the view that the Company has many joint venture companies, the Company has also set up specialized management system for joint venture companies. The Company has established and optimized the engineering project management system, standardized the work flows of project establishment, bidding, construction, acceptance, cost and other sections to ensure the quality, progress and capital safety of engineering projects.

4. Finance Control

The Company has established a series of financial management measures, including business outsourcing, fixed assets leasing, insurance services, receivables, financing management, bank accounts management and notes management, etc. to effectively prevent and reduce finance risk. The Company has implemented comprehensive budget management and promoted budget's process control, which provide quantitative index of finance and operation for the Board and management. The Company implemented a centralized appointment and regular rotation system for financial personnel management, and the Company implemented material matters real time reporting system for delegated units and strengthened centralized control. The Audit Committee communicates with auditors and the management regularly to review the regular reports, as well as supervise the financial operation. The Company also pays high attention to the job qualifications and professional integrity of accounting and financial personnel and the Company takes full consideration of resources and budget of continuous trainings. The Board has also reviewed and satisfied with the Group's resources, staff qualification and experience on accounting and financial ability, and the training programs received by staffs and such budget are sufficient.

5. Internal Audit Control

The Company has established the Audit Department with corresponding supervision and audit responsibility, and the Company provided qualified designated personnel to assist the Audit Committee and Supervisory Committee to review and supervise the factuality, legitimacy and efficiency for the Group's financial revenues and expenses, financial budget, asset quality, operation performance, construction projects and related economic activities, so as to strengthen internal control and risk management.

In 2023, the Company actively prevented and resolved major risks, organized the revision Internal Control Manual and Risk Management Manual, to further strengthen the solid defense of the risk. During the reporting period, the Company conducted an annual evaluation of its risk management and internal control systems. The method, findings, analysis and results of the evaluation have been reported to the Audit Committee and the Board. The Company engaged PricewaterhouseCoopers Zhong Tian LLP to conduct audit on the Company's internal control effectiveness of the financial report. The auditor was of the view that the Company maintained effective internal control in financial reporting in all material aspects in accordance with the Basic Standards for Enterprise Internal Control and related regulations during the reporting period. The Board conducted self-evaluation on the construction of the risk management and internal control system (including financial, operational and compliance control, etc.) of the Company and its subsidiaries and the operation in 2023, and was of the opinion that the risk management and internal control systems of the Company and its subsidiaries were adequate and effective. The Board was of the opinion that the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

6. Anti-corruption Monitoring

The Company has strengthened the supervision and management of honest work, complied with the requirements of laws and regulations such as the *Anti Unfair Competition Law of the People's Republic of China* and the *Anti-Money-Laundering Law of the People's Republic of China*, strengthened supervision of the power operation process, formulated and implemented rules and regulations such as the *Record and Reporting System for Leaders' Intervention in Major Matters (Trial)*, *Regulations on Recording and Accountability for Illegal Intervention in Business Management Activities (Trial)*. The Company attaches importance to anti-corruption and anti-money-laundering management, develops and implements the *Fund Payment Approval Management Method*, regulates various fund payment processes, approval authorities, and related requirements, and strictly manages the fund payment process to prevent corruption, money laundering, and other illegal and illegal risks.

The Company has strengthened supervision and inspection of honest work, smooth supervision and reporting channels such as letters, visits, calls, and the internet, and promptly accepted relevant complaints. The Company has focused on key areas, important links, and key positions such as bidding procurement and engineering construction, strengthened ordinary supervision and special supervision, and prevented honest risks. The Company has employed external supervisors for the honest construction of the Party and the government to improve the supervision ability of the public.

7. Climate Change Monitoring

The Company actively implements the national goal of “carbon peaking, carbon neutral”, pays attention to the impact of global climate change on port operation, adheres to the concept of green and low-carbon development, reduces pollutant emission and the impact of development on the environment. Combining climate change scenarios, the Company analyzed own climate change risks and opportunities, assessed the relevant impacts, and formulated coping strategies.

Please refer to the “2023 Sustainability Report” published by the Company for further details on climate change monitoring.

VIII. INVESTOR RELATIONS

1. General Meetings and Shareholder's Rights

The Company is committed to maintaining communication with shareholders. Shareholders are encouraged to attend general meetings held by the Company and are invited to express their views and raise questions. The general meetings of the Company are divided into annual general meetings and extraordinary general meetings.

The annual general meeting is convened once a year within six months after the end of last fiscal year. The extraordinary general meeting is convened irregularly. In accordance with the Articles of Association, an extraordinary general meeting shall be convened on the requisition of two or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Board Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified of any business specified in such requisition. The Board shall as soon as possible proceed to convene the extraordinary general meeting after receiving the above written requisition.

CORPORATE GOVERNANCE REPORT

The Company shall issue a written notice 20 days before the meeting is held for the annual general meeting. A written notice shall be issued to the shareholders 15 days before the convening of an extraordinary general meeting, which specifies the matters to be considered and date and venue of the meeting. Where the laws, regulations and listing rules in the jurisdiction where the shares of the Company are listed stipulate the aforesaid matters otherwise, such provisions shall prevail. Shareholders who individually or jointly hold more than 3% of the shares of the Company are entitled to submit a temporary proposal to the Board in writing 10 days before the general meeting; the Board shall issue a supplemental notice of the general meeting within 2 days upon receiving the proposal and publish an announcement for the extraordinary proposals. The proposals shall be within the scope of authority of the shareholders' meeting, and shall have clear object and detailed agenda items, and shall comply with laws, regulations and the Articles of Association.

During the reporting period, save for Mr. SU Jianguang (蘇建光) was unable to attend the second extraordinary general meeting of 2023 due to other official arrangements, and Mr. ZHU Tao (朱濤) was unable to attend the annual general meeting for 2022, the first extraordinary general meeting of 2023, the first A shareholders' class meeting of 2023, the first H shareholders' class meeting of 2023 and the second extraordinary general meeting of 2023 due to other official arrangements, other Directors, Supervisors, the secretary (the Joint Company Secretary) of the Board and the PRC legal adviser are present at the general meetings, while the general manager, deputy general managers, external auditors and Hong Kong legal counsels of the Company attended general meetings as non-voting attendees to respond to shareholders' questions in relation to proposed resolutions seeking approval at the meetings. The circular containing information relating to the general meetings were dispatched to all the shareholders before the convening of the general meeting as required.

Minutes of meetings of the general meetings are kept in the Company. A shareholder shall be entitled to inspect copies of minutes of meetings free of charge during office hours of the Company or pay reasonable fees to the Company in order to obtain copies of minutes of meetings.

In the annual general meeting of 2022 of the Company held on 6 June 2023, the chairman of the meeting demanded that all resolutions to be passed by poll, and had explained the procedures for voting at the meeting. At the meeting, the resolutions regarding the annual report for 2022, the profit distribution plan for 2022, etc. were considered and approved. For details, please refer to the announcement of the Company regarding the poll results dated 6 June 2023.

In the first extraordinary general meeting of 2023, the first A shareholders' class meeting of 2023 and the first H shareholders' class meeting of 2023 of the Company held on 15 September 2023, the chairman of the meetings demanded that all resolutions to be passed by poll, and had explained the procedures for voting at the meeting. At the meeting, the resolutions regarding the amendments of Articles of Association, rule of procedure of shareholders' meeting, etc. were considered and approved. For details, please refer to the announcement of the Company regarding the poll results dated 15 September 2023.

In the second extraordinary general meeting of 2023 of the Company held on 20 December 2023, the chairman of the meeting demanded that the resolution to be passed by poll, and had explained the procedures for voting at the meeting. At the meeting, the resolution regarding the continuing connected transactions from 2024 to 2026 between the Company and Shandong Port Group, the continuing connected transaction from 2024 to 2026 between the Company and COSCO SHIPPING Group, etc. were considered and approved. For details, please refer to the announcement of the Company regarding the poll results dated 20 December 2023.

2. Amendments to Constitutional Document

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

3. Information Disclosure

The Company insists the principles of sufficiency, compliance, equality of opportunity, honest and trustworthy, focusing on efficiency and interactive communication, and discloses the Company's information in a timely and precise manner according to the requirements of the Hong Kong Listing Rules.

The Company prepared and disclosed its regular and provisional reports in strict adherence to the principles of truthfulness, accuracy, completeness, timeliness and fairness. It continuously enhanced the pertinence, effectiveness and transparency of information disclosure in order to guarantee investors' access to relevant information and ensure that the investors in the mainland China and Hong Kong are provided with equal opportunity to access relevant information. It carefully organised compliance analysis and disclosure of material events, as well as actively exploring voluntary information disclosure to provide more timely, comprehensive and effective information to investors.

To promote effective communication, the Company also publishes information such as latest announcement and business development of the Group in a timely manner on the Company's website, through which shareholders and investors can immediately grasp the latest business condition and dynamic condition of the Company.

4. Investor Relations Management

The Company pays much attention to the management work of investor relations, and regards investor relations as an important aspect of corporate governance. The Company has established "Investor Relations Management System", "Implementation Rules for Investor Relations" and other communication policies with shareholders. The Board review every year and the secretary to the Board is responsible for the overall coordination and arrangement of the management work of investor relations, and general office of the Board being responsible for specific implementation. The Company is committed to setting up an efficient communication bridge between management and investors. During the reporting period, the Board has reviewed the implementation and effectiveness of the above policies.

The Company communicates with shareholders mainly in the following ways: (i) holding the annual general meeting of shareholders and the extraordinary general meeting of shareholders for specific purposes (if any) to provide chances for shareholders to communicate directly with the Board; (ii) publishing interim announcements, periodic reports and/or circular in accordance with the Hong Kong Listing Rules; and (iii) releasing the latest information of the Group on the Company's website (<http://www.qingdao-port.com>).

CORPORATE GOVERNANCE REPORT

During this year, in order to allow investors fully understand the results performance, operation strategy and development prospects of the Company, the Company has held various activities, including results release conference, results explanation conference, results road show, analysts and investors on-site research, and teleconference, etc., through which the Company has deep communication with investors and related persons. Based on the above measures, the Board expressed satisfaction with the activities carried out by the Company to communicate with shareholders and investors during the reporting period.

Furthermore, the general office of the Board reports investors' perception of the Company and relevant development to the management regularly, so that the management can understand the concerns of investors and the changes of relevant policies and requirements in time, thus improving its work on investor relations management. Based on the above measures, the Board expressed satisfaction with the activities undertaken by the Company to communicate with shareholders and investors during the reporting period.

The Company considers the management of investor relations as a long-term systematic project. Looking forward, the Company will continuously review and improve its work on investor relations management at appropriate time in accordance with the supervisory requirements of the Hong Kong Stock Exchange, the development trend of the capital market and investors' expectation, keep contact with domestic and oversea investors and maintain a good image of the Company in the capital market.

Shareholders and investors of the Company may send their enquiries and concerns to the Company by addressing them to the general office of the Board. The contact details are as follows:

General Office of the Board

Tel: 86-532-82983083

E-mail: qggj@qdport.com

Address: 7 Gangji Road, City North District, Qingdao, Shandong Province, the PRC



普华永道

PwC ZT Shen Zi (2024) No. 10038

To the Shareholders of Qingdao Port International Co., Ltd.,

OPINION

What we have audited

We have audited the accompanying financial statements of Qingdao Port International Co., Ltd. (hereinafter “Qingdao Port International Company”), which comprise:

- the consolidated and company balance sheets as at 31 December 2023;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders’ equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company’s financial position of Qingdao Port International Company as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“CASs”).

BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Qingdao Port International Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of 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.

Key audit matters identified in our audit are summarised as follows:

- Provision for supplemental retirement benefits obligations
- Estimates on the bad debt provision for accounts receivable

Key Audit Matter

Provision for supplemental retirement benefits obligations

Please refer to Note 2 (19)(b), (29)(a)(ii) and Note 4(36)(b) long-term employee benefits payable.

As at 31 December 2023, Qingdao Port International Company has recognised liabilities in connection with the provision for supplemental retirement benefits of approximately RMB2,434.08 million.

The liabilities in connection with the supplemental retirement benefits are determined on an actuarial basis based on different assumptions. Qingdao Port International Company has engaged a third-party actuary to conduct actuarial valuation on the aforesaid supplemental retirement benefits obligations. Key actuarial assumptions (including discount rates, benefits growth rates and mortality etc.) can have a material impact on the provision for the related retirement benefits obligations. The selection of those actuarial assumptions requires significant judgements and estimates.

We regard this area as a key audit matter because the provision for supplemental retirement benefits obligations requires significant judgements and estimates and also the amounts involved are significant. The inherent risk in relation to the provision for supplemental retirement benefits obligations is considered as elevated risk due to the uncertainty of the judgements and estimations, the complexity of the actuarial process, the subjectivity of the significant assumptions used.

How our audit addressed the Key Audit Matter

We understood and evaluated Qingdao Port International Company's internal controls over the provision for supplemental retirement benefits obligations and validated the effectiveness of the key internal controls, including management's review and approval of the adoption of key assumptions. The inherent risk of material misstatement was assessed by taking into account the degree of uncertainty in the estimates and the level of other inherent risk factors, including complexity, subjectivity, change, and management bias and other fraud risk factors.

We evaluated the capability, professionalism and objectivity of the third-party actuary.

We involved our internal actuarial experts to assist us in evaluating the reasonableness of management's benefit plan and the key assumptions as adopted by the third-party actuary. The evaluation works include comparing the discount rates as adopted with the spot rate of treasury bonds as of the balance sheet date, checking the mortality used to the China Life Insurance Mortality Table, comparing the growth rates of various benefits with Qingdao Port International Company's benefits policies and historical information, the historical price indexes as announced by The National Bureau of Statistics of the People's Republic of China, considering the potential impact if these assumptions are to be changed within a reasonable range, as well as through independent calculating to review the results of third-party actuary.

We checked the relevant documents of benefit plans and verified the source data (e.g. basic information of employees and benefits payments for the current period etc.) as used by the actuary via sampling methods.

We found that the management's judgements and estimates on the assumptions as adopted for the provision for supplemental retirement benefits obligations are within an acceptable extent.

KEY AUDIT MATTERS (Continued)**Key Audit Matter****Estimates on the bad debt provision for accounts receivable**

Please refer to Note 2(9)(a)(ii), (29)(a)(iii) and Note 4(4)(d) the bad debt provision for accounts receivable.

The gross carrying amount of accounts receivable amounted to RMB2,103.63 million and a provision for impairment of RMB151.32 million has been recognised as at 31 December 2023.

Qingdao Port International Company measures the loss provisions of accounts receivable based on the lifetime ECL. If there exists objective evidence that the amount cannot be collected under the original terms of the accounts receivable, the provision for bad debts shall be separately accrued.

When there is no information at reasonable cost to assess the ECL on the individual basis, Qingdao Port International Company classifies receivables into certain groupings based on their credit risk characteristics and measures ECL according to exposure at default and lifetime ECL rate on the grouping basis, and determines ECL rate based on aging matrix.

When determining the ECL, Qingdao Port International Company uses internal historical credit loss experience and other data, combining with current conditions and forward-looking information to adjust the historical data. When considering forward-looking information, Qingdao Port International Company has considered different macroeconomic scenarios and important macroeconomic assumptions and parameters.

We regard this area as a key audit matter because the amounts involved are significant and Qingdao Port International Company made significant estimate and judgement in determining the impairment of accounts receivable.

How our audit addressed the Key Audit Matter

We understood and evaluated Qingdao Port International Company's internal controls over the management of accounts receivable and measurement of Expected Credit Loss ("ECL") and validated the effectiveness of the key internal controls. The inherent risk of material misstatement was assessed by taking into account the degree of uncertainty in the estimates and the level of other inherent risk factors, including complexity, subjectivity, change, and management bias and other fraud risk factors.

For accounts receivable assessed on the individual basis, we have reviewed the management's basis for assessing expected credit losses such as the customer's financial status and credit status, historical repayment records, and forecasts of future economic conditions. And we verify the management's assessment with the evidence we obtained during the audit.

For accounts receivable which the ECL is measured based on the groupings of credit risk characteristics, we have reviewed whether the management's judgment on the classification of the groupings and the common risk characteristics is reasonable. We used the work of internal experts to assist us in evaluating the assumptions about management's ECL measurement method of accounts receivable, historical default loss rates, and forward-looking adjustment coefficients. The assessment of the forward-looking adjustment coefficient takes into account the impact of the weight of different macroeconomic scenarios and the economic indicators used by the management were checked with external data sources. On this basis, the ECL were recalculated to verify the rationality of management's calculation of ECL.

We conducted external confirmation, checked the accuracy of the aging of accounts receivable by inspecting the related supporting documents (such as operation records and invoices etc.), and checked the status of subsequent settlement of accounts receivable on sample basis.

We found that there was evidence to support the management's judgements and estimates on the impairment of accounts receivable.

AUDITOR'S REPORT

PwC ZT Shen Zi (2024) No. 10038

OTHER INFORMATION

Management of the Qingdao Port International Company is responsible for the other information. The other information comprises all of the information included in 2023 annual report of Qingdao Port International Company other than 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 responsibility is 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.

RESPONSIBILITIES OF MANAGEMENT AND THE AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

Management of the Qingdao Port International Company is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Qingdao Port International Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate Qingdao Port International Company or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing Qingdao Port International Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material 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 CSAs 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 CSAs, we exercise professional judgements and maintain professional skepticism throughout the audit. We also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Qingdao Port International Company's ability 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 these 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 Qingdao Port International Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Qingdao Port International Company 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.

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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.

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China
28 March 2024

Signing CPA
Jia Na (Engagement Partner)

Signing CPA
Lv Yongzheng

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 4	31 December 2023	31 December 2022 (restated)
Current assets			
Cash at bank and on hand	(1)	10,934,026,950	9,183,323,879
Financial assets held for trading	(2)	284,562,083	999,864,829
Notes receivable	(3)	83,814,533	96,070,105
Accounts receivable	(4)	1,952,312,395	2,016,471,556
Financing receivables	(5)	314,538,178	280,619,222
Advances to suppliers	(6)	126,611,960	126,266,656
Other receivables	(7)	668,058,871	852,817,484
Including: Dividend receivable		33,615,186	8,924,400
Inventories	(8)	51,604,817	54,146,549
Contract assets	(9)	89,441,090	123,966,449
Held for sale assets	(15)	84,925,902	–
Current portion of non-current assets	(11)	4,184,479	2,717,391
Other current assets	(10)	197,410,270	141,272,926
Total current assets		<u>14,791,491,528</u>	<u>13,877,537,046</u>
Non-current assets			
Long-term receivables	(11)	31,217,303	32,141,987
Long-term equity investments	(12)	14,045,730,100	12,888,086,094
Other non-current financial assets	(13)	393,840,402	393,840,402
Investment properties	(14)	208,311,370	145,666,381
Fixed assets	(15)	23,728,480,297	22,183,661,213
Construction in progress	(16)	1,757,339,288	2,491,929,634
Right-of-use assets	(17)	555,717,415	629,604,435
Intangible assets	(18)	3,070,313,078	3,202,177,728
Development costs	(19)	42,279,529	30,804,841
Goodwill	(20)	28,014,688	48,683,209
Long-term prepaid expenses		61,493,616	75,685,037
Deferred tax assets	(21)	910,182,364	960,815,313
Other non-current assets	(22)	621,449,665	515,259,386
Total non-current assets		<u>45,454,369,115</u>	<u>43,598,355,660</u>
TOTAL ASSETS		<u><u>60,245,860,643</u></u>	<u><u>57,475,892,706</u></u>

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 4	31 December 2023	31 December 2022 (restated)
Current liabilities			
Short-term borrowings	(24)	126,411,604	269,088,147
Notes payable	(25)	917,624,305	1,034,898,039
Accounts payable	(26)	1,870,122,136	1,435,308,348
Advances from customers		5,482,745	9,224,728
Contract liabilities	(27)	315,410,460	273,592,129
Employee benefits payable	(28)	669,288,869	631,271,564
Taxes payable	(29)	353,882,889	306,380,839
Other payables	(30)	3,815,970,467	3,985,877,916
Including: Dividend payable		42,676,147	285,371,337
Current portion of non-current liabilities	(31)	452,224,323	720,194,743
Other current liabilities		27,621,665	21,117,185
Total current liabilities		8,554,039,463	8,686,953,638
Non-current liabilities			
Long-term borrowings	(32)	1,791,983,620	1,542,527,600
Lease liabilities	(33)	289,111,936	482,364,123
Long-term payables	(34)	205,376,025	374,006,498
Provisions		-	30,844,000
Deferred income	(35)	336,794,453	323,941,118
Long-term employee benefits payable	(36)	2,394,130,000	2,426,440,000
Deferred tax liabilities	(21)	55,371,959	50,374,062
Other non-current liabilities	(37)	2,080,390,497	2,281,541,172
Total non-current liabilities		7,153,158,490	7,512,038,573
Total liabilities		15,707,197,953	16,198,992,211
Shareholders' equity			
Share capital	(38)	6,491,100,000	6,491,100,000
Capital surplus	(39)	11,734,763,579	11,878,388,652
Other comprehensive income	(40)	(185,948,952)	(43,501,228)
Specific reserve		8,474,502	12,449,939
Surplus reserve	(41)	2,802,635,193	2,419,818,733
Undistributed profits	(42)	19,426,032,436	16,641,280,437
Total equity attributable to shareholders of the Company		40,277,056,758	37,399,536,533
Minority interests		4,261,605,932	3,877,363,962
Total Shareholders' equity		44,538,662,690	41,276,900,495
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		60,245,860,643	57,475,892,706

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY BALANCE SHEET

As at 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 16	31 December 2023	31 December 2022 (restated)
Current assets			
Cash at bank and on hand	(1)	4,726,185,712	3,303,326,794
Financial assets held for trading		120,292,242	735,407,305
Notes receivable		22,050,000	4,315,994
Accounts receivable	(2)	365,245,127	333,401,436
Financing receivables	(3)	113,506,237	139,360,896
Advances to suppliers		57,439,852	59,124,581
Other receivables	(4)	812,769,094	662,213,689
Including: Dividend receivable		435,195,411	393,863,559
Inventories		9,030,768	17,206,932
Held for sale assets		84,925,902	-
Current portion of non-current assets	(5)	430,224,584	756,385,933
Other current assets		23,712,218	52,444,251
Total current assets		6,765,381,736	6,063,187,811
Non-current assets			
Long term receivables	(5)	1,442,000,000	1,803,215,246
Long-term equity investments	(6)	22,085,817,743	20,118,139,630
Other non-current financial assets		393,840,402	393,054,012
Investment properties	(7)	829,481,663	1,257,882,065
Fixed assets	(8)	11,459,076,752	10,370,171,260
Construction in progress	(9)	763,444,879	1,916,030,925
Right-of-use assets		77,607,742	114,542,963
Intangible assets	(10)	1,981,583,006	2,093,595,468
Development costs		32,128,091	29,636,246
Long-term prepaid expenses		507,683	26,465,962
Deferred tax assets		34,880,134	74,374,257
Other non-current assets		290,145,704	282,816,464
Total non-current assets		39,390,513,799	38,479,924,498
TOTAL ASSETS		46,155,895,535	44,543,112,309

COMPANY BALANCE SHEET (Continued)

As at 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 16	31 December 2023	31 December 2022 (restated)
Current liabilities			
Short-term borrowings		–	10,011,764
Notes payable		218,431,938	440,283,431
Accounts payable		346,541,429	369,157,818
Advances from customers		5,301,756	5,995,399
Contract liabilities		84,189,876	107,993,812
Employee benefits payable		405,575,432	394,113,782
Taxes payable		17,133,637	50,493,163
Other payables		2,083,609,612	1,843,010,474
Current portion of non-current liabilities		36,132,015	36,642,126
Other current liabilities		5,382,918	7,065,016
Total current liabilities		3,202,298,613	3,264,766,785
Non-current liabilities			
Lease liabilities		36,229,802	81,114,528
Long-term payables		29,676,025	39,835,665
Deferred income		136,000,535	143,059,610
Long-term employee benefits payable		1,471,570,000	1,531,180,000
Other non-current liabilities		2,080,390,497	2,281,541,172
Total non-current liabilities		3,753,866,859	4,076,730,975
Total liabilities		6,956,165,472	7,341,497,760
Shareholders' equity			
Share capital		6,491,100,000	6,491,100,000
Capital surplus	(12)	16,013,523,000	16,024,844,086
Other comprehensive income	(13)	(48,941,577)	21,733,193
Surplus reserve		2,802,635,193	2,419,818,733
Undistributed profits	(14)	13,941,413,447	12,244,118,537
Total shareholders' equity		39,199,730,063	37,201,614,549
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		46,155,895,535	44,543,112,309

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the year ended 31 December 2023	For the year ended 31 December 2022 (restated)
1. Revenue	(43)	18,173,127,837	19,262,764,979
Less: Cost of sales	(43) \ (47)	(11,701,547,804)	(13,205,817,567)
Taxes and surcharges	(44)	(149,301,585)	(145,299,633)
Selling and distribution expenses	(47)	(76,144,877)	(106,942,092)
General and administrative expenses	(45) \ (47)	(1,036,929,838)	(952,094,715)
Research and development expenses	(19) \ (47)	(104,938,473)	(111,267,803)
Financial expenses	(46)	(108,776,748)	183,818,905
Including: Interest expenses		(161,761,849)	(154,628,607)
Interest income		129,239,158	342,392,186
Add: Other income	(48)	146,429,488	201,961,629
Investment income	(49)	1,570,333,550	1,434,016,239
Including: Investment income from associates and joint ventures		1,531,223,264	1,270,143,860
(Losses)/Gains on changes in fair value		(560,505)	8,486,958
Credit impairment reversals/(losses)	(50)	49,476,401	(15,406,222)
Asset impairment losses		(23,318,314)	(8,957,369)
Gains on disposal of assets		15,340,513	15,201,237
2. Operating profit		6,753,189,645	6,560,464,546
Add: Non-operating income		41,475,327	7,730,650
Less: Non-operating expenses		(4,921,317)	(12,542,167)
3. Total profit		6,789,743,655	6,555,653,029
Less: Income tax expenses	(51)	(1,272,079,584)	(1,305,515,552)
4. Net profit		5,517,664,071	5,250,137,477
Including: Net profit of the acquiree in a business combination under common control before the combination date		-	(5,675,058)
Classified by continuity of operations			
Net profit from continuing operations		5,517,664,071	4,959,733,706
Net profit from discontinued operations		-	290,403,771
Classified by ownership of the equity			
Minority interests		594,342,382	721,897,153
Attributable to shareholders of the Company		4,923,321,689	4,528,240,324

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the year ended 31 December 2023	For the year ended 31 December 2022 (restated)
5. Other comprehensive income, net of tax	(40)	<u>(162,424,770)</u>	<u>(37,208,741)</u>
Attributable to shareholders of the Company, net of tax			
Other comprehensive income items which will not be subsequently reclassified to profit or loss		(150,147,724)	(36,393,744)
Changes in remeasurement of defined benefit plan obligations		(148,332,954)	(30,318,115)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		(6,585,734)	1,683,736
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		4,770,964	(4,633,200)
Changes in fair value of other debt investments		-	(3,126,165)
Attributable to minority shareholders, net of tax		<u>(12,277,046)</u>	<u>(814,997)</u>
6. Total comprehensive income		<u>5,355,239,301</u>	<u>5,212,928,736</u>
Attributable to shareholders of the Company			
Attributable to minority interests		4,773,173,965	4,491,846,580
		582,065,336	721,082,156
7. Earnings per share			
Basic earnings per share (RMB)	(52)(a)	0.76	0.70
Diluted earnings per share (RMB)	(52)(b)	0.76	0.70

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY INCOME STATEMENT

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 16	For the year ended 31 December 2023	For the year ended 31 December 2022 (restated)
1. Revenue	(15)	5,485,598,026	5,687,697,947
Less: Cost of sales	(15) · (17)	(4,103,145,709)	(4,300,066,361)
Taxes and surcharges		(74,848,874)	(75,237,234)
Selling and distribution expenses	(17)	(29,607,328)	(27,121,468)
General and administrative expenses	(17)	(505,364,738)	(467,616,014)
Research and development expenses	(17)	(59,598,017)	(36,865,550)
Financial expenses	(16)	(8,189,624)	33,409,737
Including: Interest expenses		(5,717,138)	(10,125,397)
Interest income		56,002,737	64,476,372
Add: Other income		27,105,342	28,604,156
Investment income	(18)	3,235,886,513	3,473,390,413
Including: Investment income from associates and joint ventures		1,485,633,256	1,292,545,747
Gains on changes in fair value		786,390	-
Credit impairment reversals/(losses)	(11)	81,646,489	(46,828,364)
Gains on disposal of assets		5,959,415	14,823,001
2. Operating profit		4,056,227,885	4,284,190,263
Add: Non-operating income		1,701,542	1,911,168
Less: Non-operating expenses		(741,770)	(2,604,826)
3. Total profit		4,057,187,657	4,283,496,605
Less: Income tax expenses	(19)	(229,023,057)	(277,005,344)
4. Net profit		3,828,164,600	4,006,491,261
Classified by continuity of operations			
Net profit from continuing operations		3,828,164,600	4,006,491,261
Net profit from discontinued operations		-	-
5. Other comprehensive income, net of tax		(70,674,770)	(9,476,807)
Other comprehensive income items that will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		(68,860,000)	(12,790,000)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		(6,585,734)	1,629,835
Other comprehensive income that will be subsequently reclassified to profit or loss			
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		4,770,964	1,683,358
6. Total comprehensive income		3,757,489,830	3,997,014,454

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the year ended 31 December 2023	For the year ended 31 December 2022
1. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		18,916,708,723	19,394,019,057
Refund of taxes and surcharges		101,619,994	633,761,001
Cash received relating to other operating activities	(53)(a)	<u>643,956,273</u>	<u>1,034,338,895</u>
Sub-total of cash inflows		<u>19,662,284,990</u>	<u>21,062,118,953</u>
Cash paid for goods and services		(8,029,950,537)	(9,518,205,474)
Cash paid to and on behalf of employees		(3,251,177,130)	(3,227,032,322)
Payments of taxes and surcharges		(1,660,737,026)	(1,817,450,711)
Cash paid relating to other operating activities	(53)(b)	<u>(569,022,652)</u>	<u>(266,419,183)</u>
Sub-total of cash outflows		<u>(13,510,887,345)</u>	<u>(14,829,107,690)</u>
Net cash flows from operating activities	(54)(a)	<u>6,151,397,645</u>	<u>6,233,011,263</u>
2. Cash flows from investing activities			
Cash received from disposal of investments	(53)(c)	2,563,631,000	6,657,851,807
Cash received from returns on investments		882,581,824	393,929,438
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		55,601,906	32,267,443
Net cash received from disposal of subsidiaries and other business units	(54)(b)	192,864,688	3,342,729,145
Cash received relating to other investing activities	(53)(e)	<u>5,410,315</u>	<u>6,540,274,145</u>
Sub-total of cash inflows		<u>3,700,089,733</u>	<u>16,967,051,978</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,714,221,046)	(2,956,796,323)
Cash paid to acquire investments	(53)(d)	(2,970,038,000)	(10,297,908,893)
Cash paid relating to other investing activities	(53)(f)	<u>-</u>	<u>(4,507,764,241)</u>
Sub-total of cash outflows		<u>(5,684,259,046)</u>	<u>(17,762,469,457)</u>
Net cash flows used in investing activities		<u>(1,984,169,313)</u>	<u>(795,417,479)</u>

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	For the year ended 31 December 2023	For the year ended 31 December 2022
3. Cash flows from financing activities			
Cash received from capital contributions		111,082,637	14,450,000
Including: Cash received from capital contributions by minority shareholders of subsidiaries		111,082,637	14,450,000
Cash received from borrowings		862,797,037	1,731,028,099
Cash received relating to other financing activities	(53)(g)	<u>407,000,000</u>	<u>239,000,000</u>
Sub-total of cash inflows		<u>1,380,879,674</u>	<u>1,984,478,099</u>
Cash repayments of borrowings		(1,069,082,633)	(2,498,521,977)
Cash payments for distribution of dividends, profits or interest expenses		(2,569,233,934)	(2,340,319,576)
Including: Cash payments for distribution of profit to minority shareholders of subsidiaries		(687,307,644)	(501,105,300)
Cash paid relating to other financing activities	(53)(h)	<u>(794,781,623)</u>	<u>(1,837,941,093)</u>
Sub-total of cash outflows		<u>(4,433,098,190)</u>	<u>(6,676,782,646)</u>
Net cash flows used in financing activities		<u>(3,052,218,516)</u>	<u>(4,692,304,547)</u>
4. Effect of foreign exchange rate changes on cash		<u>(4,206,180)</u>	<u>28,138,650</u>
5. Net increase in cash	(54)(a)	1,110,803,636	773,427,887
Add: Cash at the beginning of the year		<u>9,021,244,964</u>	<u>8,247,817,077</u>
6. Cash at the end of the year	(54)(a)	<u>10,132,048,600</u>	<u>9,021,244,964</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	4,320,291,019	4,851,152,621
Refund of taxes and surcharges	45,612,017	220,540,591
Cash received relating to other operating activities	<u>592,876,834</u>	<u>132,734,375</u>
Sub-total of cash inflows	<u>4,958,779,870</u>	<u>5,204,427,587</u>
Cash paid for goods and services	(1,930,516,164)	(1,897,680,804)
Cash paid to and on behalf of employees	(1,388,988,264)	(1,510,496,449)
Payments of taxes and surcharges	(336,316,228)	(420,695,766)
Cash paid relating to other operating activities	<u>(68,137,357)</u>	<u>(74,256,410)</u>
Sub-total of cash outflows	<u>(3,723,958,013)</u>	<u>(3,903,129,429)</u>
Net cash flows from operating activities	<u>1,234,821,857</u>	<u>1,301,298,158</u>
2. Cash flows from investing activities		
Cash received from disposal of investments	1,959,461,336	719,475,248
Cash received from returns on investments	2,513,057,871	1,239,329,463
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	27,102,463	21,072,160
Net cash received from disposal of subsidiaries and other business units	57,258,646	-
Cash received relating to other investing activities	<u>1,138,305,342</u>	<u>661,903,564</u>
Sub-total of cash inflows	<u>5,695,185,658</u>	<u>2,641,780,435</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,134,673,845)	(2,028,317,716)
Cash paid to acquire investments	(1,987,282,839)	(1,478,847,600)
Cash paid to acquire subsidiaries	-	(984,446,600)
Cash paid relating to other investing activities	<u>(573,340,267)</u>	<u>(422,754,405)</u>
Sub-total of cash outflows	<u>(3,695,296,951)</u>	<u>(4,914,366,321)</u>
Net cash flows from investing activities	<u>1,999,888,707</u>	<u>(2,272,585,886)</u>

COMPANY CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
3. Cash flows from financing activities		
Cash received from borrowings	—	15,000,000
Sub-total of cash inflows	<u>—</u>	<u>15,000,000</u>
Cash repayments of borrowings	(10,000,000)	(30,000,000)
Cash payments for distribution of dividends, profits or interest expenses	(1,753,782,132)	(1,674,432,402)
Cash paid relating to other financing activities	<u>(48,741,117)</u>	<u>(97,662,954)</u>
Sub-total of cash outflows	<u>(1,812,523,249)</u>	<u>(1,802,095,356)</u>
Net cash flows used in financing activities	<u>(1,812,523,249)</u>	<u>(1,787,095,356)</u>
4. Effect of foreign exchange rate changes on cash	<u>1,737,899</u>	<u>7,231,717</u>
5. Net increase/(decrease) in cash	<u>1,423,925,214</u>	<u>(2,751,151,367)</u>
Add: Cash at the beginning of the year	<u>3,297,928,530</u>	<u>6,049,079,897</u>
6. Cash at the end of the year	<u><u>4,721,853,744</u></u>	<u><u>3,297,928,530</u></u>

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	Attributable to shareholders of the Company							Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Other		Surplus reserve	General risk reserve	Undistributed profits		
				comprehensive income	Specific reserve					
Balance at 31 December 2021		6,491,100,000	12,862,527,869	(7,107,484)	3,918,032	2,002,688,003	411,248,470	13,786,510,309	4,466,249,306	40,017,134,505
Changes in accounting policies		-	-	-	-	-	-	(3,269,896)	(23,078)	(3,292,974)
Balance at 1 January 2022 (restated)		6,491,100,000	12,862,527,869	(7,107,484)	3,918,032	2,002,688,003	411,248,470	13,783,240,413	4,466,226,228	40,013,841,531
Movements for the year ended										
31 December 2022										
Total comprehensive income (restated)										
Net profit		-	-	-	-	-	-	4,528,240,324	721,897,153	5,250,137,477
Other comprehensive income	(40)	-	-	(36,393,744)	-	-	-	-	(814,997)	(37,208,741)
Total comprehensive income for the year		-	-	(36,393,744)	-	-	-	4,528,240,324	721,082,156	5,212,928,736
Capital contribution and withdrawal by shareholders										
Capital contribution by minority shareholders in subsidiaries										
		-	-	-	-	-	-	-	14,450,000	14,450,000
Profit distribution										
Appropriation to surplus reserves	(41)	-	-	-	-	417,130,730	-	(417,130,730)	-	-
Profit distribution to shareholders	(42)	-	-	-	-	-	-	(1,664,318,040)	(593,366,809)	(2,257,684,849)
Specific reserve										
Appropriation to safety fund		-	-	-	92,979,557	-	-	-	28,502,849	121,482,406
Utilization of safety fund		-	-	-	(80,346,521)	-	-	-	(27,556,761)	(107,903,282)
Business combination under common control		-	(984,446,600)	-	-	-	-	-	-	(984,446,600)
Impact of disposal of subsidiaries		-	-	-	(4,101,129)	-	(411,248,470)	411,248,470	(731,973,701)	(736,074,830)
Recognition of other changes in other reserves of associates and joint ventures	(39)	-	307,383	-	-	-	-	-	-	307,383
Balance at 31 December 2022		<u>6,491,100,000</u>	<u>11,878,388,652</u>	<u>(43,501,228)</u>	<u>12,449,939</u>	<u>2,419,818,733</u>	<u>-</u>	<u>16,641,280,437</u>	<u>3,877,363,962</u>	<u>41,276,900,495</u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 4	Attributable to shareholders of the Company					Minority interests	Total shareholders' equity	
		Share capital	Capital surplus	Other	Specific reserve	Surplus reserve			General risk reserve
				comprehensive income					
Balance at 1 January 2023 (restated)		<u>6,491,100,000</u>	<u>11,878,388,652</u>	<u>(43,501,228)</u>	<u>12,449,939</u>	<u>2,419,818,733</u>	<u>16,641,280,437</u>	<u>3,877,363,962</u>	<u>41,276,900,495</u>
Movements for the year ended 31 December 2023									
Total comprehensive income									
Net profit		-	-	-	-	-	4,923,321,689	594,342,382	5,517,664,071
Other comprehensive income	(40)	-	-	(150,147,724)	-	-	-	(12,277,046)	(162,424,770)
Total comprehensive income for the year		-	-	(150,147,724)	-	-	4,923,321,689	582,065,336	5,355,239,301
Capital contribution and withdrawal by shareholders									
Capital contribution by minority shareholders in subsidiaries		-	-	-	-	-	-	111,082,637	111,082,637
Acquisition of minority interests		-	(144,455,194)	-	-	-	-	131,709,603	(12,745,591)
Profit distribution									
Appropriation to surplus reserves	(41)	-	-	-	-	382,816,460	(382,816,460)	-	-
Profit distribution to shareholders	(42)	-	-	-	-	-	(1,748,053,230)	(444,612,471)	(2,192,665,701)
Specific reserve									
Appropriation to safety fund		-	-	-	112,493,706	-	-	37,871,466	150,365,172
Utilization of safety fund		-	-	-	(116,469,143)	-	-	(33,874,601)	(150,343,744)
Impact of disposal of subsidiaries		-	-	7,700,000	-	-	(7,700,000)	-	-
Recognition of other changes in other reserves of associates and joint ventures	(39)	-	830,121	-	-	-	-	-	830,121
Balance at 31 December 2023		<u>6,491,100,000</u>	<u>11,734,763,579</u>	<u>(185,948,952)</u>	<u>8,474,502</u>	<u>2,802,635,193</u>	<u>19,426,032,436</u>	<u>4,261,605,932</u>	<u>44,538,662,690</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 16	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total equity
Balance at 31 December 2021		6,491,100,000	16,242,455,107	31,210,000	-	2,002,688,003	10,153,943,606	34,921,396,716
Changes in accounting policies		-	-	-	-	-	533,635	533,635
Balance at 1 January 2022 (restated)		<u>6,491,100,000</u>	<u>16,242,455,107</u>	<u>31,210,000</u>	<u>-</u>	<u>2,002,688,003</u>	<u>10,154,477,241</u>	<u>34,921,930,351</u>
Movements for the year ended								
31 December 2022								
Total comprehensive income (restated)								
Net profit		-	-	-	-	-	4,006,491,261	4,006,491,261
Other comprehensive income	(13)	-	-	(9,476,807)	-	-	-	(9,476,807)
Total comprehensive income for the year		-	-	(9,476,807)	-	-	4,006,491,261	3,997,014,454
Profit distribution								
Appropriation to surplus reserves		-	-	-	-	417,130,730	(417,130,730)	-
Profit distribution to shareholders		-	-	-	-	-	(1,664,318,040)	(1,664,318,040)
Specific reserve								
Appropriation to safety fund		-	-	-	30,440,113	-	-	30,440,113
Utilization of safety fund		-	-	-	(30,440,113)	-	-	(30,440,113)
Consideration difference of business combinations under common control								
		-	(362,343,303)	-	-	-	-	(362,343,303)
Recognition of other changes in other reserves of associates and joint ventures								
	(12)	-	307,383	-	-	-	-	307,383
Impact of disposal of subsidiaries		-	144,424,899	-	-	-	164,598,805	309,023,704
Balance at 31 December 2022		<u>6,491,100,000</u>	<u>16,024,844,086</u>	<u>21,733,193</u>	<u>-</u>	<u>2,419,818,733</u>	<u>12,244,118,537</u>	<u>37,201,614,549</u>

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 16	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total equity
Balance at 1 January 2023 (restated)		<u>6,491,100,000</u>	<u>16,024,844,086</u>	<u>21,733,193</u>	-	<u>2,419,818,733</u>	<u>12,244,118,537</u>	<u>37,201,614,549</u>
Movements for the year ended								
31 December 2023								
Total comprehensive income								
Net profit		-	-	-	-	-	3,828,164,600	3,828,164,600
Other comprehensive income	(13)	-	-	(70,674,770)	-	-	-	(70,674,770)
Total comprehensive income for the year		-	-	(70,674,770)	-	-	3,828,164,600	3,757,489,830
Capital contribution and withdrawal by shareholders								
Acquisition of minority interests		-	(12,151,207)	-	-	-	-	(12,151,207)
Profit distribution								
Appropriation to surplus reserves		-	-	-	-	382,816,460	(382,816,460)	-
Profit distribution to shareholders		-	-	-	-	-	(1,748,053,230)	(1,748,053,230)
Specific reserve								
Appropriation to safety fund		-	-	-	31,454,962	-	-	31,454,962
Utilization of safety fund		-	-	-	(31,454,962)	-	-	(31,454,962)
Recognition of other changes in other reserves of associates and joint ventures	(12)	-	830,121	-	-	-	-	830,121
Balance at 31 December 2023		<u>6,491,100,000</u>	<u>16,013,523,000</u>	<u>(48,941,577)</u>	-	<u>2,802,635,193</u>	<u>13,941,413,447</u>	<u>39,199,730,063</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION

Qingdao Port International Co., Ltd. (“the Company”) is a joint stock limited company incorporated in Qingdao City of Shandong Province of the People’s Republic of China (“the PRC”) on 15 November 2013 (the Company’s “Date of Incorporation”) by Shandong Port Qingdao Port Group Co., Ltd. (formerly known as Qingdao Port (Group) Co., Ltd., hereinafter “Qingdao Port Group”) as the Leading Promoter together with “Other Promoters” including Shenzhen Malai Storage Co., Ltd. (“Malai Storage”), Qingdao Ocean Shipping Co., Ltd. (“Qingdao Ocean”)(now renamed as COSCO Shipping (Qingdao) Co., Ltd.), China Shipping Terminal Development Co., Ltd. (“China Shipping Terminal”), Everbright Holdings (Qingdao) Financial Leasing Co., Ltd.(Everbright Holdings Qingdao) and Qingdao International Investment Co., Ltd. (“Qingdao International Investment”)(Collectively referred to as “other promoters”), with its registered address at No. 12 Jingba Road, Huangdao District, Qingdao, PRC.

Pursuant to Qingdao State-Owned Assets Supervision & Administration Commission’s Reply on Approval of Establishment of Limited Liability Company and Listing of H-Shares By Qingdao Port (Group) Co., Ltd. (Qing Guo Zi Gui [2013] No. 29) and restructuring plan, Qingdao Port Group restructures and establishes a limited liability company. The total share capital of the Company at incorporation is 4,000,000,000 shares (Par value at RMB1). The total capital contributions subscribed by the initiators and the share capital converted are as follows (Amounts in ten thousand Yuan):

Name of promoter	Form of contribution	Amount of contribution	Share capital	Capital surplus	Shareholding
Qingdao Port Group	Asset and liability	1,065,228	360,000	705,228	90.0%
Malai Storage	Cash at bank and on hand	33,141	11,200	21,941	2.8%
Qingdao Ocean	Cash at bank and on hand	28,406	9,600	18,806	2.4%
China Shipping Terminal	Cash at bank and on hand	28,406	9,600	18,806	2.4%
Everbright Holdings					
Qingdao	Cash at bank and on hand	14,203	4,800	9,403	1.2%
Qingdao International					
Investment	Cash at bank and on hand	14,203	4,800	9,403	1.2%
Total		<u>1,183,587</u>	<u>400,000</u>	<u>783,587</u>	<u>100.0%</u>

The Company issued 705,800,000 foreign-listed H-shares overseas at its Initial Public Offering on 6 June 2014. The issuing price per share is HKD3.76 (approximately RMB2.98). The amount of raised capital less capitalized listing expenses was RMB1,995,921,171, including share capital of RMB705,800,000 (705,800,000 shares, par value at RMB1) and capital surplus of RMB1,290,121,171.

The Company exercised over-allotment option on 2 July 2014 and issued additional 72,404,000 foreign-listed H shares overseas. The issuing price per share was HKD3.76 (approximately RMB2.99). The amount raised in over-allotment was RMB216,167,727, including share capital of RMB72,404,000 (72,404,000 shares, par value at RMB1) and capital surplus of RMB143,763,727.

Furthermore, 77,821,000 state-owned shares held by Qingdao Port Group (equivalent to 10% of the issued H-shares) are converted to H-shares and transferred to the National Council for Social Security Fund of the PRC as a portion of shares in the IPO and over-allotment for sale.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION (Continued)

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

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

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

As at 31 December 2023, the total share capital of the Company is 6,491,100,000 shares with par value at RMB1.00, including 5,392,075,000 A-shares and 1,099,025,000 H-shares, accounting for 83.07% and 16.93% respectively of the total share capital of the Company. Qingdao Port Group holds 55.77% shares of the Company in total.

Qingdao Port Group is the parent company of the Company. The ultimate parent company of the Company is Shandong Port Group Co., Ltd. (“Shandong Port Group”).

The main scope of business of the Company and its subsidiaries (collectively the “Group”) includes port and port-related services such as stevedoring, stacking, logistics of containers, metal ores, coal, crude oil, grains, break bulk cargo, and port supporting business including construction, tugboat and barging, and ocean shipping tallying.

For the details of the main subsidiaries included in the scope of consolidation for the year, please refer to Note 6. The subsidiaries included in the scope of consolidation for the year are Qingdao Ganghai International Logistics Co., Ltd. (“Ganghai Logistics”) and Qingdao Port International Shipping Agency Co., Ltd. (“International Shipping Agency”) (formerly know as Qingdao Zhiyun Suhang Delivery Supply Chain Co., Ltd.). The subsidiary no longer included in the consolidation scope in the current year is Shangang Shanhai Security (Shandong) Co., Ltd. (“Shangang Shanhai Security”) (formerly known as Qingdao Port Tongan Security Service Co., Ltd.) which has been disposed of. For details, please refer to Note 5.

These financial statements have been approved for issuance by the Company’s Board of Directors on 28 March 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Accounting policies and accounting estimates are determined based on the features of the Group's production and operation, which mainly include judgement criteria for the provision of expected credit losses on receivables and contract assets (Note 2(9)), depreciation of fixed assets, amortization of intangible assets and right-of-use assets (Note 2(13), (16), (25)), provision of supplementary retirement benefits (Note 2(19)), and recognition and measurement of revenue (Note 2(22)), etc.

The Group's critical judgements applied in determining significant accounting policies, critical accounting estimations and key assumptions are as follows Note 2(29).

(1) Preparation basis of financial statements

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

The financial statements are prepared on a going concern basis.

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

(a) Preparation basis of consolidated financial statements

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(1) Preparation basis of financial statements (Continued)

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

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

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2023 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Consolidated and the Company's financial position as at 31 December 2023 and their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

The recording currency is Renminbi (RMB). The financial statements are shown in RMB.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(5) Business combination

(a) Business combination involving enterprises under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the acquiree was acquired from the third party by the ultimate controlling party in previous years, it shall be based on the carrying amount of the assets and liabilities of the acquiree (including the goodwill formed by the acquisition of the acquiree by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (capital premium). If the capital surplus (capital premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs that directly attribute to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issuance of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

(b) Business combination involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. When the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; when the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period. Costs directly attribute to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issuance of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statement.

In preparation of the consolidated financial statements, when the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Preparation of consolidated financial statements (Continued)

All significant intra-group balances, transactions and unrealized profits are eliminated from the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognized as minority interests, net profit attributed to minority interests and total comprehensive incomes attributed to minority interests and presented separately in the consolidated financial statements under shareholders' equity, net profits and total comprehensive income respectively. Where the loss for the current period attributable to the minority shareholders of the subsidiaries exceeds the share of the minority interests in the opening balance of owners' equity, the excess is deducted against minority interests. Unrealized profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealized profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

If the control over the subsidiary is lost due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment in the consolidated financial statements is remeasured at its fair value at the date when the control is lost. The sum of consideration received from the disposal of equity investment and the fair value of the remaining equity investment, net of the sum of the share of net assets of the former subsidiary based on continuous calculation since the acquisition date at previous proportion of shareholding and goodwill, is recognised as investment income for the current period when the control is lost. In addition, other comprehensive income and other changes in owners' equity (excluding other comprehensive income from changes arising from remeasurement by investees on net liabilities or net assets of defined benefit plans and from accumulative changes in fair value of investments in equity instrument not held for trading held by investees that are classified as fair value through other comprehensive income), which are related with the equity investment in the former subsidiary, are transferred to profit or loss for the current period when the control is lost.

Acquisition of minority interests in subsidiaries

After the control over the subsidiary is gained, whole or partial minority interests of the subsidiary owned by minority shareholders are acquired from the subsidiary's minority shareholders. In the consolidated financial statements, the subsidiary's assets and liabilities are reflected at the amount based on continuous calculation since the acquisition date or the combination date. The difference between additional long-term equity investments for purchase of minority interests and the share of net assets of the subsidiary calculated at the increased proportion of shareholding based on continuous calculation since the acquisition date or the combination date is treated as an adjustment to capital surplus. If the capital surplus (capital premium or share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets. Non-monetary items denominated in foreign currencies and measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

Financial instrument is a contract that forms a financial asset of one party and forms a financial liability or equity instrument of the other party. When the Group becomes a party to a financial instrument contract, the relevant financial assets or financial liabilities are recognized.

(a) Financial assets

(i) *Classification and measurement of financial assets*

Based on the business model for financial asset management and the contractual cash flow characteristics of financial assets, the Group classifies the financial assets as: (1) financial assets measured at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. For financial assets at fair value through profit and loss, the related transaction costs are directly recognized in profit or loss. For other financial assets, the related transaction costs are included in initially recognized amounts. Accounts receivable or notes receivable arising from sales of products or rendering of services excluding or without regard to significant financing components are initially recognized at the consideration that is entitled to be charged by the Group as expected.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(i) *Classification and measurement of financial assets* (Continued)

Debt instruments

Debt instruments held by the Group are instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured with the following three methods respectively:

Measured at amortized cost:

The Group's business model for financial asset management aims to receive contractual cash flows. The contractual cash flow characteristics of such financial assets are consistent with basic loan arrangement, which means the cash flow generated at certain dates is only the payment for the principal and corresponding interest based on unpaid principal. The interest income of such financial assets is recognized using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, notes receivable, accounts receivable, other receivables, debt investments and long-term receivables. Debt investments and long-term receivables due within 1 year (inclusive) at the balance sheet date are included in the current portion of non-current assets; debt investments with maturities of no more than 1 year (inclusive) at acquisition are included in other current assets.

Measured at fair value through other comprehensive income:

The Group's business model for the financial asset management aims to receive contractual cash flows and hold the financial assets for sale. The contractual cash flow characteristics of such financial assets are consistent with basic loan arrangement. Such financial assets are measured at fair value through other comprehensive income. However, impairment losses or gains, exchange gains or losses and interest income calculated using the effective interest method are included in profit or loss in the current period. Such financial assets mainly comprise financing receivables and other debt investments, etc. Such financial assets are presented as other debt investments. Other debt investments due within 1 year (inclusive) at the balance sheet date are included in the current portion of non-current assets, other debt investments with maturities of no more than 1 year (inclusive) at acquisition are included in other current assets.

Measured at fair value through profit or loss:

Debt instruments not classified as financial assets measured at amortized cost or at fair value through other comprehensive income are presented as financial assets held for trading at fair value through profit or loss by the Group. At initial recognition, the Group designates a portion of financial assets as those measured at fair value through profit or loss to eliminate or dramatically reduce accounting mismatches. Financial assets with maturities over 1 year and expected to be held over 1 year at the balance sheet date are presented as other non-current financial assets, the others are presented as financial assets held for trading.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(i) *Classification and measurement of financial assets* (Continued)

Equity instruments

Investments in equity instruments over which the Group exert no control, joint control or significant influence, are presented as financial assets held for trading and are measured at fair value through profit or loss; financial assets expected to be held over 1 year at the balance sheet date are presented as other non-current financial assets.

(ii) *Impairment*

Relevant loss provision is recognized for financial assets measured at amortized cost, investments in debt instruments at fair value through other comprehensive income, contract assets, lease receivables based on Expected Credit Loss (“ECL”).

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort at the balance sheet date, weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected.

For notes receivable, accounts receivable, financing receivables and contract assets caused by sales of goods, rendering of services and other daily operating activities, no matter whether there is a significant financing component, the Group measures their loss provision based on lifetime ECL. For lease receivables, the Group measures the loss provision based on lifetime ECL.

Except for the above notes receivable, accounts receivable, receivables financing, contract assets and lease receivables, ECL of financial instruments in different stages is measured respectively at each balance sheet date by the Group. Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, loss provisions are provided at 12-month ECL; Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these financial instruments, lifetime ECL are recognised. Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

For financial instruments with low credit risk at the balance sheet date, the Group assumes the credit risk of such financial instruments does not increase significantly after the initial recognition, the Group determines them as the financial instruments in Stage 1, and measures loss provision based on 12-month ECL.

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated by applying the effective interest rate to the book balance (before net of expected credit loss provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (net of expected credit loss provision).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment (Continued)

The credit risk characteristics of various financial assets whose expected credit losses are calculated on the individual basis are significantly different from those of other financial assets in this class. When there is no information at reasonable cost to assess the ECL on the individual basis, the Group classifies receivables into several groups in accordance with their credit risk characteristics and measures ECL on the basis of grouping basis. Basis for determining groups and method for provision are as follows:

Grouping of financing receivables and notes receivable:

Grouping of financing receivables	Bank acceptance notes
Grouping A	Trade acceptance notes receivable from companies in the scope of consolidation (For company financial statements)
Grouping B	Trade acceptance notes receivable from other companies outside the scope of consolidation

Grouping of accounts receivable:

Grouping A	Accounts receivable from companies in the scope of consolidation (For company financial statements)
Grouping B	Accounts receivable from engineering and construction businesses of companies outside the scope of consolidation
Grouping C	Accounts receivable from companies outside the scope of consolidation other than engineering and construction businesses

Grouping of other receivables and long-term receivables:

Internal company combinations	Other receivables and long-term receivables from companies in the scope of consolidation (For company financial statements)
Agency business and receivables combinations	Agency business and receivables combinations from companies outside the scope of consolidation other than loans and advances
Deposit combinations	Deposit combinations from companies outside the scope of consolidation other than loans and advances
Dividend receivable combinations	Dividend receivable combinations from companies outside the scope of consolidation other than loans and advances
Other combinations	Other combinations from companies outside the scope of consolidation other than loans and advances

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment (Continued)

For accounts receivable, lease receivable and financing receivables caused by sales of goods, rendering of services and other daily operating activities that on the grouping basis, the Group calculates the ECL by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the exposure at default (“EAD”) and lifetime ECL ratio. For other notes receivables, financing receivables, other receivables and long-term receivables on the grouping basis, the Group calculates the ECL by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the EAD and the ECL ratio within 12 months or for the lifetime.

Impairment losses provision or reversal is recognized in profit or loss in the current period by the Group. For debt instrument measured at fair value through other comprehensive income, the Group adjusted other comprehensive income accordingly upon the recognition of the impairment losses or gains into profit or loss.

(iii) Derecognition

A financial asset is derecognized when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of investments in other equity instruments, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in other comprehensive income, is recognized in retained earnings. On derecognition of other financial assets, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in other comprehensive income, is recognized in profit or loss in the current period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities measured at amortized cost and financial liabilities at fair value through profit or loss.

The financial liabilities of the Group mainly comprise of financial liabilities measured at amortized cost, including notes payable, accounts payable, other payables, borrowings, long-term payables and lease liabilities. Such financial liabilities are recognized initially at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Such financial liabilities with maturities no more than one year (inclusive) are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year (inclusive) at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognized part of the financial liability and the consideration paid is recognized in profit or loss in the current period.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. At valuation, the Group uses valuation techniques that are applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. The Group uses unobservable inputs when relevant observable inputs are not available or feasible.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(10) Inventories

(a) Classification

Inventories include amounts of materials and finished goods, spare parts, fuel, low value consumables, and are stated at the lower of cost and net realizable value.

(b) Costing of inventories when issued

Cost of materials, finished goods, fuel and spare parts is determined using weighted average method when issued while low value consumables are charged to cost in full when issued for use.

(c) Basis for determining net realizable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. For inventories sold in the same region and with the same or similar end uses, the Group determines the provision for decline in value on an aggregate basis.

(d) The Group adopts the perpetual inventory system.

(11) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is the investee over which the Group has significant influence by participating in the financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments (Continued)

(a) Determination of investment cost

For long-term equity investments acquired through business combinations involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment formed through business combinations involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through business combinations, regarding the long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition of related profit and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income pursuant to its share of net profit or loss of the investee. The Group discontinues recognizing its share of the net losses of an investee after the carrying amounts of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognizing the investment losses and the provisions. The changes of the Group's share of the investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution are recognized in the Group's capital surplus and the carrying amounts of the long-term equity investment are adjusted accordingly. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments (Continued)

(b) Subsequent measurement and recognition of related profit and loss (Continued)

The unrealized profits or losses arising from the transactions between the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, based on which the investment gain or losses are recognized. In the preparation of the consolidated financial statements, as for the portion attributable to the Group of unrealised gains or losses in which the assets are invested or sold to the investees by the Group in downstream transactions, the Group offsets the portion attributable to the Group of the unrealised revenue and costs or gains or losses on disposal of assets on the basis of offsetting against the Company's financial statements and adjusts investment income accordingly; as for the portion attributable to the Group of unrealised gains or losses in which the assets are invested or sold to the Group by the investees in upstream transactions, the Group offsets the portion attributable to the Group of the unrealised gains or losses in internal transactions included in the carrying amount of the related assets on the basis of offsetting against the Company's financial statements, and adjusts the carrying amount of long-term equity investments accordingly. Any losses resulting from transactions between the Group and its investees attributable to asset impairment losses are not eliminated.

When the Group increases the percentage of shareholding in investee due to additional investment, but the investee remains to be an associate or a joint venture, it shall be accounted for using equity method with the updated percentage of shareholding. When the additional investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the additional investment date, the cost of long-term equity investment is not adjusted; when the additional investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the additional investment date, the difference is included in non-operating income and the cost of the long-term equity investment is adjusted upwards accordingly. While making the adjustment, goodwill relating to the original and additional investment or the amount included in profit or loss should be considered.

(c) Basis for determining existence of control, jointly control or significant influence over investees

Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2 (18)).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Land use rights are amortized on the straight-line basis over their approved use period of 35 – 50 years. Buildings and storage facilities are depreciated to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of buildings, storage facilities and land use rights are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation/ amortization rates
Buildings	30 years	4%	3.2%
Storage facilities	20 – 45 years	4%	2.1%-4.8%
Land use rights	35 – 50 years	–	2.0%-2.9%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset on the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount on the date of the transfer. When transferred, carrying amount before transfer shall be recorded as cost after transfer.

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

The carrying amount of an investment property is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2 (18)).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(13) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, port facilities, storage facilities, loading equipment, machinery and equipment, vessels, transportation equipment, communication facilities, office equipment and other equipment.

Fixed assets are recognized when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. The fixed assets contributed by the State shareholders at the reorganization of the Company into a corporation are recognized based on the evaluated amounts as approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based on the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	30 years	4%	3.2%
Port facilities	20 – 45 years	4%	2.1%-4.8%
Storage facilities	20 – 45 years	4%	2.1%-4.8%
Loading equipment	10-20 years	4%	4.8%-9.6%
Machinery and equipment	5-18 years	4%	5.3%-19.2%
Vessels	18 years	5%	5.3%
Transportation equipment	10-12 years	4%	8.0%-9.6%
Communication facilities	5-8 years	4%	12.0%-19.2%
Office equipment and other equipment	5-12 years	4%	8.0%-19.2%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed and adjusted as appropriate at each year-end.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(13) Fixed assets (Continued)

(b) Depreciation methods of fixed assets (Continued)

The Group reviews the estimated useful life of fixed assets to better reflect the best estimation for useful lives of above fixed assets. From 1 September 2023, the Group adjusted the depreciation period of “Fixed assets – Loading equipment” from 10 years to 10 to 20 years, tanks in “Fixed assets – Storage facilities” from 20 years to 20 to 25 years, and pipelines in “Fixed assets – Port facilities” from 20 years to 20 to 30 years. The change in accounting estimates shall apply prospective application method for adjustment. Net profit attributable to shareholders of the company was increased by about RMB30,890,000 in 2023 due to the change in accounting estimate.

(c) The carrying amount of a fixed asset is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(18)).

(d) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

(14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2 (18)).

(15) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalized and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

The capitalized amount of specific borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the interest expenses incurred in the period less interest income of the unused borrowings deposited at bank or investment income from temporary investments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(15) Borrowing costs (Continued)

The capitalized amount of general borrowings intended to be used for the acquisition and construction of qualifying assets is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilized general borrowings. The effective interest rate is the rate at which the future cash flows of the borrowings over the expected lifetime or a shorter applicable period are discounted into the initial recognized amount of the borrowings.

(16) Intangible assets

Intangible assets include land use rights, sea area use rights, computer software, and are measured at cost. The intangible assets contributed by the State shareholders at the reorganization of the Company into a corporation are recognized based on the evaluated amounts as approved by the state-owned assets administration department.

(a) Land use rights

Land use rights are amortized on the straight-line basis over their approved use period of 35 – 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

(b) Sea area use rights

Sea area use rights are initially recorded at their cost on acquisition and amortized on the straight-line basis over their useful lives of 45 – 50 years.

(c) Software

Software is initially recorded at its cost on acquisition and amortized on the straight-line basis over its estimated useful life of 5 years.

(d) Periodical review of useful life and amortization method

For an intangible asset with a finite useful life, review of its useful life and amortization method is performed at each year-end, with adjustments made as appropriate.

(e) Research and development

The Group's research and development expenses mainly include materials used in research and development, employee benefits of research and development department, depreciation and amortisation of equipment and software used for research and development, research and development test, research and development service fee and licensing fee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(16) Intangible assets (Continued)

(e) Research and development (Continued)

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalized only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period. Capitalized expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(f) Impairment of intangible assets

The carrying amount of intangible assets is reduced to its recoverable amount when its recoverable amount is lower than its carrying amount (Note 2 (18)).

(17) Long-term prepaid expenses

Long-term prepaid expenses include the expenditures for improvements to right-of-use assets, and other expenditures that has been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial period and are presented at actual expenditures net of accumulated amortization.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(18) Impairment of long-term assets

Fixed assets, construction in progress, investment properties, right-of-use assets, intangible assets with a finite useful life and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that assets may be impaired at the balance date. Intangible assets which are not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an asset impairment losses are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment losses are recognized, it will not be reversed for the value recovered in the subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences. The employee benefit liabilities are recognized in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pensions, unemployment insurance, corporate annuity and supplemental retirement benefits. The first three items are under defined contribution plans and the last one is under defined benefit plans.

As at 31 December 2023, the Group had no forfeited contributions (i.e. contributions processed by the Group on behalf of employees who withdrew from the scheme before the contributions became their own) for the set deposit and withdrawal plan to reduce the current and future contribution levels. For defined benefit plans, the Group has not yet established scheme assets and therefore there is no relevant information on the market value, contribution level or material surplus or shortfall of scheme assets to disclose.

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated pursuant to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

Corporate annuity

Employees who retire on and subsequent to 1 January 2016 enjoy the corporate annuity plan set up by the Group in accordance with State's corporate annuity regulations apart from basic pensions. The annuity is accrued by the Group in proportion to the payroll. During the accounting period in which employees provide services, the amount calculated in line with the above-mentioned proportion is recognized as liabilities and is included into profit or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Employee benefits (Continued)

(b) Post-employment benefits (Continued)

Supplemental retirement benefits

Pursuant to the *Minutes of the 29th Executive Meeting of the 15th People's Government of Qingdao City* issued by the General Office of Qingdao Municipal Government on 19 August 2013, the Group, besides the pension plan specified by the State, offers supplemental retirement benefits to employees retired or to be retired prior to 31 December 2015 and the surviving family members involved, which is under defined benefit plans. Pursuant to the *Interim Measures for Supplementary Medical Insurance Management of Qingdao Port International Co., Ltd.* (Qing Gang Guo Ji Ren Zi [2020] No.104), the Group provides supplementary medical benefit and other supplemental benefits to employees retired or to be retired in the future. The above supplemental retirement benefits belong to defined benefit plan. The supplemental retirement benefits borne by the Group are recognized as liabilities, actuarially evaluated using projected unit credit method, and presented as the present value of expected future cash outflow. Actuarial gains and losses are included in other comprehensive income in the period when incurred, and past service cost is recognized in the period when incurred. The supplemental retirement benefits are discounted at the interest rate of government bonds that have terms to maturity approximating to the terms of the related supplemental retirement benefits.

The supplemental retirement benefits expected to be paid within one year since the balance sheet date are classified as employee benefits payable.

The supplemental retirement benefits borne by the Company for subsidiaries are deemed as investments in subsidiaries and are recorded into long-term equity investments.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits as liabilities and corresponding charge to profit or loss at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; when the Group recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by the management. The Group pays early retirement benefits to those early retired employees from the early retirement date until normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment of termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognized as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognized in profit or loss in the period when occurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Employee benefits (Continued)

(c) Termination benefits (Continued)

Early retirement benefits (Continued)

The termination benefits expected to be paid within one year since the balance sheet date are classified as employee benefits payable..

(20) Dividend distribution

Cash dividend is recognized as a liability for the period in which the dividend is approved by the shareholders' meeting.

(21) Provisions

Provisions for product warranties, onerous contracts etc. are recognized when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditures required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows; the increase in the discounted amount of the provision arising from passage of time is recognized as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Revenue

The Group recognizes revenue at the amount of consideration to which the Group expects to be entitled when customers obtain control of relevant goods or services.

(a) Rendering of services

The corresponding revenue recognition methods are summarised as follows:

- Income from services is recognized based on the progress of completed services over a period of time, including stevedoring of goods (including metal ores, coal, crude oil, grains, break bulk cargo, containers), port management, logistics and transportation, tugboat and barging, ocean shipping tallying, construction and other services, which is determined based on proportion of costs incurred to date to the estimated total costs. On the balance sheet date, the Group re-estimates progress of completed services to reflect the changes of the compliance with the contract.
- Income from stacking of goods like metal ores, coal, crude oil, grains, break bulk cargo, containers is recognized on the straight-line basis over the service period.

When the revenue is recognized pursuant to the progress of completed services by the Group, the amounts with unconditional collection right obtained by the Group are recognized as accounts receivable, and the rest are recognized as contract assets. Meanwhile, loss provision for accounts receivable and contract assets is recognized based on ECL (Note 2 (9)). If the contract amount received or receivable exceeds the amount for the completed services, the difference is recognized as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include contract performance costs and contract acquisition costs. Costs for rendering of services are recognized as contract performance costs, and are carried forward to cost of sales from main operations pursuant to the progress of services completed when the revenue is recognized. The Group will recognize the incremental costs incurred in obtaining the contracts as contract acquisition costs. For the costs to obtain a contract with the amortisation period within one year, the costs are charged in the current profit or loss when incurred. For the costs to obtain a contract with the amortisation period beyond one year, the costs are charged in the current profit or loss on the same basis as revenue of rendering of services recognised under the relevant contract. If the carrying amount of contract costs exceeds the residual considerations expected to be obtained from the provision of the services less the costs expected to be incurred, the Group makes provision for impairment for the difference and recognizes it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the costs to fulfil a contract is more than one year when initially recognised, the amount of the Group's costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Revenue (Continued)

(a) Rendering of services (Continued)

The Group assesses whether it is the principal or an agent in the transactions regarding whether the Group has the control of goods or services when transferring the goods to the customer or rendering of services. Provided that the Group has the control of goods (or services) before the transfer of the goods or rendering of services, it is the principal and should recognise revenue for the gross amount of consideration received or receivable; otherwise it is the agent and should recognise revenue at the amount of commissions and fees to which the Group expects to be entitled.

(b) Sale of goods

Revenue from sales of oil and electricity belongs to contract obligations to be satisfied at a point in time and the corresponding revenue is recognized when the control of goods is transferred to the buyer.

(23) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including refund of taxes, financial subsidies, etc.

Government grant is recognized when the conditions attached to it can be complied with and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets are those obtained for forming long-term assets by purchase, construction or acquisition in other ways. Grants related to income are government grants other than those related to assets.

Government grants related to acquisition of long-term assets are recorded as deferred income and recognised in profit or loss on a reasonable and systemic basis over the useful lives of the assets.

Government grants related to income for supporting the Group's business development and contributing to talents and scientific research, which compensate the future costs, expenses or losses are recorded as deferred income and recognized in profit or loss upon the recognition of the related costs, expenses or losses; government grants related to income that compensate incurred costs, expenses or losses are recognized in current profit or loss directly.

The Group uses the same presentation method for similar government grants.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(24) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are only recognized for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority;
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(25) Leases

Lease refers to a contract in which the lessor transfers the use right of the assets to the lessee in a certain period of time to obtain the consideration.

The Group as a lessee:

The Group recognizes right-of-use assets on the beginning date of the lease period and lease liabilities based on the present value of the unpaid amount of lease payment. Lease payments include fixed payment and the amount to be paid based on reasonable assurance that the purchase option will be exercised or the lease option will be terminated. The flexible rental based on the sales amount is not included in the lease payment and is recognized in profit or loss for the current period when actually incurred. Lease liabilities that are to be paid within one year (inclusive) since the balance sheet date are included in the current portion of non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(25) Leases (Continued)

The Group as a lessee: (Continued)

The Group's right-of-use assets comprise of buildings, port facilities, storage facilities, loading equipment, machinery and equipment and vessels, etc. Right-of-use assets are initially measured at cost which includes the initially measured amount of lease liabilities, the lease payment and initial direct costs on or before the beginning date of the lease period, deducting the lease incentives already received. If the Group can reasonably assure to obtain the ownership of lease assets when the lease period is due, depreciation is charged over the residual useful life of lease assets. Otherwise, depreciation is charged over the shorter of the lease period and the residual useful life of lease assets. The carrying amounts of right-of-use assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts.

For short-term leases with lease periods not exceeding 12 months and leases of low-value assets, the Group chooses not to recognize the right-of-use assets and lease liabilities. And the related rental expenses are either recognized over the period of the lease in current profit or loss or capitalized as part of the cost of related assets on a straight-line basis.

The Group shall account for a lease modification as a separate lease if both: (1)the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2)the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, except that the contract changes are accounted for by applying the practical expedient as stipulated by the Ministry of Finance, the Group shall redetermine the lease term at the effective date of the lease modification, and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other leases which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For eligible rent concessions agreed on existing lease contracts, the Group applies the practical expedient and records the undiscounted concessions in profit or loss when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.

The Group as the lessor:

A lease that has substantially transferred almost all the risks and rewards related to the ownership of the leased asset is a financial lease. Other leases are operating leases.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(25) Leases (Continued)

The Group as the lessor: (Continued)

(a) *Operating leases*

When the Group leases out self-owned port facilities, storage facilities, buildings and etc., the rental income from the operating lease is recognized on the straight-line basis over the lease period.

For a lease modification, the Company accounts for it as a new lease from the effective date of the modification, and considers any lease payments received in advance or receivable relating to the lease before modification as receivables of the new lease.

(b) *Finance leases*

As at the beginning date of the lease period, the Group recognizes finance lease receivables for finance leases and derecognizes related assets. Finance lease receivables are included in long-term receivables and finance lease receivables that are to be received within one year (inclusive) since the balance sheet date are included in the current portion of non-current assets.

(26) Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when both of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject to usual practices for sale of such non-current asset or disposal group; (2) the Group has signed a legal binding sale agreement with other parties and has obtained appropriate approval, and the sale is to be completed within one year.

Non-current assets (except for financial assets and deferred tax assets) that meet the recognition criteria for held for sale are recognized at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less the costs to sell is recognized as asset impairment losses.

Such non-current assets and assets/liabilities included in disposal groups as classified as held for sale are accounted for as current assets/liabilities, and are presented separately in the balance sheet.

A discontinued operation is a separately identified component of the Group that either has been disposed of or is classified as held for sale, and satisfies one of the following conditions: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) is a subsidiary acquired exclusively with a view to resale.

Profit or loss from the discontinued operations stated in the income statement includes the profit or loss arising from operation and disposal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(27) Specific reserve

In accordance with the provisions of the Ministry of Finance, the Ministry of Emergency Management and local government, the Group appropriates special reserve for production safety based on revenue from businesses related to storage of dangerous goods, pipeline transportation and common cargo transportation in the previous year.

Specific reserve is mainly for safety expenses on facilities such as stevedoring, transportation, and stacking.

The provision for specific reserve is recognized as relevant cost or profit or loss for the current period, and it is also included in specific reserve. The specific reserve is written down when withdrawal of safety fund is of expense expenditure. If it is capital expenditure, the expenditure incurred is recorded in construction in progress and recognized as fixed assets when the project is completed and is ready for the intended use, and meanwhile, specific reserve is written down at the cost of the fixed assets and accumulated depreciation is recognized at the same amount. Consequently, such fixed assets are not depreciated in subsequent periods.

(28) Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1)the component is able to generate revenue and incur expenses from its ordinary activities; (2)whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3)for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(29) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and assumption

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) *Estimate on depreciation of fixed assets*

The Group's management estimates the expected useful lives and residual values of fixed assets, and review them periodically. The estimates are based on the historical actual useful lives and industry practices of fixed assets with similar nature and function. In the processing of using fixed assets, the economic environment, technical environment and other environment may have a significant impact on the useful lives and expected net residual values of fixed assets; and also changes in the economic environment, technical environment and other environment may also lead significant changes in the expected realization method of economic benefits related to fixed assets. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

(ii) *Actuarial calculation of early retirement and supplemental retirement benefits*

The liabilities recognized from early retirement and supplemental retirement benefits by the Group are calculated on an actuarial basis using a number of assumptions. The assumptions include discount rates, salaries and welfare growth rate, and mortality rates, etc. Any differences between the actual results and assumptions are accounted in the current period in accordance with relevant accounting policies. Although the Group considers their assumptions are reasonable, change of experience data and assumptions will affect the amounts of early retirement benefit and supplemental retirement benefits liabilities and other comprehensive income associated with supplemental retirement benefits of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(29) Critical accounting estimates and judgements (Continued)

(a) Critical accounting estimates and assumption (Continued)

(iii) Measurement of ECL

The Group calculates ECL pursuant to exposure at default and ECL rate, and determines ECL rate based on the probability of default and the loss given default or ageing matrix. When determining ECL rate, the Group adopts data like historical credit loss experience in combination with current situation and forward-looking information to adjust historical data. When considering forward-looking information, the Group has considered different macroeconomic scenarios. In 2023, the weights of the three economic scenarios of “benchmark”, “unfavourable” and “favourable” were 60%, 30% and 10%, respectively (In 2022: 60%, 30% and 10%). The Group regularly monitors and reviews key macroeconomic assumptions and parameters related to the calculation of expected credit loss, including the risk of economic downturn, external market environment, technical environment changes on customer conditions, business climate index, consumer price index, industrial added value and investment in fixed assets, etc. In 2023, the Group considered the uncertainty under different macroeconomic scenarios and updated the relevant assumptions and parameters. The key macroeconomic parameters used in each scenario are listed below:

		Economic scenario		
		Benchmark	Unfavourable	Favourable
Consumer price index: on year-on-year basis	2024 and subsequent years	1.16%	0.56%	1.88%
Industrial added value: on a cumulative year-on-year basis	2024 and subsequent years	4.62%	4.38%	4.99%
Gross national product: on a cumulative year-on-year basis	2024 and subsequent years	4.80%	4.53%	5.32%
Investment in fixed assets: on a cumulative year-on-year basis	2024 and subsequent years	4.77%	3.72%	7.69%

In 2022, the key macroeconomic parameters used in each scenario by the Group were listed below:

		Economic scenario		
		Benchmark	Benchmark	Benchmark
Consumer price index: on year-on-year basis	2023 and subsequent years	2.12%	1.75%	2.86%
Industrial added value: on a cumulative year-on-year basis	2023 and subsequent years	5.47%	4.63%	6.70%
Gross national product: on a cumulative year-on-year basis	2023 and subsequent years	5.10%	4.79%	6.28%
Investment in fixed assets: on a cumulative year-on-year basis	2023 and subsequent years	5.87%	4.12%	8.44%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(30) Significant changes in accounting policies

The Ministry of Finance issued the *Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises* (Interpretation No. 16) in 2022. From 1 January 2023, the Group and the Company applied Interpretation No. 16 which clarifies that deferred income taxes related to assets and liabilities arising from a specific single transaction are not applicable for initial recognition exemption, and applied the amendment retrospectively, the opening balance of retained earnings of 2022 and other relevant line items in the financial statements, the comparatives for the year ended 31 December 2022 were restated accordingly, and the impacts are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

3 TAXATION

(1) The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Enterprise income tax(a)	Taxable income	20% and 25%
Value-added tax ("VAT") (b)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)	6%, 9% and 13%
	Taxable revenue amount	3% and 5%
Land use tax	Actual size of the land occupied	RMB 3.2-11.2 per square meter per year
City maintenance and construction tax	Value added tax	7%
Educational surcharge	Value added tax	3%

(a) Enterprise income tax

Pursuant to the Circular on Enterprise Income Tax Policy Concerning Deductions for Equipment and Appliances (Cai Shui [2018] No. 54) and the Announcement on Extending the Implementation Period of Certain Preferential Tax Policies (Cai Shui [2021] No. 6) issued by the State Taxation Administration and relevant regulations, during the period from 1 January 2018 to 31 December 2023, the cost of newly purchased equipment with the original cost less than RMB5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing.

(b) VAT

In 2023, in addition to sales and commodity trading of fuel oil, mechanical and electrical equipment, hydropower, etc., the company and certain subsidiaries also provide services such as transportation, stevedoring, port management, tugboat and barging, ocean shipping tallying, and tangible movable property leasing. Value-added tax is applicable to the above-mentioned businesses. The value-added tax rate applicable to the sales of fuel oil, mechanical and electrical equipment and electricity, commodity trading and tangible movable property leasing services is 13%; the value-added tax rate applicable to stevedoring services, port management services, tugboat and barging services, ocean shipping tallying and other services is 6%; the value-added tax rate applicable to the provision of transportation services, the provision of construction and installation projects, etc., the transfer of real estate such as docks, storage yards, land use rights, and the lease of real estate services is 9%; the transfer or lease of real estate acquired before April 30, 2016 is taxed pursuant to the simplified taxation method, and the applicable tax rate is 3% or 5%.

(c) Withholding and payment of corporate income tax

According to Guo Shui Han [2008] No. 897, the Notice on Issues Concerning the Withholding and Payment of Enterprise Income Tax on the Distribution of Dividends by Chinese Resident Enterprises to Shareholders of Overseas H-share Non-resident Enterprises issued by the State Taxation Administration on 6 November 2008, the Company withholds and pays enterprise income tax at a rate of 10% when paying dividends to shareholders of overseas H-share non-resident enterprises.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

3 TAXATION (Continued)

(2) Tax incentives

(a) Enterprise income tax

In accordance with Cai Shui [2008] No. 116 and Cai Shui [2008] No. 46, Qingdao Port Haiye Dongjiakou Oil Products Co., Ltd. (formerly known as Qingdao Haiye Mercuria Storage Co., Ltd.) (“Dongjiakou Oil Products”), Qingdao Port Dongjiakou Liquid Chemical Terminal Co., Ltd. (“Liquid Chemical Terminal”), Qingdao Port Multi-purpose Terminal Co., Ltd. (“QMT”) engaged in public infrastructure projects specially supported by the state, so the corresponding terminal loading and unloading business to Dongjiakou Oil Products and Liquid Chemical Terminal would be exempted from enterprise income tax for three years starting from 2021, and eligible for a 50% tax reduction for the next three years. 2023 was the third year of income tax exemption. The corresponding terminal loading and unloading business to QMT would be exempted from enterprise income tax for three years starting from 2022, and eligible for a 50% tax reduction for the next three years. 2023 was the second year of income tax exemption.

In 2023, According to the STA Public Notice [2023] No. 6, Qingdao Port International Port Service Co., Ltd. (“Port Service”), Qingdao Ocean Shipping Repair Co., Ltd. (“Ocean Shipping Repair”), Qingdao Port Culture & Media Co., Ltd. (“Cultural & Media”), Qingdao Port Construction & Management Centre Co., Ltd. (“Construction & Management Centre”), China Ocean Shipping Tally Weihai Co., Ltd. (“China Ocean Shipping Tally Weihai”), Qingdao Port Yuntai Logistics Co., Ltd. (“Yuntai Logistics”), Qingdao Shengshi International Logistics Co., Ltd. (“Shengshi Logistics”) and Qingdao Qinggang Zhonghang Industry Operation Service Co., Ltd. (“Zhonghang Property”), subsidiaries of the Company, were all small low-profit enterprises. The portion of the annual taxable income of less than RMB3 million shall be deducted into the taxable income by 25%, and the enterprise income tax shall be prepaid at the rate of 20%.

(b) VAT

Pursuant to the *Announcement on Relevant Policies for Deepening the Value-added Tax Reform* (Cai Shui Haiguan [2019] No.39) jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the *Announcement on the Additional Deduction Policies of Value-added Tax for Consumer Service Industry* (Cai Shui [2019] No. 87) jointly issued by the Ministry of Finance and the State Taxation Administration and the *Announcement on VAT Policies for Promoting the Bailout and Development of Vulnerable Industries in the Service Sector* (Cai Shui [2022] No.11) jointly issued by the Ministry of Finance and the State Taxation Administration, Qingdao Port Properties Co., Ltd. (“Qingdao Port Properties”), a subsidiary of the Company engaged in the life service sector, is eligible for a 15% additional VAT deduction from 1 October 2019 to 31 December 2022. And 10% additional VAT deduction based on deductible input VAT in the current period from 1 January 2023 to 31 December 2023. Additionally, Qingdao Port International Logistics Co., Ltd. (“Qingdao Port Logistics”), Qingdao Port Lianjie International Logistics Co., Ltd. (“Lianjie Logistics”), QMT and Dongjiakou Oil Products, subsidiaries of the Company engaged in the production service sector, are eligible for a 10% additional VAT deduction based on deductible input VAT in the current period from 1 April 2019 to 31 December 2022. And 5% additional VAT deduction based on deductible input VAT in the current period from 1 January 2023 to 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

3 TAXATION (Continued)

(2) Tax incentives (Continued)

(b) VAT (Continued)

Pursuant to the relevant provisions of the *Notice on Comprehensively Promoting the Pilot Project of Replacing Business Tax with VAT issued by the Ministry of Finance and the State Administration of Taxation* (No. 36 [2016] of the State Administration of Taxation of the Ministry of Finance), Shandong Ganglianhua Pipeline Oil Transportation Co., LTD. (“Lianhua Pipeline”) and Qingdao Gangjia Logistics Co., Ltd. (“Gangjia Logistics”), subsidiaries of the company, as a general taxpayer providing pipeline transportation services, for those whose actual VAT burden exceeds 3 percent, the policy of levy-and-refund will be implemented.

(c) Land use tax for terminal land

In 2023, according to the Announcement on Continuing the Implementation of the Preferential Urban Land Use Tax Policies for the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (Cai Shui [2020] No. 16) issued by the Ministry of Finance and the State Taxation Administration, the Group’s warehousing area for bulk commodities was subject to 50% tax reduction of land use tax. According to the Regulation on Issue of Land Use Tax Exemption of Port Land of Transport Department (Guo Shui Di Zi [1989] No. 123), the Group’s land exclusively for ports (Berths, including quayside, deep-water floating quay, embankment, dam, etc.) was exempted from land use tax.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2023	31 December 2022
Cash on hand	–	350
Cash at bank	1,340,826,676	682,825,594
Deposits of Shandong Port Finance	9,514,721,924	8,467,959,020
Other cash balances	58,275,997	7,440,791
Interest receivable	20,202,353	25,098,124
	<u>10,934,026,950</u>	<u>9,183,323,879</u>
Including: amounts deposited abroad	<u>34,100,161</u>	<u>2,253,498</u>

As at 31 December 2023, other cash balances include deposits for the issuance of bank acceptance notes amounted to RMB3,602,104 (31 December 2022: RMB6,096,521), and deposits for the issuance of letter of guarantee and other guarantees amounted to RMB27,573,893 (31 December 2022: RMB1,344,270), and litigation frozen capital amounted to RMB27,100,000 (Note 11).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Financial assets held for trading

	31 December 2023	31 December 2022
Structured deposit	280,665,064	995,407,305
Stock investments	<u>3,897,019</u>	<u>4,457,524</u>
	<u>284,562,083</u>	<u>999,864,829</u>

(3) Notes receivable

	31 December 2023	31 December 2022
Bank acceptance notes	59,644,058	37,698,488
Trade acceptance notes	24,961,095	60,316,043
Less: Bad debt provision	<u>(790,620)</u>	<u>(1,944,426)</u>
	<u>83,814,533</u>	<u>96,070,105</u>

- (a) As at 31 December 2023 and 31 December 2022, the Group had no pledged acceptance notes.
- (b) In 2023, the Company's bank acceptance notes and trade acceptance notes endorsed or discounted but not matured amounted to RMB29,595,430, and all of them were not derecognised.
- (c) **Provision**

For notes receivable arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group measures the provision of notes receivable based on the lifetime ECL regardless of whether there is a significant financing component.

Provisions for bad debts of notes receivable are analysed by category as follows:

	31 December 2023				31 December 2022			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Provision for bad debts on the individual basis	-	-	-	-	-	-	-	-
Provision for bad debts on the grouping basis	<u>84,605,153</u>	<u>100.00%</u>	<u>(790,620)</u>	<u>0.93%</u>	<u>98,014,531</u>	<u>100.00%</u>	<u>(1,944,426)</u>	<u>1.98%</u>
	<u>84,605,153</u>	<u>100.00%</u>	<u>(790,620)</u>	<u>0.93%</u>	<u>98,014,531</u>	<u>100.00%</u>	<u>(1,944,426)</u>	<u>1.98%</u>

The provision for bad debts reversed on a collective basis was RMB1,153,806, and no accounts receivable and provision for bad debts had been written off actually in the current year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable

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

Certain businesses of the Group are dealt in in form of cash, advances from customers, bank acceptance notes or trade acceptance notes. Remaining sales income is settled primarily with credit terms of 30 to 90 days.

(a) The ageing of accounts receivables based on their recording dates is analyzed as follows:

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

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

(b) As at 31 December 2023, the total amount of top five accounts receivable and contract assets are analyzed as follows:

	Amount of accounts receivable	Amount of contract assets	Provision for bad debt and impairment provisions	% of total balance of accounts receivable and contract assets
Total amount of top five accounts receivable and contract assets	<u>565,098,606</u>	<u>13,137,523</u>	<u>(70,215,977)</u>	<u>26.31%</u>

(c) As at 31 December 2023 and 31 December 2022, the Group did not have any receivables that were derecognized due to the transfer of financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable (Continued)

(d) Bad debt provision

The Group measures the provision of accounts receivable based on the lifetime ECL regardless of whether there exists a significant financing component.

Provisions for bad debts of accounts receivable are analysed by category as follows:

	31 December 2023				31 December 2022			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	% of total		% of total		% of total		% of total	
	Amount	balance	Amount	balance	Amount	balance	Amount	balance
Provision for bad debts on the individual basis (i)	20,962,438	1.00%	(20,962,438)	100.00%	20,962,438	0.94%	(20,962,438)	100.00%
Provision for bad debts on the grouping basis (ii)	2,082,669,832	99.00%	(130,357,437)	6.26%	2,203,424,159	99.06%	(186,952,603)	8.48%
	<u>2,103,632,270</u>	<u>100.00%</u>	<u>(151,319,875)</u>	<u>7.19%</u>	<u>2,224,386,597</u>	<u>100.00%</u>	<u>(207,915,041)</u>	<u>9.35%</u>

(i) Provisions for bad debts of accounts receivable on the individual basis are analyzed as follows:

As at 31 December 2023, accounts receivable for which the related provision for bad debts was provided on the individual basis were receivables of RMB20,656,092 from Zhongshang Jiankai (Qingdao) Technology Development Co., Ltd., receivables of RMB256,346 from Hangzhou Qianyue Network Technology Co., Ltd. and receivables of RMB50,000 from Ningxia Lingwu Baota Dagu Warehousing and Transportation Co., Ltd. The Group considers the above receivables to be difficult to recover due to corresponding companies' difficulties in the business operations or being blacklisted for involvement of several litigations, thus a full provision for bad debts is made by the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Accounts receivable (Continued)

(d) Bad debt provision (Continued)

(ii) Provisions for bad debts of accounts receivable on the grouping basis are analyzed as follows:

Accounts Receivable Group B-Accounts Receivable for engineering and construction Business:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Within 1 year	170,793,774	4.48%	(7,643,817)	11,486,038	4.30%	(493,862)
1 to 2 years	9,251,327	12.96%	(1,198,963)	57,536,932	12.51%	(7,198,047)
2 to 3 years	32,971,597	40.62%	(13,391,473)	70,277,390	40.57%	(28,511,341)
Over 3 years	756,947	100.00%	(756,947)	110,814,448	72.56%	(80,411,356)
	<u>213,773,645</u>		<u>(22,991,200)</u>	<u>250,114,808</u>		<u>(116,614,606)</u>

Accounts receivable Group C-Accounts receivable other than engineering and construction businesses:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Within 1 year	1,739,202,561	3.13%	(54,356,958)	1,938,667,330	3.10%	(60,031,492)
1 to 2 years	118,573,340	35.33%	(41,888,993)	6,698,651	35.28%	(2,363,135)
Over 2 years	11,120,286	100.00%	(11,120,286)	7,943,370	100.00%	(7,943,370)
	<u>1,868,896,187</u>		<u>(107,366,237)</u>	<u>1,953,309,351</u>		<u>(70,337,997)</u>

(iii) In the current year, the provision for bad debts accrued was RMB93,523,117, the amount of bad debt provision was RMB37,028,240, as well that the provision for bad debts was decreased by RMB100,289 due to disposal of subsidiaries. Among them, the important accounts receivable in the amount recovered are the equipment construction payment of more than two years old in the receivable of QQCTN, a related party in portfolio B, of which is RMB179,774,508, and the provision for bad debts of RMB90,057,428 is made according to the combination, which is repaid with monetary funds in this year, and the corresponding bad debt provision is fully reversed.

(e) In the current year, There was no accounts receivable that were written off in the current year.

(f) As at 31 December 2023 and 31 December 2022, the Group had no pledged accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Financing receivables

	31 December 2023	31 December 2022
Bank acceptance notes	<u>314,538,178</u>	<u>280,619,222</u>

- (a) Certain bank acceptance notes satisfied the derecognition criteria and were endorsed or discounted frequently by the Group for the purpose of daily treasury management, thereby these bank acceptance notes with good credit rating were categorised as financial assets at fair value through other comprehensive income.

In 2023, the Group transferred substantially all the risks and rewards of endorsed and discounted bank acceptance notes and the ownership to other parties. The carrying amounts of derecognised bank acceptance notes were RMB797,870,814 and RMB159,441,293 (2022: RMB1,066,209,346 and RMB147,768,743) respectively, and losses on discount of RMB748,554 were included in investment income (2022: RMB1,708,936) (Note 4(49)).

As at 31 December 2023, As the credit risk characteristics of these bank acceptance notes were similar, no provision for impairment was made individually. The Group expected that there was no significant credit risk associated with its bank acceptance notes and did not expect that there would be any significant losses from non-performance by these banks.

- (b) As at 31 December 2023 and 31 December 2022, the Group had no pledged bank acceptance notes.
- (c) As at 31 December 2023, except for Note 4(3)(b), the bank acceptance notes that the Group has endorsed or discounted but have not yet expired amounted to RMB279,617,030 (31 December 2022: RMB722,900,384) and has been derecognized.

In 2023, the Group did not have any write-offs of significant financing receivables (2022: nil).

(6) Advances to suppliers

- (a) The ageing analysis of advances to suppliers is as follows:

	<u>31 December 2023</u>		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	<u>126,611,960</u>	<u>100%</u>	<u>126,266,656</u>	<u>100%</u>

As at 31 December 2023, there were no advances to suppliers with ageing over 1 year (31 December 2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Advances to suppliers (Continued)

(b) As at 31 December 2023, the total amount of top five advances to suppliers is analyzed as follows:

	Amount	% of total balance
Total amount of top five advances to suppliers	<u>55,664,971</u>	<u>43.97%</u>

(7) Other receivables

	31 December 2023	31 December 2022
Receivables and advances of agent business (i)	497,519,933	453,361,614
Advance payment for targeted procurement business (ii)	64,731,923	154,166,529
Deposits and guarantees	51,364,460	62,371,283
Supplementary medical insurance pooling funds (iii)	49,513,858	39,574,833
Dividend receivable	33,615,186	8,924,400
Advances for land use rights receivable (iv)	14,622,074	14,622,074
Equity transfer receivable	–	137,353,393
Others	<u>41,301,190</u>	<u>58,880,829</u>
	752,668,624	929,254,955
Less: Provision for bad debts	<u>(84,609,753)</u>	<u>(76,437,471)</u>
	<u>668,058,871</u>	<u>852,817,484</u>

- (i) Receivables and advances of agent business are receivables from the Group's shipping agency business and advances to agent purchase of goods on behalf of the Group's clients.
- (ii) The advance payment for targeted procurement refers to the advances made by the Group for customers' targeted procurement of goods.
- (iii) Supplementary medical welfare pooling funds are the prepaid funds deposited into the account of Shandong Branch of Ping An Annuity Insurance Company of China, Ltd. The Group expects that the recovery risk is low.
- (iv) The advance for land use rights receivable is the prepayment to the People's Government of Manshan Town, Lingang Economic and Technological Development Zone, Weihai, in a prior year for the purchase of land, by Weihai International Logistics Park Development Co., Ltd. ("Logistics Park Development"), a subsidiary of the Company. Due to the change in government planning, Logistics Park Development will not purchase the piece of land and the payment is to be recovered, and the Group expects that the payment will be fully recovered.

The Group has no amounts aggregated to other items and presented in other receivables for centralised fund management.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Other receivables (Continued)

(b) Loss provisions and the movement in the carrying balance (Continued)

- (i) As at 31 December 2023, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

	Amount	ECL over the next 12 months	Provision for bad debts	Reason
Stage 1				
Land compensation receivable	7,000,000	–	–	i)
Advances for land payable	14,622,074	–	–	Note 4(7)(iv)
	<u>21,622,074</u>		<u>–</u>	
	Amount	ECL over the next 12 months	Provision for bad debts	Reason
Stage 3				
Receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd.	63,379,156	100%	(63,379,156)	ii)
Receivables from Qingdao Huamin Shichuang International Trade Co., Ltd.	1,352,767	100%	(1,352,767)	iii)
	<u>64,731,923</u>		<u>(64,731,923)</u>	

- i) Land compensation receivable is the receivable of RMB7,000,000 from Weihai International Port Economic and Technological Development District Bureau of Finance to Logistics Park Development, a subsidiary of the Group. The amount is a compensation for a part of logistics land from Logistics Park Development used by Weihai Lingang District to plan the railway. The Group expects to fully recover the amount.
- ii) As at 31 December 2022, receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd. (“Yinglu Pingxing Automotive”) were RMB112,428,156. The above company ceased the business operation and got involved in several litigations with its bank accounts frozen. The Group entered into a debt restructuring arrangement with Yinglu Pingxing Automotive, whereby Yinglu Pingxing Automotive used its premises to settle other receivables of the Group. In 2023, the Group de-recognized the book balance of other receivables of RMB49,049,000 and recognized fixed assets of RMB49,019,535 after deducting relevant taxes and fees (Note 4(15)). The Group makes full provision for bad debts of unrecovered amount RMB63,379,156.
- iii) As at 31 December 2023, receivables from Qingdao Huamin Shichuang International Trade Co., Ltd. amounted to RMB1,352,767. The above company ceased the business operation and got involved in several litigations, thus a full provision for bad debts against the above amount is made by the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Other receivables (Continued)

(b) Loss provisions and the movement in the carrying balance (Continued)

- (ii) As at 31 December 2022, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

	Amount	ECL over the next 12 months	Provision for bad debts	
Stage 1				
Equity transfer payment receivable from Maersk	107,782,194	-	-	
Equity transfer payment receivable from Shandong Harbor Construction Group	14,532,446	-	-	
Equity transfer payment receivable from Shandong Port Equipment Group	13,537,891	-	-	
Advances for land payable	14,622,074	-	-	
Equity transfer payment receivable from Luhai International Logistics	<u>1,500,862</u>	-	<u>-</u>	
	<u>151,975,467</u>		<u>-</u>	
	Amount	ECL over the next 12 months	Provision for bad debts	Reason
Stage 3				
Receivables from Rongcheng Yinglu Pingxing Imported Automotive Co., Ltd.	112,428,156	49%	(54,778,121)	Note 4 (7)(b)(i)
Receivables from Qingdao Huamin Shichuang International Trade Co., Ltd.	<u>1,352,767</u>	100%	<u>(1,352,767)</u>	Note 4 (7)(b)(i)
	<u>113,780,923</u>		<u>(56,130,888)</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Other receivables (Continued)

(b) Loss provisions and the movement in the carrying balance (Continued)

(iii) As at 31 December 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on the grouping basis are all within Stage 1, which are analysed as follows:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Loans and advances combinations	-	-	-	40,385,606	(80,995)	0.20%
Agency business and receivables combinations	497,519,933	(16,275,997)	3.27%	453,361,614	(15,668,081)	3.46%
Deposits and guarantees combinations	51,364,460	(735,538)	1.43%	62,371,283	(891,727)	1.43%
Dividend receivable combinations	33,615,186	-	-	8,924,400	-	-
Other combinations	83,815,048	(2,866,295)	3.42%	98,455,662	(3,665,780)	3.72%
	<u>666,314,627</u>	<u>(19,877,830)</u>		<u>663,498,565</u>	<u>(20,306,583)</u>	

(c) The provision for bad debts in 2023 amounted to RMB8,172,282, and no individual provision for bad debts reversed. There was no other receivables that were written off in the current year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Other receivables (Continued)

(d) As at 31 December 2023, top five other receivables are analyzed as follows:

	Nature	Amount	Ageing	% of total	Provision for bad debts
Qinggang Equipment Manufacture	Receivables and advances of agency business and dividends receivable	149,073,026	Within 1 year	19.81%	(4,551,947)
Yinglu Pingxing Automotive	Advance payment for targeted procurement business	63,379,156	Over 3 years	8.42%	(63,379,156)
Shandong Branch of Ping An Annuity Insurance Company of China, Ltd.	Supplementary medical insurance pooling funds	49,513,858	Within 1 year	6.58%	(1,693,374)
Qingdao Port (Group) Engineering Co., Ltd. ("Qingdao Port Engineering")	Receivables and advances of agency business	34,080,980	Within 1 year	4.53%	(1,137,914)
Wallem Shipping (China) Co., Ltd.	Receivables and advances of agency business	30,833,387	Within 1 year	4.10%	(1,008,691)
		326,880,407		43.44%	(71,771,082)

(e) As at 31 December 2023 and 31 December 2022, the Group did not recognise government grants at amounts receivable.

(f) As at 31 December 2023 and 31 December 2022, the Group had no other receivables pledged.

(g) As at 31 December 2023 and 31 December 2022, The Group has no overdue dividends receivable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Inventories

(a) Inventories are summarized by categories as follows:

	31 December 2023			31 December 2022		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Materials and finished goods	24,582,831	-	24,582,831	24,558,833	-	24,558,833
Fuel	9,445,023	-	9,445,023	16,841,518	-	16,841,518
Spare parts	2,129,064	-	2,129,064	5,252,561	-	5,252,561
Others	15,447,899	-	15,447,899	7,493,637	-	7,493,637
	<u>51,604,817</u>	<u>-</u>	<u>51,604,817</u>	<u>54,146,549</u>	<u>-</u>	<u>54,146,549</u>

(b) Changes in ending balances of inventories for current year are analyzed as follows:

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Materials and finished goods	24,558,833	314,522,022	(314,498,024)	24,582,831
Fuel	16,841,518	469,972,385	(477,368,880)	9,445,023
Spare parts	5,252,561	18,112,959	(21,236,456)	2,129,064
Others	7,493,637	40,215,756	(32,261,494)	15,447,899
	<u>54,146,549</u>	<u>842,823,122</u>	<u>(845,364,854)</u>	<u>51,604,817</u>

(c) As at 31 December 2023 and 31 December 2022, the management of the Group considered that there is no indication that the inventories may be impaired, therefore no provision for decline in the value of inventories is recorded.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Contract assets

	31 December 2023	31 December 2022
Contract assets	94,088,638	125,964,204
Less: provision for contract assets	(4,647,548)	(1,997,755)
	<u>89,441,090</u>	<u>123,966,449</u>

The Group measures the provision for contract assets based on the lifetime ECL regardless of whether there exists a significant financing component. As at 31 December 2023 and 31 December 2022, the Group's contract assets were not overdue, and had no contract assets with provision for impairment on individual basis.

There was no important contract assets that were written off in the current year(2022: nil).

(10) Other current assets

	31 December 2023	31 December 2022
VAT input to be deducted	<u>197,410,270</u>	<u>141,272,926</u>

(11) Long-term receivables

	31 December 2023	31 December 2022
Receivables from Hunan Ccoop Commercial Management Co., Ltd.	35,401,782	34,859,378
Less: current portion	(4,184,479)	(2,717,391)
	<u>31,217,303</u>	<u>32,141,987</u>
Loss: impairment provision	<u>-</u>	<u>-</u>
	<u>31,217,303</u>	<u>32,141,987</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term receivables (Continued)

(a) Loss provisions and the statement of changes in the carrying balance

Provisions for bad debts of long-term receivables are analysed by category as follows:

	31 December 2023				31 December 2022			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Loans and advances combinations	<u>35,401,782</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>34,859,378</u>	<u>100%</u>	<u>-</u>	<u>-</u>
	Stage 3							
	Lifetime ECL rate(credit impaired)							
					Ending balance		Provision for bad debts	
31 December 2022					34,859,378		-	
Increase in the current year					1,089,316		-	
Decrease in the current year					(546,912)		-	
31 December 2023					<u>35,401,782</u>		<u>-</u>	

- (b) As at 31 December 2023, The Group does not have long-term receivables at Stage 1 and Stage 2 (31 December 2022: nil), The receivable at Stage 3 of RMB35,401,782 from Hunan Kupu Commercial Management Co., Ltd. (“Hunan Kupu”)(31 December 2022: RMB34,859,378), Due to its poor performance, Hunan Kupu was unable to pay the amount, and therefore provided the property of its parent company Ccoop Group Co., Ltd. as collateral for the payment. According to the court's re-ruling, the amount was undertaken by Ccoop Group Co., Ltd. and would be repaid in instalments within 10 years. RMB546,912 was repaid in 2023. The Group believed that the recovery risk is relatively low and therefore no provision for bad debts was made.

(12) Long-term equity investments

	31 December 2023	31 December 2022
Joint ventures (a)	<u>10,536,478,054</u>	10,051,564,916
Associates (b)	<u>3,509,252,046</u>	2,836,521,178
	<u>14,045,730,100</u>	<u>12,888,086,094</u>

As at 31 December 2023 and 31 December 2022, the Group's management considered that there was no indication that the long-term equity investments may be impaired, therefore no provision for impairment was required.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures

Investment in joint ventures are set out below:

	31 December 2022	Movement in the current year						31 December 2023	
		Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/ profit declared	Reduce investment and convert to an associate	Intra-group unrealized profit		Transfer to subsidiaries
Qingdao Qianwan Container Terminal Co., Ltd. ("QQCT")(i)	6,632,579,838	967,389,538	(4,560,734)	687,682	-	-	7,082,369	-	7,603,178,693
Qingdao Shihua Crude Oil Terminal Co., Ltd. ("Qingdao Shihua")	1,581,993,750	280,969,408	(2,025,000)	-	(642,556,544)	-	4,456,812	-	1,222,838,426
Qingdao Port Dongjiakou Ore Terminal Co., Ltd. ("QDOT")	653,669,917	9,555,489	-	(101,299)	-	-	1,076,607	-	664,200,714
Qingdao Qianwan West Port United Terminal Co., Ltd. ("West United") (ii)	421,839,184	14,526,606	-	-	(5,100,000)	-	325,677	-	431,591,467
Qingdao PetroChina Storage Co., Ltd. ("PetroChina Storage")	165,299,156	13,043,546	-	243,738	(8,929,921)	-	-	-	169,656,519
Huaneng Qingdao Port Co., Ltd. ("Huaneng Qingdao")	123,309,821	2,728,846	-	-	-	-	-	-	126,038,667
Qingdao Port Dongjiakou Wanbang Logistics Co., Ltd. ("Dongjiakou Wanbang Logistics") (iii)	67,752,526	(159,302)	-	-	-	-	-	-	67,593,224
Qingdao Evergreen Container Storage & Transportation Co., Ltd. ("Evergreen Container")	51,252,690	24,294,379	-	-	(20,199,012)	-	-	-	55,348,057
Qingdao Port Dongjiakou SinoTrans Logistics Co., Ltd. ("Dongjiakou SinoTrans Logistics")	51,710,941	326,691	-	-	-	-	-	-	52,037,632
Qingdao Donggang International Container Storage & Transportation Co., Ltd. ("Donggang Container")	44,642,709	9,047,050	-	-	(6,260,247)	-	-	-	47,429,512
Qingdao United International Shipping Agency Co., Ltd. ("United Shipping Agency")	29,862,576	2,831,175	-	-	(2,402,999)	-	-	-	30,290,752
Qingdao Ganglianhai International Logistics Co., Ltd. ("Ganglianhai Logistics")	19,912,396	3,127,900	-	-	(3,905,749)	-	-	-	19,134,547
Qingdao Shenzhou International Freight Forwarding Co., Ltd. ("Shenzhou Freight Forwarding")	19,458,026	10,302,022	-	-	(13,164,292)	-	-	-	16,595,756
Qingdao China Shipping Agency Co., Ltd. ("China Shipping Agency")	10,807,348	1,082,833	-	-	-	-	-	-	11,890,181
Qingdao Ganglianrong International Logistics Co., Ltd. ("Ganglianrong Logistics")	9,824,129	4,470,357	-	-	(2,755,083)	-	-	-	11,539,403

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures (Continued)

Investment in joint ventures are set out below (Continued):

31 December 2022	Movement in the current year							31 December 2023	
	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/ profit declared	Reduce investment and convert to an associate	Intra-group unrealized profit	Transfer to subsidiaries		
Hailu International Port Operation Management Co., Ltd. ("Hailu International")	2,824,032	1,078,000	-	-	-	-	-	3,902,032	
Qingdao Port (Linyi) High-speed Logistics Co., Ltd. ("Linyi Expressway")	3,349,964	(137,492)	-	-	-	-	-	3,212,472	
Qingdao Ganghai International Logistics Co., Ltd. ("Ganghai Logistics")	3,409,926	(30,417)	-	-	-	-	(3,379,509)	-	
Qingdao Gulf Liquid Chemical Port Co., Ltd. ("Gulf Liquid Chemical") (iv)	158,065,987	1,020,861	-	-	-	(159,086,848)	-	-	
	<u>10,051,564,916</u>	<u>1,345,467,490</u>	<u>(6,585,734)</u>	<u>830,121</u>	<u>(705,273,847)</u>	<u>(159,086,848)</u>	<u>12,941,465</u>	<u>(3,379,509)</u>	<u>10,536,478,054</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(a) Joint ventures (Continued)

- (i) The Company holds 51% equity interest of QQCT, and the other shareholder holds 49%. The Company can designate 6 out of 11 board members in QQCT, and another 5 members are designated by the other shareholder. In accordance with the Articles of Association of QQCT, its significant financial and operating decisions should be passed at the Meeting of Board of Directors by at least 10 out of 11 directors. The Company still cannot unilaterally exercise control over QQCT, therefore QQCT is still accounted for as a joint venture.
- (ii) The Company holds 51% equity interest of West United. In accordance with the Articles of Association of West United, its significant financial and operating decisions should be passed at the Meeting of Shareholders, but the Board of Directors is authorized to vote on the main business decisions. The Company can designate 3 out of 5 board members in West United. The significant financial and operational decisions need to be approved by all directors. The Company cannot unilaterally exercise control over West United, therefore, West United is account for as a joint venture.
- (iii) The Company holds 51% equity interest of Dongjiakou IMC Logistics. In accordance with the Articles of Association of Dongjiakou IMC Logistics, its significant financial and operating decisions should be passed at the Meeting of Board of Directors. The Company can designate 4 out of 7 board members in Dongjiakou IMC Logistics. The significant financial and operational decisions need to be approved by all directors. The Company cannot unilaterally exercise control over Dongjiakou IMC Logistics, therefore West United is account for as a joint venture.
- (iv) The Company's original shareholding ratio in Haiwan Liquid Chemical was 50%. In August 2023, the Company sold 15% of equity interests in Haiwan Liquid Chemical to Qingdao Haiwan Group Co., Ltd. at a consideration of RMB57,258,645. The Company accounted for it as a joint venture in the transfer and accounted for carrying amount of RMB159,086,848. Upon the transfer, the Company held 35% of equity interests in Haiwan Liquid Chemical. The carrying amount under which Haiwan Liquid Chemical was accounted for as a joint venture was RMB111,420,948 and the investment income from disposal of long-term equity investments was RMB9,592,745.

Information of interests in joint ventures are set out in Note 6(2).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(b) Associates

Investments in associates are set out below:

	31 December 2022	Movement in the current year						Unrealised profits or losses arising from internal transactions	31 December 2023
		Transferred from the joint venture	Additional investment	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Cash dividends/ profit declared		
Shandong Port Finance	1,655,475,686	-	-	-	112,354,274	4,770,964	(118,828,431)	-	1,653,772,493
Shandong Zhenhua Petroleum Energy Storage Co., Ltd. ("Zhenhua Petroleum Storage") (i)	-	-	480,200,000	-	-	-	-	-	480,200,000
Qingdao Port Engineering COSCO SHIPPING Ports (Abu Dhabi) Co., Ltd. ("COSCO Abu Dhabi")	259,492,816	-	-	-	39,923,793	-	(13,962,546)	66,917	285,520,980
Qingdao Qingyin Financial Leasing Co., Ltd. ("Qingyin Financial Leasing")	290,971,494	-	-	-	(21,863,858)	-	-	-	269,107,636
China Union Express Holdings Group Co., Ltd. ("China Union Express")	143,008,395	-	-	-	22,559,273	-	(4,500,000)	-	161,067,668
Gulf Liquid Chemical	139,751,070	-	-	-	29,992,940	-	(17,719,019)	-	152,024,991
Qinggang Equipment Manufacture ITG Logistics	-	111,420,948	-	-	313,593	-	-	-	111,734,541
Shandong Port Science and Technology Group Qingdao Co., Ltd. ("Technology Company")	110,515,769	-	-	-	22,862,715	-	(13,006,994)	-	120,371,490
Xishuangbanna Natural Rubber Storage and Transportation Center Co., Ltd. ("Natural Rubber Storage and Transportation") (ii)	81,456,233	-	-	-	15,231,188	-	(4,660,140)	-	92,027,281
Shangang Luhai International Logistics (Jinan) Co., Ltd. ("Shangang Luhai Jinan")	54,484,581	-	-	-	4,980,345	-	-	-	59,464,926
Xishuangbanna Natural Rubber Storage and Transportation Center Co., Ltd. ("Natural Rubber Storage and Transportation") (ii)	40,039,874	-	-	-	308,457	-	-	-	40,348,331
Shandong Port Energy Co., Ltd. ("Shandong Port Energy")	-	-	34,000,000	-	-	-	-	-	34,000,000
Global Shipping Business Network Limited("GSBN")	15,152,367	-	-	-	1,937,574	-	(2,612,131)	-	14,477,810
Qianwan Xinhe supply chain	12,950,000	-	-	-	(3,986,479)	-	-	-	8,963,521
Weihai Hailian Container Co., Ltd. ("Hailian Container")	8,543,765	-	-	-	(832,895)	-	-	-	7,710,870
	7,646,401	-	-	-	1,203,248	-	(1,414,415)	-	7,435,234

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Long-term equity investments (Continued)

(b) Associates (Continued)

Investments in associates are set out below (Continued):

31 December 2022	Movement in the current year							Unrealised profits or losses arising from internal transactions	31 December 2023
	Transferred from the joint venture	Additional investment	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Cash dividends/ profit declared			
Shandong Port Overseas Development Group Qingdao Co., Ltd. ("Overseas Development Qingdao")	4,972,587	-	-	-	1,151,687	-	-	-	6,124,274
Shangang Energy Development (Qingdao) Co., Ltd. ("Shangang Energy Development") (iii)	-	-	4,900,000	-	-	-	-	-	4,900,000
Qingdao International Energy Exchange Co., Ltd. ("International Energy")	12,060,140	-	-	(11,090,388)	(969,752)	-	-	-	-
	<u>2,836,521,178</u>	<u>111,420,948</u>	<u>519,100,000</u>	<u>(11,090,388)</u>	<u>225,166,103</u>	<u>4,770,964</u>	<u>(176,703,676)</u>	<u>66,917</u>	<u>3,509,252,046</u>

- (i) In March 2023, the Company jointly established Zhenhua Petroleum Storage with North Petroleum International Company Limited and China Zhenhua Oil Company Limited with the registered capital of RMB980,000,000. The Company contributes to RMB480,200,000 and holds 49% of the equity interest. The Company has significant influence over Zhenhua Petroleum Storage only, so the Company accounts for it as an associate.
- (ii) In December 2022, QDP Logistics, a subsidiary of the Company, jointly established Natural Rubber Storage and Transportation with Yunnan Natural Rubber Industry Group Co., Ltd. and Yunnan Pilot Free Trade Zone Investment and Development (Group) Co., Ltd. with the registered capital of RMB200,000,000. QDP Logistics contributes RMB34,000,000 and holds 34% of the equity interest. The Company has significant influence over Natural Rubber Storage and Transportation only, so the Company accounts for it as an associate.
- (iii) In March 2023, Qinggang Power Supply Co., Ltd. ("Qinggang Power Supply"), a subsidiary of the Company, jointly established Shangang Energy Development with Beijing Lugang Holding Development Group Co., Ltd. with the registered capital of RMB10,000,000. Qinggang Power Supply contributes RMB4,900,000 and holds 49% of the equity interest. Qinggang Power Supply has significant influence over Shangang Energy Development only, so Qinggang Power Supply accounts for it as an associate.

Information on equity in associates is set out in Note 6(2).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Other non-current financial assets

	31 December 2023	31 December 2022
Investments in financial assets at fair value through profit or loss	<u>393,840,402</u>	<u>393,840,402</u>

Other non-current financial assets represent the Group's investment in equity of unlisted companies, which are Shandong Harbor Construction Group, Shandong Binhai Hongrun Pipeline Stock Limited ("Binhai Hongrun"), Shandong Port Shipping Group Co., Ltd. ("Shandong Port Shipping"), Sinopec Qingdao Liquefied Natural Gas Co., Ltd., Sanya Yalong Bay Development Co., Ltd. and Shandong Port Equipment Group with shareholding of 9.29%, 10%, 4.06%, 1%, 0.06% and 16.56%, respectively, over which the Group has no control, joint control or significant influence. The Group has no plan to dispose these investments and they are measured at fair value through profit or loss. In 2023, the Group received cash dividends of RMB1,503,100 and RMB1,500,000 from Shandong Harbor Construction and Sinopec Qingdao respectively.

(14) Investment properties

	Buildings and storage facilities	Land use rights	Total
Cost			
31 December 2022	68,187,971	114,799,758	182,987,729
Transfer from fixed assets	62,666,830	-	62,666,830
Transfer from intangible assets	-	51,948,977	51,948,977
Transferred for self-use	<u>(24,101,348)</u>	<u>-</u>	<u>(24,101,348)</u>
31 December 2023	<u>106,753,453</u>	<u>166,748,735</u>	<u>273,502,188</u>
Accumulated depreciation			
31 December 2022	(18,501,246)	(18,820,102)	(37,321,348)
Increase in the current year	(2,876,890)	(2,182,392)	(5,059,282)
Transfer from fixed assets	(21,002,093)	-	(21,002,093)
Transfer from intangible assets	-	(8,129,248)	(8,129,248)
Transferred for self-use	<u>6,321,153</u>	<u>-</u>	<u>6,321,153</u>
31 December 2023	<u>(36,059,076)</u>	<u>(29,131,742)</u>	<u>(65,190,818)</u>
Net book value			
31 December 2023	<u>70,694,377</u>	<u>137,616,993</u>	<u>208,311,370</u>
31 December 2022	<u>49,686,725</u>	<u>95,979,656</u>	<u>145,666,381</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Investment properties (Continued)

	Buildings and storage facilities	Land use rights	Total
Cost			
31 December 2021	68,187,971	158,364,497	226,552,468
Transfer to intangible assets	–	(43,564,739)	(43,564,739)
31 December 2022	<u>68,187,971</u>	<u>114,799,758</u>	<u>182,987,729</u>
Accumulated depreciation			
31 December 2021	(15,847,393)	(25,820,857)	(41,668,250)
Increase in the current year	(2,653,853)	(3,237,397)	(5,891,250)
Transfer to intangible assets	–	10,238,152	10,238,152
31 December 2022	<u>(18,501,246)</u>	<u>(18,820,102)</u>	<u>(37,321,348)</u>
Net book value			
31 December 2022	<u>49,686,725</u>	<u>95,979,656</u>	<u>145,666,381</u>
31 December 2021	<u>52,340,578</u>	<u>132,543,640</u>	<u>184,884,218</u>

In 2023, the Group leased out a portion of self-used buildings, storage facilities and land use rights (Note 4(15)), Note 4(18)) and had signed the lease contract. The fixed assets and intangible assets had been transferred to investment properties accordingly.

As at 31 December 2023 and 31 December 2022, the management of the Group considered that there is no indication that the investment properties may be impaired, therefore no provision for impairment is recorded.

For the year ended 31 December 2023 and 2022, no interest expenses were capitalized in investment properties by the Group.

As at 31 December 2023 and 2022, there were no investment properties without certificates.

(15) Fixed assets

	31 December 2023	31 December 2022
Fixed assets	<u>23,725,974,820</u>	22,183,661,213
Fixed assets pending for disposal	<u>2,505,477</u>	–
	<u>23,728,480,297</u>	<u>22,183,661,213</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
Cost										
31 December 2022	1,171,755,022	14,277,848,752	9,916,984,507	4,078,547,277	1,343,740,356	1,791,353,734	176,308,645	276,307,439	96,658,737	33,129,504,469
Increase in the current year										
Purchase in the current year	8,592,996	488,988	1,155,248	34,582,711	37,502,522	-	15,891,009	24,564,818	3,261,589	126,039,881
Transfer from construction in progress	95,735,432	229,634,275	1,765,855,808	205,951,326	133,913,364	93,787,611	8,243,363	79,481,230	286,314	2,612,888,723
Transfer from investment properties	12,336,998	-	11,764,350	-	-	-	-	-	-	24,101,348
Transfer from intangible assets	-	-	42,517,650	-	-	-	-	-	-	42,517,650
Business combinations involving enterprises not under common control	-	-	24,663	-	19,758	-	90,240	442,245	24,205	601,111
Others (Note 4(7))	49,019,535	-	-	-	-	-	-	-	-	49,019,535
Decrease in the current year										
Disposal and scrapping	-	(1,777,402)	(676,413)	(62,030,493)	(42,223,233)	-	(9,394,278)	(6,930,373)	(2,070,964)	(125,103,156)
Disposal of subsidiaries	-	-	-	-	(371,884)	-	(722,913)	(19,306)	(245,278)	(1,359,381)
Transfer to held for sale assets	(69,273,350)	(464,987)	-	-	(4,407,080)	-	-	-	-	(74,145,417)
Transfer to investment properties	-	-	(62,666,830)	-	-	-	-	-	-	(62,666,830)
31 December 2023	1,268,166,633	14,505,729,626	11,674,958,983	4,257,050,821	1,468,173,803	1,885,141,345	190,416,066	373,846,053	97,914,603	35,721,397,933
Accumulated depreciation										
31 December 2022	(352,789,791)	(3,569,759,812)	(1,799,912,530)	(2,955,805,587)	(924,952,637)	(957,135,412)	(106,561,491)	(196,521,525)	(57,516,624)	(10,920,955,409)
Increase in the current year										
Provision	(45,518,764)	(374,549,476)	(386,493,714)	(119,164,437)	(110,041,709)	(72,336,287)	(10,574,543)	(41,033,050)	(5,206,688)	(1,164,918,668)
Transfer from investment properties	(1,391,091)	-	(4,930,062)	-	-	-	-	-	-	(6,321,153)
Transfer from intangible assets	-	-	(3,079,189)	-	-	-	-	-	-	(3,079,189)
Decrease in the current year										
Disposal and scrapping	-	496,024	105,399	60,439,957	22,724,266	-	4,339,034	5,409,508	1,580,616	95,094,804
Disposal of subsidiaries	-	-	-	-	209,653	-	319,149	12,740	161,618	703,160
Transfer to held for sale assets	6,565,782	68,818	-	-	1,304,496	-	-	-	-	7,939,096
Transfer to investment properties	-	-	21,002,093	-	-	-	-	-	-	21,002,093
31 December 2023	(393,133,864)	(3,943,744,446)	(2,173,308,003)	(3,014,530,067)	(1,010,755,931)	(1,029,471,699)	(112,477,851)	(232,132,327)	(60,981,078)	(11,970,535,266)
Provision for impairment										
31 December 2022	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Increase in the current year	-	-	-	-	-	-	-	-	-	-
31 December 2023	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Net book value										
31 December 2023	850,144,922	10,561,985,180	9,501,650,980	1,242,520,754	457,417,872	855,669,646	77,938,215	141,713,726	36,933,525	23,725,974,820
31 December 2022	794,077,384	10,708,088,940	8,117,071,977	1,122,741,690	418,787,719	834,218,322	69,747,154	79,785,914	39,142,113	22,183,661,213

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office and other equipment	Total
Cost										
31 December 2021	1,145,983,104	13,633,107,781	7,454,864,853	3,660,277,927	1,353,220,020	1,626,384,184	160,467,005	219,541,360	92,195,241	29,346,041,475
Increase in the current year										
Purchase in the current year	2,149,227	14,378,416	13,378,588	83,704,362	64,942,129	86,685,219	24,050,649	38,335,615	5,529,762	333,153,967
Transfer from construction in progress	23,622,691	706,872,102	2,642,642,037	346,806,356	51,475,361	-	367,459	20,103,749	191,170	3,792,080,925
Transfer from right-of-use assets	-	30,740,178	44,617,080	29,796,450	-	91,439,655	-	-	-	196,593,363
Decrease in the current year										
Disposal and scrapping	-	(11,062,108)	(1,035,921)	(34,433,843)	(17,779,374)	(13,155,324)	(1,895,247)	(1,098,104)	(421,366)	(80,881,287)
Disposal of subsidiaries	-	-	-	(7,603,975)	(60,550,247)	-	(6,681,221)	(575,181)	(836,070)	(76,246,694)
Transfer to right-of-use assets	-	(96,187,617)	(237,482,130)	-	(47,567,533)	-	-	-	-	(381,237,280)
31 December 2022	1,171,755,022	14,277,848,752	9,916,984,507	4,078,547,277	1,343,740,356	1,791,353,734	176,308,645	276,307,439	96,658,737	33,129,504,469
Accumulated depreciation										
31 December 2021	(315,507,250)	(3,192,070,875)	(1,527,023,460)	(2,864,517,894)	(861,627,988)	(866,343,553)	(99,597,037)	(157,966,014)	(51,535,023)	(9,936,189,094)
Increase in the current year										
Provision	(37,282,541)	(382,761,611)	(291,113,335)	(110,154,936)	(105,064,447)	(85,996,316)	(9,777,502)	(39,763,292)	(6,931,684)	(1,068,845,664)
Transfer from right-of-use assets	-	(5,732,974)	(8,373,734)	(12,402,761)	-	(17,293,101)	-	-	-	(43,802,570)
Decrease in the current year										
Disposal and scrapping	-	1,143,492	-	30,217,220	16,376,195	12,497,558	1,789,166	1,039,926	394,083	63,457,640
Disposal of subsidiaries	-	-	-	1,052,784	12,894,449	-	1,023,882	167,855	556,000	15,694,970
Transfer to right-of-use assets	-	9,662,156	26,597,999	-	12,469,154	-	-	-	-	48,729,309
31 December 2022	(352,789,791)	(3,569,759,812)	(1,799,912,530)	(2,955,805,587)	(924,952,637)	(957,135,412)	(106,561,491)	(196,521,525)	(57,516,624)	(10,920,955,409)
Provision for impairment										
31 December 2021	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Increase in the current year	-	-	-	-	-	-	-	-	-	-
31 December 2022	(24,887,847)	-	-	-	-	-	-	-	-	(24,887,847)
Net book value										
31 December 2022	794,077,384	10,708,088,940	8,117,071,977	1,122,741,690	418,787,719	834,218,322	69,747,154	79,785,914	39,142,113	22,183,661,213
31 December 2021	805,588,007	10,441,036,906	5,927,841,393	795,760,033	491,592,032	760,040,631	60,869,968	61,575,346	40,660,218	19,384,964,534

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Fixed assets (Continued)

The book value of fixed assets leased out by the Group through operating leases is as follows:

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Other equipment	Total
Cost							
31 December 2022	27,612,492	2,187,267,267	924,917,845	26,245,099	187,658	819,923	3,167,050,284
Increase in the current year	6,441,638	43,734,130	-	5,464,103	-	-	55,639,871
Decrease in the current year	(113,997)	-	-	(3,554,066)	(187,658)	(819,923)	(4,675,644)
31 December 2023	33,940,133	2,231,001,397	924,917,845	28,155,136	-	-	3,218,014,511
Accumulated depreciation							
31 December 2022	(12,062,131)	(551,286,388)	(209,665,800)	(14,473,049)	(180,152)	(775,894)	(788,443,414)
Provision	(717,577)	(37,415,409)	(16,086,878)	(1,998,060)	(3,753)	-	(56,221,677)
Increase in the current year	(1,580,886)	-	-	(2,467,980)	-	-	(4,048,866)
Decrease in the current year	90,148	-	-	3,125,135	183,905	775,894	4,175,082
31 December 2023	(14,270,446)	(588,701,797)	(225,752,678)	(15,813,954)	-	-	(844,538,875)
Net book value							
31 December 2023	19,669,687	1,642,299,600	699,165,167	12,341,182	-	-	2,373,475,636
31 December 2022	15,550,361	1,635,980,879	715,252,045	11,772,050	7,506	44,029	2,378,606,870

The lease contracts signed by the Group as lessor have no residual value guarantee clauses.

The depreciation amount for fixed assets for the year ended 31 December 2023 is RMB1,164,918,668 (For the year ended 31 December 2022: RMB1,068,845,664). The amounts of depreciation expenses charged to cost of sales, general expenses and research and development expenditure were RMB1,123,459,997, RMB37,965,388 and RMB3,493,283 respectively (For the year ended 31 December 2022: RMB1,031,165,181, RMB33,134,949 and RMB4,545,534).

For the year ended 31 December 2023, the costs of fixed assets transferred from construction in progress amount to RMB2,612,888,723 (For the year ended 31 December 2022: RMB3,792,080,925).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Fixed assets (Continued)

- (a) As at 31 December 2023, the port facilities with a carrying value of RMB162,890,131 (original price of RMB201,139,492) (31 December 2022: carrying value of RMB167,055,381 and original price of RMB201,139,492) were used as collateral for the sale-leaseback arrangement of RMB120,000,000 as collateral for the deemed mortgage loan (Note 4(34)).
- (b) The amount of the impairment provision for fixed assets of the subsidiary Logistics Park Development was RMB24,887,847 (31 December 2022: RMB24,887,847).
- (c) As at 31 December 2023 and 31 December 2022, there were no temporarily idle fixed assets.
- (d) Fixed assets that have not received a certificate of property right:

As at 31 December 2023, properties with a carrying amount of RMB33,308,973 (Cost: RMB35,712,932) (As at 31 December 2022: carrying value of RMB22,309,201 (Cost: RMB25,742,690)) are located on non-owned land with a carrying value of RMB227,028,424 (Cost: RMB244,640,090) (As at 31 December 2022: carrying value of RMB181,314,867 (Cost: RMB194,687,522)). The financial statements for the completion of the project have not yet been processed, or necessary procedures before obtaining property ownership rights certificates, so the property right certificate has not yet been processed.

- (e) In July 2023, according to the business plan, the Company entered into an asset transfer agreement with Qingdao Port Engineering Co., Ltd. to sell the assets of the first phase of the Dongjiakou Port Integrated Logistics Yard to the Company, with a net book value of fixed assets of RMB66,206,321 and a net book value of intangible assets of RMB18,719,581 (Note 4(18)), and an agreed transfer price of RMB103,073,700, and the asset transfer transaction is expected to be completed in 2024, which meets the conditions for holding for sale and is classified as assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Construction in progress

	31 December 2023	31 December 2022
Construction in progress (a)	1,754,938,891	2,489,939,000
Construction materials	<u>2,400,397</u>	<u>1,990,634</u>
	<u><u>1,757,339,288</u></u>	<u><u>2,491,929,634</u></u>

(a) Construction in progress

	31 December 2023			31 December 2022		
	Carrying amount	Impairment provision	Carrying amount	Carrying amount	Impairment provision	Carrying amount
Qilu Fuhai crude oil depot project	508,336,752	-	508,336,752	81,555,395	-	81,555,395
Dongjiakou Port Oil Products Phase I, Phase II and Phase III Project	455,355,556	-	455,355,556	461,705,404	-	461,705,404
The third phase of the grain silo project of Dongjiakou general wharf	241,347,147	-	241,347,147	28,113	-	28,113
Liquid chemical terminal tank farm project	160,775,158	-	160,775,158	3,166,003	-	3,166,003
Dongjiakou Zhenhua crude oil depot project	-	-	-	490,817,464	-	490,817,464
Dongjiakou North No. 2 Causeway No. 1 and No. 2 Berth Project	-	-	-	364,153,852	-	364,153,852
Dongjiakou crude oil commercial reserve project	-	-	-	276,859,627	-	276,859,627
Dongjiakou port area north three embankment rear yard project	-	-	-	130,799,248	-	130,799,248
Dongjiakou port area front expansion project	-	-	-	114,095,106	-	114,095,106
Datang Wharf Project	-	-	-	76,956,981	-	76,956,981
Dongjiakou Huaneng Wharf Phase II Project	-	-	-	68,073,842	-	68,073,842
Other units	<u>389,124,278</u>	-	<u>389,124,278</u>	<u>421,727,965</u>	-	<u>421,727,965</u>
	<u><u>1,754,938,891</u></u>	<u>-</u>	<u><u>1,754,938,891</u></u>	<u><u>2,489,939,000</u></u>	<u>-</u>	<u><u>2,489,939,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Construction in progress (Continued)

(a) Construction in progress (Continued)

The carrying amount of the Group's projects under construction or major projects under construction with an additional amount greater than 100 million are set out as follows:

(i) Changes of major projects

Project name	Budget	31 December 2022	Increase in the current year	Transfer to fixed assets	Other decreases	31 December 2023	Percentage of project investment among budget the project	Progress of the project	Accumulative amount of capitalized borrowing costs	Including: Borrowing costs capitalized in the current year	Capitalization rate in the current Year	Sources of capital
Qilu Fubai crude oil depot project	678,650,000	81,555,395	426,781,357	-	-	508,336,752	77%	77%	291,419	291,419	3.20%	Internal capital and borrowings from Shandong Port Finance
Dongjiakou Port Oil Products Phase I, Phase II and Phase III Project	825,755,775	461,705,404	471,698	-	(6,821,546)	455,355,556	56%	56%	-	-	-	Internal capital
The third phase of the grain silo project of Dongjiakou general wharf	1,132,850,000	28,113	241,319,034	-	-	241,347,147	22%	22%	590,684	590,684	2.68%	Internal capital and borrowings from Shandong Port Finance, borrowings from banks
Liquid chemical terminal tank farm project	1,886,900,000	3,166,003	161,645,475	(4,036,320)	-	160,775,158	36%	36%	-	-	-	Internal capital
Dongjiakou Zhenhua crude oil depot project	799,890,000	490,817,464	103,350,646	(594,168,110)	-	-	100%	100%	1,655,585	1,523,942	4.07%	Internal capital and borrowings from Shandong Port Finance,
Dongjiakou North No. 2 Causeway No. 1 and No. 2 Berth Project	1,267,950,000	364,153,852	3,586,540	(367,740,392)	-	-	100%	100%	-	-	-	Internal capital, raised capital
Dongjiakou crude oil commercial reserve project	4,480,000,000	276,859,627	437,466,932	(714,326,559)	-	-	100%	100%	-	-	-	Internal capital
Dongjiakou port area north three embankment rear yard project	300,000,000	130,799,248	97,671,867	(228,471,115)	-	-	100%	100%	-	-	-	Internal capital
Dongjiakou port area front expansion project	194,850,000	114,095,106	35,071,547	(149,166,653)	-	-	100%	100%	-	-	-	Internal capital
Datang Wharf Project	1,084,850,000	76,956,981	176,511,977	(253,468,958)	-	-	100%	100%	-	-	-	Internal capital, raised capital
Dongjiakou Huaneng Wharf Phase II Project	1,000,500,000	68,073,842	494,047	(68,567,889)	-	-	100%	100%	-	-	-	Internal capital
Other units	-	421,727,965	200,339,040	(232,942,727)	-	389,124,278	-	-	-	-	-	Internal capital
		2,489,939,000	1,884,710,160	(2,612,888,723)	(6,821,546)	1,754,938,891			2,537,688	2,406,045		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Construction in progress (Continued)

(a) Construction in progress (Continued)

(i) Changes of major projects (Continued)

Project name	Budget	31 December 2021 (Restated)	Increase in the current year	Transfer to fixed assets	Disposal of subsidiaries	31 December 2022	Percentage of project investment among budget	Progress of the project	Accumulative amount of capitalized borrowing costs	Including: Borrowing costs capitalized in the current year	Capitalization rate in the current Year	Sources of capital
Dongjiakou Zhenhua crude oil depot project	799,890,000	40,256,115	450,561,349	-	-	490,817,464	87%	87%	131,643	131,643	4.12%	Internal capital and borrowings from Shandong Port Finance
Dongjiakou Port Oil Products Phase I, Phase II and Phase III Project	825,755,775	461,705,404	-	-	-	461,705,404	56%	56%	-	-	-	Internal capital
No. 1 and 2 berths of Dongjiakou North	1,267,950,000	246,669,239	117,484,613	-	-	364,153,852	95%	95%	-	-	-	Internal capital, raised capital
No. 2 Causeway	4,480,000,000	796,153,862	965,659,962	(1,484,954,197)	-	276,859,627	90%	90%	-	-	-	Internal capital
Dongjiakou crude oil commercial reserve project	300,000,000	1,782,766	129,016,482	-	-	130,799,248	67%	67%	-	-	-	Internal capital
Dongjiakou port area north three embankment rear yard project	194,850,000	27,344,022	86,751,084	-	-	114,095,106	81%	81%	-	-	-	Internal capital
Dongjiakou port area front expansion project	678,650,000	12,916,512	68,638,883	-	-	81,555,395	12%	12%	-	-	-	Internal capital
Qilu Fubai crude oil depot project	1,084,850,000	461,729,549	174,289,315	(559,061,883)	-	76,956,981	83%	83%	-	-	-	Internal capital, raised capital
Datang Wharf Project	1,000,500,000	168,187,344	390,777,613	(490,891,115)	-	68,073,842	95%	95%	-	-	-	Internal capital
Dongjiakou Huaneng Wharf Phase II Project	1,886,900,000	-	52,774,084	(49,608,081)	-	3,166,003	27%	27%	-	-	-	Internal capital
Liquid chemical terminal tank farm project	798,259,500	757,791,564	-	(757,791,564)	-	-	100%	100%	-	-	-	Internal capital
The second phase of the grain silo project of Dongjiakou general wharf	-	538,965,111	337,370,335	(449,774,085)	(4,805,283)	421,756,078	-	-	-	-	-	Internal capital
Other units	-	-	-	-	-	-	-	-	-	-	-	-
		<u>3,513,501,488</u>	<u>2,773,323,720</u>	<u>(3,792,080,925)</u>	<u>(4,805,283)</u>	<u>2,489,939,000</u>			<u>131,643</u>	<u>131,643</u>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Construction in progress (Continued)

(a) Construction in progress (Continued)

(i) Changes of major projects (Continued)

As at 31 December 2023 and 31 December 2022, the management of the Group considered that there is no indication that the construction in progress may be impaired, therefore no provision for impairment was recorded.

The Group's self-built buildings, port facilities and warehouse facilities will be transferred to fixed assets after completion and acceptance in 2023 and will be transferred to fixed assets accordingly, while machinery and equipment will be transferred to fixed assets after installation, commissioning and acceptance in 2023.

(17) Right-of-use assets

	Buildings	Port facilities	Storage facilities	Machinery and equipment	Total
Cost					
31 December 2022	220,436,764	96,187,617	475,132,180	47,567,533	839,324,094
Increase in the current year					
New lease contracts	16,157,909	-	74,367,104	-	90,525,013
Decrease in the current year					
Lease change	(1,524,990)	-	(12,556,395)	-	(14,081,385)
Expiration of lease	-	-	(39,292,005)	-	(39,292,005)
31 December 2023	235,069,683	96,187,617	497,650,884	47,567,533	876,475,717
Accumulated depreciation					
31 December 2022	(67,540,702)	(10,352,312)	(118,465,534)	(13,361,111)	(209,719,659)
Increase in the current year					
Provision	(53,339,746)	(3,916,661)	(96,273,392)	(5,351,741)	(158,881,540)
Decrease in the current year					
Lease change	304,998	-	8,245,894	-	8,550,892
Expiration of lease	-	-	39,292,005	-	39,292,005
31 December 2023	(120,575,450)	(14,268,973)	(167,201,027)	(18,712,852)	(320,758,302)
Net book value					
31 December 2023	114,494,233	81,918,644	330,449,857	28,854,681	555,717,415
31 December 2022	152,896,062	85,835,305	356,666,646	34,206,422	629,604,435

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Right-of-use assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessel	Total
Cost							
31 December 2021	181,950,083	30,740,178	226,971,617	29,796,450	-	91,439,655	560,897,983
Increase in the current year							
New lease contracts	41,423,590	-	186,966,083	-	-	-	228,389,673
Transfer from fixed assets	-	96,187,617	237,482,130	-	47,567,533	-	381,237,280
Decrease in the current year							
Lease change	-	-	(58,428,690)	-	-	-	(58,428,690)
Transfer to fixed asset	-	(30,740,178)	(44,617,080)	(29,796,450)	-	(91,439,655)	(196,593,363)
Expiration of lease	(2,936,909)	-	(73,241,880)	-	-	-	(76,178,789)
31 December 2022	220,436,764	96,187,617	475,132,180	-	47,567,533	-	839,324,094
Accumulated depreciation							
31 December 2021	(27,964,029)	(5,732,974)	(129,461,387)	(12,402,761)	-	(14,477,945)	(190,039,096)
Increase in the current year							
Provision	(42,513,582)	(690,156)	(82,723,580)	-	(891,957)	(2,815,156)	(129,634,431)
Transfer from fixed assets	-	(9,662,156)	(26,597,999)	-	(12,469,154)	-	(48,729,309)
Decrease in the current year							
Lease change	-	-	38,701,818	-	-	-	38,701,818
Transfer to fixed asset	-	5,732,974	8,373,734	12,402,761	-	17,293,101	43,802,570
Expiration of lease	2,936,909	-	73,241,880	-	-	-	76,178,789
31 December 2022	(67,540,702)	(10,352,312)	(118,465,534)	-	(13,361,111)	-	(209,719,659)
Net book value							
31 December 2022	152,896,062	85,835,305	356,666,646	-	34,206,422	-	629,604,435
31 December 2021	153,986,054	25,007,204	97,510,230	17,393,689	-	76,961,710	370,858,887

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Intangible assets

	Land use right	Software	Sea area use right	Others	Total
Cost					
31 December 2022	3,423,123,141	193,626,780	124,577,210	50,307,510	3,791,634,641
Increase in the current year					
Purchase	12,043,200	39,404,203	-	-	51,447,403
Internal research and development	-	28,947,699	-	-	28,947,699
Decrease in the current year					
Disposal of subsidiaries	-	(53,356)	-	-	(53,356)
Retirement and disposal	-	(1,034,632)	-	(2,078,662)	(3,113,294)
Transfer to held for sale asset	(22,060,128)	-	-	-	(22,060,128)
Transfer to investment properties	(51,948,977)	-	-	-	(51,948,977)
Transfer to fixed asset	-	-	(42,517,650)	-	(42,517,650)
31 December 2023	3,361,157,236	260,890,694	82,059,560	48,228,848	3,752,336,338
Accumulated amortisation					
31 December 2022	(416,636,454)	(115,573,408)	(9,934,899)	(47,312,152)	(589,456,913)
Increase in the current year					
Provision	(70,999,822)	(35,557,330)	(1,434,890)	(1,891,315)	(109,883,357)
Decrease in the current year					
Disposal of subsidiaries	-	28,786	-	-	28,786
Retirement and disposal	-	660,578	-	2,078,662	2,739,240
Transfer to held for sale asset	3,340,547	-	-	-	3,340,547
Transfer to investment properties	8,129,248	-	-	-	8,129,248
Transfer to fixed asset	-	-	3,079,189	-	3,079,189
31 December 2023	(476,166,481)	(150,441,374)	(8,290,600)	(47,124,805)	(682,023,260)
Net book value					
31 December 2023	2,884,990,755	110,449,320	73,768,960	1,104,043	3,070,313,078
31 December 2022	3,006,486,687	78,053,372	114,642,311	2,995,358	3,202,177,728

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Intangible assets (Continued)

	Land use right	Software	Sea area use right	Others	Total
Cost					
31 December 2021	3,361,603,423	167,543,352	124,577,210	50,200,343	3,703,924,328
Increase in the current year					
Purchase	17,954,979	7,039,501	–	107,167	25,101,647
Internal research and development	–	29,291,503	–	–	29,291,503
Transfer from investment properties	43,564,739	–	–	–	43,564,739
Decrease in the current year					
Disposal of subsidiaries	–	(10,247,576)	–	–	(10,247,576)
31 December 2022	3,423,123,141	193,626,780	124,577,210	50,307,510	3,791,634,641
Accumulated amortisation					
31 December 2021	(337,133,557)	(96,100,338)	(8,500,069)	(44,292,894)	(486,026,858)
Increase in the current year					
Provision	(69,264,745)	(26,115,110)	(1,434,830)	(3,019,258)	(99,833,943)
Transfer from investment properties	(10,238,152)	–	–	–	(10,238,152)
Decrease in the current year					
Disposal of subsidiaries	–	6,642,040	–	–	6,642,040
31 December 2022	(416,636,454)	(115,573,408)	(9,934,899)	(47,312,152)	(589,456,913)
Book value					
31 December 2022	3,006,486,687	78,053,372	114,642,311	2,995,358	3,202,177,728
31 December 2021	3,024,469,866	71,443,014	116,077,141	5,907,449	3,217,897,470

For the year ended 31 December 2023, the amount of amortization for intangible assets is RMB109,883,357 (For the year ended 31 December 2022: RMB99,833,943), the amount of amortization cost of land use rights recorded in construction in progress is RMB5,889,744 (For the year ended 31 December 2022: RMB526,092).

As at 31 December 2023, the group has no land that is still in the process of certificate application (As at 31 December 2022, nil).

As at 31 December 2023 and 31 December 2022, there are no pledged land use rights.

As at 31 December 2023 and 31 December 2022, the management of the Group considered that there was no indication of impairment of intangible assets, and therefore no provision for impairment was required.

As at 31 December 2023, the intangible assets developed by the Group accounted for 2.38% (31 December 2022: 2.08%) of the carrying amount of the total intangible assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Development costs

In 2023, the Group's total costs for research and development were presented by nature as follows:

	For the year ended 31 December 2023		
	Research and development expenses	Development costs	Total
Consumed materials	24,905,175	621,990	25,527,165
Employee benefits	59,590,188	390,761	59,980,949
Depreciation and amortisation	3,493,283	–	3,493,283
Design expenses	–	566,038	566,038
Technical services	15,820,363	37,886,051	53,706,414
Others	1,129,464	957,547	2,087,011
	<u>104,938,473</u>	<u>40,422,387</u>	<u>145,360,860</u>

In 2022, the Group's total costs for research and development were presented by nature as follows:

	For the year ended 31 December 2022		
	Research and development expenses	Development costs	Total
Consumed materials	36,013,741	334,124	36,347,865
Employee benefits	41,757,364	145,332	41,902,696
Depreciation and amortisation	4,567,294	–	4,567,294
Technical services	26,296,360	35,816,001	62,112,361
Others	2,633,044	–	2,633,044
	<u>111,267,803</u>	<u>36,295,457</u>	<u>147,563,260</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Development costs (Continued)

(a) In 2023, changes in development costs eligible for capitalisation of the Group were analysed as follows:

	31 December 2022	Increase in the current year	Transfer to intangible assets in the current year	31 December 2023
Integration and Demonstration of Key Technologies in Hydrogen Port project (i)	–	10,444,248	–	10,444,248
Research and Application of Key Technologies and Equipment of Ship-coast Integrated Intelligent Collaboration project (ii)	–	1,981,132	–	1,981,132
Research and Application of Intelligent Control Technologies for Large Dry Bulk Terminals project (iii)	–	1,769,369	–	1,769,369
Others	30,804,841	26,227,638	(28,947,699)	28,084,780
	<u>30,804,841</u>	<u>40,422,387</u>	<u>(28,947,699)</u>	<u>42,279,529</u>

The criteria for the Group's important capitalized R&D projects are national and provincial key R&D projects, which are listed as follows:

- (i) The key technology Integration and Demonstration of Key Technologies in Hydrogen Port project has completed the first hydrogen refueling station in the port area, the construction of four hydrogen rail cranes and other related facilities, and the starting point of project capitalization is the completion of the project through the review, after the completion of the project, it is expected to be used for the demonstration and application of key technologies such as hydrogen energy supply system and hydrogen energy power system, and the project acceptance is expected to be completed by the end of 2025.
- (ii) The Research and Application of Key Technologies and Equipment of Ship-coast Integrated Intelligent Collaboration project has carried out the shipbuilding operation of green intelligent tugboats, and the intelligent inspection system has been put into operation, and the functions of the intelligent inspection system are still being developed and upgraded. The start point of the project capitalization is that the project is completed through the review, and the smart inspection system will comprehensively improve the efficiency of port inspection, and the project is expected to be completed in early 2025.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Development costs (Continued)

- (iii) The Research and Application of Intelligent Control Technologies for Large Dry Bulk Terminals project has completed the investment in mechanical automation upgrading and other related facilities, and the starting point of project capitalization is that the project is completed through the review, and the project is built based on the data-driven operation process of the whole process automation to create an unmanned dry bulk terminal demonstration area, and the project is expected to complete the overall construction and put into use by the end of 2024.

In 2023, there was no impairment for the Group's development costs items (2022: Nil).

(20) Goodwill

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Goodwill –				
Qingdao Red Star Logistics Industry Co., Ltd. (“Red Star Logistics”)	27,996,716	–	–	27,996,716
Qingdao Haiye Mercurial Logistics Co., Ltd. (“Mercurial Logistics”)	10,129,085	–	–	10,129,085
QMT	8,706,923	–	–	8,706,923
Yuntai Logistics	4,686,830	–	–	4,686,830
Liquid Chemical Terminal	1,850,485	–	–	1,850,485
	<u>53,370,039</u>	<u>–</u>	<u>–</u>	<u>53,370,039</u>
Less: Provision for impairment –				
Red Star Logistics	–	(20,668,521)	–	(20,668,521)
Yuntai Logistics	(4,686,830)	–	–	(4,686,830)
	<u>(4,686,830)</u>	<u>(20,668,521)</u>	<u>–</u>	<u>(25,355,351)</u>
	<u>48,683,209</u>	<u>(20,668,521)</u>	<u>–</u>	<u>28,014,688</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) Goodwill (Continued)

The Group's goodwill was all allocated to related asset groups or groups of asset groups on the acquisition date, without any change of goodwill allocation in 2023. The allocation was summarised by the operating segment as follows:

	31 December 2023	31 December 2022
Liquid bulk cargo handling and ancillary services		
– Red Star Logistics	27,996,716	27,996,716
– Liquid Chemical Terminal	1,850,485	1,850,485
Metal ore, coal and other cargo handling and ancillary services		
– Mercurial Logistics	10,129,085	10,129,085
Container handling services		
– QMT	8,706,923	8,706,923
Logistics services		
– Yuntai Logistics	4,686,830	4,686,830
	<u>53,370,039</u>	<u>53,370,039</u>

During the goodwill impairment test, the Group compares the carrying amount of the relevant assets or sets of asset groups (including goodwill) with their recoverable amount. If the recoverable amount is lower than the carrying amount, the difference shall be recognised in profit or loss for the current year. For goodwill impairment testing excluding Red Star Logistics, the Company made a provision for goodwill impairment of RMB20,668,521 according to the part of the recoverable amount lower than the book value, and the recoverable amount in the impairment test of the remaining asset groups was higher than the book value, so no provision for impairment was required.

In 2023,, the Group engaged Zhongtongcheng Asset Appraisal Co., Ltd. to assess the recoverable amount of the asset group (including the goodwill) of Red Star Logistics. In conducting the impairment test, the Group used the fair value of the asset group less the disposal costs to determine the recoverable amount after comparing the fair value of the relevant asset group portfolio less the net amount of disposal costs and the present value of the expected future cash flows, and made an impairment provision of RMB20,668,521.

For the goodwill impairment test of the liquid chemical terminal, Mercuria Logistics and Qingdao Port General Terminal, the Group determines the revenue growth rate and gross profit margin based on historical experience and market development forecasts, the growth rate in the forecast period is based on the profit forecast for the next five years, the growth rate in the stable period is the growth rate adopted after the forecast period, which does not exceed the long-term average growth rate of each business, and the discount rate is the pre-tax discount rate reflecting the specific risks of the relevant asset group or asset group combination. The discount rate is 11% (FY2022: 11%). Gross profit margins were 44%, 43%, and 36% respectively (FY2022: 41%, 43%, and 44%, respectively). The growth rate for the forecast period is determined using the average growth rate of the five-year budget approved sales revenue of the relevant asset group, which is 38%, 4% and 17% respectively (2022: 49%, 4% and 8% respectively). The growth rate in the stable period is a fixed growth rate of 3% (FY2022: 3%) with reference to the historical price index.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	31 December 2023		31 December 2022(restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets revaluation surplus	2,537,879,396	634,469,849	2,636,190,100	659,047,525
Lease liabilities (Note 2(30))	211,334,632	52,833,658	300,507,813	75,126,953
Elimination of intra-group unrealized profit	708,974,776	177,243,694	657,164,216	164,291,054
Accrued expenses	177,479,680	44,369,920	211,212,808	52,803,202
Provision for asset impairment	155,673,435	38,918,359	211,201,367	52,800,342
Early retirement benefits	111,600,000	27,900,000	117,490,000	29,372,500
Deductible losses	86,948,204	21,737,051	106,998,764	26,749,691
Government grant	66,375,240	16,593,810	72,821,204	18,205,301
	<u>4,056,265,363</u>	<u>1,014,066,341</u>	<u>4,313,586,272</u>	<u>1,078,396,568</u>
Including:				
Expected to be recovered within one year (inclusive)		116,653,499		122,050,825
Expected to be recovered after one year		<u>897,412,842</u>		<u>956,345,743</u>
		<u>1,014,066,341</u>		<u>1,078,396,568</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Deferred tax assets and deferred tax liabilities (Continued)

(b) Deferred tax liabilities before offsetting

	31 December 2023		31 December 2022(restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Lease liabilities(Note 2(30))	221,587,980	55,396,995	300,578,435	75,144,608
Depreciation of fixed assets	214,715,584	53,678,896	159,454,340	39,863,585
Business combinations not under common control	199,055,116	49,763,779	205,034,192	51,258,548
Changes in fair value of wealth management products	1,665,064	416,266	6,754,304	1,688,576
	<u>637,023,744</u>	<u>159,255,936</u>	<u>671,821,271</u>	<u>167,955,317</u>

Including:

Expected to be recovered within one year (inclusive)	51,861,290	43,480,538
Expected to be recovered after one year	<u>107,394,646</u>	<u>124,474,779</u>
	<u>159,255,936</u>	<u>167,955,317</u>

(c) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analyzed as follows:

	31 December 2023	31 December 2022
Deductible temporary differences	110,582,208	101,981,173
Deductible losses	<u>83,597,406</u>	<u>174,230,598</u>
	<u>194,179,614</u>	<u>276,211,771</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Deferred tax assets and deferred tax liabilities (Continued)

(d) Deductible losses that are not recognized as deferred tax assets will expire in the following years:

	31 December 2023	31 December 2022
2023	-	26,275,253
2024	14,697,404	30,136,063
2025	40,757,992	52,108,240
2026	7,649,149	45,218,181
2027	20,492,861	20,492,861
	<u>83,597,406</u>	<u>174,230,598</u>

(e) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2023		31 December 2022(restated)	
	Offsetting amount	Amount after offsetting	Offsetting amount	Amount after offsetting
Deferred tax assets	(103,883,977)	910,182,364	(117,581,255)	960,815,313
Deferred tax liabilities	(103,883,977)	55,371,959	(117,581,255)	50,374,062

(22) Other non-current assets

	31 December 2023	31 December 2022
Foundation oil (i)	290,316,583	290,316,583
Construction and equipment expenditures prepaid	212,203,010	94,527,718
Taxes advance receipt from port facilities rental income (ii)	118,930,072	130,415,085
	<u>621,449,665</u>	<u>515,259,386</u>

- (i) The Company and its subsidiary, Weifang Port Lianhua Storage Co., Ltd. (“Weifang Port Lianhua”), Qingdao Port Haiye Dongjiakou Oil Products Co., Ltd. (formerly known as Qingdao Haiye Mercuria Storage Co., Ltd.) (“Dongjiakou Oil Products”) and Dongying Port Lianhua Storage Co., Ltd. (“Dongying Port Lianhua”) and Red Star Logistics purchased some crude oil for the purpose of production and filled in the crude oil pipeline and tanks, so as to ensure the precision of oil product metering and increase the tank pressure for production safety.
- (ii) The Group leased out certain land use rights, port facilities, storage facilities and other assets (collectively “Port Facilities”) in Qianwan Port Area to QQCT, a joint venture of the Group with a lease term of 30 years. By the end of 2010, the Group had received the rental payments in full. The Group calculated the tax and surcharges relating to the amounts received and recorded them as other non-current assets. The amount of taxes paid has been amortized to the other tax items in tax and surcharges pursuant to rental income recognized in each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Provision for asset impairment

	31 December 2022	Increase in the current year	Decrease in the current year		31 December 2023
			Reversal	Disposal of subsidiaries	
Provision for bad debts of notes receivables	1,944,426	-	(1,153,806)	-	790,620
Including: Provision for bad debts on the individual basis	-	-	-	-	-
Provision for bad debts on the grouping basis	1,944,426	-	(1,153,806)	-	790,620
Provision for bad debts of accounts receivable	207,915,041	37,028,240	(93,523,117)	(100,289)	151,319,875
Including: Provision for bad debts on the individual basis	20,962,438	-	-	-	20,962,438
Provision for bad debts on the grouping basis	186,952,603	37,028,240	(93,523,117)	(100,289)	130,357,437
Provision for bad debts of other receivables	76,437,471	8,601,035	(428,753)	-	84,609,753
Including: Provision for bad debts on the individual basis	56,130,888	8,601,035	-	-	64,731,923
Provision for bad debts on the grouping basis	20,306,583	-	(428,753)	-	19,877,830
Subtotal	<u>286,296,938</u>	<u>45,629,275</u>	<u>(95,105,676)</u>	<u>(100,289)</u>	<u>236,720,248</u>
Provision for impairment of fixed assets	24,887,847	-	-	-	24,887,847
Goodwill impairment provision	4,686,830	20,668,521	-	-	25,355,351
Provision for impairment of contract assets	<u>1,997,755</u>	<u>2,649,793</u>	-	-	<u>4,647,548</u>
Subtotal	<u>31,572,432</u>	<u>23,318,314</u>	-	-	<u>54,890,746</u>
	<u><u>317,869,370</u></u>	<u><u>68,947,589</u></u>	<u><u>(95,105,676)</u></u>	<u><u>(100,289)</u></u>	<u><u>291,610,994</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Provision for asset impairment (Continued)

	31 December 2021	Increase in the current year	Decrease in the current year			31 December 2022
			Reversal	Write-off	Disposal of subsidiaries	
Provision for bad debts of notes receivables	1,548,099	396,327	-	-	-	1,944,426
Including: Provision for bad debts on the individual basis	-	-	-	-	-	-
Provision for bad debts on the grouping basis	1,548,099	396,327	-	-	-	1,944,426
Provision for bad debts of accounts receivable	154,531,895	64,010,446	(435,921)	-	(10,191,379)	207,915,041
Including: Provision for bad debts on the individual basis	21,398,359	-	(435,921)	-	-	20,962,438
Provision for bad debts on the grouping basis	133,133,536	64,010,446	-	-	(10,191,379)	186,952,603
Provision for bad debts of other receivables	107,012,370	-	(18,313,646)	-	(12,261,253)	76,437,471
Including: Provision for bad debts on the individual basis	58,425,877	-	(2,294,989)	-	-	56,130,888
Provision for bad debts on the grouping basis	48,586,493	-	(16,018,657)	-	(12,261,253)	20,306,583
Provision for impairment of long-term receivables	85,790,217	-	(30,250,984)	-	(55,539,233)	-
Including: Provision for bad debts on the individual basis	6,395,240	-	(6,395,240)	-	-	-
Provision for bad debts on the grouping basis	79,394,977	-	(23,855,744)	-	(55,539,233)	-
Subtotal	<u>348,882,581</u>	<u>64,406,773</u>	<u>(49,000,551)</u>	<u>-</u>	<u>(77,991,865)</u>	<u>286,296,938</u>
Provision for impairment of fixed assets	24,887,847	-	-	-	-	24,887,847
Goodwill impairment provision	4,686,830	-	-	-	-	4,686,830
Provision for impairment of contract assets	10,019,030	8,957,369	-	-	(16,978,644)	1,997,755
Subtotal	<u>39,593,707</u>	<u>8,957,369</u>	<u>-</u>	<u>-</u>	<u>(16,978,644)</u>	<u>31,572,432</u>
	<u>388,476,288</u>	<u>73,364,142</u>	<u>(49,000,551)</u>	<u>-</u>	<u>(94,970,509)</u>	<u>317,869,370</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(24) Short-term borrowings

	Currency	31 December 2023	31 December 2022
Unsecured borrowings	RMB	126,250,000	268,842,243
Interest payable	RMB	161,604	245,904
		<u>126,411,604</u>	<u>269,088,147</u>

As at 31 December 2023, the Group has no overdue short-term borrowings with interest rates from 2.7% to 3.95% (31 December 2022: 3.80% to 4.35%).

(25) Notes payable

	31 December 2023	31 December 2022
Trade acceptance notes	901,775,760	984,132,165
Bank acceptance notes	15,848,545	50,765,874
	<u>917,624,305</u>	<u>1,034,898,039</u>

As at 31 December 2023, the Group did not have any notes payable due and unpaid (31 December 2022: nil).

(26) Accounts payable

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Accounts payable (Continued)

(a) The ageing of accounts payable based on their recording dates is analyzed as follows:

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

Accounts payable is mainly recorded on the basis of the date of business occurrence, and the aging shown on the date of entry is basically the same as that shown on the date of invoice.

As at 31 December 2023, accounts payable with ageing over one year amounted to RMB231,772,374 (31 December 2022: RMB107,911,140), it mainly includes subcontracted handling expenses and contracted engineering expenses that have not expired or under which engineering has not been settled yet.

(27) Contract Liabilities

	31 December 2023	31 December 2022
Loading fee received in advance	278,867,025	168,450,489
Subcontract agency fee received in advance	23,491,929	71,667,180
Material and equipment fee received in advance	8,625,213	13,920,030
Construction fee received in advance	713,547	14,315,717
Others	3,712,746	5,238,713
	<u>315,410,460</u>	<u>273,592,129</u>

The balance of the Group's contract liabilities amounted to RMB273,592,129 included in the carrying amount on 31 December 2022 (For the year ended 31 December 2022: RMB216,343,911) has been recognized into revenue from main operations for the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Employee benefits payable

	31 December 2023	31 December 2022
Short-term employee benefits payable (a)	509,823,035	446,349,756
Defined contribution plans payable (b)	7,915,834	20,981,808
Termination benefits payable (c)	30,250,000	34,970,000
Defined benefit plans payable (d)	<u>121,300,000</u>	<u>128,970,000</u>
	<u>669,288,869</u>	<u>631,271,564</u>

(a) Short-term employee benefits

	31 December 2022	Business combinations involving entities not under common control	Increase in the current year	Decrease in the current year	Disposal of subsidiaries	31 December 2023
Wages and salaries, bonus, allowances and subsidies	372,288,104	-	1,753,462,291	(1,692,293,420)	(8,015,624)	425,441,351
Employee welfare	1,060,389	-	125,663,138	(126,153,155)	-	570,372
Social security contributions	-	-	131,162,303	(131,159,747)	-	2,556
Including: Medical insurance	-	-	115,775,487	(115,772,995)	-	2,492
Work injury insurance	-	-	15,386,816	(15,386,752)	-	64
Housing fund	-	-	164,594,428	(164,594,428)	-	-
Labor union funds and employee education funds	10,794,648	17,742	57,844,228	(55,695,053)	(229,518)	12,732,047
Outsourcing costs	57,578,749	-	639,967,954	(624,615,244)	(2,534,714)	70,396,745
Others	4,627,866	-	45,101,022	(49,048,924)	-	679,964
	<u>446,349,756</u>	<u>17,742</u>	<u>2,917,795,364</u>	<u>(2,843,559,971)</u>	<u>(10,779,856)</u>	<u>509,823,035</u>

(b) Defined contribution plans

	31 December 2022	Increase in the current year	Decrease in the current year	Disposal of subsidiaries	31 December 2023
Basic pensions	-	230,995,563	(230,991,574)	-	3,989
Unemployment insurance	-	10,105,195	(10,105,071)	-	124
Enterprise annuity	20,981,808	102,023,307	(114,871,488)	(221,906)	7,911,721
	<u>20,981,808</u>	<u>343,124,065</u>	<u>(355,968,133)</u>	<u>(221,906)</u>	<u>7,915,834</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Employee benefits payable (Continued)

(b) Defined contribution plans (Continued)

Monthly payments of premiums on the basic pensions and unemployment insurance are calculated according to the bases and percentage prescribed by local authorities of Ministry of Human Resource and Social Security, and the payment shall not be used to offset the amount that the Group shall pay to its employees in the future.

(c) Termination benefits payable

	31 December 2023	31 December 2022
Early retirement benefits payable (Current portion)	<u>30,250,000</u>	<u>34,970,000</u>

Early retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note4(36)), the current portion of which is presented as employee benefits payable.

(d) Defined benefit plans

	31 December 2023	31 December 2022
Supplemental retirement benefits (Current portion)	<u>121,300,000</u>	<u>128,970,000</u>

Supplemental retirement benefits borne by the Group are recognized as long-term employee benefits payable (Note4(36)), the current portion of which is presented as employee benefits payable.

(29) Taxes payable

	31 December 2023	31 December 2022
Enterprise income tax payable	274,473,179	229,780,267
Unpaid VAT	46,973,513	45,146,836
Land use tax payable	17,889,685	17,901,482
Property tax payable	3,997,678	2,957,725
Stamp duty payable	3,967,851	3,270,144
Individual income tax payable	2,600,933	3,532,567
Others	<u>3,980,050</u>	<u>3,791,818</u>
	<u>353,882,889</u>	<u>306,380,839</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30) Other payables

	31 December 2023	31 December 2022
Construction and equipment expenditures payable (i)	2,786,706,343	2,854,945,106
Payables and advances from agent business (ii)	515,612,658	485,700,300
Supplemental retirement benefits payable to related parties (iii)	202,238,504	56,264,752
Guarantees and deposits payable	144,307,793	177,119,951
Dividends payable	42,676,147	285,371,337
Others	124,429,022	126,476,470
	<u>3,815,970,467</u>	<u>3,985,877,916</u>

- (i) Construction and equipment expenditures payable are mainly payables for project construction, which remain outstanding as relevant projects have not been completed.
- (ii) Payables and advances from agent business mainly are payables and advances received on behalf of other parties by the Group relating to the entrustment from ship owners to go through the necessary procedures for the ship's access to the port and agent procurement businesses.
- (iii) Supplemental retirement benefits payable to related parties mainly represent supplemental retirement benefits paid by the related parties on behalf of the Group, which should be paid to related parties. Such amount has not been paid yet.
- (a) As at 31 December 2023, other payables over 1 year of RMB1,429,458,027 (31 December 2022: RMB800,532,503) were mainly construction and equipment expenditures payable which remain outstanding as are not due.

(31) Current portion of non-current liabilities

	31 December 2023	31 December 2022
Current portion of long-term borrowings (Note 4(32))	179,900,758	450,248,851
Current portion of lease liabilities (Note 4(33))	129,401,625	142,098,748
Current portion of long-term payables(Note 4(34))	142,921,940	127,847,144
	<u>452,224,323</u>	<u>720,194,743</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Long-term borrowings

	Currency	31 December 2023	31 December 2022
Unsecured borrowings	RMB	1,969,277,579	1,989,947,600
interest payable	RMB	2,606,799	2,828,851
Less: current portion (Note 4(31))		<u>(179,900,758)</u>	<u>(450,248,851)</u>
		<u>1,791,983,620</u>	<u>1,542,527,600</u>

As at 31 December 2023, the Group does not have overdue long-term borrowings, interest rate of the long-term borrowings is 2.9% to 4.9% (31 December 2022: 4.2% to 6.18%).

(33) Lease liability

	31 December 2023	31 December 2022
Lease liabilities	418,513,561	624,462,871
Less: Current portion (Note 4(31))	<u>(129,401,625)</u>	<u>(142,098,748)</u>
	<u>289,111,936</u>	<u>482,364,123</u>

As at 31 December 2023, there was no variable lease payment based on certain percentage of sales and no lease payments related to signed but not yet started lease contracts.

As at 31 December 2023, the future minimum lease payments of short-term leases and low-value asset leases adopting the practical expedient are RMB1,691,008 (31 December 2022: RMB1,102,877), which should be paid within one year.

(34) Long-term payables

	31 December 2023	31 December 2022
Sale-leaseback arrangement deemed as mortgage loan	120,870,833	160,775,122
Less: Current portion (Note 4(31))	<u>(120,870,833)</u>	<u>(45,604,289)</u>
Entrusted borrowings	196,117,132	299,294,785
Less: Current portion (Note 4(31))	<u>(20,417,132)</u>	<u>(80,294,785)</u>
Payment of welfare expenses	31,310,000	36,600,486
Less: Current portion of welfare expenses (Note 4(31))	<u>(1,633,975)</u>	<u>(1,948,070)</u>
Others	-	5,183,249
	<u>205,376,025</u>	<u>374,006,498</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Deferred revenue

	31 December 2022	Increase in the current year	Decrease in the current year	Other decrease	31 December 2023
Government grants(a)	<u>323,941,118</u>	<u>36,783,170</u>	<u>(21,243,035)</u>	<u>(2,686,800)</u>	<u>336,794,453</u>

(a) Government grants

	31 December 2022	Increase in current year	Recorded in other income in the current year	Other decrease	31 December 2023
Government grants related to assets	322,924,233	35,660,930	(21,243,035)	(2,686,800)	<u>334,655,328</u>
Government grants related to income	<u>1,016,885</u>	<u>1,122,240</u>	<u>-</u>	<u>-</u>	<u>2,139,125</u>
	<u>323,941,118</u>	<u>36,783,170</u>	<u>(21,243,035)</u>	<u>(2,686,800)</u>	<u>336,794,453</u>

(36) Long-term employee benefits payable

	31 December 2023	31 December 2022
Early retirement benefits payable (a)	<u>111,600,000</u>	117,490,000
Supplemental retirement benefits payable (b)	<u>2,434,080,000</u>	2,472,890,000
Less: Current portion	<u>(151,550,000)</u>	<u>(163,940,000)</u>
	<u>2,394,130,000</u>	<u>2,426,440,000</u>

Early retirement benefits represent the Group's actuarial assumptions of early retirement benefits to be paid for the early retired employees from the off-duty date to the normal retirement date by discounting the expected future cash outflows using the interest rate of government bonds that have terms to maturity approximating to the terms of the early retirement benefits and are recognized as liabilities. Supplemental retirement benefits represent the Group's actuarial assumptions of benefits to be paid by discounting the expected future cash outflows using interest rate of government bonds that have terms to maturity approximating to the terms of the supplemental retirement benefits and are recognized as liabilities.

Early retirement benefits payable and supplemental retirement benefits payable within one year are recorded in employee benefits payable (Note 4(28)).

(a) Early retirement benefits of the Group:

	31 December 2023	31 December 2022
Early retirement benefits	<u>111,600,000</u>	117,490,000
Less: current portion (Note 4(28))	<u>(30,250,000)</u>	<u>(34,970,000)</u>
	<u>81,350,000</u>	<u>82,520,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Long-term employee benefits payable (Continued)

(a) Early retirement benefits of the Group: (Continued)

(i) Movements for the Group's early retirement benefits are analyzed as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Opening balance	117,490,000	130,930,000
Amount recognized in profit or loss for the current year		
– Service cost	35,530,000	28,560,000
– Net interest expense on the net obligations	2,410,000	3,340,000
– Re-measurement amount	6,030,000	6,470,000
Personnel transfer out	(8,150,000)	(1,580,000)
Payment of benefits	<u>(41,710,000)</u>	<u>(50,230,000)</u>
Ending balance	<u>111,600,000</u>	<u>117,490,000</u>

(ii) The main assumptions of the group's early retirement benefits payable at the balance sheet date are as follows:

	31 December 2023	31 December 2022
Discount rate – early retirement benefits	2.25%	2.50%

(iii) Early retirement benefits recognized in profit or loss for the current year are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
General and administrative expenses	41,560,000	35,030,000
Financial expenses	2,410,000	3,340,000

(b) Supplemental retirement benefits of the Group:

	31 December 2023	31 December 2022
Supplemental retirement benefits	2,434,080,000	2,472,890,000
Less: current portion (Note 4(28))	<u>(121,300,000)</u>	<u>(128,970,000)</u>
	<u>2,312,780,000</u>	<u>2,343,920,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Long-term employee benefits payable (Continued)

(b) Supplemental retirement benefits of the Group: (Continued)

(i) Moved for Supplemental retirement benefits of the Group as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Opening balance	2,472,890,000	2,552,965,602
Amount recognized in profit or loss for the current year		
– Service cost	52,870,000	48,810,000
– Net interest expense on the net obligations	70,250,000	71,600,000
Re-measurement amount		
– Actuarial losses for the period	160,610,000	35,580,000
Personnel transfer out	(197,830,000)	(117,160,000)
Payment of benefits	(124,710,000)	(118,905,602)
Ending balance	<u>2,434,080,000</u>	<u>2,472,890,000</u>

(ii) The Group's uncoordinated benefit liabilities payable at the balance sheet date are calculated using the expected accrued benefit unit method. The key actuarial assumptions used to assess the liability are as follows:

	31 December 2023	31 December 2022
Discount rate – Supplemental retirement benefits	2.75%	3.00%
Medical benefit growth rate	0-5%	0-5%

The supplemental retirement benefits exposes the Group to various risks, the main risk is the risk of interest rate fluctuations of national debt. A fall in interest rates on Treasury bonds will lead to an increase in debt.

For the year ended 31 December 2023 and 2022, the assumption for future mortality rate is based on the statistics of the China Life Annuitant Mortality Table (2010-2013) translated forward by three years. The actuarial assumptions are analyzed as follows:

	31 December 2023	31 December 2022
Supplemental retirement benefits-		
Average age	51.66	51.67
Average residual expected future entire duration	31.52	31.71

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Long-term employee benefits payable (Continued)

(b) Supplemental retirement benefits of the Group: (Continued)

- (iii) The sensitivity analysis of the principal actuary assumptions adopted in the present value of the defined benefit liability of the Group is as follows:

	Change in assumption	Impact on the present value of defined benefit plan obligation	
		Increase in assumption	Decrease in assumption
Discount rate – Supplemental retirement benefits	25 basis points	3.57% down	3.81% up
Annual growth rate of hospitalisation reimbursement	100 basis points	5.17% up	3.89% down

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the projected unit credit method has been applied.

- (iv) As at 31 December 2023, expected maturity analysis of undiscounted defined benefit liability is as follows:

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Supplemental retirement benefits	<u>121,310,000</u>	<u>121,770,000</u>	<u>361,120,000</u>	<u>5,603,090,000</u>	<u>6,207,290,000</u>

- (v) Early retirement benefits and supplemental retirement benefits recognized in profit or loss for the current year are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
General and administrative expenses	52,870,000	48,810,000
Financial expenses	70,250,000	71,600,000

(37) Other non-current liabilities

	31 December 2023	31 December 2022
Lease payments collected in advance	<u>2,080,390,497</u>	<u>2,281,541,172</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Other non-current liabilities (Continued)

Lease payments collected in advance mainly comprise port facilities lease payments collected in advance from related party QQCT, dock basin lease payments collected in advance from Qingdao Qianwan Container Terminal Co., Ltd (“QQCTN”) and Qingdao Qianwan United Container Terminal Co., Ltd (“QQCTU”) with a period of 30 years and Qianwan Port area storage yard lease payment collected in advance from Kubo International Mining Co., Ltd with a period of 30 years.

(38) Share capital

	31 December 2022	Movements for the current year	31 December 2023
Foreign shares issued overseas	1,099,025,000	–	1,099,025,000
RMB denominated common stock	5,392,075,000	–	5,392,075,000
	<u>6,491,100,000</u>	<u>–</u>	<u>6,491,100,000</u>
	31 December 2021	Movements for the current year	31 December 2022
Foreign shares issued overseas	1,099,025,000	–	1,099,025,000
RMB denominated common stock	5,392,075,000	–	5,392,075,000
	<u>6,491,100,000</u>	<u>–</u>	<u>6,491,100,000</u>

The Company completed the first issue of 705,800,000 overseas issuance of foreign shares to foreign investors on 6 June 2014. For the work of H-shares, the issue price per share was HKD3.76 (approximately RMB2.98), and the share capital increased to 4,705,800,000 shares after the issue. On 2 July 2014, the Company exercised the over-allotment option and completed the issuance of 72,404,000 shares of foreign-invested H-shares issued overseas. The issue price per share was HKD3.76 (approximately RMB2.99), and the excess was exercised. After the placement option, the share capital increased to 4,778,204,000 shares. In addition, 77,821,000 state-owned shares (10% of the total H-shares issued) held by QDP Group were converted into H-shares and transferred to the National Council for Social Security Fund of the People’s Republic of China as part of the initial public offering and over-allotment. The above funds were verified by Xinyong Zhonghe Certified Public Accountants Co., Ltd. (Special General Partnership) Co., Ltd. and issued a capital verification report numbered XYZH/2014QDA2002.

The Company completed the placement of 243,000,000 new H-shares on 18 May 2017 at a placing price of HKD4.32 (approximately equivalent to RMB3.81) per share. The share capital increased to 5,021,204,000 shares upon completion of the placement. The above-mentioned capital has been verified by PricewaterhouseCoopers Zhong Tian LLP with capital verification report of PwC ZT Yan Zi (2017) No. 527 issued accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(38) Share capital (Continued)

The Company determined private placement of 1,015,520,000 domestic shares on 22 May 2017 to Shanghai China Shipping Terminal at a subscription price of RMB5.71 per share. Upon completion of the private placement of domestic shares, the share capital increased to RMB6,036,724,000. The above-mentioned capital has been verified by PricewaterhouseCoopers Zhong Tian LLP with capital verification report of PwC ZT Yan Zi (2017) No. 526 issued accordingly.

Pursuant to the China Securities Regulatory Commission's Securities Regulatory Commission [2018] No. 1839 issued on 14 November 2018, "Review of the Approval of the Initial Public Offering of Qingdao Port International Co., Ltd.", the Company was approved to submit to the public issued 454,376,000 ordinary shares at an issue price of RMB4.61 per share on 21 January 2019. The above funds were put in place in January 2019 and were verified by PricewaterhouseCoopers Zhong Tian LLP with capital verification report of PwC ZT Yan Zi (2019) No.0026 issued accordingly. The total amount of funds raised this time was RMB2,094,673,360, the company's share capital increased by RMB454,376,000, after deducting the issue cost of RMB115,743,592, the remaining RMB1,524,553,768 was included in capital reserve (Share premium).

(39) Capital surplus

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Share premium -				
Capital premium contributed by				
Qingdao Port Group (a)	7,052,279,474	-	-	7,052,279,474
Capital premium contributed by Other				
Promoters(a)	783,586,608	-	-	783,586,608
Issue of new shares (b)	8,652,856,972	-	-	8,652,856,972
Shares issue expenses (b)	(242,175,098)	-	-	(242,175,098)
Reversal of revaluation appreciation effect				
from business combination involving				
enterprises under common control	(4,830,045,213)	-	-	(4,830,045,213)
Income tax effect recognized from				
revaluation appreciation	887,819,497	-	-	887,819,497
Business combination involving enterprises				
under common control	(416,942,220)	-	-	(416,942,220)
Subsidiary minority shareholders paid				
a premium	15,245,576	-	-	15,245,576
Acquisition of minority interests (c)	(36,737,621)	-	(144,455,194)	(181,192,815)
Other capital surplus -				
Share of changes in equity other than				
comprehensive income and profit				
distribution of investees under the				
equity method	12,500,677	830,121	-	13,330,798
	<u>11,878,388,652</u>	<u>830,121</u>	<u>(144,455,194)</u>	<u>11,734,763,579</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Capital surplus (Continued)

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Share premium -				
Capital premium contributed by Qingdao Port Group (a)	7,052,279,474	-	-	7,052,279,474
Capital premium contributed by Other Promoters(a)	783,586,608	-	-	783,586,608
Issue of new shares (b)	8,652,856,972	-	-	8,652,856,972
Shares issue expenses (b)	(242,175,098)	-	-	(242,175,098)
Reversal of revaluation appreciation effect from business combination involving enterprises under common control	(4,830,045,213)	-	-	(4,830,045,213)
Income tax effect recognized from revaluation appreciation	887,819,497	-	-	887,819,497
Business combination involving enterprises under common control	567,504,380	-	(984,446,600)	(416,942,220)
Subsidiary minority shareholders paid a premium	15,245,576	-	-	15,245,576
Acquisition of minority interests	(36,737,621)	-	-	(36,737,621)
Other capital surplus -				
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	12,193,294	307,383	-	12,500,677
	<u>12,862,527,869</u>	<u>307,383</u>	<u>(984,446,600)</u>	<u>11,878,388,652</u>

- (a) The Company is a stock limited company jointly established by Qingdao Port Group and Other Promoters. The assets and liabilities as well as cash at bank and on hand contributed by Qingdao Port Group amounted to RMB10,252,279,474 and RMB400,000,000 respectively, which were approved by Qingdao SASAC. Cash at bank and on hand contributed by Other Promoters amounted to RMB1,183,586,608. The contribution amounted to RMB11,835,866,082 in total, including share capital of RMB4,000,000,000 (4,000,000,000 shares, par value at RMB1) and capital surplus of RMB7,835,866,082.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Capital surplus (Continued)

- (b) The Company issued 705,800,000 foreign-listed H-shares overseas at its initial public offering on 6 June 2014. The amount of raised capital less capitalized listing expenses is RMB1,995,921,171, including share capital of RMB705,800,000 (705,800,000 shares, par value at RMB1) and capital surplus of RMB1,290,121,171. The Company exercised over-allotment option on 2 July 2014 and increased issuance of 72,404,000 foreign-listed H-shares overseas. The amount raised in over-allotment is RMB216,167,727, including share capital of RMB72,404,000 (72,404,000 shares, par value at RMB1) and capital surplus of RMB143,763,727.

The Company completed placement of 243,000,000 new H-shares on 18 May 2017. The amount of raised capital less capitalized issuance expenses is RMB912,553,972, including share capital of RMB243,000,000 (243,000,000 shares, par value at RMB1) and capital surplus of RMB669,553,972.

The Company completed proposed subscription of 1,015,520,000 domestic shares on 22 May 2017. The amount of the consideration of domestic shares less capitalized listing expenses is RMB5,798,209,236, including share capital of RMB1,015,520,000 (1,015,520,000 shares, par value at RMB1) and capital surplus of RMB4,782,689,236.

On 21 January 2019, the Company completed the initial public offering of 454,376,000 ordinary shares (A shares). The amount of raised capital less capitalized issuance expenses was RMB1,978,929,768, including share capital of RMB454,376,000 (454,376,000 shares, par value at RMB1), and capital surplus of RMB1,524,553,768.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Capital surplus (Continued)

- (c) In January 2023, the Company purchased 5% of the equity interests of Dongjiakou Oil Products, a subsidiary of the Company, from Mercuria Energy Asia Investment Pte Ltd. After the transaction, the Company held 70% equity interests of Dongjiakou Oil Products. The adjustment to capital surplus due to such transaction was set out as below:

Share of the identifiable net assets acquired on the date of the transaction calculated at the proportion of increased part of equity interests which the Company is entitled to since the date of consolidation	20,428,568
Less: Cash paid for acquisition costs	<u>(12,691,084)</u>
Adjustment to capital surplus	<u><u>7,737,484</u></u>

QDP Logistics is a wholly-owned subsidiary of the Company and Shandong Weihai Port Development Co., Ltd. ("Weihai Port Development") is a 51% owned subsidiary of the Company. In September 2023, QDP Logistics purchased 51%, 55% and 100% of the equity interests of Logistics Park Development, China Weihai Shipping Agency Co., Ltd. ("Shipping Agency") and Weihai Gangfeng Shipping Agency Co., Ltd. ("Gangfeng Shipping Agency"), respectively, from Weihai Port Development. The transaction has impacted minority interests and capital surplus in Qinggang International's consolidated financial statements, and adjustments for capital surplus are as follows:

Share of the identifiable net assets acquired on the date of the transaction calculated at the proportion of increased part of equity interests which the Company is entitled to since the date of consolidation	372,699,704
Less: Cash paid for acquisition costs	<u>(485,308,000)</u>
Adjustment to capital surplus	<u><u>(112,608,296)</u></u>

In October 2023, the Company purchased 2% and 51% of equity interests in Qingwei Container and China Ocean Shipping Tally Weihai respectively from Weihai Port Development. The transaction has impacted minority interests and capital surplus in Qinggang International's consolidated financial statements, and adjustments for capital surplus are as follows:

Share of the identifiable net assets acquired on the date of the transaction calculated at the proportion of increased part of equity interests which the Company is entitled to since the date of consolidation	8,421,977
Less: Cash paid for acquisition costs	<u>(48,006,359)</u>
Adjustment to capital surplus	<u><u>(39,584,382)</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2023					
	31 December 2022	Attributable to the parent company after tax	Impact of disposal of subsidiaries	31 December 2023	Amount incurred before income tax for the current year	Less: Other comprehensive income		Attributable to the parent company after tax	Attributable to minority interests, net of tax
						transferred out in the current year	Less: Income tax expenses		
Other comprehensive income items which will not be reclassified to profit or loss									
Amount changes arising from									
remeasurement of defined benefit plans	(40,551,764)	(148,332,954)	7,700,000	(181,184,718)	(160,610,000)	-	-	(148,332,954)	(12,277,046)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method	1,683,736	(6,585,734)	-	(4,901,998)	(6,585,734)	-	-	(6,585,734)	-
Other comprehensive income that will be subsequently reclassified to profit or loss									
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	(4,633,200)	4,770,964	-	137,764	4,770,964	-	-	4,770,964	-
	<u>(43,501,228)</u>	<u>(150,147,724)</u>	<u>7,700,000</u>	<u>(185,948,952)</u>	<u>(162,424,770)</u>	<u>-</u>	<u>-</u>	<u>(150,147,724)</u>	<u>(12,277,046)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Other comprehensive income (Continued)

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2022				
	Attributable to the parent		31 December 2022	Amount incurred before income tax for the current year	Less: Other comprehensive income transferred out in the current year	Less: Income tax expenses	Attributable	
	31 December 2021	company after tax					to the parent company after tax	to minority interests, net of tax
Other comprehensive income items which will not be reclassified to profit or loss								
Amount changes arising from remeasurement of defined benefit plans	(10,233,649)	(30,318,115)	(40,551,764)	(35,580,000)	-	-	(30,318,115)	(5,261,885)
Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method	-	1,683,736	1,683,736	1,683,736	-	-	1,683,736	-
Other comprehensive income that will be subsequently reclassified to profit or loss								
Fair value changes in other debt investments	3,126,165	(3,126,165)	-	5,786,673	(4,465,950)	-	(3,126,165)	4,446,888
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	-	(4,633,200)	(4,633,200)	(4,633,200)	-	-	(4,633,200)	-
	<u>(7,107,484)</u>	<u>(36,393,744)</u>	<u>(43,501,228)</u>	<u>(32,742,791)</u>	<u>(4,465,950)</u>	<u>-</u>	<u>(36,393,744)</u>	<u>(814,997)</u>

(41) Surplus reserve

	31 December 2022	Appropriation in the current year	Decrease in the current year	31 December 2023
Statutory surplus reserve	<u>2,419,818,733</u>	<u>382,816,460</u>	<u>-</u>	<u>2,802,635,193</u>
	31 December 2021	Appropriation in the current year	Decrease in the current year	31 December 2022
Statutory surplus reserve	<u>2,002,688,003</u>	<u>417,130,730</u>	<u>-</u>	<u>2,419,818,733</u>

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. The Company withdraws statutory surplus reserve at RMB382,816,460 at 10% of net profit in 2023 (2022: withdraw at 10% of net profit, totaling RMB417,130,730).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Undistributed profits

	Year ended 31 December 2023	Year ended 31 December 2022
Undistributed profits at beginning of year	16,641,280,437	13,786,510,309
Changes in accounting policies (a)(Note 2(30))	<u>-</u>	<u>(3,269,896)</u>
Undistributed profits at the beginning of the year (Restated)	16,641,280,437	13,783,240,413
Add: Attributable to equity holders of the Company	4,923,321,689	4,528,240,324
Less: Withdrawal Surplus reserve	(382,816,460)	(417,130,730)
Profit distribution to shareholders (b)	(1,748,053,230)	(1,664,318,040)
Impact of disposal of subsidiaries	<u>(7,700,000)</u>	<u>411,248,470</u>
Undistributed profits at the end of the year	<u>19,426,032,436</u>	<u>16,641,280,437</u>

(a) As disclosed in Note 2(30), according to Interpretation No. 16 which clarifies that deferred income taxes related to assets and liabilities arising from a specific single transaction are not applicable for initial recognition exemption, the Group applied the amendments retrospectively. The amounts of undistributed profits as at 1 January 2022 and 31 December 2022 have been restated.

(b) In accordance with the resolution at the Board of Shareholders' meeting dated 6 June 2023, the Company proposed a cash dividend to the shareholders at RMB2.693 per 10 shares (including tax), amounting to RMB1,748,053,230 calculated by 6,491,100,000 issued shares.

In accordance with the resolution at the Board of Directors' meeting dated 28 March 2024, the Board of Directors proposed a cash dividend to the shareholders at RMB2.927 per 10 shares (including tax), amounting to RMB1,899,944,970 calculated by 6,491,100,000 issued shares. The resolution is pending for approval of shareholders' meeting

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43) Revenue and cost of sales

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

(a) Revenue and cost of sales from main operations

	Year ended 31 December 2023		Year ended 31 December 2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Container handling and ancillary services	1,199,465,697	(238,268,346)	1,193,656,395	(317,080,190)
Metal ore, coal and other cargo handling and ancillary services	4,307,175,113	(3,374,765,103)	3,972,564,066	(3,198,355,773)
Liquid bulk cargo handling and ancillary services	4,242,029,529	(1,779,361,563)	3,518,951,785	(1,333,045,591)
Logistics and port value-added services	6,949,379,422	(5,308,106,753)	8,142,332,279	(6,517,319,999)
Port ancillary services – construction, labor and construction of port machinery	<u>122,833,062</u>	<u>(95,500,349)</u>	<u>844,024,682</u>	<u>(740,728,884)</u>
	<u>16,820,882,823</u>	<u>(10,796,002,114)</u>	<u>17,671,529,207</u>	<u>(12,106,530,437)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43) Revenue and cost of sales (Continued)

(b) Revenue and cost of sales from other operations

	Year ended 31 December 2023		Year ended 31 December 2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Lease revenue (i)	376,068,389	(196,352,345)	353,038,740	(196,844,619)
Port ancillary service – sales of fuel, electricity and others	976,176,625	(709,193,345)	1,238,197,032	(902,442,511)
	<u>1,352,245,014</u>	<u>(905,545,690)</u>	<u>1,591,235,772</u>	<u>(1,099,287,130)</u>

- (i) The Group's rental income is from leasing port facilities, storage facilities, buildings, machinery and equipment and motor vehicles. For the year ended 31 December 2023, there's no variable rental income recognized based on the certain percentage of the lessee's sales amount.

For the year ended 31 December 2023, among the above revenue categories, except for contract obligations of partial port ancillary services like sales of fuel, electricity and others are satisfied at a point in time, the remaining contract obligations are satisfied over time.

As at 31 December 2023, the amounts of revenue corresponding to contract obligations that were signed but not fulfilled or not completely fulfilled were RMB315,410,460 (As at 31 December 2022: RMB273,592,129), of which is expected to be recognized as revenue in 2024.

(44) Taxes and surcharges

	Year ended 31 December 2023	Year ended 31 December 2022	Calculation and payment standard
Land use tax	68,439,022	67,429,038	3.2-11.2 yuan/ Square meter/year
City maintenance and construction tax	22,057,574	22,934,282	7%
Property tax	17,701,724	13,097,036	Levied on prices and values
Educational surcharge	15,784,982	16,461,190	3%
Stamp duty	11,165,940	12,020,173	Proportional tax rate, Norm quota tax rate
Others	14,152,343	13,357,914	
	<u>149,301,585</u>	<u>145,299,633</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) General and administrative expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Employee benefits	663,637,527	635,603,606
Office expenses and entertainment expenses	77,315,864	49,060,897
Property management fees	39,562,891	26,274,033
Depreciation of right-of-use assets	38,178,167	42,513,582
Depreciation of fixed assets	37,965,388	33,134,949
Intermediary service fee	35,184,706	26,353,981
Amortisation of intangible assets	30,298,068	26,490,179
Rental expenses	16,348,523	16,260,997
Fuel and utility fees	12,341,060	12,214,785
Consumption of labor protection equipment and other raw materials	11,655,812	20,219,432
Repair costs	10,865,692	17,849,463
Others	63,576,140	46,118,811
	<u>1,036,929,838</u>	<u>952,094,715</u>

(46) Financial expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Interest expenses on deposits	-	55,880,569
Bonds, borrowings and other interest expenses	134,042,868	63,545,403
Add: Interest expense for lease liabilities	30,125,026	35,334,278
Less: Capitalized interest	<u>(2,406,045)</u>	<u>(131,643)</u>
Interest expenses	161,761,849	154,628,607
Less: Interest income	<u>(129,239,158)</u>	<u>(342,392,186)</u>
Effect of actuarial calculation of employee benefits employee benefits	72,660,000	74,940,000
Exchange gains or losses	2,010,302	(76,520,673)
Others	<u>1,583,755</u>	<u>5,525,347</u>
	<u>108,776,748</u>	<u>(183,818,905)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(47) Expenses by nature

The cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are categorized by nature as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Subcontract cost	3,820,381,478	4,668,564,950
Employee benefits	3,355,349,430	3,353,255,295
Cost for outsourcing transportation	2,034,818,306	2,427,755,387
Depreciation expenses of fixed assets	1,164,918,668	1,068,845,664
Cost of sales for fuel and electricity	624,310,680	651,009,099
Fuel and utility fees	467,775,681	442,747,140
Consumption of other raw materials	411,331,219	494,328,837
Repair expenses (i)	200,680,761	226,699,336
Rental expenses (ii)	193,942,923	149,764,670
Depreciation of right-of-use assets	158,881,540	129,634,431
Amortisation of intangible assets	103,993,613	99,307,851
Office expenses and entertainment expenses	84,207,019	55,259,134
Consumption of raw materials in construction contract	61,733,277	354,526,173
Long-term prepaid expenses	44,362,175	26,146,118
Consulting fee	26,024,874	17,241,678
Auditor's fee	9,262,858	9,112,303
<ul style="list-style-type: none"> - Annual audit services for listed companies - Other audit services within the group - Non-audit services 	<ul style="list-style-type: none"> 5,104,406 3,989,866 168,586 	<ul style="list-style-type: none"> 5,764,000 2,265,607 1,082,696
Depreciation of investment properties	5,059,282	5,891,250
Others	152,527,208	196,032,861
	12,919,560,992	14,376,122,177

(i) For the daily maintenance and repair expenses of fixed assets that do not meet the criteria of capitalisation, the Group included the costs related to the production and processing of inventories in the costs of inventories and recognised as cost of sale accordingly, and included the costs related to the research and development department, the administrative department and the sale department in research and development expenses, general and administrative expenses and selling and distribution expenses, respectively.

(ii) As stated in Note 2(25), the Group's lease expense incurred by short-term lease and low-value lease is recorded in profit or loss. For the year ended on 31 December 2023, the amount is RMB193,942,923 (For the year ended on 31 December 2022: RMB149,764,670).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Other income

	Year ended 31 December 2023	Year ended 31 December 2022
Additional deduction of VAT input	46,603,819	88,592,174
VAT refunded as soon as collected	32,185,326	49,890,007
Government grants		
– Income related	41,371,023	42,263,707
– Asset related	21,243,035	17,946,663
Employment stabilization subsidies	2,868,241	243,254
Other government grants	2,158,044	3,025,824
	<u>146,429,488</u>	<u>201,961,629</u>

For the year ended 31 December 2023, other income was included in the non-recurring profit or loss of the year except for VAT refunded as soon as collected.

(49) Investment income

	Year ended 31 December 2023	Year ended 31 December 2022
Investment income from long-term equity investments under equity method	1,531,223,264	1,270,143,860
Investment income from holding of financial assets held for trading	20,205,845	72,036,894
Investment income from disposal of long-term equity investments	19,652,995	85,230,721
Interest income from holding of other debt investment	–	8,313,700
Losses on discount of receivables financing qualifying for derecognition	(748,554)	(1,708,936)
	<u>1,570,333,550</u>	<u>1,434,016,239</u>

There is no significant restriction on the Group's recovery of investment income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(50) Credit impairment losses

	Year ended 31 December 2023	Year ended 31 December 2022
(Reversal of)/Provision for losses on bad debts of notes receivable	(1,153,806)	396,327
(Reversal of)/Provision for bad debts of accounts Receivable	(56,494,877)	63,574,525
Provision for/(Reversal of) bad debts of other receivables	8,172,282	(18,313,646)
Reversal of bad debts of long-term receivables	-	(30,250,984)
	<u>(49,476,401)</u>	<u>15,406,222</u>

(51) Income tax expenses

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

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

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Total profit	6,789,743,655	6,555,653,029
Income tax expenses calculated at applicable tax rates	1,697,435,914	1,638,913,257
The effect of preferential tax rates	(80,660,414)	(43,901,779)
Investment income not subject to tax	(382,805,816)	(317,535,965)
Additional deduction of employee benefits of the disabled	(853,514)	(947,478)
Costs, expenses and losses not deductible	52,902,640	33,658,017
Deductible temporary differences for which no deferred tax asset was recognised in the current year	2,150,259	79,738
Deductible losses not recognised as deferred tax assets in the current year	-	2,810,408
Utilisation of previously unrecognised deductible losses	(16,089,485)	(7,560,646)
Income tax expenses	<u>1,272,079,584</u>	<u>1,305,515,552</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(52) Earnings per share

(a) Basic earnings per share

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

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Consolidated net profit attributable to ordinary shareholders of the Company	4,923,321,689	4,528,240,324
Weighted average number of ordinary shares outstanding	<u>6,491,100,000</u>	<u>6,491,100,000</u>
Basic earnings per share	<u>0.76</u>	<u>0.70</u>
Including:		
– Basic earnings per share from continuing operations	0.76	0.67
– Basic earnings per share from discontinued operations	–	0.03

(b) Diluted earnings per share

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

(53) Notes to the cash flow statement

The Group's significant cash flow items are set out below:

(a) Cash received relating to other operating activities

	Year ended 31 December 2023	Year ended 31 December 2022
Recovery of advances for purchases	159,104,796	776,363,604
Lease payments received	187,059,796	95,185,309
Interest from cash at bank	134,080,096	45,701,731
Government grants	83,180,478	71,799,649
Railway freight collected on behalf	62,578,898	–
Receipt of deposits and guarantees	11,006,823	13,134,827
Others	<u>6,945,386</u>	<u>32,153,775</u>
	<u>643,956,273</u>	<u>1,034,338,895</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(53) Notes to the cash flow statement (Continued)

(a) Cash received relating to other operating activities (Continued)

The Group's collection and payment of agency procurement and other businesses are cash received or paid on behalf of customers, and cash flow is shown on a net basis.

(b) Cash paid relating to other operating activities

	Year ended 31 December 2023	Year ended 31 December 2022
Payment on behalf of logistics business	195,514,584	1,264,965
Payment of retirement salaries	124,710,000	118,905,602
Office expenses and entertainment expenses	84,207,019	53,052,753
Payment of property management fees	39,562,891	26,274,033
Intermediary service fee	35,184,706	26,353,981
Pay the deposit and security deposit	32,811,558	–
Bank service charge	1,583,755	5,525,347
Railway freight paid on behalf	–	7,125,220
Others	55,448,139	27,917,282
	<u>569,022,652</u>	<u>266,419,183</u>

The Group's amounts collected and paid as an agent from logistics and commissioned purchases are cash collected and paid on behalf of customers, of which cash flows are presented on a net basis.

(c) Cash received from disposal of investments

	Year ended 31 December 2023	Year ended 31 December 2022
Cash receipts from redemption of expired wealth management products	2,436,091,000	6,650,922,406
Cash received from withdrawal of fixed deposits over three months	127,540,000	6,929,401
	<u>2,563,631,000</u>	<u>6,657,851,807</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(53) Notes to the cash flow statement (Continued)

(d) Cash paid to acquire investments

	Year ended 31 December 2023	Year ended 31 December 2022
Cash paid to purchase wealth management products	1,726,438,000	9,349,449,293
Cash paid for purchase of fixed deposits over three months	724,500,000	902,000,000
Cash paid to acquire equity investments	<u>519,100,000</u>	<u>46,459,600</u>
	<u>2,970,038,000</u>	<u>10,297,908,893</u>

(e) Cash received relating to other investing activities

	Year ended 31 December 2023	Year ended 31 December 2022
Recover loans made to related parties and third parties	-	6,278,370,581
Recover the prepaid equity payment for the offshore oil terminal	-	261,903,564
Cash and cash equivalents held by subsidiaries on the consolidation date	<u>5,410,315</u>	-
	<u>5,410,315</u>	<u>6,540,274,145</u>

(f) Cash paid relating to other investing activities

	Year ended 31 December 2023	Year ended 31 December 2022
Loans to related parties and third parties	-	4,451,207,959
Shandong port Finance Company deposits statutory deposit reserves	<u>-</u>	<u>56,556,282</u>
	<u>-</u>	<u>4,507,764,241</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(53) Notes to the cash flow statement (Continued)

(g) Cash received relating to other financing activities

	Year ended 31 December 2023	Year ended 31 December 2022
Receipt of entrusted borrowings from Qingdao Port Group	<u>407,000,000</u>	<u>239,000,000</u>

(h) Cash paid relating to other financing activities

	Year ended 31 December 2023	Year ended 31 December 2022
Repayment of entrusted loans from Qingdao Port Group	510,100,000	150,000,000
Repayments of lease liabilities	271,990,539	236,286,452
Acquisition of minority interests from Dongjiakou Oil Products	12,691,084	-
Consideration paid for business combinations involving enterprises under common control	-	984,446,600
Decrease in deposit received by Shandong Port Finance	-	417,198,319
Repayment of factoring borrowings of Shangang commercial factoring	-	50,009,722
	<u>794,781,623</u>	<u>1,837,941,093</u>

In 2023, the total lease-related cash outflow paid by the Group was RMB469,386,337 (for the year ended 31 December 2022: 402,713,418). Except for the amount paid for repayment of lease liabilities included in the financing activities mentioned above, the remaining cash outflows are included in operating activities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(54) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	Year ended 31 December 2023	Year ended 31 December 2022
Net profit	5,517,664,071	5,250,137,477
Add/Less: Asset impairment losses	23,318,314	8,957,369
Credit impairment losses (reversal)/provision	(49,476,401)	15,406,222
Depreciation of right-of-use assets	158,881,540	129,634,431
Depreciation of fixed assets and investment properties	1,169,977,950	1,074,736,914
Amortization of intangible assets	103,993,613	99,307,851
Amortization of long-term prepaid expenses	44,362,175	26,146,118
Gains on disposal of fixed assets, intangible assets and other non-current assets	(15,340,513)	(15,201,237)
(Gains)/Losses from scrapped fixed assets	(2,898,712)	2,622,515
Losses/(Gains) from changes in fair value	560,505	(8,486,958)
Financial expenses	238,628,029	(95,260,498)
Investment income	(1,571,082,104)	(1,435,725,175)
Decrease/(Increase) in deferred tax assets	49,270,215	(69,867,968)
Increase/(Decrease) in deferred tax liabilities	4,997,897	11,039,770
Amortization of deferred earnings	(21,243,035)	(20,121,902)
Decrease/(Increase) in inventories	2,541,732	(351,607)
Decrease in operating receivables	91,109,335	254,108,015
Increase in operating payables	406,133,034	1,005,929,926
Net cash flows from operating activities	<u>6,151,397,645</u>	<u>6,233,011,263</u>

Significant operating activities, investing activities and operating activities that do not involve cash receipts and payments.

	Year ended 31 December 2023	Year ended 31 December 2022
Goods and services purchased by endorsement of notes receivable	836,465,161	1,178,877,181
Increase of right-of-use assets in the current year	90,525,013	228,389,673
Lease contracts that terminate early in the current period	36,946,451	-
Long-term assets acquired by endorsement of notes receivable	13,612,835	85,177,016
Swap of debt repayments receivable to fixed assets	<u>49,019,535</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(54) Supplementary information to the cash flow statement (Continued)

(a) Supplementary information to the cash flow statement (Continued)

Net movements in cash

	Year ended 31 December 2023	Year ended 31 December 2022
Cash at the end of the year	10,132,048,600	9,021,244,964
Less: Cash at the beginning of the year	<u>(9,021,244,964)</u>	<u>(8,247,817,077)</u>
Net increase in cash	<u>1,110,803,636</u>	<u>773,427,887</u>

Cash and cash equivalents

	31 December 2023	31 December 2022
Cash at bank and on hand (Note 4(1))	10,934,026,950	9,183,323,879
Less: Term deposits with initial term of over 3 months	(723,500,000)	(129,540,000)
Other restricted cash balance	(58,275,997)	(7,440,791)
Interest receivable	<u>(20,202,353)</u>	<u>(25,098,124)</u>
Cash at the end of the year	<u>10,132,048,600</u>	<u>9,021,244,964</u>

As mentioned in Note 4(1), as at 31 December 2023, bank deposits of RMB723,500,000, other monetary funds of RMB58,275,997 and interest receivable of RMB20,202,353 (31 December 2022: RMB129,540,000, RMB7,440,791 and RMB25,098,124) are not cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(54) Supplementary information to the cash flow statement (Continued)

(b) Acquisition or disposal of subsidiaries and other entities Disposal of subsidiaries and other entities

	Year ended 31 December 2023	Year ended 31 December 2022
Cash received from disposal of subsidiaries in the current year	208,896,278	17,123,700
Including: International Trade Logistics	1,500,862	17,123,700
QDP CTC	14,532,446	-
Haiwan Liquid Chemical	57,258,645	-
International Energy	14,284,239	-
Qinggang Equipment Manufacture	13,537,891	-
Vado Investment	107,782,194	-
Shangang Shanghai Security	1	-
Less: Cash held by subsidiaries at the date when control is lost	(16,031,590)	(4,953,842,242)
Including: International Trade Logistics	-	(52,692,365)
Qianwan Xinhe Supply Chain	-	(10,973,642)
Shandong Port Finance	-	(4,778,201,734)
Equipment Manufacturing	-	(111,974,501)
Shangang Shanghai Security	(16,031,590)	-
Add: Amounts deposited at Shandong Port Finance by the subsidiaries at the date when control is lost	-	35,631,442
Including: International Trade Logistics	-	35,631,442
Less: Amounts deposited at Shandong Port Finance by the acquirer at the date when control is lost	-	8,243,816,245
Net cash received from disposal of subsidiaries	<u>192,864,688</u>	<u>3,342,729,145</u>

In 2023, the disposal of the subsidiary is Shangang Shanghai Security, and the price and net assets of the disposal subsidiary are shown in Note 5(1).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(54) Supplementary information to the cash flow statement (Continued)

(c) Changes in liabilities from financing activities

	Bank borrowings (including the portion to be settled within one year)	Long-term payables (including the portion to be settled within one year)	Lease liabilities (including the portion to be settled within one year)	Dividends payable (including the portion to be settled within one year)	Total
31 December 2022	2,261,864,598	460,069,907	624,462,871	285,371,337	3,631,768,713
Cash inflows from financing activities	862,797,037	407,000,000	-	-	1,269,797,037
Cash outflows from financing activities	(1,157,666,292)	(568,080,485)	(271,990,539)	(2,435,360,874)	(4,433,098,190)
Interests accreted in the current year	131,300,639	17,998,543	12,462,667	-	161,761,849
Changes that do not involve cash receipts and payments (Note 4(54)(a))	-	-	53,578,562	-	53,578,562
Dividends accreted in the current year	-	-	-	2,192,665,704	2,192,665,704
31 December 2023	<u>2,098,295,982</u>	<u>316,987,965</u>	<u>418,513,561</u>	<u>42,676,167</u>	<u>2,876,473,675</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(55) Monetary items denominated in foreign currencies

	31 December 2023		
	Foreign currencies balance	Conversion rate	RMB balance
Cash at bank and on hand –			
USD	35,040,679	7.0827	248,182,617
EUR	4,347,076	7.8592	34,164,540
HKD	6,399	0.9062	5,799
			<u>282,352,956</u>
Accounts receivable –			
USD	23,286,812	7.0827	164,933,503
EUR	12,959	7.8592	101,847
			<u>165,035,350</u>
Other receivables –			
USD	13,829,154	7.0827	97,947,749
Accounts payable –			
USD	23,421,490	7.0827	165,887,387
JPY	164,500	0.0502	8,260
			<u>165,895,647</u>
Other payables –			
USD	5,749,510	7.0827	40,722,054

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

5 CHANGES OF THE SCOPE OF CONSOLIDATION

(1) Disposal of subsidiaries

(a) Aggregated information of subsidiaries disposed of in the current year:

Name of subsidiary	Disposal price	Disposal proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal and corresponding shares of net assets in the consolidated financial statements
Shangang Shanhai Security	1	100%	Equity transfer	5 June 2023	Completion of equity transfer	5,401,724

On 5 June 2023, the Company disposed of 100% of equity interests of Shangang Shanhai Security to Shandong Port Group Service Development Group Co., Ltd. with gains on disposal of RMB5,401,724 (Note 5(1)(b)). After the transaction, the Company no longer holds equity interests of Shangang Shanhai Security.

(b) Gains or losses on disposal are as follows:

	Amount
Shangang Shanhai Security	
Disposal price	1
Less: International Trade Logistics' share of net assets at the level of consolidated financial statements	(5,401,723)
Investment income from disposal	<u>5,401,724</u>

(2) Changes in the scope of consolidation for other reasons

In June 2023, Shandong Quarantine Treatment Co., Ltd., a shareholder of Ganghai Logistics which is a joint venture of the Company, exited from Ganghai Logistics by decreasing the capital. After decreasing the capital, the registered capital of Ganghai Logistics was changed to RMB2,600,000. As the Company holds 100% of equity interests of Ganghai Logistics, the Company accounts for it as a subsidiary. In the same month, the Company transferred its equity interests in Ganghai Logistics to the subsidiary QDP Logistics.

In August 2023, QDP Logistics, a subsidiary of the Company, acquired 99% of equity interests of International Shipping Agency at a consideration of RMB260,154. Upon the acquisition, as the Company holds 99% of equity interests of International Shipping Agency, the Company accounts for it as a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES

(1) Equity interest in subsidiaries

(a) Constitution of the enterprise group

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
QDP Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Integrated logistics	50,000	100%	-	Set-up or investment
Qingdao GLS Shipping Co., Ltd. ("GLS Shipping")	Limited Liability Company	Qingdao, China	Qingdao, China	Shipping agency	2,250	-	100%	Set-up or investment
Ocean Shipping Repair	Limited Liability Company	Qingdao, China	Qingdao, China	Shipping repair services	285	100%	-	Set-up or investment
Qingdao Ocean Shipping Tally Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Ocean shipping tally services	199	84%	-	Set-up or investment
Qingdao Gangjia Logistics Co., Ltd. ("Gangjia Logistics")	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics services	500	51%	-	Set-up or investment
Port Service	Limited Liability Company	Qingdao, China	Qingdao, China	Storage service	700	100%	-	Set-up or investment
QMT	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	15,200	100%	-	Business combinations involving enterprises not under common control
Mercuria Logistics (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling services	USD 4,930	62%	-	Business combinations involving enterprises not under common control
Dongjiakou oil products	Limited Liability Company	Qingdao, China	Qingdao, China	Warehousing services	41,479	70%	-	Business combinations involving enterprises not under common control
Qingdao Port E-Link Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo agency	1,000	-	65%	Set-up or investment
Qingdao Port Eimskip Coldchain Logistics Co., Ltd. ("Eimskip Coldchain")(i)	Limited Liability Company	Qingdao, China	Qingdao, China	Logistics and transportation	2,000	-	70%	Set-up or investment
Qingdao Port Dongjiakou Bulk Cargo Flow Center Co., Ltd	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	10,000	-	51%	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES(Continued)

(1) Equity interest in subsidiaries(Continued)

(a) Constitution of the enterprise group(Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Lianjie Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Depot business	5,000	-	58%	Set-up or investment
Qingdao Port Jiefeng International Logistics Co., Ltd	Limited Liability Company	Qingdao, China	Qingdao, China	Depot business	1,500	-	51%	Set-up or investment
Qingdao Port Jieyuntong Logistics Co., Ltd.	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	2,000	-	51%	Set-up or investment
Qingdao Port Pulp Logistics Co., Ltd	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	1,000	-	55%	Set-up or investment
Strata companies	Limited Liability Company	Qingdao, China	Qingdao, China	Realty management	800	100%	-	Set-up or investment
Culture and Media	Limited Liability Company	Qingdao, China	Qingdao, China	Promotional design	300	100%	-	Set-up or investment
Qingdao Port International Development (Hong Kong) Co., Ltd. ("International Development")	Limited Liability Company	Hongkong, China	Hongkong, China	Investment management	4,043	100%	-	Business combinations involving enterprises under common control
Qingdao Port Tongze Trading Co., Ltd. ("Tongze Trading")	Limited Liability Company	Qingdao, China	Qingdao, China	Merchandising	1,000	100%	-	Set-up or investment
Dongjiakou General Terminal(I)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling	60,000	80%	-	Set-up or investment
Qingdao Port Schweitzer Tugboat Co., Ltd. ("Schweitzer Tug") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Tug lighter	21,000	55%	-	Set-up or investment
Lianhua pipelines	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel storage	86,600	51%	-	Set-up or investment
Qingdao Port Lianxin International Logistics Co., Ltd	Limited Liability Company	Qingdao, China	Qingdao, China	Depot business	2,000	-	58%	Set-up or investment
Weifang Port Connection	Limited Liability Company	Weifang, China	Weifang, China	Fuel storage	25,000	-	100%	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES(Continued)

(1) Equity interest in subsidiaries(Continued)

(a) Constitution of the enterprise group(Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Qingdao Port Qianwan Port Area Bonded Logistics Center Co., Ltd. ("Bonded Logistics Center")	Limited Liability Company	Qingdao, China	Qingdao, China	Warehousing services	5,000	-	100%	Business combinations involving enterprises not under common control
Dongying Port Lianhua	Limited Liability Company	Dongying, China	Dongying, China	Fuel storage	38,000	-	70%	Set-up or investment
Qingdao Port Dongjiakou Liquid Chemical Terminal Co., Ltd. ("Liquid Chemical Terminal") (i)	Limited Liability Company	Qingdao, China	Qingdao, China	Cargo handling	71,000	51%	-	Business combinations involving enterprises not under common control
Qingdao Port Lianhua International Logistics Co., Ltd	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	2,000	-	60%	Set-up or investment
Gangyuntai Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	8,000	-	100%	Business combinations involving enterprises not under common control
Inland port logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	5,000	-	100%	Set-up or investment
Jimo Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	15,000	-	60%	Set-up or investment
Singamas Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	1,000	-	58%	Set-up or investment
Shandong Qingdong Pipeline Co., Ltd. ("Qingdong Pipeline")	Limited Liability Company	Qingdao, China	Qingdao, China	Pipeline oil transportation	50,000	51%	-	Set-up or investment
Qingdao Qinggang Tongda Energy Co., Ltd. ("Tongda Energy")	Limited Liability Company	Qingdao, China	Qingdao, China	Liquefied natural gas operations	14,250	100%	-	Set-up or investment
Shandong Qingzi Logistics Co., Ltd. ("Qingzi Logistics")	Limited Liability Company	Qingdao, China	Zibo, China	Logistics services and road transportation	20,000	100%	-	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES(Continued)

(1) Equity interest in subsidiaries(Continued)

(a) Constitution of the enterprise group(Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
Zhenhua Petroleum Storage Company	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel storage	66,000	51%	-	Set-up or investment
Zhonglin Qinggang Supply Chain Co., Ltd	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	5,000	-	65%	Set-up or investment
Qingdao Qianwan Nangang Oil & Gas Co., Ltd. ("Nangang Oil & Gas")	Limited Liability Company	Qingdao, China	Qingdao, China	Liquefied natural gas operations	7,900	-	55%	Set-up or investment
Qingdao Qilu Fuhai Warehousing Co., Ltd. ("Qilu Fuhai Warehousing")	Limited Liability Company	Qingdao, China	Qingdao, China	Stevedore, unloading, handling and warehousing	25,000	60%	-	Set-up or investment
Qingdao Port International Oil Port Co., Ltd. ("International Oil Port")	Limited Liability Company	Qingdao, China	Qingdao, China	Warehousing services	10,000	100%	-	Set-up or investment
Qinggang power supply	Limited Liability Company	Qingdao, China	Qingdao, China	Electricity, heat production and supply	15,000	100%	-	Set-up or investment
Red Star Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Fuel loading and unloading	21,566	90%	-	Business combinations involving enterprises not under common control
International shipping agency	Limited Liability Company	Qingdao, China	Qingdao, China	Ship Agency	1,500	-	99%	Business combinations involving enterprises not under common control
Construction and management center	Limited Liability Company	Qingdao, China	Qingdao, China	project management	1,000	100%	-	Set-up or investment
Ganglianhai Logistics	Limited Liability Company	Qingdao, China	Qingdao, China	Depot business	260	-	100%	Business combinations involving enterprises not under common control
Emergency rescue	Limited Liability Company	Qingdao, China	Qingdao, China	Emergency rescue services	5,000	100%	-	Set-up or investment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES(Continued)

(1) Equity interest in subsidiaries(Continued)

(a) Constitution of the enterprise group(Continued)

Name of subsidiaries	Category of entity	Major business location	Place of registration	Principal activities	Registered capital (Ten thousand yuan) (Unless otherwise noted)	Shareholding		Acquisition method
						Direct	Indirect	
AVIC Property	Limited Liability Company	Qingdao, China	Qingdao, China	Realty management	600	51%	-	Set-up or investment
Weihai Port Development	Limited Liability Company	Weihai, China	Weihai, China	Loading and unloading, storage, logistics	10,035	51%	-	Business combinations involving enterprises under common control
Qingwei Container	Limited Liability Company	Weihai, China	Weihai, China	Stevedore, unloading, handling and warehousing	14,000	51%	49%	Business combinations involving enterprises under common control
Outboard Agents	Limited Liability Company	Weihai, China	Weihai, China	Ship Agency	500	-	55%	Business combinations involving enterprises under common control
Weihai Port outer ship tally	Limited Liability Company	Weihai, China	Weihai, China	Tally	130	-	84%	Business combinations involving enterprises under common control
Gangfeng shipping agency	Limited Liability Company	Weihai, China	Weihai, China	Ship Agency	50	-	100%	Business combinations involving enterprises under common control
Development of logistics parks	Limited Liability Company	Weihai, China	Weihai, China	Logistics and warehousing	10,000	-	100%	Business combinations involving enterprises under common control
Container development	Limited Liability Company	Qingdao, China	Qingdao, China	Container cargo forwarder	3,000	100%	-	Set-up or investment
Barge Limited	Limited Liability Company	Qingdao, China	Qingdao, China	Ship towing services	4,500	100%	-	Set-up or investment
Shangang Luhai Quantai (Qingdao) Supply Chain Co., Ltd. ("Luhai Quantai")	Limited Liability Company	Qingdao, China	Qingdao, China	Freight forwarder	4,000	54%	-	Set-up or investment

- (i) The Company holds 62% of equity interests in Mercuria Logistics, The decisions on Mercuria Logistics' relevant operating activities are made by the resolution of the Board which subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Mercuria Logistics, so the voting rights held by the Company is 60%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(1) Equity interest in subsidiaries (Continued)

(a) Constitution of the enterprise group (Continued)

- (i) The percentage of shareholding in Eimskip Coldchain held by the Company is 70%. The decisions on Eimskip Coldchain's relevant operating activities are made by the resolution of the Board which subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Eimskip Coldchain, so the voting rights held by the Company is 60%.

The percentage of shareholding in DMT held by the Company is 80%. The decisions on DMT's relevant operating activities are made by the resolution of the Board which subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 4 out of 6 board members in DMT, so the voting rights held by the Company is 67%.

The actual percentage of shareholding in Svitzer Towage held by the Company is 55%. The decisions on Svitzer Towage's relevant operating activities are made by the Board of Directors. The resolution of the Board of Directors should be subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Svitzer Towage, so the voting rights held by the Company is 60%.

The actual percentage of shareholding in Liquid Chemical Terminal held by the Company is 51%. The decisions on Liquid Chemical Terminal's relevant operating activities are made by the Board of Directors. The resolution of the Board of Directors should be subject to the approval of more than half of the directors who attend the Board's meeting. The Company can designate 3 out of 5 board members in Liquid Chemical Terminal, so the voting rights held by the Company is 60%.

In 2023, the company's subsidiaries are all unlisted enterprises and have not issued stocks or bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(1) Equity interest in subsidiaries (Continued)

(b) Subsidiary with significant minority interests

The Group determines the subsidiaries with significant minority interests by considering factors such as whether the subsidiaries are listed companies, the proportion of their minority interests to the Group's consolidated shareholders' equity (more than 10%), and the proportion of minority interests to the Group's consolidated net profit (more than 20%), which are presented below:

Name of subsidiary	Shareholding of minority shareholders	Gains and losses attributable to minority interests for the year ended 31 December 2023	Dividends declared to minority interests for the year ended 31 December 2023(iii)	31 December 2023 Minority interests
Weihai Port (i)	49%	170,732,403	–	772,221,848
Lianhua Pipeline (ii)	49%	298,660,700	(300,506,049)	1,259,367,616
Liquid Chemical Terminal	49%	24,528,745	(6,944,153)	392,160,930

- (i) The main financial information of Weihai Port is composed of Weihai Port and its subsidiaries.
- (ii) The main financial information of Lianhua Pipeline consists of Lianhua Pipeline and its subsidiaries Weifang Port Lianhua and Dongying Port Lianhua.
- (iii) All dividends declared to minority shareholders in 2023 had been paid in that year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(1) Equity interest in subsidiaries (Continued)

(b) Subsidiary with significant minority interests (Continued)

The main financial information of the above important non-wholly owned subsidiaries is as follows:

	31 December 2023		
	Weiwei Port	Lianhua Pipeline	Liquid Chemical Terminal
Current assets	151,458,262	882,149,596	92,152,039
Non-current assets	1,731,045,186	2,725,350,817	956,453,001
Total assets	<u>1,882,503,448</u>	<u>3,607,500,413</u>	<u>1,048,605,040</u>
Current liabilities	(187,246,630)	(572,152,484)	(245,234,045)
Non-current liabilities	(119,293,862)	(611,570,000)	(1,830,000)
Total liabilities	<u>(306,540,492)</u>	<u>(1,183,722,484)</u>	<u>(247,064,045)</u>
	31 December 2022		
	Weiwei Port	Lianhua Pipeline	Liquid Chemical Terminal
Current assets	539,569,187	1,313,648,261	96,569,197
Non-current assets	2,042,828,658	2,828,446,322	798,489,560
Total assets	<u>2,582,397,845</u>	<u>4,142,094,583</u>	<u>895,058,757</u>
Current liabilities	(796,795,316)	(986,617,557)	(128,003,478)
Non-current liabilities	(371,906,099)	(720,580,000)	(930,000)
Total liabilities	<u>(1,168,701,415)</u>	<u>(1,707,197,557)</u>	<u>(128,933,478)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(1) Equity interest in subsidiaries (Continued)

(b) Subsidiary with significant minority interests (Continued)

	Year ended 31 December 2023		
	Weihai Port	Lianhua Pipeline	Liquid Chemical Terminal
Revenue	795,261,733	1,415,947,606	95,103,850
Net profit	367,217,455	604,436,003	50,327,458
Total comprehensive income	370,603,531	601,676,003	49,587,458
Cash flows from operating activities	77,187,985	976,512,455	71,579,875
	Year ended 31 December 2022		
	Weihai Port	Lianhua Pipeline	Liquid Chemical Terminal
Revenue	832,228,614	1,635,214,129	59,548,352
Net profit	24,384,296	762,347,403	25,007,165
Total comprehensive income	15,034,296	761,757,403	24,987,165
Cash flows from operating activities	104,872,575	1,088,674,621	70,003,599

(2) Interests in joint ventures and associates

(a) General information of material joint ventures

The Group determines significant joint ventures and associates by considering factors such as whether the joint ventures and associates are listed companies, the proportion of their carrying amounts to the Group's consolidated total assets (more than 5%), and the proportion of long-term equity investment income under the equity method to the Group's consolidated net profit (more than 5%), which are presented below:

	Major business location	Place of registration	Principle activities	Whether strategic to the Group's activities	Shareholding	
					direct	indirect
QQCT	Qingdao, China	Qingdao, China	Container stevedoring and stacking	Yes	51%	-
Qingdao Shihua	Qingdao, China	Qingdao, China	Liquid bulk stevedoring and stacking	Yes	50%	-

The above equity investments are measured using equity method by the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures and associates (Continued)

(b) Summarized financial information of material joint ventures:

	31 December 2023		31 December 2022	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	1,526,411,348	4,024,751,793	1,436,325,016	2,924,690,818
Including: Cash	635,867,526	3,786,568,739	1,204,419,287	2,559,821,124
Non-current assets	2,243,228,367	12,395,665,436	2,290,732,518	11,976,980,676
Total assets	<u>3,769,639,715</u>	<u>16,420,417,229</u>	<u>3,727,057,534</u>	<u>14,901,671,494</u>
Current liabilities	(1,202,897,377)	(2,245,510,040)	(435,369,067)	(2,275,331,367)
Non-current liabilities	(17,580,000)	(2,174,966,516)	(15,280,000)	(2,564,338,451)
Total liabilities	<u>(1,220,477,377)</u>	<u>(4,420,476,556)</u>	<u>(450,649,067)</u>	<u>(4,839,669,818)</u>
Minority interests	-	285,225,048	-	254,988,313
Attributable to shareholders of the Company	<u>2,549,162,338</u>	<u>11,714,715,625</u>	<u>3,276,408,467</u>	<u>9,807,013,363</u>

Considering the impact of the fair value of identifiable assets and liabilities at acquisition(i):

	31 December 2023		31 December 2022	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Current assets	1,526,411,348	4,024,751,793	1,436,325,016	2,924,690,818
Including: Cash	635,867,526	3,786,568,739	1,204,419,287	2,559,821,124
Non-current assets	2,243,228,367	12,685,174,847	2,290,732,518	12,329,234,546
Total assets	<u>3,769,639,715</u>	<u>16,709,926,640</u>	<u>3,727,057,534</u>	<u>15,253,925,364</u>
Current liabilities	(1,202,897,377)	(2,245,510,040)	(435,369,067)	(2,275,331,367)
Non-current liabilities	(17,580,000)	(2,247,343,869)	(15,280,000)	(2,652,401,919)
Total liabilities	<u>(1,220,477,377)</u>	<u>(4,492,853,909)</u>	<u>(450,649,067)</u>	<u>(4,927,733,286)</u>
Minority interests	-	291,815,086	-	261,578,351
Attributable to shareholders of the Company	<u>2,549,162,338</u>	<u>11,925,257,645</u>	<u>3,276,408,467</u>	<u>10,064,613,727</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures and associates (Continued)

(b) Summarized financial information of material joint ventures: (Continued)

	31 December 2023		31 December 2022	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Shares of net assets in proportion (i)	1,274,581,169	6,016,613,374	1,638,204,234	5,053,096,888
Adjustments				
– Goodwill	–	1,672,785,426	–	1,672,785,426
– Unrealized profits arising from internal transactions	(51,742,743)	(86,220,107)	(56,210,484)	(93,302,476)
Carrying amount of investment in joint ventures	<u>1,222,838,426</u>	<u>7,603,178,693</u>	<u>1,581,993,750</u>	<u>6,632,579,838</u>
	Year ended 31 December 2023		Year ended 31 December 2022	
	Qingdao Shihua	QQCT	Qingdao Shihua	QQCT
Revenue	1,403,975,630	5,238,416,108	1,570,741,473	4,932,947,425
Financial expenses	15,781,611	(55,965,397)	10,418,893	(108,509,152)
Income tax expenses	(196,937,277)	(558,022,585)	(192,476,803)	(480,823,867)
Net profit	561,938,816	1,945,769,715	565,719,721	1,746,807,243
Net profit attributable to the Company	561,938,816	1,915,296,483	565,719,721	1,719,842,324
Other comprehensive income	(4,050,000)	(8,942,616)	(700,000)	(1,037,333)
Total comprehensive income	<u>557,888,816</u>	<u>1,906,353,867</u>	<u>565,019,721</u>	<u>1,718,804,991</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures and associates (Continued)

(b) Summarized financial information of material joint ventures: (Continued)

Considering the impact of the fair value of identifiable assets and liabilities at acquisition(i):

	<u>Year ended 31 December 2023</u>		<u>Year ended 31 December 2022</u>	
	<u>Qingdao Shihua</u>	<u>QQCT</u>	Qingdao Shihua	QQCT
Net profit	561,938,816	1,898,711,371	565,719,721	1,684,839,908
Net profit attributable to the Company	561,938,816	1,868,238,139	565,719,721	1,657,874,989
Other comprehensive income	(4,050,000)	(8,942,616)	(700,000)	(1,037,333)
Total comprehensive income	<u>557,888,816</u>	<u>1,859,295,523</u>	<u>565,019,721</u>	<u>1,656,837,656</u>
Dividends received from joint ventures by the Group for the current period, as of the year ended on 31 December 2023	<u>642,556,544</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (i) The share of the net asset of the joint ventures was calculated by the share proportion of the Group, based on the equity attributable to shareholders of the joint ventures in the consolidated financial statement of the joint ventures, adjusted pursuant to the fair value of the identifiable assets and liabilities of the joint ventures at the acquisition date and conformed to accounting policies of the Group. The assets involved in the transactions between the Group and joint ventures do not constitute a business.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures and associates (Continued)

(c) General information of material associates

	Major business location	Place of registration	Principal activities	Whether strategic to the Group's activities	Shareholding	
					Direct	Indirect
Shandong Port Finance	Qingdao, China	Qingdao, China	Financial Business	Yes	34.63%	-

(d) Summarised financial information for material associates

	31 December 2023	31 December 2022
	Shandong	Shandong
	Port Finance	Port Finance
Current assets	19,252,231,517	15,904,222,727
Including: Cash	10,012,018,818	6,070,562,426
Non-current assets	10,700,951,674	8,723,027,114
Total assets	29,953,183,191	24,627,249,841
Current liabilities	(25,375,424,982)	(20,073,004,171)
Non-current liabilities	(72,096,917)	(43,666,118)
Total liabilities	(25,447,521,899)	(20,116,670,289)
Minority interests	-	-
Attributable to shareholders of the Company	4,505,661,292	4,510,579,552
	31 December 2023	31 December 2022
	Shandong	Shandong
	Port Finance	Port Finance
Shares of net assets in proportion	1,560,310,506	1,562,013,699
Adjustments		
- Goodwill	93,461,987	93,461,987
Carrying amount of investments in associates	1,653,772,493	1,655,475,686

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

6 EQUITY INTEREST IN OTHER ENTITIES (Continued)

(2) Interests in joint ventures and associates (Continued)

(d) Summarised financial information for material associates (Continued)

	Year ended 31 December 2023	Year ended 31 December 2022
	Shandong Port Finance	Shandong Port Finance
Revenue	655,721,693	523,710,579
Financial expenses	2,046,002	–
Income tax expenses	(109,428,260)	(153,018,824)
Net profit	324,442,028	444,443,996
Net profit attributable to the Company	324,442,028	444,443,996
Other comprehensive income	13,776,967	1,443,810
Total comprehensive income	<u>338,218,995</u>	<u>445,887,806</u>
Dividends received from associates by the Group	<u>118,828,431</u>	<u>–</u>

(e) Summarized financial information of insignificant joint ventures and associates

	Year ended 31 December 2023	Year ended 31 December 2022
Joint ventures:		
Aggregated carrying amount of investments	1,710,460,935	1,836,991,328
Aggregate of the following items in proportion		
Net profit (i)	97,422,137	72,206,905
Other comprehensive income (i)	–	–
Total comprehensive income	<u>97,422,137</u>	<u>72,206,905</u>
Associates:		
Aggregated carrying amount of investments	1,855,479,553	1,181,045,492
Aggregate of the following items in proportion		
Net profit (i)	112,498,236	61,056,881
Other comprehensive income (i)	–	–
Total comprehensive income	<u>112,498,236</u>	<u>61,056,881</u>

- (i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investment in joint ventures and associates and conformed to accounting policies of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

7 SEGMENT INFORMATION

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

The Group identified 5 reportable segments as follows:

- Container handling and ancillary services: loading and discharging of containers, storage and port management.
- Metal ores, coal and other cargo handling and ancillary services: loading and discharging of metal ore, coal, grains, break bulk cargo and other cargo, storage and port management.
- Liquid bulk handling and ancillary services: loading and discharging of liquid bulk, storage, transport and port management.
- Logistics and port value-added services: CFS, provision of cargo logistics, agency, towing, tallying and other services.
- Port ancillary services: provision of facilities construction services, manufacturing of port related equipment, supplying electricity power, fuel and others.

In 2022, Shandong Port Finance Company was changed to an associate from a subsidiary. Since the reporting period, the Group no longer presents financial segments.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

7 SEGMENT INFORMATION (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

7 SEGMENT INFORMATION (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

7 SEGMENT INFORMATION (Continued)

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

	Year ended 31 December 2023	Year ended 31 December 2022
Revenue -		
Reportable segment revenue from external customers	18,173,127,837	19,559,152,745
Reclassification of interest income from external customers of Shandong Port Finance (i)	—	(296,387,766)
Consolidated revenue (Note4(43))	<u>18,173,127,837</u>	<u>19,262,764,979</u>
Interest income -		
Reportable segment interest income	129,239,158	46,004,420
Reclassification of interest income from external customers of Shandong Port Finance (i)	—	296,387,766
Consolidated interest income (Note4(46))	<u>129,239,158</u>	<u>342,392,186</u>
Cost of sales -		
Reportable segment cost of sales	11,701,547,804	13,270,011,769
Reclassification of interest expenses from external customers of Shandong Port Finance (ii)	—	(64,194,202)
Consolidated cost of sales (Note4(43))	<u>11,701,547,804</u>	<u>13,205,817,567</u>
Interest expenses -		
Reportable segment interest expenses	161,761,849	90,434,405
Reclassification of interest expenses from external customers of Shandong Port Finance (ii)	—	64,194,202
Consolidated interest expenses (Note4(46))	<u>161,761,849</u>	<u>154,628,607</u>

(i) For the year ended 31 December 2022, reportable segment revenue from external customers includes interest income from external customers of Shandong Port Finance, which is presented as financial expenses – interest income in the consolidated financial statements.

(ii) For the year ended 31 December 2022, reportable segment cost of sales includes interest expenses of Shandong Port Finance, which is presented as finance expenses – interest expenses in the consolidated financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company

(a) General information of the parent company

	Category of entity	Place of registration	Legal representative	Principal activities
Qingdao Port Group	Limited Liability Company	Qingdao, China	Su Jianguang	Port operation and management

The Company's ultimate controlling party is Shandong Provincial State-owned Assets Supervision and Administration Commission.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Qingdao Port Group	<u>1,860,000,000</u>	<u>-</u>	<u>-</u>	<u>1,860,000,000</u>

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	31 December 2023		31 December 2022	
	Shareholding	Voting rights	Shareholding	Voting rights
Qingdao Port Group	<u>55.77%</u>	<u>55.77%</u>	<u>55.77%</u>	<u>55.77%</u>

(2) Subsidiaries

The general information and other related information of the subsidiaries is set out in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(3) Information of joint ventures and associates

Except for the information of significant joint ventures and associates disclosed in Note 6, joint ventures and associates with which the Group having related party transactions are as follows:

Name of company	Relationship with the Group
Western Union	Joint venture
QDOT	Joint venture
Qinggang equipment manufacturing	Joint venture
Shenzhouxing freight forwarder	Joint venture
Dongjiakou Sinotrans Logistics	Joint venture
China Shipping Agency	Joint venture
East Port Containers	Joint venture
United shipping agency	Joint venture
Evergreen Containers	Joint venture
Ganglianrong Logistics	Joint venture
Huaneng Qingdao	Joint venture
Linyi Expressway	Joint venture
PetroChina Warehousing	Joint venture
Gulf Liquid Chemical	Joint venture
Dongjiakou Wanbang Logistics	Joint venture
Sea Route International	Joint venture
Ganglianhai Logistics	Joint venture
Shandong Zhenhua Energy	Associate
Qingdao Port Engineering	Associate
Hailian containers	Associate
Overseas development Qingdao	Associate
Qianwan Xinhe supply chain	Associate
Shandong Port Energy	Associate
Qinggang International Trade Logistics	Associate
International Energy Trading Center	Associate
Ganggong Design Institute	Associate
China Unicom	Associate
COSCO Abu Dhabi	Associate
Gangbao supply chain	Associate
Gangying e-commerce	Associate
Qingyin Leasing	Associate
GSBN	Associate

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties

Name of company	Relationship with the Group
Qingdao Cardiovascular Hospital Co., Ltd. ("Cardiovascular Hospital") (Former Name: Qingdao Fuwai Cardiovascular Hospital Co., Ltd.)	Controlled by the same parent company
Shandong Weihai Port International Passenger Transport Co., Ltd. ("Weihai Port International Passenger Transport")	Controlled by the same parent company
Shandong Port Weihai Port Co., Ltd. ("Weihai Port Group")	Controlled by the same parent company
Qingdao Port Investment and Construction (Group) Co., Ltd. ("QDP Investment Group")	Controlled by the same parent company
Qingdao Qinggang International Travel Service Co., Ltd. ("Qinggang Travel Service")	Controlled by the same parent company
Qingdao International Cruise Line Co., Ltd. ("International Cruises")	Controlled by the same parent company
Weihai Gangtong Information Technology Co., Ltd. ("Weihai Gangtong Technology")	Controlled by the same parent company
Qingdao Hongyu Catering Co., Ltd. ("Hongyu Catering")	Controlled by the same parent company
Weihai Port Union Logistics Co., Ltd. ("Weihai Port Union Logistics")	Controlled by the same parent company
Weihai Jiaodong International Container Shipping Co., Ltd. ("Jiaodong International Container Shipping")	Controlled by the same parent company
Shandong Weihai Port International Logistics Co., Ltd. ("Weihai Port International Logistics")	Controlled by the same parent company
Weihai Dingxin Construction Engineering Co., Ltd. ("Weihai Dingxin Construction")	Controlled by the same parent company
Weihai Weigang Property Management Co., Ltd. ("Weigang Property")	Controlled by the same parent company
Weihai Gangsheng Shipping Co., Ltd. ("Weihai Gangsheng Shipping")	Controlled by the same parent company
Qingdao Port Financing Guarantee Co., Ltd. ("Financing Guarantee")	Controlled by the same parent company
Qingdao Harbor Vocational and Technical College ("Harbor Vocational College")	Controlled by the same parent company
Shandong Port Qinggang Shihua Energy Development Co., Ltd. ("Qinggang Shihua")	Controlled by the same parent company
Qingdao Port Pilot Station Co., Ltd. ("Qingdao Port Pilot Station")	Controlled by the same parent company

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Qingdao Port Investment Asset Management Co., Ltd. ("Qingdao Port Investment Asset Management")	Controlled by the same parent company
Qingdao Huanhai Bay Development and Construction Co., Ltd. ("Huanhai Bay Development and Construction")	Controlled by the same parent company
Qingdao International Cruise Port Development and Construction Co., Ltd. ("International Cruise Port Development and Construction")	Controlled by the same parent company
Shandong Port Investment Holding Co., Ltd. ("Shandong Port Investment")	Controlled by the same parent company
Shandong Commodities Trading Center Co., Ltd. ("Shandong Commodities")	Controlled by the same parent company
Shandong Gangyun Digital Technology Co., Ltd. ("Shangangyun Digital Technology")	Controlled by the same parent company
Shandong Gangxin Futures Co., Ltd. ("Shandong Gangxin Futures")	Controlled by the same parent company
Shandong Gangxin Capital Investment Co., Ltd. ("Gangxin Capital Investment")	Controlled by the same parent company
Shandong Port Insurance Brokers Co., Ltd. ("Shangang Insurance Brokers")	Controlled by the same parent company
Shandong Port Commercial Factoring Co., Ltd. ("Commercial Factoring")	Controlled by the same parent company
Shandong Port International Supply Chain Management Co., Ltd. ("Shandong Port International Supply Chain")	Controlled by the same parent company
Shandong Port Fund Management Co., Ltd. ("Shangang Fund Management")	Controlled by the same parent company
Shandong Port Microfinance Co., Ltd. ("Microfinance")	Controlled by the same parent company
Shandong Port Group Ship Service Co., Ltd. ("Shandong Port Ship Service")	Controlled by the same parent company
Yantai Gangrong Commercial Factoring Co., Ltd. ("Yantai Gangrong Commercial Factoring")	Controlled by the same parent company
Qingdao Port International Financial Leasing Co., Ltd. ("Qinggang Leasing Company")	Controlled by the same parent company
Qingdao Branch of Qinggang (Shenzhen) Commercial Factoring Co., Ltd. ("Qinggang Commercial Factoring")	Controlled by the same parent company
Weihai Yufeng Energy Co., Ltd. ("Weihai Yufeng Energy")	Controlled by the same parent company
Qingdao Wynn Insurance Agency Co., Ltd. ("Wynn Insurance")	Controlled by the same parent company

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Rizhao Commodity Supply Chain Management Co., Ltd. ("Rizhao Commodity Supply Chain")	Controlled by the same parent company
Rizhao Port Group Shanghai Commercial Factoring Co., Ltd. ("Rizhao Port Commercial Factoring")	Controlled by the same parent company
North Oil & Gas (Shandong) Industry Development Co., Ltd. ("North Oil & Gas")	Controlled by the same parent company
Weihai Shichang Liquor Co., Ltd. ("Weihai Shichang Liquor")	Controlled by the same parent company
Beijing Zhonggang Jinyuan Financial Leasing Co., Ltd. ("Zhonggang Jinyuan")	Controlled by the same parent company
Qingdao Dongjiakou Railway Co., Ltd. ("Dongjiakou Railway")	Associate of the parent company
Qingdao Cruise Home Port China Duty Free Goods Co., Ltd. ("Cruise Home Port Duty Free Goods")	Associate of the parent company
QQCTN	Subsidiary of QQCT
QQCTUA	Joint venture of QQCTU, and shared the same key management personnel with the company
QQCTU	Joint venture of QQCTN, and shared the same key management personnel with the company
Shenzhen Zoomlion International Shipping Agency Co., Ltd. ("Shenzhen Zoomlion International Shipping Agency")	Subsidiary of an associated company of the Group
Shandong Port Group	Shareholder of Qingdao Port Group
Shandong CCIC Testing Technology Co., Ltd. ("Shandong CCIC")	Shandong Port Group Joint Venture Company
Weifang Weida Container Service Co., Ltd. ("Weida Container")	Shandong Port Group Joint Venture Company
Qingdao Yigang Digital Intelligence Park Operation Management Co., Ltd. ("Yigang Digital Intelligence")	Shandong Port Group Joint Venture Company
Shandong Exchange Market Clearing House Co., Ltd. ("Shandong Exchange Market Clearing House")	Shandong Port Group Joint Venture Company
Qingdao New International Trade Comprehensive Service Co., Ltd. ("Qingdao New International Trade")	Shandong Port Group Joint Venture Company
Shandong Port Rizhao Port Group Co., Ltd. ("Rizhao Port Group")	Subsidiary of Shandong Port Group
Shangang Shanhai Car Rental (Shandong) Co., Ltd. ("Shanghai Car Rental")	Subsidiary of Shandong Port Group
Shangang Shanhai Property (Qingdao) Co., Ltd. ("Shanghai Property Qingdao")	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port Science and Technology Group Qingdao Co., Ltd. ("Technology Company")	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Co., Ltd. ("Shangang International Trade")	Subsidiary of Shandong Port Group
Shandong Port Group Culture Media Co., Ltd. ("Shangang Culture Media") (former name: Qingdao Shangang Cultural Industry Co., Ltd.)	Subsidiary of Shandong Port Group
Shandong Port Group Service Development Group Co., Ltd. ("Shangang Service Development")	Subsidiary of Shandong Port Group
Shangang Shanhai Production Guarantee (Shandong) Co., Ltd. ("Shangang Production Guarantee")	Subsidiary of Shandong Port Group
Shangang Shanhai Property (Weihai) Co., Ltd. ("Shanghai Property Weihai")	Subsidiary of Shandong Port Group
Shandong Port Medical Care and Health Management Group Co., Ltd. ("Shangang Medical Care")	Subsidiary of Shandong Port Group
Shandong Port Shipping Group Co., Ltd. ("Shangang Shipping Group")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Rizhao Co., Ltd. ("Luhai Logistics Rizhao")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Group Development Co., Ltd. ("Shangang Luhai Logistics Development")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Group Co., Ltd. ("Luhai International Logistics")	Subsidiary of Shandong Port Group
Shandong Lujian Technology Co., Ltd. ("Shandong Lujian")	Subsidiary of Shandong Port Group
Shangang Express (Qingdao) Shipping Co., Ltd. ("Shangang Express")	Subsidiary of Shandong Port Group
Rizhao Port Information Technology Co., Ltd. ("Rizhao Information Technology")	Subsidiary of Shandong Port Group
Rizhao Port Container Development Co., Ltd. ("Rizhao Port Container Development")	Subsidiary of Shandong Port Group
Zibo Inland Port Management and Operation Co., Ltd. ("Zibo Inland Port")	Subsidiary of Shandong Port Group
Xinjiang Rizhao Port Logistics Park Co., Ltd. ("Xinjiang Rizhao Port Logistics Park")	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port Sunshine Huicai Service Co., Ltd. ("Shangang Sunshine Huicai")	Subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Lanzhou) Co., Ltd. ("Shangang Luhai Lanzhou")	Subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Hainan) Co., Ltd. ("Shangang Luhai Hainan")	Subsidiary of Shandong Port Group
Shandong Port Shipping Group Weihai Co., Ltd. ("Shangang Shipping Weihai")	Subsidiary of Shandong Port Group
Shandong Port Shipping Group Yantai Container Shipping Co., Ltd. ("Shandong Port Shipping Yantai Container")	Subsidiary of Shandong Port Group
Shandong Luhai Heavy Industry Co., Ltd. ("Luhai Heavy Industry")	Subsidiary of Shandong Port Group
Shandong Port Group Weifang Port Co., Ltd. ("Shandong Port Weifang Port")	Subsidiary of Shandong Port Group
Weifang Port Bulk Cargo Terminal Co., Ltd. ("Weifang Bulk Terminal")	Subsidiary of Shandong Port Group
Shangang Luhai (Jinan) Hotel Management Co., Ltd. ("Shangang Luhai Hotel Management")	Subsidiary of Shandong Port Group
Shangang Shanhai Security	Subsidiary of Shandong Port Group
Shandong Port Technology Group Co., Ltd. ("Shangang Technology Group")	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Co., Ltd. ("Shandong Port Overseas Development")	Subsidiary of Shandong Port Group
Shandong Port Equipment Group Co., Ltd. ("Shandong Port Equipment Group")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Yantai Co., Ltd. ("Luhai Logistics Yantai")	Subsidiary of Shandong Port Group
Shangang Overseas Supply Chain (Qingdao) Co., Ltd. ("Shangang Overseas Supply Chain")	Subsidiary of Shandong Port Group
Yantai Port Ro-Ro Logistics Co., Ltd. ("Yantai Port Ro-Ro Logistics")	Subsidiary of Shandong Port Group
Yantai Port Co., Ltd. ("Yantai Port Co., Ltd.")	Subsidiary of Shandong Port Group
Longkou Port Shipping Agency Co., Ltd. ("Longkou Port Shipping Agency")	Subsidiary of Shandong Port Group
Rizhao Gangda Shipbuilding Heavy Industry Co., Ltd. ("Gangda Shipbuilding Heavy Industry")	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Shandong Port Vocational Education Group Co., Ltd. ("Shangang Vocational Education")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Bohai Bay Co., Ltd. ("Luhai Logistics Bohai Bay")	Subsidiary of Shandong Port Group
Shandong Port Group International Investment Development Co., Ltd. ("Shangang International Investment")	Subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Jinan) Co., Ltd. ("Shangang Luhai Jinan")	Subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Zhengzhou) Co., Ltd. ("Shangang Luhai Zhengzhou")	Subsidiary of Shandong Port Group
Shandong Port & Shipping Lianfa Shipping Co., Ltd. ("Port & Shipping Lianfa")	Subsidiary of Shandong Port Group
Shandong Port Group Binzhou Port Co., Ltd. ("Shangang Group Binzhou Port")	Subsidiary of Shandong Port Group
Shandong Port Engineering Management Consulting Co., Ltd. ("Shandong Port Engineering Management")	Subsidiary of Shandong Port Group
Beijing Lugang Holding Development Group Co., Ltd. ("Lugang Holding Development")	Subsidiary of Shandong Port Group
Shandong Port Luhai International Logistics Liaocheng Co., Ltd. ("Shangang Luhai Liaocheng")	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Rizhao Co., Ltd. ("Shangang Overseas Development Rizhao Company")	Subsidiary of Shandong Port Group
Shandong Port Overseas Development Group Yantai Co., Ltd. ("Shangang Overseas Development Yantai Company")	Subsidiary of Shandong Port Group
Shangang Luhai International Logistics (Xinjiang) Co., Ltd. ("Shangang Luhai Xinjiang")	Subsidiary of Shandong Port Group
Yantai Port International Shipping Agency Co., Ltd. ("Yantai Port International Shipping Agency")	Subsidiary of Shandong Port Group
Rizhao Jinqiao Energy Saving Technology Co., Ltd. ("Jinqiao Energy Saving")	Subsidiary of Shandong Port Group
Shandong Harbor Construction Group Co., Ltd. ("Shandong Harbor Construction")	Subsidiary of Shandong Port Group
Rizhao Port Machinery Engineering Co., Ltd. ("Rizhao Port Machinery Engineering")	Subsidiary of Shandong Port Group
Qingdao Shangang Creative Industry Co., Ltd. ("Shangang Creative")	Subsidiary of Shandong Port Group
Dongying Guangli Port Terminal Construction Co., Ltd. ("Guangli Port Terminal Construction")	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
China Yantai Shipping Agency Co., Ltd. ("Yantai Shipping Agency")	Subsidiary of Shandong Port Group
China Digital Technology (Qingdao) Co., Ltd. ("China Digital Technology")	Subsidiary of Shandong Port Group
Weihai Shanhai Cultural Tourism Development Co., Ltd. ("Shanhai Cultural Tourism Development")	Subsidiary of Shandong Port Group
Shouguang Port Co., Ltd. ("Shouguang Port")	Subsidiary of Shandong Port Group
Shandong Bohai Bay Haixin Port Co., Ltd. ("Bohai Bay Haixin Port")	Subsidiary of Shandong Port Group
Shandong Bohai Bay Port China Terminal Co., Ltd. ("Bohai Bay Port Ganghua")	Subsidiary of Shandong Port Group
Shandong Port Industry-City Integration Development Rizhao Co., Ltd. ("Shangang Industry-City Integration Rizhao Company")	Subsidiary of Shandong Port Group
Shandong Port Industry-City Integration Development Bohai Bay Co., Ltd. ("Shangang Industry-City Integration Bohai Bay Company")	Subsidiary of Shandong Port Group
Shandong Port Industry-City Integration Development Group Weihai Co., Ltd. ("Shangang Industry-City Integration Weihai")	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Rizhao Co., Ltd. ("Shangang International Trade Rizhao Company")	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Yantai Co., Ltd. ("Shangang International Trade Yantai Company")	Subsidiary of Shandong Port Group
Shandong Port Engineering Senior Technical School Co., Ltd. ("Shangang Senior Technical School")	Subsidiary of Shandong Port Group
Shandong Port Yantai Port Group Co., Ltd. ("Yantai Port Group")	Subsidiary of Shandong Port Group
Shandong Gangyuan Pipeline Logistics Co., Ltd. ("Shandong Gangyuan Pipeline")	Subsidiary of Shandong Port Group
Shandong Port & Shipping Oil Transportation Co., Ltd. ("Port & Shipping Oil Transportation")	Subsidiary of Shandong Port Group
Shandong Port Group (Hainan) Co., Ltd. ("Shangang Group Hainan Company")	Subsidiary of Shandong Port Group
Shandong United Energy Pipeline Transportation Co., Ltd. ("Shandong United Energy Pipeline")	Subsidiary of Shandong Port Group
Shangang Industry and Finance Industry Development (Rizhao) Co., Ltd. ("Shangang Industry and Finance Industry Development Rizhao")	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Rizhao Shihua Crude Oil Terminal Co., Ltd. ("Rizhao Shihua")	Subsidiary of Shandong Port Group
Rizhao Haitong Liner Co., Ltd. ("Haitong Liner")	Subsidiary of Shandong Port Group
Rizhao Port Phoenix Bay Development and Construction Co., Ltd. ("Phoenix Bay Development and Construction")	Subsidiary of Shandong Port Group
Rizhao Gangshan Steel Terminal Co., Ltd. ("Rizhao Port Shangang Terminal")	Subsidiary of Shandong Port Group
Rizhao Harbor Engineering Testing Co., Ltd. ("Rizhao Harbor Engineering Testing")	Subsidiary of Shandong Port Group
Rizhao Port Co., Ltd. ("Rizhao Port Lanshan Port")	Subsidiary of Shandong Port Group
Rizhao Port Co., Ltd. ("Rizhao Port Co., Ltd.")	Subsidiary of Shandong Port Group
Rizhao Port Marine Machinery Industry Co., Ltd. ("Rizhao Port Marine Machinery")	Subsidiary of Shandong Port Group
Rizhao Port Luda Construction Co., Ltd. ("Rizhao Port Luda")	Subsidiary of Shandong Port Group
Rizhao Port Jifa Yuanda International Logistics Co., Ltd. ("Rizhao Port Jifa Yuanda")	Subsidiary of Shandong Port Group
Yantai Zhongli Outer Shipping Tally Co., Ltd. ("Yantai Foreign Shipping")	Subsidiary of Shandong Port Group
Yantai International Container Terminal Co., Ltd. ("Yantai Container")	Subsidiary of Shandong Port Group
Yantai Huigang Stevedoring Co., Ltd. ("Huigang Stevedor")	Subsidiary of Shandong Port Group
Yantai Port International Logistics Co., Ltd. ("Yantai Port International Logistics")	Subsidiary of Shandong Port Group
Yantai Port Energy Bulk Cargo Terminal Co., Ltd. ("Yantai Port Energy Bulk Cargo Terminal")	Subsidiary of Shandong Port Group
Yantai Port & Shipping Investment & Development Co., Ltd. ("Yantai Port & Shipping Investment")	Subsidiary of Shandong Port Group
Yantai Port West Port Development Co., Ltd. ("Yantai Port West Port Area Development")	Subsidiary of Shandong Port Group
Yantai Port Barge Co., Ltd. ("Yantai Port Barge")	Subsidiary of Shandong Port Group
Yantai Port Operation Guarantee Co., Ltd. ("Yantai Port Operation Guarantee")	Subsidiary of Shandong Port Group
Yantai Port Group Laizhou Port Co., Ltd. ("Yantai Port Laizhou Port")	Subsidiary of Shandong Port Group
Yantai Port Group Penglai Port Co., Ltd. ("Penglai Port")	Subsidiary of Shandong Port Group
Yantai Port Container Terminal Co., Ltd. ("Yantai Port Container Terminal")	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Penglai Port Ferry Terminal Co., Ltd. ("Penglai Gang Ferry Terminal")	Subsidiary of Shandong Port Group
Yellow River Delta Construction Engineering Co., Ltd. ("Yellow River Delta Construction")	Subsidiary of Shandong Port Group
Longkou Zhongli Outer Shipping Tally Co., Ltd. ("Longkou Outer Shipping Tally")	Subsidiary of Shandong Port Group
Longkou Xinggang Industrial Co., Ltd. ("Longkou Xinggang Industrial")	Subsidiary of Shandong Port Group
Longkou Port Marine Fuel Supply Company Limited ("Longkou Port Marine Fuel")	Subsidiary of Shandong Port Group
Longkou Port Loading and Unloading Co., Ltd. ("Longkou Port Stevedoring")	Subsidiary of Shandong Port Group
Longkou Port Group Co., Ltd. ("Longkou Port Group")	Subsidiary of Shandong Port Group
Longkou Port Group Railway Co., Ltd. ("Longkou Port Railway")	Subsidiary of Shandong Port Group
Longkou Bingang Liquid Chemical Terminal Co., Ltd. ("Longkou Port Liquid Chemical")	Subsidiary of Shandong Port Group
Shandong Shanhai Longxiang Health Management Co., Ltd. ("Shanghai Longxiang Health")	Subsidiary of Shandong Port Group
Binzhou Gangtong Pipeline Co., Ltd. ("Binzhou Gangtong Pipeline")	Subsidiary of Shandong Port Group
Shandong Shanhai Post Hotel Management Co., Ltd. ("Shanghai Post Hotel")	Subsidiary of Shandong Port Group
Shandong Port International Trade Group Qingdao Co., Ltd. ("Shandong Port International Trade Qingdao Company")	Subsidiary of Shandong Port Group
Shandong Port Cruise Culture & Tourism Group Co., Ltd. ("Shangang Cruise Cultural Tourism")	Subsidiary of Shandong Port Group
Gangxin Capital Management (Hong Kong) Limited ("Gangxin Capital Hong Kong")	Subsidiary of Shandong Port Group
Rongcheng Jiutai Tourism Development Co., Ltd. ("Jiutai Tourism")	Subsidiary of Shandong Port Group
Shandong Port Industry-City Integration Development Group Co., Ltd. ("Shandong-Port Industry-City Integration Development")	Subsidiary of Shandong Port Group
Shandong Land-Sea Linkage Fund Management Co., Ltd. ("Land-Sea Linkage Fund Management")	Subsidiary of Shandong Port Group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Binzhou Port Group Co., Ltd. ("Binzhou Port")	Subsidiary of Shandong Port Group
Rizhao Lingang International Logistics Co., Ltd. ("Rizhao Lingang International Logistics")	Subsidiary of Shandong Port Group
Weifang Outer Shipping Tally Co., Ltd. ("Weifang Foreign Tally")	Subsidiary of Shandong Port Group
Dongying Linghang Port Co., Ltd. ("Dongying Linghang Port")	Subsidiary of Shandong Port Group
Shandong Bohai Bay Port Barge Co., Ltd. ("Bohai Bay Barge")	Subsidiary of Shandong Port Group
Shandong Port Bibi Energy Trading Co., Ltd. ("Bibi Energy")	Subsidiary of Shandong Port Group
Shandong Port & Shipping Changlong Shipping Co., Ltd. ("Port & Shipping Changlong")	Subsidiary of Shandong Port Group
Yantai Port Supply Chain Logistics Co., Ltd. ("Yantai Port Supply Chain")	Subsidiary of Shandong Port Group
Shandong Gangyi Commercial Development Co., Ltd. ("Shangangyi Commercial")	Subsidiary of Shandong Port Group
Henan Rizhao Port Logistics Co., Ltd. ("Henan Rizhao Port Logistics")	Subsidiary of Shandong Port Group
Shandong Port Technology Group Rizhao Co., Ltd. ("Shangang Technology Rizhao Company")	Subsidiary of Shandong Port Group
Shandong Port & Shipping Energy Trading Co., Ltd. ("Port & Shipping Energy")	Subsidiary of Shandong Port Group
Shandong Gangtong Engineering Management Consulting Co., Ltd. ("Shangangtong Engineering Management Consulting")	Subsidiary of Shandong Port Group
Shandong Rizhao Bibo Tea Industry Co., Ltd. ("Rizhao Bibo Tea Industry")	Subsidiary of Shandong Port Group
Shandong Port Rizhao Port Group Co., Ltd. Bibo Hotel ("Bibo Hotel")	Subsidiary of Shandong Port Group
Weihai Lujian Technology Service Co., Ltd. ("Weihai Lujian")	Subsidiary of Shandong Port Group
Shandong Port Bohai Bay Port Group Co., Ltd. ("Bohai Bay Group")	Subsidiary of Shandong Port Group
Yantai Port Group Zhoushan Shipping Co., Ltd. ("Yantai Port Zhoushan Shipping")	Subsidiary of Shandong Port Group
China COSCO Shipping Corporation Limited ("COSCO SHIPPING Group") (i)	Minority shareholders with significant influence over the Group
Orient Overseas Container Line (China) Co., Ltd. ("OOCL Containers")	Controlled by COSCO shipping group
China Ocean Shipping Agency Co., Ltd. ("China Ocean Shipping Agency")	Controlled by COSCO shipping group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Xiamen Yuanda International Freight Forwarding Co., Ltd. ("Xiamen Yuanda Cargo")	Controlled by COSCO shipping group
Rizhao Zhongli Outer Shipping Tally Co., Ltd. ("Rizhao Zhongli Outer Shipping Tally")	Controlled by COSCO shipping group
Qingdao COSCO SHIPPING Logistics Supply Chain Co., Ltd. ("COSCO SHIPPING Logistics Supply Chain")	Controlled by COSCO shipping group
Qingdao COSCO SHIPPING Container Lines Co., Ltd. ("Qingdao COSCO SHIPPING Containers")	Controlled by COSCO shipping group
Tianjin COSCO Shipping Container Lines Co., Ltd. ("Tianjin Shipping Containers")	Controlled by COSCO shipping group
China Marine Fuel Qingdao Co., Ltd. ("CSSC Fuel Qingdao")	Controlled by COSCO shipping group
China Rizhao Shipping Agency Co., Ltd. ("Rizhao Shipping Agency")	Controlled by COSCO shipping group
China Qingdao Shipping Agency Co., Ltd. ("Qingdao Shipping Agency")	Controlled by COSCO shipping group
Xin Sanli Container Service Co., Ltd. ("Xin Sanli Container")	Controlled by COSCO shipping group
Qingdao COSCO SHIPPING Air Freight Forwarding Co., Ltd. ("Qingdao COSCO SHIPPING Air Freight Forwarding")	Controlled by COSCO shipping group
Shanghai COSCO Weizhi Tank Logistics Co., Ltd. ("COSCO Weizhi Tank Container Logistics")	Controlled by COSCO shipping group
Qingdao COSCO SHIPPING Engineering Logistics Co., Ltd. ("Qingdao COSCO SHIPPING Engineering Logistics")	Controlled by COSCO shipping group
Orient Overseas Logistics (China) Co., Ltd. ("OOCL Logistics")	Controlled by COSCO shipping group
Tianjin Waidai Freight Co., Ltd. ("Tianjin Waidai")	Controlled by COSCO shipping group
Henan COSCO SHIPPING Container Lines Co., Ltd. ("COSCO SHIPPING Containers")	Controlled by COSCO shipping group
China Lianyungang Shipping Agency Co., Ltd. ("Lianyungang Shipping Agency")	Controlled by COSCO shipping group
COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Containers")	Controlled by COSCO shipping group
Ningbo COSCO SHIPPING Xintuo International Freight Co., Ltd. ("Xintuo International Freight")	Controlled by COSCO shipping group
Guangzhou COSCO SHIPPING Container Lines Co., Ltd. ("Guangzhou Shipping Containers")	Controlled by COSCO shipping group
Tianjin Binhai COSCO Container Logistics Co., Ltd. ("Tianjin Container Logistics")	Controlled by COSCO shipping group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Qingdao COSCO SHIPPING Navigation Technology Co., Ltd. ("COSCO SHIPPING Navigation Technology")	Controlled by COSCO shipping group
Qingdao China Gas Industrial Co., Ltd. ("China Gas Industry")	Controlled by COSCO shipping group
COSCO SHIPPING Bulk Lines Limited ("COSCO SHIPPING Bulk")	Controlled by COSCO shipping group
COSCO SHIPPING (Qingdao) Co., Ltd. ("COSCO SHIPPING Qingdao")	Controlled by COSCO shipping group
China Shipping Bulk Shipping Company Limited ("China Shipping Bulk")	Controlled by COSCO shipping group
COSCO SHIPPING Logistics Supply Chain Co., Ltd. ("COSCO Logistics Supply Chain")	Controlled by COSCO shipping group
COSCO SHIPPING Special Lines Co., Ltd. ("COSCO SHIPPING Special Transportation")	Controlled by COSCO shipping group
COSCO Shipping (Hong Kong) Investment Development Co., Ltd. ("COSCO Shipping Investment Development")	Controlled by COSCO shipping group
Hainan Haisheng Shipping Co., Ltd. ("Hainan Haisheng Shipping")	Controlled by COSCO shipping group
Qingdao COSCO SHIPPING Logistics Co., Ltd. ("COSCO SHIPPING Logistics")	Controlled by COSCO shipping group
Tianjin Yuanchang Refrigerated Container Service Co., Ltd. ("Yuanchang Refrigerated Container")	Controlled by COSCO shipping group
COSCO SHIPPING Passenger Transport Company Limited ("COSCO Passenger Transport")	Controlled by COSCO shipping group
Jiangsu COSCO Supply Chain Management Co., Ltd. ("Jiangsu COSCO Supply Chain")	Controlled by COSCO shipping group
Shanghai Puhai Shipping Co., Ltd. ("Shanghai Puhai Shipping")	Controlled by COSCO shipping group
Xinxinhai Shipping Co., Ltd. ("Xinxinhai Shipping")	Controlled by COSCO shipping group
Qingdao Sino-Ocean Daya Bonded Logistics Co., Ltd. ("Sino-Ocean Daya Bonded Logistics")	Controlled by COSCO shipping group
Shanghai Beihai Shipping Co., Ltd. ("Shanghai Beihai Shipping")	Controlled by COSCO shipping group
China Marine Fuel Lianyungang Co., Ltd. ("China Marine Fuel Lianyungang")	Controlled by COSCO shipping group
COSCO Datang Shipping Co., Ltd. ("COSCO Datang Shipping")	Controlled by COSCO shipping group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Nanjing COSCO SHIPPING Logistics Co., Ltd. ("COSCO Logistics Nanjing")	Controlled by COSCO shipping group
Ningbo COSCO Shipping Agency Co., Ltd. ("Ningbo COSCO Shipping Agency")	Controlled by COSCO shipping group
Guangzhou Ocean Special Transportation Co., Ltd. ("Ocean Special Transportation")	Controlled by COSCO shipping group
Xi'an COSCO SHIPPING Container Line Co., Ltd. ("Xi'an COSCO SHIPPING Containers")	Controlled by COSCO shipping group
Qingdao COSCO SHIPPING Customs Brokerage Co., Ltd. ("COSCO SHIPPING Declaration")	Controlled by COSCO shipping group
Qingdao COSCO SHIPPING Lines International Logistics Co., Ltd. ("Qingdao COSCO Lines International Logistics")	Controlled by COSCO shipping group
Qingdao Harbour International Logistics Co., Ltd. ("Harbour Logistics")	Controlled by COSCO shipping group
Qingdao Ocean Shipping Supply Co., Ltd. ("Qingdao Ocean Shipping")	Controlled by COSCO shipping group
Dalian COSCO SHIPPING Logistics Supply Chain Co., Ltd. ("Dalian COSCO SHIPPING Logistics")	Controlled by COSCO shipping group
Qingdao Sino-Ocean Daya Logistics Co., Ltd. ("Sino-Ocean Daya")	Controlled by COSCO shipping group
Shanghai Pan Asia Shipping Co., Ltd. ("Shanghai Pan Asia Shipping")	Controlled by COSCO shipping group
Qingdao COSCO Hongchi Logistics Co., Ltd. ("COSCO Hongchi Logistics")	Controlled by COSCO shipping group
Zhejiang Xinggang International Freight Forwarding Co., Ltd. ("Xinggang International Freight")	Controlled by COSCO shipping group
Shenzhen Yihaitong Global Supply Chain Management Co., Ltd. ("Yihaitong Global Supply Chain")	Controlled by COSCO shipping group
Zhanjiang COSCO SHIPPING Logistics Co., Ltd. ("Zhanjiang COSCO Logistics")	Controlled by COSCO shipping group
COSCO SHIPPING Lines Xiamen Co., Ltd. ("COSCO SHIPPING Containers Xiamen")	Controlled by COSCO shipping group

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Other related parties (Continued)

Name of company	Relationship with the Group
Xiamen COSCO SHIPPING Logistics Co., Ltd. ("COSCO SHIPPING Logistics Xiamen")	Controlled by COSCO shipping group
Shanghai COSCO SHIPPING Port Investment Co., Ltd. ("Shanghai COSCO SHIPPING Port Investment")	Controlled by COSCO shipping group
Guangzhou Offshore Engineering Consulting Co., Ltd. ("Offshore Engineering Consulting")	Controlled by COSCO shipping group
Shanghai Times Shipping Co., Ltd. ("Times Shipping")	Controlled by COSCO shipping group
Lianyungang Ocean Fluid Handling Equipment Co., Ltd. ("Lianyungang Ocean Fluid")	Controlled by COSCO shipping group
Tianjin Yuanhai Goldwind New Energy Co., Ltd. ("Tianjin Goldwind New Energy")	Controlled by COSCO shipping group

- (i) China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING Group") indirectly holds 21.27% of the Company's shares via Shanghai China Shipping Terminal, Qingdao COSCO, China Shipping Terminal Development and COSCO Shipping Port Development Co., Ltd., and COSCO Shipping Group has a significant influence on the company.

(5) Related party transactions

Pricing policy

The Group's purchases, sales, provision or acceptance of services with related parties are conducted in accordance with the pricing and settlement terms agreed with the other party in the ordinary course of business. The rents collected and paid to related parties shall be determined after negotiation between the two parties. The interest rates for deposits and loans with Shandong Port Finance are determined after negotiation between both parties based on the benchmark interest rate of the People's Bank of China for the same period or the quoted market rate loans as released by the National Interbank Funding Centre.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services

(i) Purchase of goods or services:

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
Shandong Group and its subsidiaries*		1,870,361,945	1,898,334,624
Qingdao Port Engineering	Procurement of engineering materials, engineering, design services	916,521,718	1,206,673,806
Qinggang equipment manufacturing	Procurement of engineering materials, engineering, design services	187,537,086	-
Gangda Shipbuilding Heavy Industry	Engineering and design services	104,085,725	10,862,882
Shanghai Property Qingdao	Property, catering and other services	86,166,501	-
Shangang Luhai Logistics Development	Loading and unloading, logistics and other services	77,877,644	18,484,055
Technology Company	Software development, information operation and maintenance services	69,489,937	78,359,141
Shandong Harbor Construction	Engineering and design services	57,536,003	161,895,239
Shangang Luhai Liaocheng	Loading and unloading, logistics and other services	54,216,854	104,744,472
Shandong Port Overseas Development	Loading and unloading, logistics and other services	44,665,190	-
QDP Investment Group	Procurement of engineering materials, engineering labor, etc	29,813,547	4,776,205
Shanghai Property Weihai	Property, catering and other services	18,131,189	-
Qinggang Shihua	Loading and unloading, logistics and other services	18,014,924	23,853,367
Shangang Shanghai Security	Security, property services	17,601,186	-
Shangang Shipping Group	Loading and unloading, logistics and other services	13,920,847	1,533,716

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(i) Purchase of goods or services: (Continued)

		Year ended 31 December 2023	Year ended 31 December 2022
Cardiovascular Hospital	Medical services	13,422,619	31,540,927
Shangang Express	Loading and unloading, logistics and other services	12,248,675	43,014,165
Shangang Service Development	Procurement of materials, promotional services, etc	12,097,241	-
Luhai Logistics Rizhao	Loading and unloading, logistics and other services	10,823,615	3,737,991
Weihai Dingxin Construction	Procurement of engineering materials, engineering labor, etc	8,188,605	18,505,243
Luhai Heavy Industry	Procurement of engineering materials, engineering, design services	7,489,820	13,914,372
Shangang Luhai Zhengzhou	Loading and unloading, logistics and other services	7,471,542	4,078,003
Shangang Culture Media	Procurement of materials, promotional services, etc	6,109,449	2,291,433
Weihai Gangtong Technology	Information operation and maintenance, technical services	5,906,226	4,859,562
Shangang Overseas Development Yantai Company	Loading and unloading, logistics and other services	5,248,759	-
Shangang Production Guarantee	Procurement of materials and labor services	5,091,758	-
Shangang Luhai Xinjiang	Loading and unloading, logistics and other services	4,363,363	13,332,401
Luhai International Logistics	Loading and unloading, logistics and other services	4,283,496	61,392,112
Luhai Logistics Bohai Bay	Loading and unloading, logistics and other services	3,744,147	21,945,513
Other subsidiaries of Shandong Port Group	Loading and unloading, logistics and other services	68,294,279	68,540,019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(i) Purchase of goods or services: (Continued)

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
COSCO SHIPPING Group and its subsidiaries**		198,064,860	343,303,275
CSSC Fuel Qingdao	Procurement of fuel	102,722,815	107,455,549
Qingdao COSCO SHIPPING Containers	Loading and unloading, logistics and other services	55,173,934	136,591,161
OOCL Containers	Loading and unloading, logistics and other services	17,198,423	50,642,521
China Ocean Shipping Agency	Loading and unloading, logistics and other services	12,758,070	23,713,412
Shenzhouxing freight forwarder	logistics and other services	5,736,957	2,611,748
United shipping agency	logistics and other services	1,117,660	7,039,386
Ganglianhai Logistics	Loading and unloading, logistics and other services	1,047,044	914,191
Shanghai Pan Asia Shipping	Loading and unloading, logistics and other services	324,297	4,081,628
Other subsidiaries of COSCO Shipping Group	Loading and unloading, logistics and other services	1,985,660	10,253,679
Qingdao Shihua	Loading and unloading, logistics and other services	682,075,455	444,742,575
Western Union	Loading and unloading, logistics and other services	129,849,978	130,495,282
Huaneng Qingdao	Loading and unloading, logistics and other services	86,220,482	77,027,256
Qianwan Xinhe supply chain	Loading and unloading, logistics and other services	48,994,210	3,081,315
QDOT	Loading and unloading, logistics and other services	21,656,753	13,323,771
QQCTU	Loading and unloading, logistics and other services	14,189,410	15,916,630
Dongjiakou Railway	Loading and unloading, logistics and other services	9,518,976	38,876,678
QQCT	Loading and unloading, logistics and other services	7,343,949	15,062,304
Other related parties	Loading and unloading, logistics, training, tourism and other services	22,448,886	23,430,099
		<u>3,090,724,904</u>	<u>3,003,593,809</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(ii) Selling goods and rendering services:

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
Shandong Group and its subsidiaries*		777,531,795	1,175,380,127
Shangang Luhai Logistics Development	Transportation, loading and unloading, maintenance and other labor services	285,701,436	62,240,737
Shangang International Trade	Transportation, loading and unloading, maintenance and other labor services	142,160,562	137,049,614
Luhai Logistics Bohai Bay	Transportation, loading and unloading, maintenance and other labor services	43,605,116	141,377,722
Shandong Port Overseas Development	Transportation, loading and unloading, maintenance and other labor services	38,514,278	25,486,251
Shangang Luhai Liaocheng	Transportation, loading and unloading, maintenance and other labor services	30,911,274	7,167,308
Shangang Express	Transportation, loading and unloading, maintenance and other labor services	25,390,591	37,586,418
Luhai International Logistics	Transportation, loading and unloading, maintenance and other labor services	22,904,503	421,044,602
Qingdao Port Group	O&M, property, communications and other labor services	17,292,513	28,004,365
Luhai Logistics Rizhao	Transportation, loading and unloading, maintenance and other labor services	14,492,463	9,485,268
QDP Investment Group	O&M, property, communications and other labor services	14,380,878	21,660,539
Shangang Luhai Xinjiang	Transportation, loading and unloading, maintenance and other labor services	9,950,627	5,676,010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(ii) Selling goods and rendering services: (Continued)

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
Jiaodong International Container Shipping	Transportation, loading and unloading, maintenance and other labor services	9,661,231	28,723,267
Weihai Port International Logistics	Transportation, loading and unloading, maintenance and other labor services	9,469,312	1,868,911
Shangang Sunshine Huicai	O&M, property, communications and other labor services	9,211,398	1,019,784
Shangang Shipping Group	Transportation, loading and unloading, maintenance and other labor services	8,663,606	87,291,317
Shangang Overseas Development Yantai Company	Transportation, property and other labor services	7,994,376	9,226
Shandong Port Group	O&M, property, communications and other labor services	7,080,537	20,749,245
Shangang Shipping Weihai	Transportation, loading and unloading, maintenance and other labor services	6,971,967	28,895,716
Qingdao Port Engineering	O&M, property, communications and other labor services	6,758,319	3,691,203
Shangang Luhai Zhengzhou	Transportation, loading and unloading, maintenance and other labor services	6,340,345	3,529,952
Harbor Vocational College	Transportation, loading and unloading, maintenance and other labor services	4,470,200	372,917

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(ii) Selling goods and rendering services: (Continued)

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
Shandong Group and its subsidiaries*			
Shangang Group Binzhou Port	O&M, property, communications and other labor services	4,359,234	5,271,228
Qinggang equipment manufacturing	O&M, property, communications and other labor services	4,327,086	-
Shangang Luhai Hotel Management	Transportation, loading and unloading, maintenance and other labor services	4,108,691	4,656,464
Shangang International Trade Rizhao Company	Transportation, loading and unloading, maintenance and other labor services	2,298,084	44,413,400
Shandong-Port Industry-City Integration Development	O&M, property, communications and other labor services	1,415,076	5,756,144
Other subsidiaries of Shandong Port Group	Transportation, loading and unloading, maintenance and other labor services	39,098,092	42,352,519
COSCO SHIPPING Group and its subsidiaries**		516,415,390	540,432,790
China Ocean Shipping Agency	Transportation, loading and unloading, maintenance and other labor services	172,340,965	171,196,580
Shenzhouxing freight forwarder	Transportation, loading and unloading, maintenance and other labor services	71,069,215	59,471,437
Sino-Ocean Daya	Transportation, loading and unloading, maintenance and other labor services	54,083,701	51,266,522
East Port Containers	Transportation, loading and unloading, maintenance and other labor services	30,839,422	25,167,906
Qingdao COSCO SHIPPING Containers	Transportation, loading and unloading, maintenance and other labor services	27,286,101	34,247,334
COSCO SHIPPING Containers	Transportation, loading and unloading, maintenance and other labor services	26,779,262	24,678,052
Shanghai Pan Asia Shipping	Transportation, loading and unloading, maintenance and other labor services	24,875,169	24,487,624
Ganglianhai Logistics	Transportation, loading and unloading, maintenance and other labor services	19,406,487	19,295,300
United shipping agency	Transportation, loading and unloading, maintenance and other labor services	15,069,249	10,816,836

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(ii) Selling goods and rendering services: (Continued)

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
China Shipping Agency	Transportation, loading and unloading, maintenance and other labor services	13,125,191	10,782,142
COSCO SHIPPING Logistics	Transportation, loading and unloading, maintenance and other labor services	12,858,800	5,162,755
Rizhao Shipping Agency	Transportation, loading and unloading, maintenance and other labor services	9,228,871	6,896
Sea Route International	Transportation, loading and unloading, maintenance and other labor services	5,936,416	5,891,147
COSCO SHIPPING Logistics Xiamen	Transportation, loading and unloading, maintenance and other labor services	5,699,587	30,060,136
Xinggong International Freight	Transportation, loading and unloading, maintenance and other labor services	4,235,654	11,970,678
Qingdao Shipping Agency	Transportation, loading and unloading, maintenance and other labor services	1,049,245	35,970,904
Other subsidiaries of COSCO Shipping Group	Transportation, loading and unloading, maintenance and other labor services	22,532,055	19,960,541
QQCT	Transportation, loading and unloading, maintenance and other labor services	536,780,690	518,300,505
QQCTN	Transportation, loading and unloading, maintenance and other labor services	198,091,709	191,620,345
QQCTU	Transportation, loading and unloading, maintenance and other labor services	138,697,509	139,598,806
QDOT	Transportation, loading and unloading, maintenance and other labor services	137,199,081	123,726,331
Qingdao Shihua	Transportation, loading and unloading, maintenance and other labor services	107,350,022	212,381,039
Evergreen Containers	Transportation, loading and unloading, maintenance and other labor services	40,799,171	36,005,341
QQCTUA	Transportation, loading and unloading, maintenance and other labor services	40,728,335	58,894,407
Ganghai Logistics	Transportation, loading and unloading, maintenance and other labor services	7,972,164	23,260,060
Other related parties	Transportation, loading and unloading, maintenance and other labor services	54,818,066	68,942,514
		<u>2,556,383,932</u>	<u>3,088,542,265</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(ii) Selling goods and rendering services: (Continued)

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
Shandong Group and its subsidiaries*		51,731,804	38,252,869
Rizhao Port Machinery Engineering	Construction labor	17,614,679	-
Qingdao Port Engineering	Construction labor	14,690,357	10,799,877
Shandong Harbor Construction	Construction labor	12,943,725	7,026,950
QDP Investment Group	Construction labor	5,005,008	4,517,427
Rizhao Port Container Development		-	7,680,000
Rizhao Port Co., Ltd.	Construction labor	-	2,706,422
Qingdao Port Group	Construction labor	-	2,236,165
Other subsidiaries of Shandong Port Group	Construction labor	1,478,035	3,286,028
COSCO SHIPPING Group and its subsidiaries**		-	23,293
Shenzhouxing freight forwarder	Construction labor	-	23,293
QQCT	Construction labor	600,143	2,516,928
QQCTU	Construction labor	357,094	486,413
Qingdao Shihua	Construction labor	351,092	2,578,455
Other related parties	Construction labor	11,943	1,026,559
		<u>53,052,076</u>	<u>44,884,517</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(ii) Selling goods and rendering services: (Continued)

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
Shandong Group and its subsidiaries*		59,582,711	102,675,900
Qingdao Port Engineering	Sales of water, electricity, steam, oil, etc	7,630,752	11,149,986
QDP Investment Group	Sales of water, electricity, steam, oil, etc	5,682,719	11,518,672
Qinggang equipment manufacturing	Sales of water, electricity, steam, oil, etc	5,407,087	-
Qingdao Port Group	Sales of water, electricity, steam, oil, etc	4,924,860	4,635,021
Rizhao Port Co., Ltd.	Sales of water, electricity, steam, oil, etc	4,546,465	21,485,019
Binzhou Gangtong Pipeline	Sales of water, electricity, steam, oil, etc	4,263,127	-
Shandong Harbor Construction Technology Company	Sales of water, electricity, steam, oil, etc	2,777,630	2,992,858
Weifang Bulk Terminal	Sales of water, electricity, steam, oil, etc	2,357,047	2,005,778
Yantai Port Co., Ltd.	Sales of water, electricity, steam, oil, etc	2,282,333	-
International Cruises	Sales of water, electricity, steam, oil, etc	2,210,663	12,544,623
Shanghai Property Qingdao	Sales of water, electricity, steam, oil, etc	2,192,854	1,672,573
Shandong Port Group	Sales of water, electricity, steam, oil, etc	2,011,350	-
Weihai Port International Passenger Transport	Sales of water, electricity, steam, oil, etc	1,781,941	2,024,398
Shangang Group Binzhou Port	Sales of water, electricity, steam, oil, etc	1,609,511	778,691
Harbor Vocational College	Sales of water, electricity, steam, oil, etc	623,416	1,744,628
Penglai Port	Sales of water, electricity, steam, oil, etc	617,431	723,786
Rizhao Port Lanshan Port	Sales of water, electricity, steam, oil, etc	566,947	904,112
Guangli Port Terminal Construction	Sales of water, electricity, steam, oil, etc	486,372	4,967,472
Longkou Port Group	Sales of water, electricity, steam, oil, etc	435,893	1,218,856
Luhai International Logistics	Sales of water, electricity, steam, oil, etc	363,013	1,309,026
Rizhao Port Group	Sales of water, electricity, steam, oil, etc	346,816	1,420,382
Other subsidiaries of Shandong Port Group	Sales of water, electricity, steam, oil, etc	-	9,117,639
		6,464,484	10,462,380

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(ii) Selling goods and rendering services: (Continued)

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
COSCO SHIPPING Group and its subsidiaries**		12,457,673	15,845,196
Shenzhouxing freight forwarder	Sales of water, electricity, steam, oil, etc	3,869,967	5,514,473
East Port Containers	Sales of water, electricity, steam, oil, etc	3,252,603	3,198,121
Ganglianhai Logistics	Sales of water, electricity, steam, oil, etc	2,759,472	3,144,449
China Gas Industry	Sales of water, electricity, steam, oil, etc	1,870,904	3,476,370
Other subsidiaries of COSCO Shipping Group	Sales of water, electricity, steam, oil, etc	704,727	511,783
QDOT	Sales of water, electricity, steam, oil, etc	182,117,244	179,032,740
QQCT	Sales of water, electricity, steam, oil, etc	108,539,745	148,489,031
QQCTN	Sales of water, electricity, steam, oil, etc	74,175,366	76,614,622
QQCTUA	Sales of water, electricity, steam, oil, etc	16,164,558	19,672,737
Western Union	Sales of water, electricity, steam, oil, etc	12,482,015	14,574,281
Qingdao Shihua	Sales of water, electricity, steam, oil, etc	11,023,606	11,470,213
QQCTU	Sales of water, electricity, steam, oil, etc	10,026,844	10,131,210
Other related parties	Sales of water, electricity, steam, oil, etc	12,196,947	12,431,642
		<u>498,766,709</u>	<u>590,937,572</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(a) Purchase and sale of goods, and rendering and receiving of services (Continued)

(ii) Selling goods and rendering services: (Continued)

Contents of transactions		Year ended 31 December 2023	Year ended 31 December 2022
Shandong Group and its subsidiaries*		-	223,271,243
Shandong Port Weifang Port	Sales of port machinery and other equipment	-	78,250,000
Rizhao Port Co., Ltd.	Sales of port machinery and other equipment	-	59,722,000
QDP Investment Group	Sales of port machinery and other equipment	-	26,648,707
Rizhao Port Lanshan Port	Sales of port machinery and other equipment	-	24,706,000
Shandong Harbor Construction	Sales of port machinery and other equipment	-	22,391,451
Qingdao Port Engineering	Sales of port machinery and other equipment	-	11,432,142
Other subsidiaries of Shandong Port Group	Sales of port machinery and other equipment	-	120,943
QQCTU	Sales of port machinery and other equipment	-	106,836,000
QQCTN	Sales of port machinery and other equipment	-	70,360,000
QQCT	Sales of port machinery and other equipment	-	11,209,991
Western Union	Sales of port machinery and other equipment	-	2,583,797
		<u>-</u>	<u>414,261,031</u>
		<u>3,108,202,717</u>	<u>4,138,625,385</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(b) Leases

(i) Lease income confirmed by the Group as a lessor:

Related Parties	Type of leased assets	Year ended 31 December 2023	Year ended 31 December 2022
Shandong Group and its subsidiaries*		20,802,052	12,919,226
Qingdao Port Engineering	Buildings, warehouse facilities	12,861,281	6,568,529
Shanghai Property Qingdao	Buildings, warehouse facilities	2,011,395	–
Qingdao Port Group	Housing buildings	1,833,879	1,833,879
Technology Company	Buildings, machinery and equipment	1,710,071	3,884,204
Qinggang equipment manufacturing	Buildings, warehouse facilities	620,962	–
Shandong Port Shipping	Depot facilities		
Yantai Container		433,481	–
Other subsidiaries of Shandong Port Group	Buildings, warehouse facilities, machinery and equipment	1,330,983	632,614
COSCO SHIPPING Group and its subsidiaries**		18,630,823	19,317,643
East Port Containers	Buildings, warehouse facilities	8,008,001	8,007,516
Ganglianhai Logistics	Warehouse facilities, machinery and equipment	6,982,716	6,975,728
Shenzhouxing freight forwarder	Warehouse facilities, machinery and equipment	3,205,327	3,941,795
Other subsidiaries of COSCO Shipping Group	Buildings, warehouse facilities, machinery and equipment	434,779	392,604
QQCT	Buildings, depot facilities, port facilities, vehicles	223,897,833	225,708,525
Qingdao Shihua	Buildings, warehouse facilities, machinery and equipment	74,422,287	160,061,498
QDOT	Warehouse facilities, vehicles	39,062,186	15,911,672
Evergreen Containers	Buildings, warehouse facilities	10,811,664	10,196,147
QQCTN	Port facilities, vehicles	10,394,302	9,149,192
QQCTU	Buildings, port facilities, vehicles	8,794,823	9,367,949
Other related parties	Buildings, warehouse facilities, machinery and equipment	17,702,360	14,214,182
		<u>424,518,330</u>	<u>476,846,034</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(b) Leases (Continued)

(ii) Right-of-use assets leased by the Group as a lessee:

Related Parties	Lease asset type	Year ended 31 December 2023	Year ended 31 December 2022
QDP Investment Group	Buildings, machinery and equipment	34,472,359	11,724,406
Western Union	Depot facilities	5,128,643	10,062,874
Shangang International Trade	Housing buildings	1,690,506	-
QQCT	Housing buildings	1,115,212	611,323
QQCTU	Buildings, warehouse facilities	844,215	26,194,545
Shandong Port Finance	Port facilities, warehouse facilities, machinery and equipment	-	332,507,971
Dongjiakou SinoTrans			
Logistics	Depot facilities	-	11,640,001
Qingdao Port Group	Depot facilities	-	2,897,162
Qingdao Port Investment Asset Management	Depot facilities	-	276,290
		<u>43,250,935</u>	<u>395,914,572</u>

(iii) Interest expense from lease liabilities incurred by the Group as a lessee:

Related Parties	Year ended 31 December 2023	Year ended 31 December 2022
Shandong Port Finance	16,111,500	2,082,642
Qingdao Port Group	4,655,772	6,226,776
QDP Investment Group	967,228	453,167
QQCTU	681,094	1,068,466
Qinggang Leasing Company	-	8,012,021
Other related parties	382,588	417,235
	<u>22,798,182</u>	<u>18,260,307</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(b) Leases (Continued)

- (iv) Rental expenses for short-term leases and low-value leases directly included in profit or loss for the period in which the Group is a lessee:

Related Parties	Type of leased assets	Lease fee confirmed for the year ended 2023	Lease fee confirmed for the year ended 2022
Shandong Group and its subsidiaries*		93,728,815	128,113,783
Qingdao Port Group	Buildings, land use rights, storage facilities, machinery and equipment, vehicles	54,813,292	94,266,410
QDP Investment Group	Buildings, port facilities, storage facilities, machinery and equipment, vehicles	29,279,438	28,276,928
Weihai Port Group	Housing buildings	3,215,872	43,713
Weihai Port International Passenger Transport	Buildings, warehouse facilities	1,994,528	140,642
Harbor Vocational College	Housing buildings	1,451,877	1,352,680
Shangang International Trade	Housing buildings	1,246,438	1,887,876
Other subsidiaries of Shandong Port Group	Buildings, warehouse facilities	1,727,370	2,145,534
COSCO SHIPPING Group and its subsidiaries**	Housing buildings	662,100	354,010
Shenzhouxing freight forwarder	Housing buildings	483,186	105,500
Ganglianhai Logistics	Housing buildings	133,865	180,723
China Shipping Agency	Housing buildings	45,049	22,641
East Port Containers	Housing buildings	-	45,146
QQCTN	Depot facilities	13,845,069	-
Western Union	Warehouse facilities, land use rights	5,537,395	11,152,268
QDOT	Depot facilities	2,642,355	11,837,900
QQCTU	Buildings, land use rights	-	9,110,904
Dongjiakou Sinotrans Logistics	Depot facilities, port facilities	-	3,506,880
Other related parties	Buildings, warehouse facilities, machinery and equipment	1,323,962	5,945,192
		<u>117,739,696</u>	<u>170,020,937</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(b) Leases (Continued)

(v) Rent paid by the Group as a lessee:

Related Parties	Year ended 31 December 2023	Year ended 31 December 2022
Shandong Port Finance	146,711,783	29,019,541
Qingdao Port Group	100,648,205	115,618,860
QDP Investment Group	42,702,938	29,489,926
QQCTN	13,845,069	–
Western Union	10,775,490	11,278,806
QQCTU	9,765,850	9,765,850
Dongjiakou Sinotrans Logistics	4,044,450	7,551,331
Weihai Port Group	3,215,872	43,713
QDOT	2,642,355	11,837,900
Weihai Port International Passenger Transport	1,994,528	140,642
Shangang International Trade	1,606,261	1,887,876
Harbor Vocational College	1,451,877	1,352,680
QQCT	1,078,470	2,698,554
Dongjiakou Railway	952,895	3,335,133
Qinggang Leasing Company	–	56,911,226
Other related parties	2,485,471	2,719,437
	<u>343,921,514</u>	<u>283,651,475</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(b) Leases (Continued)

(v) Rent paid by the Group as a lessee: (Continued)

Note:

* These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Hong Kong Stock Exchange's Securities Listing Rules and are the transactions between the Group and Shandong Port Group Co., Ltd.

** These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Hong Kong Stock Exchange's Securities Listing Rules and are the transactions between the Group and COSCO SHIPPING Group.

According to the Company's announcement on the proposed continuing connected transactions, the transaction quota approved by the Group with Shandong Port Group and COSCO SHIPPING Group is as follows, and the transaction amount in 2023 does not exceed the transaction quota.

	Approved transaction quotas
Transaction between the Group and Shandong Port Group:	
The Group procures products and services from Shandong Port Group	9,000,000,000
The Group sells products and services to Shandong Port Group	2,400,000,000
The Group provided asset leasing services to Shandong Port Group	40,000,000
Shandong Port Group provides asset leasing services to the Group	350,000,000
Transaction between the Group and COSCO SHIPPING Group:	
The Group sells products and services to COSCO SHIPPING Group	1,500,000,000
The Group purchases products and services from COSCO SHIPPING Group	800,000,000
The Group provides asset leasing services to COSCO SHIPPING Group	60,000,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Finance lease and capital loans

(i) Borrowings from Shandong Port Finance-

	Amount	Starting date	Due Date
Shandong Port Finance	2,000,000	2023-01-05	2024-01-04
Shandong Port Finance	11,500,000	2023-01-18	2029-01-17
Shandong Port Finance	4,000,000	2023-01-18	2024-01-17
Shandong Port Finance	28,523,823	2023-01-28	2033-01-27
Shandong Port Finance	13,166,560	2023-01-31	2033-01-30
Shandong Port Finance	10,000,000	2023-02-09	2024-02-08
Shandong Port Finance	800,000	2023-02-27	2024-02-26
Shandong Port Finance	368,072	2023-02-27	2033-02-26
Shandong Port Finance	42,610,931	2023-03-06	2033-03-05
Shandong Port Finance	50,000,000	2023-03-30	2026-03-29
Shandong Port Finance	4,700,000	2023-04-18	2028-04-17
Shandong Port Finance	24,192,158	2023-04-27	2028-04-26
Shandong Port Finance	60,000,000	2023-05-11	2024-05-10
Shandong Port Finance	39,034,726	2023-05-29	2033-05-28
Shandong Port Finance	29,000,000	2023-05-30	2028-05-29
Shandong Port Finance	1,200,000	2023-06-06	2024-06-05
Shandong Port Finance	120,000,000	2023-06-26	2024-06-25
Shandong Port Finance	23,938,758	2023-06-26	2033-06-25
Shandong Port Finance	20,000,000	2023-06-27	2024-06-26
Shandong Port Finance	1,000,000	2023-07-13	2024-07-12
Shandong Port Finance	65,718,080	2023-07-14	2033-07-13
Shandong Port Finance	5,000,000	2023-08-04	2024-08-03
Shandong Port Finance	5,869,522	2023-09-13	2033-09-12
Shandong Port Finance	11,780,000	2023-09-18	2028-09-17
Shandong Port Finance	3,000,000	2023-09-26	2024-09-25
Shandong Port Finance	15,248,142	2023-09-28	2033-09-27
Shandong Port Finance	2,000,000	2023-10-10	2024-10-09
Shandong Port Finance	7,490,000	2023-10-17	2028-10-16
Shandong Port Finance	5,000,000	2023-10-26	2024-10-25
Shandong Port Finance	2,469,137	2023-10-26	2028-10-25

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Finance lease and capital loans (Continued)

(i) Borrowings from Shandong Port Finance- (Continued)

	Amount	Starting date	Due Date
Shandong Port Finance	2,000,000	2023-11-02	2024-11-01
Shandong Port Finance	2,000,000	2023-11-13	2024-11-12
Shandong Port Finance	1,300,000	2023-11-23	2024-11-22
Shandong Port Finance	3,908,277	2023-11-29	2028-11-28
Shandong Port Finance	1,950,000	2023-12-07	2024-12-06
Shandong Port Finance	20,600,000	2023-12-08	2028-12-07
Shandong Port Finance	2,000,000	2023-12-12	2024-12-11
Shandong Port Finance	8,000,000	2023-12-14	2024-12-13
Shandong Port Finance	9,000,000	2023-12-14	2024-12-13
Shandong Port Finance	4,490,927	2023-12-22	2028-12-21
Shandong Port Finance	2,000,000	2023-12-27	2024-12-27
Shandong Port Finance	6,467,938	2023-12-29	2033-12-28
	<u>673,327,051</u>		

(ii) Obtaining factoring loan-

	Amount	Starting date	Due Date
Qingdao Port Group	100,000,000	2023-05-23	2026-05-22
Qingdao Port Group	20,000,000	2023-05-23	2024-05-22
Qingdao Port Group	50,000,000	2023-03-22	2024-03-21
Qingdao Port Group	137,000,000	2023-05-30	2026-05-30
Qingdao Port Group	100,000,000	2023-07-27	2026-07-27
	<u>407,000,000</u>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Finance lease and capital loans (Continued)

(iii) Interest income from borrowings and finance leases

	Year ended 31 December 2023	Year ended 31 December 2022
QDOT	-	43,633,956
QQCTN	-	34,101,951
Shandong Port International Trade Qingdao Company	-	17,049,736
Weihai Port Group	-	14,434,620
QQCTU	-	13,525,510
Qingdao Port Engineering	-	12,074,462
QDP Investment Group	-	10,480,410
Shandong Port International Supply Chain	-	5,016,786
Qingyin Leasing	-	2,173,333
PetroChina Warehousing	-	1,639,361
Cardiovascular Hospital	-	1,354,245
QQCT	-	149,178
Other related parties	-	2,175,214
	<u>-</u>	<u>157,808,762</u>

(iv) Interest income -

	Year ended 31 December 2023	Year ended 31 December 2022
Shandong Port Finance	<u>93,603,535</u>	<u>15,273,493</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(c) Finance lease and capital loans (Continued)

(v) Interest expenses on deposits -

	Year ended 31 December 2023	Year ended 31 December 2022
QQCT	-	11,777,574
Qingdao Port Group	-	9,375,191
QQCTN	-	8,058,026
Qingdao Shihua	-	8,052,384
Shandong Port Investment	-	3,727,502
International Cruise Port Development and Construction	-	2,897,414
Dongjiakou Wanbang Logistics	-	1,644,510
Technology Company	-	1,546,800
QQCTU	-	1,242,682
Commercial Factoring	-	1,176,259
QDP Investment Group	-	834,716
Western Union	-	585,444
Weihai Port Group	-	576,694
Qinggang Travel Service	-	549,546
QDOT	-	539,375
Shangangyun Digital Technology	-	432,545
International Energy Trading Center	-	404,002
Wynn Insurance	-	400,834
Cardiovascular Hospital	-	399,290
Qinggang Leasing Company	-	392,313
Ganglianhai Logistics	-	313,875
Gulf Liquid Chemical	-	267,221
Other related parties	-	1,912,311
	<u>-</u>	<u>57,106,508</u>

(vi) Interest expenses on related party borrowings -

	Year ended 31 December 2023	Year ended 31 December 2022
Shandong Port Finance	100,044,718	22,091,392
Qinggang Leasing Company	5,700,000	-
Qingdao Port Group	2,424,646	6,392,500
Commercial Factoring	-	958,399
	<u>108,169,364</u>	<u>29,442,291</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(d) Investment income

	Year ended 31 December 2023	Year ended 31 December 2022
QQCT	974,471,906	858,893,603
Qingdao Shihua	285,426,219	287,326,049
Shandong Port Finance	112,354,274	44,462,942
China Unicom	29,992,940	24,711,902
Evergreen Containers	24,294,379	20,409,757
Qingyin Leasing	22,559,273	15,566,313
Qinggang equipment manufacturing	21,831,407	–
Qinggang International Trade Logistics	15,231,188	(1,507,727)
Western Union	14,852,283	12,881,668
PetroChina Warehousing	13,043,546	17,519,972
QDOT	10,632,096	(5,991,619)
Shenzhouxing freight forwarder	10,302,022	13,164,292
East Port Containers	9,047,050	6,260,247
Technology Company	4,980,345	3,714,581
Ganglianrong Logistics	4,470,357	3,036,793
Ganglianhai Logistics	3,127,900	2,361,732
United shipping agency	2,831,175	2,402,999
Huaneng Qingdao	2,728,846	2,005,525
Shandong Port Energy	1,937,574	1,510,230
Gulf Liquid Chemical	1,334,454	1,113,786
Hailian containers	1,203,248	1,414,517
Overseas development Qingdao	1,151,687	47,794
China Shipping Agency	1,082,833	639,281
Sea Route International	1,078,000	910,000
Dongjiakou Sinotrans Logistics	326,691	75,471
Shangang Luhai Jinan	308,457	39,874
Ganghai Logistics	(30,415)	(1,896,061)
Linyi Expressway	(137,492)	(963,620)
Dongjiakou Wanbang Logistics	(159,302)	(101,171)
Qianwan Xinhe supply chain	(832,895)	(2,508,073)
International Energy Trading Center	(969,752)	215,177
GSBN	(3,986,479)	–
Qingdao Port Engineering	(11,396,694)	(11,528,443)
COSCO Abu Dhabi	(21,863,857)	(39,405,600)
	<u>1,531,223,264</u>	<u>1,256,782,191</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(e) Remuneration of key management

	Year ended 31 December 2023	Year ended 31 December 2022
Remuneration of key management	<u>10,339,883</u>	<u>10,780,252</u>

(f) Other related party transactions

(i) *Port construction fees, harbour dues and port facility security expenses received and paid on behalf of related parties to their clients.*

	Year ended 31 December 2023	Year ended 31 December 2022
Funds received under the entrustment of related parties —		
QQCT	4,129,125,888	3,022,518,240
QQCTN	1,689,639,215	1,267,771,138
QQCTU	1,423,910,958	931,970,311
QQCTUA	<u>453,025,683</u>	<u>313,655,387</u>
	<u>7,695,701,744</u>	<u>5,535,915,076</u>
Funds paid to related parties—		
QQCT	4,144,516,734	2,988,444,179
QQCTN	1,683,931,294	1,261,518,704
QQCTU	1,422,349,285	911,439,971
QQCTUA	<u>452,266,789</u>	<u>309,931,625</u>
	<u>7,703,064,102</u>	<u>5,471,334,479</u>

Port construction fees, harbour dues and port facility security expenses received and paid on behalf of related parties are collected by the Company's subsidiary QDP Logistics on behalf of related parties including QQCT, QQCTU, QQCTUA and QQCTN from their clients and paid to above related parties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(f) Other related party transactions (Continued)

(ii) Port charges, berthing fees and security fees collected by related parties on behalf of the Group

	Year ended 31 December 2023	Year ended 31 December 2022
Qingdao Shihua	102,752,734	98,404,215
QQCT	62,286,266	57,371,558
QDOT	36,847,982	41,374,873
QQCTN	27,602,284	21,124,785
QQCTU	24,853,155	26,677,927
QQCTUA	8,882,703	8,900,522
West United	8,011,591	7,857,187
	<u>271,236,715</u>	<u>261,711,067</u>

Related parties such as Qingdao Shihua and QQCT charge customers for port charges, berthing fees, and security fees for the cargo and submit 50% of them to the Company.

(iii) Accept the commission payment of related parties

	Year ended 31 December 2023	Year ended 31 December 2022
Qinggang equipment manufacturing	205,079,203	–
QDOT	93,674,625	69,522,621
Qingdao Port Engineering	76,837,260	97,192,538
QQCT	62,387,352	52,195,812
QQCTU	36,924,769	32,288,950
Qingdao Shihua	30,072,638	27,501,272
QQCTN	19,075,079	14,682,492
Western Union	14,413,784	18,238,569
Shanghai Property Qingdao	7,994,968	–
Qingdao Port Group	5,688,206	7,365,950
Cardiovascular Hospital	3,014,651	2,768,124
Evergreen Containers	2,365,011	4,067,289
Huaneng Qingdao	1,913,889	1,575,351
QDP Investment Group	1,864,920	3,246,975
Harbor Vocational College	1,725,003	1,563,913
Shangang Production Guarantee	1,512,223	–
Shenzhouxing freight forwarder	1,474,746	2,376,091
Other related parties	9,918,164	8,649,596
	<u>575,936,491</u>	<u>343,235,543</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transactions (Continued)

(f) Other related party transactions (Continued)

(iii) Accept the commission payment of related parties (Continued)

Tongze Trading, a subsidiary of the Company, provides agency procurement services for related parties, and accepts the entrustment of related parties to pay purchase money to suppliers.

(iv) Disposal of subsidiaries

In 2023, the Group disposed of 100% of equity interests in Shangang Shanghai Security to Shangang Service Development. For details please refer to Note 5(1).

(6) Related party balance

(a) Cash at bank and on hand

	31 December 2023		31 December 2022	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Shandong Port Finance – Cash at bank	9,514,721,924	–	8,467,959,020	–
Shandong Port Finance – Other cash balances	3,602,104	–	6,096,521	–
Shandong Port Finance – Accrued interest	17,134,426	–	23,557,472	–
	<u>9,535,458,454</u>	<u>–</u>	<u>8,497,613,013</u>	<u>–</u>

(b) Notes receivable

	31 December 2023		31 December 2022	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Qinggang equipment manufacturing	16,147,818	(511,468)	622,452	(20,066.00)
International Cruises	1,785,491	(56,554)	1,074,066	(34,625.00)
Qingdao Port Engineering	1,240,573	(39,294)	50,099,482	(1,615,072.00)
QDP Investment Group	901,288	(28,547)	–	–
Western Union	–	–	891,448	(28,738.00)
Qingdao Port Group	–	–	868,594	(28,001.00)
	<u>20,075,170</u>	<u>(635,863)</u>	<u>53,556,042</u>	<u>(1,726,502)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(c) Accounts receivable

	31 December 2023		31 December 2022	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Qingdao Shihua	306,723,998	(48,490,461)	172,036,813	(5,345,968)
QDOT	96,787,090	(15,412,331)	86,136,947	(7,982,123)
Shangang Luhai Logistics Development	61,379,417	(1,918,350)	53,784,384	(1,665,452)
Qingdao Port Engineering Shandong Harbor Construction	51,769,694	(2,480,388)	1,485,123	(45,987)
Rizhao Port Machinery Engineering	47,466,929	(2,314,254)	1,086,350	(33,639)
Shenzhouxing freight forwarder	29,957,435	(1,340,735)	–	–
Overseas development Qingdao	21,802,461	(681,413)	12,684,834	(392,790)
QQCTU	20,972,119	(655,462)	–	–
Shangang Luhai Liaocheng QDP Investment Group	16,038,505	(1,278,218)	5,159,131	(159,827)
QQCTN	13,993,865	(437,364)	5,352,787	(165,751)
QQCT	13,689,301	(1,869,108)	13,453,817	(991,348)
Evergreen Containers	11,752,152	(415,901)	184,358,302	(108,552,336)
Qingdao Port Group	11,248,785	(513,459)	7,027,781	(222,187)
Sino-Ocean Daya	8,164,449	(255,171)	6,314,093	(195,518)
Qinggang equipment manufacturing	7,967,404	(2,050,679)	10,273,448	(1,781,323)
East Port Containers	7,569,168	(236,566)	10,024,242	(310,404)
Binzhou Gangtong Pipeline	7,201,954	(2,794,003)	4,062,310	(968,024)
	6,453,186	(201,688)	4,781,119	(148,049)
	4,817,333	(215,598)	–	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(c) Accounts receivable (Continued)

	31 December 2023		31 December 2022	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Jiaodong International				
Container Shipping	4,519,765	(141,261)	14,504,918	(449,150)
Shangang Express	3,998,526	(124,970)	22,411,448	(693,978)
Shangang Service				
Development	3,588,419	(112,152)	-	-
Dongjiakou Wanbang				
Logistics	3,538,275	(2,663,110)	2,639,294	(2,635,012)
Ganglianhai Logistics	3,419,383	(106,869)	3,143,468	(97,339)
Sea Route International	3,031,200	(94,737)	-	-
Ganglianrong Logistics	2,749,797	(85,942)	2,468,589	(76,441)
Luhai Logistics Rizhao	2,724,502	(85,151)	2,124,343	(65,781)
China Ocean Shipping				
Agency	2,215,626	(69,247)	2,753,899	(85,275)
Shangang Shipping Weihai	1,603,250	(50,108)	10,356,746	(320,700)
Luhai International Logistics	1,599,644	(49,995)	60,027,298	(1,858,766)
Luhai Logistics Bohai Bay	218,591	(6,832)	30,508,451	(944,705)
Ganghai Logistics	-	-	15,108,402	(467,837)
Qinggang International				
Trade Logistics	-	-	4,549,034	(140,862)
Rizhao Port Co., Ltd.	-	-	3,948,542	(122,268)
Other related parties	29,695,168	(1,606,616)	31,082,687	(1,124,860)
	<u>808,657,391</u>	<u>(88,758,139)</u>	<u>783,648,600</u>	<u>(138,043,700)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(d) Contract assets

	31 December 2023		31 December 2022	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Qingdao Port Engineering Shandong Harbor Construction	13,137,523	(648,933)	4,173,339	(66,188)
QQCT	2,601,972	(128,526)	7,659,376	(121,475)
QQCTN	732,570	(36,186)	1,585,282	(25,142)
QDOT	550,000	(27,167)	1,191,177	(18,892)
QDOT	-	-	19,394,669	(307,594)
Qinggang equipment manufacturing	-	-	8,211,850	(130,238)
Huanhai Bay Development and Construction	-	-	4,699,683	(74,536)
QDP Investment Group	-	-	4,360,487	(69,156)
Qingdao Shihua	-	-	3,900,763	(61,865)
PetroChina Warehousing	-	-	689,726	(10,939)
Other related parties	336,559	(16,625)	1,572,868	(24,944)
	<u>17,358,624</u>	<u>(857,437)</u>	<u>57,439,220</u>	<u>(910,969)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(e) Prepayments and other non-current assets

	31 December 2023	31 December 2022
Qinggang equipment manufacturing	20,670,000	1,971,000
Shandong Port Equipment Group	16,870,000	–
Technology Company	14,243,007	270,000
Western Union	8,490,034	9,537,536
Shangang International Trade	1,868,865	–
Dongjiakou Railway	1,596,640	–
Weihai Yufeng Energy	1,087,500	–
Luhai Logistics Rizhao	1,008,333	104,841
China Ocean Shipping Agency	829,491	167,926
Weihai Lujian	741,060	–
Qingdao COSCO SHIPPING Containers	689,169	601,381
Shanghai Car Rental	660,000	–
Shanghai Pan Asia Shipping	65,704	233,982
QDP Investment Group	19,000	1,528,948
Other related parties	1,596,162	380,297
	<u>70,434,965</u>	<u>14,795,911</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(f) Other receivables

Dividend receivable

	31 December 2023	31 December 2022
Shenzhouxing freight forwarder	13,164,292	–
Qinggang equipment manufacturing	13,006,994	–
	<u>26,171,286</u>	<u>–</u>

Other

	31 December 2023		31 December 2022	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Qinggang equipment manufacturing	136,066,032	(4,462,984)	78,150,866	(2,719,107)
Qingdao Port Engineering	34,080,980	(1,115,022)	35,865,026	(1,256,258)
QDOT	12,373,870	(395,605)	30,837,973	(1,090,378)
Western Union	10,810,804	(302,407)	10,916,416	(316,515)
Weihai Port International Passenger Transport	9,238,634	(315,580)	9,032,971	(336,323)
QQCT	6,917,976	(215,347)	2,956,594	(102,179)
Qingdao Shihua	6,900,434	(225,791)	7,469,264	(258,501)
QQCTU	6,220,418	(203,496)	2,036,550	(69,289)
QQCTN	3,996,392	(130,739)	2,065,425	(71,381)
Qingdao Port Group	3,861,859	(129,434)	3,219,120	(111,201)
China Ocean Shipping Agency	3,591,377	(73,490)	2,107,000	(30,353)
Qingdao COSCO SHIPPING Containers	2,340,000	(33,509)	510,000	(7,292)
Shanghai Property Qingdao	2,150,293	(70,946)	–	–
OOCL Containers	2,087,708	(68,114)	1,090,911	(37,499)
China Unicom	1,403,513	(47,997)	–	–
Evergreen Containers	1,361,276	(25,096)	3,620,286	(69,587)
Shangang Shipping Group	1,100,000	(24,949)	403,758	(5,849)
QDP Investment Group	248,501	(4,451)	8,108,336	(276,215)
Shandong Harbor Construction	106,642	(3,512)	14,546,845	(536)
Ganghai Logistics	–	–	19,368,427	(669,369)
Qingdao Shipping Agency	–	–	14,234,629	(478,978)
Shandong Port Equipment Group	–	–	13,537,891	–
Overseas development Qingdao	–	–	13,140,000	(454,116)
Other related parties	6,997,891	(201,878)	12,298,149	(344,956)
	<u>251,854,600</u>	<u>(8,050,347)</u>	<u>285,516,437</u>	<u>(8,705,882)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(g) Short-term borrowings

	31 December 2023	31 December 2022
Shandong Port Finance – Unsecured	76,250,000	188,800,000
Shandong Port Finance – Accrued interest	109,960	211,987
	<u>76,359,960</u>	<u>189,011,987</u>

(h) Notes payable

	31 December 2023	31 December 2022
Qingdao Port Engineering	161,612,389	286,970,482
Shandong Harbor Construction Technology Company	40,332,523	7,772,119
QDP Investment Group	6,576,290	–
Luhai Heavy Industry	4,145,500	–
Qinggang equipment manufacturing	2,459,726	–
Qinggang equipment manufacturing	2,280,339	46,793,439
Lianyungang Ocean Fluid	886,860	108,700
Qinggang International Trade Logistics	105,048	473,054
Shangangtong Engineering Management Consulting	–	1,174,911
Qinggang Commercial Factoring	–	154,000
	<u>218,398,675</u>	<u>343,446,705</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(i) Accounts payable

	31 December 2023	31 December 2022
Qingdao Shihua	766,713,612	166,158,629
Qingdao Port Engineering	206,803,942	161,556,729
Western Union	32,006,359	19,042,463
Qinggang equipment manufacturing	29,735,876	9,800,203
Shangang Luhai Liaocheng	17,147,754	15,089,848
Shangang Luhai Logistics Development	17,034,316	13,445,146
Weihai Dingxin Construction	14,507,095	7,727,253
Shanghai Property Qingdao	12,830,390	–
QDP Investment Group	9,157,663	20,156,898
Huaneng Qingdao	9,077,358	10,464,708
QDOT	8,605,454	15,658,576
CSSC Fuel Qingdao	6,727,632	7,145,123
Luhai Logistics Rizhao	5,810,935	162,255
Dongjiakou Sinotrans Logistics	2,182,830	3,115,558
Qianwan Xinhe supply chain	1,922,473	3,004,389
Luhai International Logistics	715,311	6,627,750
Cardiovascular Hospital	436,195	2,846,155
Luhai Logistics Bohai Bay	208,586	3,203,736
Other related parties	33,694,339	20,382,893
	<u>1,175,318,120</u>	<u>485,588,312</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(j) Advances from customers

	31 December 2023	31 December 2022
Evergreen Containers	5,299,756	-
Shenzhouxing freight forwarder	180,989	180,989
Qianwan Xinhe supply chain	-	1,626,590
Western Union	-	486,449
Other related parties	-	7,128
	<u>5,480,745</u>	<u>2,301,156</u>

(k) Contract Liabilities

	31 December 2023	31 December 2022
Qingdao Port Group	2,376,579	2,376,579
Luhai Logistics Rizhao	1,564,945	186,000
QDP Investment Group	688,733	581,498
Qingdao COSCO SHIPPING Containers	431,775	2,591,370
China Ocean Shipping Agency	371,063	346,394
Dongjiakou Railway	365,758	365,758
Shangang International Trade Rizhao Company	281,035	-
Shangang Express	229,150	16,223
Qingdao Shipping Agency	108,790	108,861
Sino-Ocean Daya	-	2,891,601
Shangang Luhai Xinjiang	-	2,560,900
Shangang Shipping Group	-	1,681,791
Evergreen Containers	-	1,004,480
Other related parties	425,674	2,180,806
	<u>6,843,502</u>	<u>16,892,261</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(l) Other payables

	31 December 2023	31 December 2022
Qingdao Port Engineering	1,180,183,171	976,125,122
Qinggang equipment manufacturing	285,660,302	387,181,910
Shanghai Property Qingdao	84,194,763	–
Shandong Harbor Construction	56,703,638	17,632
Shangang Shanghai Security	45,699,469	–
QDP Investment Group	40,217,064	40,271,483
QQCT	22,978,988	46,073,685
Qingdao Port Group	21,670,618	20,297,284
QQCTU	19,185,578	24,716,940
Shangangtong Engineering Management Consulting	13,519,937	1,140,800
QQCTN	12,083,640	10,469,033
Technology Company	9,769,695	9,389,777
COSCO SHIPPING Containers	7,379,830	–
Evergreen Containers	6,638,799	10,382,689
Qingdao COSCO SHIPPING Containers	5,253,821	13,440,972
Other related parties	45,635,603	49,017,714
	<u>1,856,774,916</u>	<u>1,588,525,041</u>

(m) Other non-current liabilities

	31 December 2023	31 December 2022
QQCT	2,026,086,683	2,223,508,059
QQCTN	40,303,040	42,821,980
QQCTU	10,086,333	11,296,693
	<u>2,076,476,056</u>	<u>2,277,626,732</u>

(n) Long-term borrowings

	31 December 2023	31 December 2022
Shandong Port Finance – Unsecured	1,877,293,787	1,989,947,600
Shandong Port Finance – Accrued interest	2,526,119	2,828,851
	<u>1,879,819,906</u>	<u>1,992,776,451</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Related party balance (Continued)

(o) Lease liabilities

	31 December 2023	31 December 2022
Shandong Port Finance	207,178,931	323,955,057
Qingdao Port Group	66,703,276	104,109,847
QDP Investment Group	29,597,646	7,499,347
QQCTU	9,719,955	18,070,995
Dongjiakou Sinotrans Logistics	3,880,000	–
Shangang International Trade	1,349,960	–
QQCT	865,840	413,434
Qingdao Port Investment Asset Management	96,564	184,029
Western Union	19,519	5,026,677
	<u>319,411,691</u>	<u>459,259,386</u>

(p) Long-term payables

	31 December 2023	31 December 2022
Qingdao Port Group	196,117,132	239,239,785
Qinggang Leasing Company	120,870,833	120,870,833
Shandong Port Finance	–	40,053,778
	<u>316,987,965</u>	<u>400,164,396</u>

(q) Employee compensation payable

	31 December 2023	31 December 2022
key management	<u>4,321,194</u>	<u>2,983,473</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Operating lease receipts after the balance sheet date

Pursuant to the signed irrevocable operating lease contract, in addition to the operating lease out commitments mentioned in Note 4 (15), the Group's future collection of related party rents is summarized as follows:

	31 December 2023	31 December 2022
Evergreen Containers	115,268,966	115,073,895
Qingdao Shihua	40,619,120	40,209,800
East Port Containers	9,861,110	-
Qianwan Xinhe supply chain	9,495,269	4,446,121
QDOT	7,833,000	7,833,000
QQCT	7,357,738	7,369,738
Ganglianhai Logistics	7,242,687	2,877,723
Ganglianrong Logistics	5,087,800	-
Shanghai Property Qingdao	3,293,410	-
Hailian containers	2,607,260	995,825
Shenzhouxing freight forwarder	2,108,500	8,114,232
Qingdao Port Engineering	1,878,013	2,478,013
Qingdao Port Group	1,185,402	1,185,402
Qinggang equipment manufacturing	633,832	-
Western Union	592,120	1,897,800
Shangang Shanghai Security	524,046	-
QQCTU	481,160	-
Shandong Port Energy	470,550	-
CSSC Fuel Qingdao	322,914	313,314
Weihai Shichang Liquor	255,000	21,250
Shangang Technology Group	192,591	-
Gulf Liquid Chemical	46,080	-
QQCTN	19,200	-
Weihai Port International Logistics	10,505	-
Cardiovascular Hospital	-	11,040
Ganghai Logistics	-	34,560
	<u>217,386,273</u>	<u>192,861,713</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(8) Benefits and interests of directors

(a) Directors' and CEO's emoluments

The remuneration of every director, supervisor and CEO for the year ended 31 December 2023 are set out below:

Name	Emoluments in respect of a person's services as a director						Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary and allowance	Annuity plan	Endowment insurance	Other social pension	Bonus		
Executive directors:								
Su Jianguang	-	-	-	-	-	-	-	-
Zhang Baohua	-	461,340	88,685	40,717	24,207	837,384	-	1,452,333
Non-executive Directors:								
Li Wucheng	-	-	-	-	-	-	-	-
Wang Fuling	-	478,140	77,744	40,717	24,207	613,746	-	1,234,554
Zhu Tao	-	-	-	-	-	-	-	-
Xue Baolong	-	-	-	-	-	-	-	-
Independent Non-executive Directors:								
Li Yan	273,771	-	-	-	-	-	-	273,771
Jiang Min	273,771	-	-	-	-	-	-	273,771
Li Guohao	332,646	-	-	-	-	-	-	332,646
Supervisors:								
Liu Shuiguo	-	445,476	56,736	40,717	24,207	433,280	-	1,000,416
Xie Chunhu	-	-	-	-	-	-	-	-
Yao Junjun	-	377,210	41,373	40,717	24,207	391,944	-	875,451
Li Zhengxu	-	376,290	56,736	40,717	24,207	402,466	-	900,416
Independent Non-executive Supervisors:								
Yang Qiulin	155,963	-	-	-	-	-	-	155,963
Wang Yaping	155,963	-	-	-	-	-	-	155,963
	<u>1,192,114</u>	<u>2,138,456</u>	<u>321,274</u>	<u>203,585</u>	<u>121,035</u>	<u>2,678,820</u>	<u>-</u>	<u>6,655,284</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(8) Benefits and interests of directors (Continued)

(a) Directors' and CEO's emoluments (Continued)

The remuneration of every director, supervisor and CEO for the year ended 31 December 2022 are set out below:

Name	Emoluments in respect of a person's services as a director						Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary and allowance	Annuity plan	Endowment insurance	Other social pension	Bonus		
Executive directors:								
Wang Xinze(i)	-	430,580	80,330	31,838	17,656	611,015	-	1,171,419
Su Jianguang	-	-	-	-	-	-	-	-
Zhang Baohua(ii)	-	72,518	15,383	6,368	3,681	127,418	-	225,368
Non-executive Directors:								
Li Wucheng	-	-	-	-	-	-	-	-
Wang Jun(i)	-	-	-	-	-	-	-	-
Feng Boming(iii)	-	-	-	-	-	-	-	-
Zhang Dayu(iv)	-	-	-	-	-	-	-	-
Wang Fuling	-	451,980	61,160	38,206	21,337	581,289	-	1,153,972
Zhu Tao(v)	-	-	-	-	-	-	-	-
Xue Baolong(v)	-	-	-	-	-	-	-	-
Independent Non-executive Directors:								
Li Yan	273,529	-	-	-	-	-	-	273,529
Jiang Min	273,529	-	-	-	-	-	-	273,529
Li Guohao	332,353	-	-	-	-	-	-	332,353

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(8) Benefits and interests of directors (Continued)

(a) Directors' and CEO's emoluments (Continued)

Name	Emoluments in respect of a person's services as a director						Emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Fees	Salary and allowance	Annuity plan	Endowment insurance	Other social pension	Bonus		
Supervisors:								
Zhang Qingcao (vi)	-	-	-	-	-	-	-	-
Xia Xiliang (iii)	-	120,000	16,934	12,736	6,987	165,420	-	322,077
Liu Shuiguo	-	392,057	50,803	38,206	21,337	450,743	-	953,146
Wang Xiaoyan (iii)	-	131,836	17,283	19,103	10,481	156,964	-	335,667
Xie Chunhu (vii)	-	-	-	-	-	-	-	-
Yao Junjun (vii)	-	140,678	17,747	19,103	10,856	139,121	-	327,505
Li Zhengxu (viii)	-	-	-	-	-	-	-	-
Independent Non-executive Supervisors:								
Yang Qiulin	155,882	-	-	-	-	-	-	155,882
Wang Yaping	155,882	-	-	-	-	-	-	155,882
	<u>1,191,175</u>	<u>1,739,649</u>	<u>259,640</u>	<u>165,560</u>	<u>92,335</u>	<u>2,231,970</u>	<u>-</u>	<u>5,680,329</u>

(i) Departed on 28 October 2022.

(ii) Assumed the role of Executive Director on 23 December 2022 and General Manager on 28 October 2022.

(iii) Departed on 28 June 2022.

(iv) Assumed the role on 28 June 2022 and departed on 28 October 2022.

(v) Assumed the role on 23 December 2022.

(vi) Departed on 05 December 2022.

(vii) Assumed the role on 28 June 2022.

(viii) Assumed the role on 23 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(8) Benefits and interests of directors (Continued)

(a) Directors' and CEO's emoluments (Continued)

	Providing director services to the Company or its subsidiaries		Providing other services to the Company or its subsidiaries		Total	
	2023	2022	2023	2022	2023	2022
Directors' emoluments (Executive and non-executive directors)	<u>2,686,887</u>	<u>2,550,759</u>	<u>-</u>	<u>-</u>	<u>2,686,887</u>	<u>2,550,759</u>

In 2023, non-executive director Zhu Tao was employed and paid by COSCO SHIPPING Ports Limited Co., Ltd. ("COSCO SHIPPING Ports") from January 2023 to December 2023. Non-executive director Xue Baolong was employed and paid by QDP Group from January 2023 to December 2023.

In 2022, non-executive directors Feng Boming and Zhang Dayu were employed and paid by COSCO SHIPPING Ports Limited Co., Ltd. ("COSCO SHIPPING Ports") from January 2022 to June 2022 and from July 2022 to October 2022 respectively. As from 23 December 2022, non-executive director Zhu Tao was employed and paid by COSCO SHIPPING Ports.

In 2023, directors Su Jianguang and Li Wucheng and supervisor Xie Chunhu were employed and paid by QDP Group from January 2023 to December 2023.

In 2022, directors Su Jianguang and Li Wucheng were employed and paid by QDP Group from January 2022 to December 2022. Director Wang Jun was employed and paid by QDP Group from January 2022 to October 2022. As from 23 December 2022, director Xue Baolong was employed and paid by QDP Group. Supervisors Zhang Qingcai and Xie Chunhu were employed and paid by QDP Group from January 2022 to December 2022 and from July 2022 to December 2022 respectively.

In 2023 and 2022, the Group had no directors waiving their remunerations. °

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(8) Benefits and interests of directors (Continued)

- (b) In 2023 and 2022, the Group had no retirement benefits for directors because of providing director services.
- (c) In 2023 and 2022, the Group did not pay termination benefits for directors.
- (d) In 2023 and 2022, the Group did not pay consideration to third parties in return for director services.
- (e) In 2023 and 2022, the Group did not provide loans, quasi-loans to directors, legal persons controlled by directors or associated persons of directors, nor provide guarantees for loans to directors, legal persons controlled by directors or associated persons of directors.
- (f) In 2023 and 2022, the Company did not sign any important transactions, arrangements or contracts in which the directors of the Company directly or indirectly had significant interests.
- (g) The remuneration of the Company's directors and supervisors is determined in accordance with their positions, responsibilities, the Company's remuneration policies and prevailing market conditions, which is subject to the approval of the general meeting of shareholders.

(9) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for 2023 included two directors and two supervisors (2022: two directors). whose remuneration has been reflected in Note 8 (8); the other 1 (2022: 3) total amount of compensation is listed below:

	2023	2022
Salary and allowance	377,440	1,337,506
Annuity plan	56,660	186,691
Social security contributions	64,924	178,629
Bonus	401,269	1,485,094
	<u>900,293</u>	<u>3,187,920</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(9) Five highest paid individuals (Continued)

	Number of individuals	
	2023	2022
Emolument bands:		
HKD0 – 1,000,000	1	–
HKD1,000,000 – 1,500,000	–	3
HKD1,500,000 – 2,000,000	–	–
	<u>1</u>	<u>3</u>

9 COMMITMENTS

(1) Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

	31 December 2023	31 December 2022
Port facilities and others	<u>1,241,899,911</u>	<u>861,378,733</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

10 EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the resolution of the Board of Directors dated March 28, 2024, the Board of Directors proposed that the Company distribute a cash dividend of RMB2.927 (tax included) per ten shares for 2023 to all shareholders for the year 2023, based on 6,491,100,000 issued shares, and a total cash dividend of RMB1,899,944,970 is subject to the approval of the General Meeting of Shareholders and is not recognized as a liability in this financial statement (Note 4(42)).

11 OTHER MATTERS

Logistics Park Development, a subsidiary of the Company, filed a lawsuit with Weihai Intermediate People's Court in November 2019 for importing automobiles on behalf of Yinglu Pingxing Automotive. According to the civil judgement issued by Weihai Intermediate People's Court on 10 November 2020, it was ruled that Yinglu Pingxing Automotive shall pay to Logistics Park Development advances, taxes, import agency expenses and other expenses for a total of RMB129,000,724. Shandong Hongtong Zhiyuan Investment Co., Ltd. and the individual Zhang Hong assume joint guarantee liabilities for the debt of Yinglu Pingxing Automotive at the amount of RMB48,938,763. After the judgement came into effect, Yinglu Pingxing Automotive settled part of the debt by pledging fixed assets, and Zhang Hong settled part of the debt by pledging houses. At present, the case is still under execution, and Logistics Park Development has made a full provision for bad debts of remaining receivables RMB63,379,156 (Note 4(7)(b)).

In November 2023, Yinglu Pingxing Automotive filed a lawsuit with Weihai Huancui District People's Court, requesting Logistics Park Development to deliver imported automobiles to it according to the agency import agreement, and applying for freezing the funds of RMB20,000,000 in Logistics Park Development's account. After the second trial, Yinglu Pingxing Automotive changed its claims for compensation of vehicles losses of RMB143,293,300 and interest losses by Logistics Park Development. At present, the court has not made the judgement yet. Having consulted lawyers, the Board of Directors of the Company does not expect that the legal proceedings will have a material adverse impact on the Group's operations.

12 OPERATING LEASE RECEIPTS AFTER THE BALANCE SHEET DATE

The Group's future rent collection as a lessor after the balance sheet date is summarized as follows:

	31 December 2023	31 December 2022
Within a year	151,621,319	105,110,295
One to two years	9,508,297	13,347,218
Two to three years	8,909,864	8,597,447
Three to four years	8,277,941	8,178,179
Four to five years	8,124,007	7,257,619
More than five years	64,482,426	71,316,800
	<u>250,923,854</u>	<u>213,807,558</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other), credit risk and liquidity risk. The financial risks and the risk management policies adopted by the Group to reduce the risks are as follows:

The Board of Directors is responsible for planning and establishing the risk management structure of the Group, formulating the Group's risk management policies and relevant guidelines and monitoring the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks the Group exposes to. Specific risks are explicitly stipulated by these risk management policies, covering management of market risk, credit risk and liquidity risk, etc. The Group assesses market environment and changes of operating activities of the Group periodically to determine whether updates are needed for risk management policies and systems. Risk management of the Group is carried out by the risk management committee pursuant to the approval of the Board of Directors. Risk management committee identifies, evaluates and mitigates relevant risks through close cooperation with other business departments of the Group. The Group's audit department periodically reviews the risk management controls and procedures, and reports the results to the Group's Audit Committee.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Foreign exchange risk arises from transactions denominated in foreign exchange (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in USD and EUR). The Group monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. The Group can achieve the purpose of avoiding foreign exchange risks by signing forward foreign exchange contracts or currency swap contracts. In 2023, the Group did not sign any forward foreign exchange contracts or currency swap contracts.

As at 31 December 2023 and 31 December 2022, the carrying amounts in RMB equivalent of the Group's financial assets, financial liabilities and lease liabilities denominated in foreign currencies are summarized below:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

	31 December 2023			
	USD	EUR	Others	Total
Financial assets denominated				
in foreign currency -				
Receivables	248,182,617	34,164,540	5,799	282,352,956
Other receivables	164,933,503	101,847	-	165,035,350
Other receivables	97,947,749	-	-	97,947,749
	<u>511,063,869</u>	<u>34,266,387</u>	<u>5,799</u>	<u>545,336,055</u>
Financial liabilities denominated				
in foreign currency -				
Payables	(165,887,387)	-	(8,260)	(165,895,647)
Other payables	(40,722,054)	-	-	(40,722,054)
	<u>(206,609,441)</u>	<u>-</u>	<u>(8,260)</u>	<u>(206,617,701)</u>
	31 December 2022			
	USD	EUR	Others	Total
Financial assets denominated				
in foreign currency -				
Cash at bank and on hand	275,705,176	2,157,778	27,295	277,890,249
Receivables	191,384,582	133,308	-	191,517,890
Other receivables	215,793,855	107,782,193	-	323,576,048
	<u>682,883,613</u>	<u>110,073,279</u>	<u>27,295</u>	<u>792,984,187</u>
Financial liabilities denominated				
in foreign currency -				
Payables	(241,132,727)	-	(8,927)	(241,141,654)
Payables	(121,101,809)	-	-	(121,101,809)
	<u>(362,234,536)</u>	<u>-</u>	<u>(8,927)</u>	<u>(362,243,463)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

(All amounts in RMB Yuan unless otherwise stated)

13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

As at 31 December 2023, if RMB had strengthened/weakened by 4% against the USD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB9,134,000 (31 December 2022: approximately RMB9,619,000) lower/higher for various financial assets and liabilities dominated in USD held by the Group whose recording currency is RMB, which would have no effect on other comprehensive income. As at 31 December 2023, if RMB had strengthened/weakened by 4% against the EUR while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB1,028,000 (31 December 2022: RMB3,302,000) higher/lower for various financial assets and liabilities dominated in EUR held by the Group whose recording currency is RMB, which would have no effect on other comprehensive income.

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including long-term bank borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions.

As at 31 December 2023, the Group's long-term interest bearing borrowings are mainly RMB-denominated with floating rates linked to LPR, amounting to RMB1,211,687,971 (31 December 2022: RMB1,989,947,600). The interest of other parts is calculated at fixed interest rate.

As at 31 December 2023, the Group's long-term payables include sale-leaseback arrangements deemed as mortgage loan and principal of entrusted borrowings of RMB315,900,000 (Note 4(34)), of which RMB120,000,000 accrued interest at a floating rate and the rest at a fixed rate.

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new liability and the interest expenses with respect to the Group's outstanding floating rate liability, and therefore could have a certain effect on the Group's financial position. The management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. For the year ended 31 December 2023 and 31 December 2022, the Group did not enter into any interest rate swap agreements.

As at 31 December 2023, if interest rates on the floating rate LPR borrowings had risen/fallen by 50 basis points while holding all other variables constant, the Group's net profit would have decreased/increased by approximately RMB4,543,000 (31 December 2022: 4,857,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

(1) Market risk (Continued)

(c) Other price risk

The Group's other price risks mainly arise from all kinds of equity instrument investments, with risk of changes in the price of equity instruments.

As at 31 December 2023, if the expected price of the Group's various equity instrument investments increased or decreased by 10% while all other variables had been held constant, the Group's net profit would have increased or decreased by approximately RMB29,538,000. (31 December 2022: approximately RMB29,538,000).

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, contract assets, receivables financing, other receivables, debt investments, other debt investments, and investments in debt instrument at fair value through profit or loss that are not included in the impairment assessment scope. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum exposure of the Group.

The Group's cash at bank and on hand is mainly cash at bank deposited at state-owned banks and other medium or large size listed banks with good reputation and a higher credit rating. Shandong Port Finance has developed a strict fund management system, and it deposits most of the assets at the People's Bank of China, state-owned banks and domestic joint-stock commercial banks, The Group does not expect that there will be any significant credit risk, so there will be almost no significant losses from non-performance by these banks and Shandong Port Finance.

In addition, the Group has relevant policies to limit the credit risk exposure on notes receivable, accounts receivable, financing receivables, other receivables and contract assets. The Group assesses the credit quality of and sets credit periods on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2023 and 31 December 2022, the Group did not make provisions for bad debts regarding the long-term receivables due from Hunan Kupu disclosed in Note 4(11) as the value of the collateral provided by the debtor exceeded its gross carrying amount; except for this, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

(3) Liquidity risk

Each subsidiary within the Group is responsible for its own cash flow projections. On the basis of summarizing the cash flow forecasts of each subsidiary, the Group continuously monitors short-term and long-term capital needs at the group level to ensure that sufficient cash reserves are readily available and continuous monitoring of compliance with the loan agreement provisions, from major financial institutions to obtain sufficient backup funds to meet short-term and long-term funding needs.

The financial liabilities of the Group at the balance sheet date are analyzed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2023				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	128,580,631	-	-	-	128,580,631
Notes payable	917,624,305	-	-	-	917,624,305
Accounts payable	1,870,122,136	-	-	-	1,870,122,136
Other payables	3,815,970,467	-	-	-	3,815,970,467
Current portion of non-current liabilities	471,103,212	-	-	-	471,103,212
Long-term payables	-	485,050,772	717,742,831	857,186,622	2,059,980,225
Lease liabilities	-	147,498,606	128,232,943	76,789,760	352,521,309
Long-term payables	-	46,134,125	145,428,675	23,140,125	214,702,925
	<u>7,203,400,751</u>	<u>678,683,503</u>	<u>991,404,449</u>	<u>957,116,507</u>	<u>9,830,605,210</u>
	31 December 2022				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	275,323,604	-	-	-	275,323,604
Notes payable	1,034,898,039	-	-	-	1,034,898,039
Accounts payable	1,435,308,348	-	-	-	1,435,308,348
Other payables	3,985,877,916	-	-	-	3,985,877,916
Current portion of non-current liabilities	744,276,152	-	-	-	744,276,152
Long-term payables	-	236,758,698	983,798,383	581,878,800	1,802,435,881
Lease liabilities	-	143,089,818	204,155,515	206,618,344	553,863,677
Long-term payables	-	150,570,570	214,894,959	26,860,136	392,325,665
	<u>7,475,684,059</u>	<u>530,419,086</u>	<u>1,402,848,857</u>	<u>815,357,280</u>	<u>10,224,309,282</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

13 FINANCIAL INSTRUMENTS AND ASSOCIATED RISK (Continued)

(3) Liquidity risk (Continued)

The repayment period of bank borrowings and other borrowings is analysed as follows:

	31 December 2023			31 December 2022		
	Borrowings from Shangang Finance Company			Bank borrowings	Borrowings from Shandong Port Finance	
	Bank borrowings	Shandong Port Finance	Other borrowings		Other borrowings	
Within 1 year	52,796,021	250,747,938	141,287,965	80,076,160	639,260,838	125,899,074
1 to 2 years	4,796,022	409,690,000	39,200,000	-	170,429,737	135,170,833
2 to 5 years	31,472,382	550,106,204	136,500,000	-	836,297,863	199,000,000
Over 5 years	52,919,367	742,999,645	-	-	535,800,000	-
	<u>141,983,792</u>	<u>1,953,543,787</u>	<u>316,987,965</u>	<u>80,076,160</u>	<u>2,181,788,438</u>	<u>460,069,907</u>

14 FAIR VALUE ESTIMATES

The level of fair value measurement is determined by the lowest level of inputs which has significant impact on fair value management:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Assets and liabilities measured at fair value on a recurring basis

As at 31 December 2023, the assets measured at fair value on a continuing basis are listed below at the 3 levels above:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading –				
Wealth management products	3,897,019	-	280,665,064	284,562,083
Financing receivables –				
Notes receivable	-	-	314,538,178	314,538,178
Other non-current financial assets –				
Equity investment	-	-	393,840,402	393,840,402
Total	<u>3,897,019</u>	<u>-</u>	<u>989,043,644</u>	<u>992,940,663</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

As at 31 December 2022, the assets measured at fair value on a continuing basis are listed below at the 3 levels above:

	Level 1	Level 2	Level 3	Total
Monetary assets				
Financial assets held for trading –				
Wealth management products	–	–	995,407,305	995,407,305
Equity investments	4,457,524	–	–	4,457,524
Financing receivables –				
Notes receivable	–	–	280,619,222	280,619,222
Other non-current financial assets –				
Equity investment	–	–	393,840,402	393,840,402
Total	<u>4,457,524</u>	<u>–</u>	<u>1,669,866,929</u>	<u>1,674,324,453</u>

The Group has no continuing liabilities measured at fair value.

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There are no transfers between levels for the current year.

For financial instruments traded in active markets, the Group determines their fair value with their active market quotations; for financial instruments not traded in active markets, the Group uses valuation techniques to determine their fair value. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of valuation technique mainly include risk-free interest rate, benchmark interest rate, expected yield, PE multiplier, PB multiplier, and liquidity discount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

Changes of the above Level 3 financial assets are analyzed below:

	31 December 2022	purchase	sale	settle	31 December 2023	The total profit of the current year included in the profit and loss
Monetary assets						
Financial assets held for trading –						
Wealth management products	995,407,305	1,745,130,040	-	(2,459,872,281)	280,665,064	18,683,245
Financing receivables –						
Bank acceptance notes receivable	280,619,222	1,510,521,471	(957,312,107)	(519,290,408)	314,538,178	(748,554)
Other non-current financial assets –						
Equity investment	393,840,402	-	-	-	393,840,402	1,522,600
Total	1,669,866,929	3,255,651,511	(957,312,107)	(2,979,162,689)	989,043,644	19,457,291

	31 December 2021	purchase	Endorsement or discounting	settle	Disposal of subsidiaries	31 December 2022	The total profit of the current year included in the profit and loss
Monetary assets							
Financial assets held for trading –							
Wealth management products	545,938,786	3,026,425,319	-	(2,185,275,100)	(391,681,700)	995,407,305	32,061,012
Financing receivables –							
Bank acceptance notes receivable	384,875,823	1,798,429,057	(1,071,034,711)	(793,638,388)	(38,012,559)	280,619,222	(1,708,936)
Other non-current financial assets –							
Equity investment	292,351,677	101,488,725	-	-	-	393,840,402	10,000,000
Total	1,223,166,286	4,926,343,101	(1,071,034,711)	(2,978,913,488)	(429,694,259)	1,669,866,929	40,352,076

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

14 FAIR VALUE ESTIMATES (Continued)

(1) Assets and liabilities measured at fair value on a recurring basis (Continued)

- (a) Gains or losses included in the current profit and loss are included in the income statement, such as changes in fair value changes, investment income, etc.

The relevant information for Level 3 measured at fair value is as follows:

	Fair value on 31 December 2023	Valuation techniques	Parameter	Inputs		
				Range/ Weighted average	The relationship of fair value	Observable/ Unobservable
Financial assets held for trading - Wealth management products	280,665,064	Discounted cash flow	Expected yield	1.4%-3.24%	Positive correlation	Unobservable
Receivables financing - Bank acceptance notes receivable	314,538,178	Discounted cash flow	Expected discount rate	0.76%-2.61%	Negative correlation	Unobservable
			Comparable listed company PE multiplier, etc.	PE multiplier: 2.5-28.9 PB multiplier: 0.1-2.0 Lack of liquidity discount: 10%-20%	Positive correlation	Unobservable
Other non-current financial assets -	<u>393,840,402</u>	Marketing method				
	<u>989,043,644</u>					
	Fair value on 31 December 2022	Valuation techniques	Parameter	Inputs		
				Range/ Weighted average	The relationship of fair value	Observable/ Unobservable
Financial assets held for trading - Wealth management products	995,407,305	Discounted cash flow	Expected yield	2.88%-3.60%	Positive correlation	Unobservable
Receivables financing - Bank acceptance notes receivable	280,619,222	Discounted cash flow	Expected discount rate	3.65%-3.85%	Negative correlation	Unobservable
			Comparable listed company PE multiplier, etc.	PE multiplier: 1.6-19.0 PB multiplier: 0.1-5.4 Lack of liquidity discount: 20%-30%	Positive correlation	Unobservable
Other non-current financial assets -	<u>393,840,402</u>	Marketing method				
	<u>1,669,866,929</u>					

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

14 FAIR VALUE ESTIMATES (Continued)

(2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities measured at amortized cost mainly include notes receivables, accounts receivable, other receivables, debt investments, long-term receivables, short-term borrowings, notes payable, accounts payables, other payables, bonds payable, long-term borrowings, long-term payables, lease liability, etc.

The carrying amount of the financial assets and liabilities mentioned above not measured at fair value has little difference with their fair value.

15 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group is not subject to external mandatory capital requirements and monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by interest bearing liabilities deducting cash and cash equivalents. Total capital is calculated by shareholder's equity presented in consolidated balance sheet plus net debt.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

15 CAPITAL MANAGEMENT (Continued)

As at 31 December 2023 and 31 December 2022, the Group's gearing ratio is as follows:

	31 December 2023	31 December 2022
Principal on bank borrowings (Note (24) \ (32))	2,095,527,579	2,258,789,843
Entrusted borrowings (Note 4(34))	195,900,000	299,294,785
Sale-leaseback arrangement deemed as mortgage loan (Note 4(34))	120,000,000	160,775,122
Less: Cash (Note 4 (54)(a))	<u>(10,132,048,600)</u>	<u>(9,021,244,964)</u>
Net assets	(7,720,621,021)	(6,302,385,214)
Shareholders' equity	<u>44,538,662,690</u>	<u>41,276,900,495</u>
Total capital	<u>36,818,041,669</u>	<u>34,974,515,281</u>
Gearing ratio	<u>Not applicable</u>	<u>Not applicable</u>

As at 31 December 2023, the Group's cash and cash equivalents exceeded interest-bearing liabilities.

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2023	31 December 2022
Cash at bank	739,115,618	77,419,777
Deposits at Shandong Port Finance	3,982,738,126	3,220,508,753
Other cash balances	197,955	3,033,226
Interest receivable	<u>4,134,013</u>	<u>2,365,038</u>
	<u>4,726,185,712</u>	<u>3,303,326,794</u>
Including: amounts deposited abroad	<u>39,345</u>	<u>39,119</u>

As at 31 December 2023, other monetary funds included the deposit of RMB197,955 deposited by the Company to the bank for the issuance of acceptance bills (31 December 2022: RMB2,642,605 for the issuance of acceptance notes and RMB390,621 for the issuance of letters of guarantee).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Accounts receivable

	31 December 2023	31 December 2022
Accounts receivable	384,749,809	431,980,735
Less: Provision for bad debts	<u>(19,504,682)</u>	<u>(98,579,299)</u>
	<u>365,245,127</u>	<u>333,401,436</u>

The Company's income is partially made by cash, advances from customers, bank acceptance notes and trade acceptance notes. The remains are settled mainly by providing credit terms of 30-90 days.

(a) The age of receivables and provision for bad debts are as follows:

	31 December 2023	31 December 2022
Within 1 year	380,576,521	248,209,472
1 to 2 years	980,500	3,969,675
2 to 3 years	3,192,788	68,987,140
Over 3 years	<u>-</u>	<u>110,814,448</u>
	<u>384,749,809</u>	<u>431,980,735</u>

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

(b) As at 31 December 2023, the total amount of top five accounts receivable is analyzed as follows:

	Amount	Contract asset balance	Provision for bad debts	% of total accounts receivable balance
Total amount of top five accounts receivable and contract assets	<u>167,957,518</u>	<u>-</u>	<u>(7,197,115)</u>	<u>43.65%</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Accounts receivable (Continued)

(c) As at 31 December 2023, the Group had no accounts receivable derecognized due to factoring without recourse (As at 31 December 2022: nil).

(d) Bad debt provision

The Company measures the provision of accounts receivable based on the lifetime ECL regardless of whether there exists a significant financing component.

	31 December 2023				31 December 2022			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Lifetime ECL rate	Amount	% of total balance	Amount	Lifetime ECL rate
Provision for bad debts on the individual basis (i)	-	-	-	-	-	-	-	-
Provision for bad debts on the grouping basis (ii)	384,749,809	100.00%	(19,504,682)	5.07%	431,980,735	100.00%	(98,579,299)	22.82%
	<u>384,749,809</u>	<u>100.00%</u>	<u>(19,504,682)</u>	<u>5.07%</u>	<u>431,980,735</u>	<u>100.00%</u>	<u>(98,579,299)</u>	<u>22.82%</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Accounts receivable (Continued)

(d) Bad debt provision (Continued)

- (i) As at 31 December 2023, the Company had no accounts receivable with provision for bad debts on the individual basis (31 December 2022: Nil).
- (ii) Accounts receivable for which the related provision for bad debts is provided on the grouping basis are analysed as follows:

Group A of accounts receivable – Accounts receivable from subsidiaries included in the scope of consolidation:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	% of total balance	Amount	Amount	% of total balance	Amount
Within 1 year	7,053,027	-	-	15,041,905	-	-
1 to 2 years	-	-	-	-	-	-
Over 2 years	-	-	-	652,110	-	-
	<u>7,053,027</u>		<u>-</u>	<u>15,694,015</u>		<u>-</u>

Group B of accounts receivable – Accounts receivable from engineering and construction businesses:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	% of total balance	Amount	Amount	% of total balance	Amount
Within 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
Over 2 years	-	-	-	179,774,508	50.09%	(90,057,428)
	<u>-</u>		<u>-</u>	<u>179,774,508</u>		<u>(90,057,428)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(2) Accounts receivable (Continued)

(d) Bad debt provision (Continued)

- (ii) Accounts receivable for which the related provision for bad debts is provided on the grouping basis are analysed as follows: (Continued)

Group C of accounts receivable – Accounts receivable other than engineering and construction businesses:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount	Amount	Lifetime ECL rate	Amount
Within 1 year	373,523,494	4.29%	(16,005,782)	232,515,457	3.14%	(7,296,743)
1 to 2 years	980,500	31.22%	(306,112)	3,969,675	30.18%	(1,198,048)
Over 2 years	3,192,788	100.00%	(3,192,788)	27,080	100.00%	(27,080)
	<u>377,696,782</u>		<u>(19,504,682)</u>	<u>236,512,212</u>		<u>(8,521,871)</u>

- (iii) In 2023, the amount of bad debt provision reversed was RMB90,057,428, and the amount of bad debt provision was RMB10,982,811. The important accounts receivable recovered are RMB179,774,508 for equipment construction with an account age of more than two years from QQCTN, a related party in Portfolio B, and RMB90,057,428 of bad debt provision is made according to the portfolio, which is repaid with monetary funds in the current year, and the corresponding bad debt provision is fully reversed.

- (e) As at 31 December 2023, the Company has no pledge of accounts receivable (31 December 2022: nil).
- (f) As at December 31, 2023, the Company's unpledged accounts receivable (December 31, 2022: nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(3) Financing receivables

	31 December 2023	31 December 2022
Bank acceptance notes	<u>113,506,237</u>	<u>139,360,896</u>

- (a) Certain bank acceptance notes satisfied the derecognition criteria were discounted and endorsed frequently by the Company for the purpose of daily treasury management, which thereby categorised the balance of these bank acceptance notes with good credit rating as financial assets at fair value through other comprehensive income. As at 31 December 2023, the company measures the provision for bad debts based on the expected credit loss for lifetime. The Company believes that its bank acceptance notes do not expose to significant credit risk and will not cause significant losses by bank default.

In 2023, the Company transferred substantially all the risks and rewards of endorsed and discounted bank acceptance notes and the ownership to other parties. The carrying amounts of derecognised bank acceptance notes were RMB688,411,467 and RMB98,090,765 (2022: RMB834,492,434 and RMB145,317,143) respectively, and losses on discount of RMB386,505 were included in investment income (2022: RMB1,695,934).

- (b) As at 31 December 2023 and 31 December 2022, the Company had no pledged acceptance notes.
- (c) As at 31 December 2023, the bank acceptance notes that the Company has endorsed but have not yet expired amounted to RMB255,466,534 and has derecognized(31 December 2022: RMB789,364,368). In 2023, the Company did not have any write-offs of significant receivables financing (2022: nil).

(4) Other receivables

	31 December 2023	31 December 2022
Dividend receivable	435,195,411	393,863,559
Entrusted loans provided to subsidiaries	256,340,267	-
Receivables and advances of agency business	48,078,729	29,131,116
Construction expenditures paid on behalf of subsidiaries	29,999,957	29,999,957
Supplementary medical insurance fund	15,218,692	17,019,910
Deposits and guarantees receivable	2,415,700	3,849,419
Equity interest transfer payment	14,616,772	28,070,337
Receivables from Red Star Logistics, a subsidiary	-	137,192,700
Others	<u>14,165,664</u>	<u>28,920,661</u>
	816,031,192	668,047,659
Less: Provision for bad debts	<u>(3,262,098)</u>	<u>(5,833,970)</u>
	<u>812,769,094</u>	<u>662,213,689</u>

The Company has no amounts aggregated to other items and presented in other receivables for centralised fund management.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Other receivables (Continued)

(a) The age of other receivables is as follows:

	31 December 2023	31 December 2022
Within 1 year	691,350,273	494,848,196
1 to 2 years	82,209,356	139,360,660
2 to 3 years	8,765,606	3,834,346
Over 3 years	33,705,957	30,004,457
	<u>816,031,192</u>	<u>668,047,659</u>

(b) Loss provisions and the movement in the carrying balance

The provision for bad debts of other receivables is analysed by category as follows:

	31 December 2023				31 December 2022			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Provision for bad debts on the individual basis (i)	-	-	-	-	28,070,337	4.20%	-	-
Provision for bad debts on the grouping basis (ii)	816,031,192	100%	(3,262,098)	0.40%	639,977,322	95.80%	(5,833,970)	0.91%
	<u>816,031,192</u>	<u>100%</u>	<u>(3,262,098)</u>	<u>0.40%</u>	<u>668,047,659</u>	<u>100.00%</u>	<u>(5,833,970)</u>	<u>0.87%</u>

Stage 1

	ECL over the next 12 months (Group)		ECL over the next 12 months (Single)		Total
	Amount	Provision for bad debts	Amount	Provision for bad debts	Provision for bad debts
31 December 2022	639,977,322	(5,833,970)	28,070,337	-	(5,833,970)
Increase in the current year	176,053,870	-	-	-	-
Decrease in the current year	-	2,571,872	(28,070,337)	-	2,571,872
31 December 2023	<u>816,031,192</u>	<u>(3,262,098)</u>	<u>-</u>	<u>-</u>	<u>(3,262,098)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Other receivables (Continued)

(b) Loss provisions and the movement in the carrying balance (Continued)

As at 31 December 2023 and 31 December 2022, the Group did not have any other receivables in the second and third stage. The other receivables in the first stage are as follows:

- (i) As at 31 December 2023, there were no other receivables for which the related provision for bad debts was provided on the individual basis.
- (ii) As at 31 December 2023, other receivables for which the related provision for bad debts is provided on the grouping basis are all in the first stage, the analysis is as follows:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Internal company combinations	300,956,996	-	-	171,262,350	-	-
Agency business and receivables combinations	48,078,729	(1,650,056)	3.43%	29,131,116	(975,211)	3.35%
Deposit and guarantees combinations	2,415,700	(92,796)	3.84%	3,849,419	(143,652)	3.73%
Dividend receivable combinations	435,195,411	-	-	393,863,559	-	-
Other combinations	29,384,356	(1,519,246)	5.17%	41,870,878	(4,715,107)	11.26%
	<u>816,031,192</u>	<u>(3,262,098)</u>		<u>639,977,322</u>	<u>(5,833,970)</u>	

- (c) For the year ended 31 December 2023, the amount of bad debt provision reversed during the year was RMB2,571,872, which was reversed for the amount of bad debt provision made on the grouping basis. For the year ended 31 December 2023, the Company has no other receivables actually written off.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(4) Other receivables (Continued)

(d) As at 31 December 2023, top five other receivables are analyzed as follows:

	Nature	Amount	Ageing	% of total	Provision for bad debts
QDP Logistics	Dividends receivable	321,179,795	Within 1 year	39.36%	-
Mercurial Logistics	Entrusted loans and construction expenditures paid on behalf	181,194,457	Within 1 year and more than 3 years	22.20%	-
Dongjiakou general wharf	Entrusted loans	136,180,767	within 1 year	16.69%	-
Dongjiakou Oil Products	Dividends receivable	76,987,832	1 to 2 years	9.43%	-
Shandong Branch of Ping An Endowment Insurance Co., Ltd.	Supplementary medical welfare pooling funds	15,218,692	Within 1 year	1.86%	(786,845)
		<u>730,761,543</u>		<u>89.54%</u>	<u>(786,845)</u>

(e) As at 31 December 2023 and 31 December 2022, the Company did not have government grants recognized in accordance with the amount receivable.

(f) As at 31 December 2023 and 31 December 2022, other receivables were not pledged by the Company.

(g) As at 31 December 2023, the Company has no overdue dividends receivable (31 December 2022: nil) °

(5) Long-term receivables

	31 December 2023	31 December 2022
Loans provided to subsidiaries	1,872,224,584	2,559,601,179
Less: Overdue within one year	(430,224,584)	(756,385,933)
	1,442,000,000	1,803,215,246
Provision for loan impairment	-	-
	<u>1,442,000,000</u>	<u>1,803,215,246</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(5) Long-term receivables (Continued)

(a) Loss provisions and the movement in the carrying balance

	Stage 1	
	12-month ECL (group)	
	Amount	Provision for bad debt
31 December 2022	2,559,601,179	-
Increase in the current year	423,493,900	-
Decrease in the current year	(1,110,870,495)	-
31 December 2023	<u>1,872,224,584</u>	<u>-</u>

As at 31 December 2023 and 2022, the company did not have the long-term receivables for the bad debt provision on the individual basis, and the long-term receivables for the bad debt provision on the grouping basis are all in the first stage. The analysis is as follows:

	31 December 2023			31 December 2022		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Internal company combinations	<u>1,872,224,584</u>	-	-	<u>2,559,601,179</u>	-	-

(6) Long-term equity investments

	31 December 2023	31 December 2022
Subsidiaries (a)	8,513,059,032	7,345,363,976
Joint ventures (b)	10,902,587,881	10,729,974,779
Associates (c)	<u>2,670,170,830</u>	<u>2,042,800,875</u>
	<u>22,085,817,743</u>	<u>20,118,139,630</u>

As at 31 December 2023 and 31 December 2022, the Company's management believed that there was no indication that long-term equity investments might be impaired, therefore no provision for impairment was made.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(6) Long-term equity investments (Continued)

(a) Subsidiaries

	31 December 2022	Movements in the current year		31 December 2023	Profit declared in the current year
		Increase in investment	Decrease in investment		
Container Development	30,000,000	-	-	30,000,000	357,751,535
QDP Logistics	257,374,925	889,928,540	-	1,147,303,465	506,721,685
GLS Shipping	23,580,830	-	(23,580,830)	-	-
Ocean Shipping Repair	3,666,959	-	-	3,666,959	36,305
Ocean Shipping Tally	389,296,880	-	-	389,296,880	112,832,477
Gangjia Logistics	7,299,874	-	-	7,299,874	1,530,000
Port Service	24,952,229	-	-	24,952,229	2,530,674
QMT	1,284,094,256	-	-	1,284,094,256	-
Mercuria Logistics	273,278,376	-	-	273,278,376	31,035,000
Marine Oil Terminal	182,079,200	118,289,060	-	300,368,260	-
Yeezhihang cold chain	14,000,000	-	(14,000,000)	-	-
Strata companies	8,000,000	-	-	8,000,000	4,475,007
Culture Inc	3,000,000	-	-	3,000,000	73,100
International development	460,574,092	-	-	460,574,092	-
Dongjiakou General Wharf	880,000,000	-	-	880,000,000	-
Lianhua pipelines	441,660,000	-	-	441,660,000	312,771,602
Schweitzer tugboat	115,500,000	-	-	115,500,000	5,943,014
Tongze Commerce	10,000,000	-	-	10,000,000	3,791,120
Bonded logistics center Dongjiakou Liquid	25,458,868	-	(25,458,868)	-	-
Chemical Industry	384,149,458	-	-	384,149,458	7,227,588
Shangang Shanhai Security	1,000,000	-	(1,000,000)	-	343,271
Qingdong Pipeline	255,000,000	-	-	255,000,000	17,978,913
Access to energy	185,950,000	-	(43,450,000)	142,500,000	4,188,493
Nangang Oil & Gas	-	43,450,000	-	43,450,000	-
Weihai Port outer ship tally	-	1,832,463	-	1,832,463	-
Qingzi Logistics	200,000,000	-	-	200,000,000	-
Zhenhua Petroleum Storage	148,920,000	-	-	148,920,000	-
Qilu Fuhai warehousing	150,000,000	-	-	150,000,000	-
International oil port	20,000,000	-	-	20,000,000	165,331,980
Production assurance	15,300,000	-	(15,300,000)	-	7,208,587
Qinggang power supply	74,195,060	60,000,000	-	134,195,060	80,000,000
Red Star Logistics	179,531,785	-	-	179,531,785	-
Construction and management center	10,000,000	-	-	10,000,000	-
Emergency rescue	40,000,000	-	-	40,000,000	-
AVIC Property	3,060,000	-	-	3,060,000	367,328
Qinggang barge	419,482,822	168,612,582	-	588,095,404	7,755,544
Weihai Port Development	622,103,297	-	-	622,103,297	-
Weihai Qingwei	202,855,065	8,372,109	-	211,227,174	-
	<u>7,345,363,976</u>	<u>1,290,484,754</u>	<u>(122,789,698)</u>	<u>8,513,059,032</u>	<u>1,629,893,223</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(6) Long-term equity investments (Continued)

(b) Joint ventures

	31 December 2022	Movements in the current year						31 December 2023	
		Share of net profit/(loss) under equity method	Cash dividends or profits declared	Movements of other comprehensive income	Decrease in investments	Transfer to associates	Changes in other equities		Unrealized gains or losses on insider transactions
QQCT	6,883,983,677	966,608,859	-	(4,560,734)	-	-	687,682	4,395,994	7,851,115,478
Qingdao Shihua	1,795,521,029	278,172,227	(642,556,544)	(2,025,000)	-	-	-	200,472	1,429,312,184
West United	527,306,854	12,942,221	(5,100,000)	-	-	-	-	93,975	535,243,050
Evergreen Containers	71,592,353	10,929,762	-	-	(82,522,115)	-	-	-	-
East Port Containers	52,342,973	3,687,009	-	-	(56,029,982)	-	-	-	-
Gulf Liquid Chemical	158,065,987	1,020,861	-	-	(47,665,900)	(111,420,948)	-	-	-
Ganglianhai Logistics	62,576,184	-	-	-	(62,576,184)	-	-	-	-
Shenzhouxing freight forwarder	38,938,505	-	-	-	(38,938,505)	-	-	-	-
China Shipping Agency	13,305,148	-	-	-	(13,305,148)	-	-	-	-
United shipping agency	56,943,280	-	-	-	(56,943,280)	-	-	-	-
Huaneng Qingdao	123,309,821	2,728,846	-	-	-	-	-	-	126,038,667
Dongjiakou Wanbang Logistics	67,752,525	(159,302)	-	-	-	-	-	-	67,593,223
QDOT	661,326,346	9,555,488	-	-	-	-	(101,299)	810,593	671,591,128
Dongjiakou Sinotrans Logistics	51,710,941	326,691	-	-	-	-	-	-	52,037,632
PetroChina Warehousing	165,299,156	13,043,546	(8,929,921)	-	-	-	243,738	-	169,656,519
	<u>10,729,974,779</u>	<u>1,298,856,208</u>	<u>(656,586,465)</u>	<u>(6,585,734)</u>	<u>(357,981,114)</u>	<u>(111,420,948)</u>	<u>830,121</u>	<u>5,501,034</u>	<u>10,902,587,881</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(6) Long-term equity investments (Continued)

(c) Associates

	31 December 2022	Movements for the current year				Share of net profit/(loss) under equity method	Movements of other comprehensive income	31 December 2023
		Increase in investments	Transfer from joint ventures	Cash dividends declared				
GSBN	12,950,000	-	-	-	(3,986,479)	-	8,963,521	
Qingdao Port Engineering Technology Company	165,035,939	-	-	(13,962,546)	21,763,457	-	172,836,850	
Qingyin Financial Leasing	44,520,624	-	-	-	4,980,345	-	49,500,969	
Overseas Development	143,008,395	-	-	(4,500,000)	22,559,273	-	161,067,668	
Shandong Port Finance	4,972,587	-	-	-	1,151,687	-	6,124,274	
Equipment Manufacturing	1,562,109,742	-	-	(118,828,431)	112,354,274	4,770,964	1,560,406,549	
Zhenhua Petroleum Storage	70,163,714	-	-	(13,006,994)	21,831,407	-	78,988,127	
Haiwan Liquid Chemical	-	480,200,000	-	-	-	-	480,200,000	
Shandong Port Land and Sea Jinan	-	-	111,420,948	-	313,593	-	111,734,541	
	40,039,874	-	-	-	308,457	-	40,348,331	
	<u>2,042,800,875</u>	<u>480,200,000</u>	<u>111,420,948</u>	<u>(150,297,971)</u>	<u>181,276,014</u>	<u>4,770,964</u>	<u>2,670,170,830</u>	

As stated in Note 2(1), at preparation of the Company's financial statements, long-term equity investments of Qingdao Port Group that were contributed into the Company are recognized into the Company's balance sheet based on the appraisal values approved by the competent state-owned management authorities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(7) Investment properties

	Buildings	Land use rights	Total
Cost			
31 December 2022	267,633,057	1,384,387,400	1,652,020,457
Transfer to intangible assets	–	(329,964,112)	(329,964,112)
Invested subsidiaries	(224,805,131)	–	(224,805,131)
	<u>42,827,926</u>	<u>1,054,423,288</u>	<u>1,097,251,214</u>
31 December 2023	<u>42,827,926</u>	<u>1,054,423,288</u>	<u>1,097,251,214</u>
Accumulated depreciation			
31 December 2022	(94,813,130)	(299,325,262)	(394,138,392)
Increase in the current year	(6,118,873)	(16,046,320)	(22,165,193)
Transfer to intangible assets	–	61,491,217	61,491,217
Invested subsidiaries	87,042,817	–	87,042,817
	<u>(13,889,186)</u>	<u>(253,880,365)</u>	<u>(267,769,551)</u>
31 December 2023	<u>(13,889,186)</u>	<u>(253,880,365)</u>	<u>(267,769,551)</u>
Net book value			
31 December 2023	<u>28,938,740</u>	<u>800,542,923</u>	<u>829,481,663</u>
31 December 2022	<u>172,819,927</u>	<u>1,085,062,138</u>	<u>1,257,882,065</u>
	Buildings	Land use rights	Total
Cost			
31 December 2021	267,633,057	1,416,040,729	1,683,673,786
Transfer from intangible assets	–	(31,653,329)	(31,653,329)
	<u>267,633,057</u>	<u>1,384,387,400</u>	<u>1,652,020,457</u>
31 December 2022	<u>267,633,057</u>	<u>1,384,387,400</u>	<u>1,652,020,457</u>
Accumulated depreciation			
31 December 2021	(84,140,886)	(273,061,789)	(357,202,675)
Increase in the current year	(10,672,244)	(34,055,001)	(44,727,245)
Transfer from intangible assets	–	7,791,528	7,791,528
	<u>(94,813,130)</u>	<u>(299,325,262)</u>	<u>(394,138,392)</u>
31 December 2022	<u>(94,813,130)</u>	<u>(299,325,262)</u>	<u>(394,138,392)</u>
Net book value			
31 December 2022	<u>172,819,927</u>	<u>1,085,062,138</u>	<u>1,257,882,065</u>
31 December 2021	<u>183,492,171</u>	<u>1,142,978,940</u>	<u>1,326,471,111</u>

As at 31 December 2023 and 31 December 2022, the management of the Company considered that there is no indication that the investment properties may be impaired, therefore no provision for impairment is recorded.

As at 31 December 2023 and as at 31 December 2022, no investment properties are without certificates

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(8) Fixed assets

	31 December 2023	31 December 2022
Fixed assets	11,458,431,848	10,370,171,260
Fixed assets pending for disposal	644,904	–
	<u>11,459,076,752</u>	<u>10,370,171,260</u>

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office equipment and others	Total
Cost										
31 December 2022	436,019,217	6,424,432,942	4,806,250,202	1,388,366,567	260,747,544	114,744,198	55,160,471	166,361,259	26,419,165	13,678,501,565
Increase in the current year										
Purchase in the current year	16,367	–	–	21,382,571	9,975,754	–	5,363,453	11,068,251	967,346	48,773,742
Transfers from construction in progress	46,200,106	277,574,205	1,263,892,255	181,726,940	22,201,035	92,022,820	6,349,558	1,618,351	60,774	1,891,646,044
Decrease in the current year										
Disposal and scrapping	(6,201,185)	(1,693,128)	–	(31,578,920)	(12,704,725)	–	(3,067,463)	(3,445,848)	(1,520,913)	(60,212,182)
Transfer to held for sale assets	(69,273,350)	(464,987)	–	–	(4,407,080)	–	–	–	–	(74,145,417)
Invested subsidiaries	(16,379,183)	(399,098)	(59,577,483)	–	–	(206,767,018)	–	(87,427)	–	(283,210,209)
31 December 2023	390,381,972	6,699,449,934	6,010,564,974	1,559,897,158	275,812,528	–	63,806,019	175,514,586	25,926,372	15,201,353,543

Accumulated depreciation

31 December 2022	(118,839,071)	(1,409,823,318)	(607,747,450)	(862,754,283)	(148,842,594)	(13,537,847)	(38,406,093)	(90,805,806)	(17,573,843)	(3,308,330,305)
Increase in the current year										
Provision	(19,415,580)	(177,891,502)	(196,404,703)	(79,709,090)	(27,469,166)	(7,002,597)	(3,922,949)	(16,543,908)	(1,789,721)	(530,149,216)
Decrease in the current year										
Disposal and scrapping	1,532,781	505,657	–	30,315,764	8,685,590	–	2,444,382	2,251,441	1,397,394	47,133,009
Transfer to held for sale assets	6,565,782	68,818	–	–	1,304,496	–	–	–	–	7,939,096
Invested subsidiaries	3,869,193	157,864	15,834,290	–	–	20,540,444	–	83,930	–	40,485,721
31 December 2023	(126,286,895)	(1,586,982,481)	(788,317,863)	(912,147,609)	(166,321,674)	–	(39,884,660)	(105,014,343)	(17,966,170)	(3,742,921,695)

Net book value

31 December 2023	264,095,077	5,112,467,453	5,222,247,111	647,749,549	109,490,854	–	23,921,359	70,500,243	7,960,202	11,458,431,848
31 December 2022	317,180,146	5,014,609,624	4,198,502,752	525,612,284	111,904,950	101,206,351	16,754,378	75,555,453	8,845,322	10,370,171,260

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(8) Fixed assets (Continued)

	Buildings	Port facilities	Storage facilities	Loading equipment	Machinery and equipment	Vessels	Transportation equipment	Communication facilities	Office equipment and others	Total
Cost										
31 December 2021	430,658,923	6,042,136,908	3,302,870,618	1,093,303,839	234,401,835	826,019,280	53,425,767	143,109,688	23,858,679	12,149,785,537
Increase in the current year										
Purchase in the current year	902,554	3,527,998	331,517	72,891,369	20,660,842	86,685,219	3,622,152	19,885,163	4,426,467	212,933,281
Transfers from construction in progress	5,650,058	382,846,057	1,503,048,067	252,649,369	23,032,733	-	367,459	7,582,371	169,047	2,175,345,161
Transfer from right-of-use assets	-	30,740,177	-	1,698,276	-	91,439,655	-	-	-	123,878,108
Decrease in the current year										
Disposal and scrapping	-	-	-	(32,176,286)	(15,274,153)	(13,155,324)	(735,594)	(1,014,092)	(348,759)	(62,704,208)
Invested subsidiaries	(1,192,318)	(34,818,198)	-	-	(2,073,713)	(876,244,632)	(1,519,313)	(3,201,871)	(1,686,269)	(920,736,314)
31 December 2022	436,019,217	6,424,432,942	4,806,250,202	1,388,366,567	260,747,544	114,744,198	55,160,471	166,361,259	26,419,165	13,678,501,565
Accumulated depreciation										
31 December 2021	(100,551,969)	(1,242,333,305)	(490,916,231)	(829,537,024)	(143,007,212)	(415,287,373)	(36,242,112)	(78,604,972)	(17,152,036)	(3,353,632,234)
Increase in the current year										
Provision	(18,482,186)	(168,785,487)	(116,831,219)	(60,800,697)	(22,205,755)	(28,259,858)	(3,667,399)	(14,984,310)	(1,475,653)	(435,492,564)
Transfer from right-of-use assets	-	(5,732,974)	-	(489,103)	-	(17,293,101)	-	-	-	(23,515,178)
Decrease in the current year										
Disposal and scrapping	-	-	-	28,072,541	15,021,780	12,497,558	711,213	959,755	333,243	57,596,090
Invested subsidiaries	195,084	7,028,448	-	-	1,348,593	434,804,927	792,205	1,823,721	720,603	446,713,581
31 December 2022	(118,839,071)	(1,409,823,318)	(607,747,450)	(862,754,283)	(148,842,594)	(13,537,847)	(38,406,093)	(90,805,806)	(17,573,843)	(3,308,330,305)
Net book value										
31 December 2022	317,180,146	5,014,609,624	4,198,502,752	525,612,284	111,904,950	101,206,351	16,754,378	75,555,453	8,845,322	10,370,171,260
31 December 2021	330,106,954	4,799,803,603	2,811,954,387	263,766,815	91,394,623	410,731,907	17,183,655	64,504,716	6,706,643	8,796,153,303

As at 31 December 2023 and 31 December 2022, the Company had no fixed assets which were mortgaged, and no temporarily idle fixed assets.

For the year ended 31 December 2023, the amounts of depreciation expenses were RMB530,149,216 (For the year ended 31 December 2022: RMB435,492,564) including charged to cost of sales, general and administrative expenses and research and development expenditure were RMB511,239,922, RMB18,455,719 and RMB453,575 respectively (For the year ended 31 December 2022: RMB419,809,392, RMB15,670,897 and RMB12,275).

For the year ended 31 December 2023, the costs of fixed assets transferred from construction in progress amount to RMB1,891,646,044 (For the year ended 31 December 2022: RMB2,175,345,161).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(8) Fixed assets (Continued)

As at 31 December 2023 and 31 December 2022, the Company considered that there was no indication that the fixed assets may be impaired, therefore no provision for impairment was required.

As at 31 December 2023, properties with book values of RMB178,009,424 (Cost: RMB196,881,755) (As at 31 December 2022, RMB178,313,294 (Cost: RMB191,499,331)), were located on non-ownership land and had not yet completed the financial accounts for the completion of the project. The property right certificate had not been obtained.

Fixed assets leased by the company through operating leases are set out in Note 4(15).

The lease contracts signed by the Company as lessor have no residual value guarantee clauses.

(9) Construction in progress

	31 December 2023			31 December 2022		
	carrying amount	impairment provision	Net book value	carrying amount	impairment provision	Net book value
Dongjiakou Port Oil Products						
Phase I, Phase II and Phase III Project	455,355,556	-	455,355,556	461,705,404	-	461,705,404
No. 1 and 2 berths of Dongjiakou North						
No. 2 Causeway	-	-	-	366,562,546	-	366,562,546
Dongjiakou crude oil commercial reserve project	-	-	-	287,123,994	-	287,123,994
Dongjiakou port area north three embankment rear yard project	-	-	-	138,874,346	-	138,874,346
Dongjiakou port area front expansion project	-	-	-	115,626,659	-	115,626,659
Dongjiakou Huaneng Wharf Phase II Project	-	-	-	98,187,240	-	98,187,240
Other units	308,089,323	-	308,089,323	447,950,736	-	447,950,736
	<u>763,444,879</u>	<u>-</u>	<u>763,444,879</u>	<u>1,916,030,925</u>	<u>-</u>	<u>1,916,030,925</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(9) Construction in progress (Continued)

The carrying value of the Company's projects under construction or major projects under construction with an additional amount greater than RMB100 million are listed as follows:

(a) Changes of major projects

Project name	31 December		Increase in the current year	Transfer to fixed assets	Capital contribution in the current year	Other decreases	31 December 2023	% of project investment a mong budget	Progress	
	Budget	2022							of the project	Sources of capital
Dongjiakou Port Oil Products Phase I, Phase II and Phase III Project	825,755,775	461,705,404	471,698	-	-	(6,821,546)	455,355,556	56%	56%	Internal capital
No. 1 and 2 berths of Dongjiakou North No. 2 Causeway	1,267,950,000	366,562,546	3,586,540	(370,149,086)	-	-	-	100%	100%	Internal capital and raised funds
Dongjiakou crude oil commercial reserve project	4,480,000,000	287,123,994	448,125,732	(735,249,726)	-	-	-	100%	100%	Internal capital
Dongjiakou port area north three embankment rear yard project	300,000,000	138,874,346	99,395,258	(238,269,604)	-	-	-	100%	100%	Internal capital
Dongjiakou port area front expansion project	194,850,000	115,626,659	37,484,311	(153,110,970)	-	-	-	100%	100%	Internal capital
Dongjiakou Huaneng Wharf Phase II Project	1,000,500,000	98,187,240	8,436,729	(106,623,969)	-	-	-	100%	100%	Internal capital
Other units	-	447,950,736	155,236,678	(288,242,689)	(6,855,402)	-	308,089,323	-	-	Internal capital
		<u>1,916,030,925</u>	<u>752,736,946</u>	<u>(1,891,646,044)</u>	<u>(6,855,402)</u>	<u>(6,821,546)</u>	<u>763,444,879</u>			

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(9) Construction in progress (Continued)

(a) Changes of major projects (Continued)

Project name	Budget	31 December 2021	Increase in the current year	Transfer to fixed assets	31 December 2022	% of project investment among budget	Progress of the project	Sources of capital
Dongjiakou Port Oil Products								
Phase I, Phase II and Phase III Project	825,755,775	461,705,404	-	-	461,705,404	56%	56%	Internal capital
No. 1 and 2 berths of Dongjiakou								Internal capital
North No. 2 Causeway	1,267,950,000	246,669,239	119,893,307	-	366,562,546	95%	95%	and raised funds
Dongjiakou crude oil commercial reserve project	4,480,000,000	796,153,862	975,924,329	(1,484,954,197)	287,123,994	90%	90%	Internal capital
Dongjiakou port area north three embankment rear yard project	300,000,000	1,787,453	137,086,893	-	138,874,346	67%	67%	Internal capital
Dongjiakou port area front expansion project	194,850,000	27,390,512	88,236,147	-	115,626,659	81%	81%	Internal capital
Dongjiakou Huaneng Wharf								
Phase II Project	1,000,500,000	168,273,119	420,805,236	(490,891,115)	98,187,240	95%	95%	Internal capital
Other units	-	364,280,396	283,170,189	(199,499,849)	447,950,736	-	-	Internal capital
		<u>2,066,259,985</u>	<u>2,025,116,101</u>	<u>(2,175,345,161)</u>	<u>1,916,030,925</u>			

As at 31 December 2023 and 31 December 2022, the management of the Company considered that there is no indication that the Construction in progress may be impaired, therefore no provision for impairment is recorded.

In 2023 and 2022, the company had no capitalized borrowing costs

The Company's self-built buildings, port facilities and warehouse facilities will be transferred to fixed assets after completion and acceptance in 2023 and will be transferred to fixed assets accordingly, while machinery and equipment will be transferred to fixed assets after installation, commissioning and acceptance in 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(10) Intangible assets

	Land use rights	Software	Sea area use rights	Others	Total
Cost					
31 December 2022	2,349,638,306	124,349,935	49,391,000	32,290,966	2,555,670,207
Increase in the current year					
Purchase	-	31,714,524	-	-	31,714,524
Internal research and development	-	24,302,416	-	-	24,302,416
Transfer from investment properties	329,964,112	-	-	-	329,964,112
Decrease in the current year					
Disposal and scrapping	-	(523,165)	-	(2,100,342)	(2,623,507)
Transfer to held for sale assets	(22,060,128)	-	-	-	(22,060,128)
Invested subsidiaries	(413,029,883)	(5,940,755)	-	-	(418,970,638)
31 December 2023	2,244,512,407	173,902,955	49,391,000	30,190,624	2,497,996,986
Accumulated amortization					
31 December 2022	(360,126,017)	(70,981,893)	(1,564,053)	(29,402,776)	(462,074,739)
Increase in the current year					
Provision	(60,226,685)	(27,491,393)	(987,820)	(1,886,979)	(90,592,877)
Transfer from investment properties	(61,491,217)	-	-	-	(61,491,217)
Decrease in the current year					
Disposal and scrapping	-	351,852	-	2,096,006	2,447,858
Transfer to held for sale assets	3,340,547	-	-	-	3,340,547
Invested subsidiaries	90,973,151	983,297	-	-	91,956,448
31 December 2023	(387,530,221)	(97,138,137)	(2,551,873)	(29,193,749)	(516,413,980)
Net book value					
31 December 2023	1,856,982,186	76,764,818	46,839,127	996,875	1,981,583,006
31 December 2022	1,989,512,289	53,368,042	47,826,947	2,888,190	2,093,595,468

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(10) Intangible assets (Continued)

	Land use rights	Software	Sea area use rights	Others	Total
Cost					
31 December 2021	2,300,133,334	106,524,652	49,391,000	32,290,966	2,488,339,952
Increase in the current year					
Purchase	17,851,643	-	-	-	17,851,643
Internal research and development	-	24,499,695	-	-	24,499,695
Transfer from investment properties	31,653,329	-	-	-	31,653,329
Decrease in the current year					
Invested subsidiaries	-	(6,674,412)	-	-	(6,674,412)
31 December 2022	2,349,638,306	124,349,935	49,391,000	32,290,966	2,555,670,207
Accumulated amortization					
31 December 2021	(304,815,986)	(55,025,203)	(576,233)	(26,383,518)	(386,800,940)
Increase in the current year					
Provision	(47,518,503)	(18,824,996)	(987,820)	(3,019,258)	(70,350,577)
Transfer from investment properties	(7,791,528)	-	-	-	(7,791,528)
Decrease in the current year					
Invested subsidiaries	-	2,868,306	-	-	2,868,306
31 December 2022	(360,126,017)	(70,981,893)	(1,564,053)	(29,402,776)	(462,074,739)
Net book value					
31 December 2022	1,989,512,289	53,368,042	47,826,947	2,888,190	2,093,595,468
31 December 2021	1,995,317,348	51,499,449	48,814,767	5,907,448	2,101,539,012

For the year ended 31 December 2023, the amortization of intangible assets amounted to RMB90,592,877 (For the year ended 31 December 2022: RMB70,350,577).

As at 31 December 2023 and 31 December 2022, the Company had no intangible assets which were mortgaged.

As at 31 December 2023 and 31 December 2022, the management of the Company considered that there was no indication of impairment of intangible assets, and therefore no provision for impairment was required.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(11) Provision for asset impairment

	31 December 2022	Decrease in the current year	31 December 2023
Provision for bad debts of accounts receivable	98,579,299	(79,074,617)	19,504,682
Including: Provision for bad debts on the individual basis	–	–	–
Provision for bad debts on the grouping basis	98,579,299	(79,074,617)	19,504,682
Provision for bad debts of other receivables	5,833,970	(2,571,872)	3,262,098
Including: Provision for bad debts on the individual basis	–	–	–
Provision for bad debts on the grouping basis	5,833,970	(2,571,872)	3,262,098
	<u>104,413,269</u>	<u>(81,646,489)</u>	<u>22,766,780</u>
	31 December 2021	Increase in the current year	31 December 2022
Provision for bad debts of accounts receivable	52,231,277	46,348,022	98,579,299
Including: Provision for bad debts on the individual basis	–	–	–
Provision for bad debts on the grouping basis	52,231,277	46,348,022	98,579,299
Provision for bad debts of other receivables	5,353,628	480,342	5,833,970
Including: Provision for bad debts on the individual basis	–	–	–
Provision for bad debts on the grouping basis	5,353,628	480,342	5,833,970
	<u>57,584,905</u>	<u>46,828,364</u>	<u>104,413,269</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(12) Capital surplus

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Share premium (Note 4(39))-				
Capital premium contributed				
by Qingdao Port Group	7,052,279,474	-	-	7,052,279,474
Capital premium contributed				
by Other Promoters	783,586,608	-	-	783,586,608
Issue of new shares	8,652,856,972	-	-	8,652,856,972
Shares issue expenses	(242,175,098)	-	-	(242,175,098)
Business combination				
involving enterprises				
under common control	(393,875,022)	-	-	(393,875,022)
Subsidiary minority				
shareholders paid a premium	15,245,576	-	-	15,245,576
Acquisition of minority interests	-	(12,151,207)	-	(12,151,207)
Other capital surplus –				
Share of changes in equity				
other than comprehensive				
income and profit				
distribution of investees				
under the equity method	12,500,677	830,121	-	13,330,798
Impact of disposal of				
subsidiaries	144,424,899	-	-	144,424,899
	<u>16,024,844,086</u>	<u>(11,321,086)</u>	<u>-</u>	<u>16,013,523,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(12) Capital surplus (Continued)

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Share premium (Note 4(39))-				
Capital premium contributed				
by Qingdao Port Group	7,052,279,474	-	-	7,052,279,474
Capital premium contributed				
by Other Promoters	783,586,608	-	-	783,586,608
Issue of new shares	8,652,856,972	-	-	8,652,856,972
Shares issue expenses	(242,175,098)	-	-	(242,175,098)
Business combination				
involving enterprises				
under common control	(31,531,719)	-	(362,343,303)	(393,875,022)
Subsidiary minority				
shareholders paid a premium	15,245,576	-	-	15,245,576
Other capital surplus -				
Share of changes in equity				
other than comprehensive				
income and profit				
distribution of investees				
under the equity method	12,193,294	307,383	-	12,500,677
Impact of disposal of				
subsidiaries	-	144,424,899	-	144,424,899
	<u>16,242,455,107</u>	<u>144,732,282</u>	<u>(362,343,303)</u>	<u>16,024,844,086</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(13) Other comprehensive income

	Other comprehensive income in balance sheet		
	31 December 2022	Amount in the current year	31 December 2023
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Remeasurement of movements of defined benefit plans	18,420,000	(68,860,000)	(50,440,000)
Share of other comprehensive income of the investee accounted for using equity method which will not be reclassified to profit or loss	1,629,835	(6,585,734)	(4,955,899)
Other comprehensive income that can be reclassified to profit or loss	1,683,358	4,770,964	6,454,322
	<u>21,733,193</u>	<u>(70,674,770)</u>	<u>(48,941,577)</u>
	Other comprehensive income in balance sheet		
	31 December 2021	Amount in the current year	31 December 2022
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Remeasurement of movements of defined benefit plans	31,210,000	(12,790,000)	18,420,000
Share of other comprehensive income of the investee accounted for using equity method which will not be reclassified to profit or loss	–	1,629,835	1,629,835
Other comprehensive income that can be reclassified to profit or loss	–	1,683,358	1,683,358
	<u>31,210,000</u>	<u>(9,476,807)</u>	<u>21,733,193</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(14) Undistributed profits

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Undistributed profits at the beginning of year	12,244,118,537	10,153,943,606
Changes in accounting policies (Note 2(30))	-	533,635
Undistributed profits at the beginning of year(restated)	12,244,118,537	10,154,477,241
Add: Net profit for the current year	3,828,164,600	4,006,491,261
The impact of transferring subsidiaries to associates	-	164,598,805
Less: appropriation of statutory surplus reserve	(382,816,460)	(417,130,730)
Profit distribution to shareholders (Note 4(42))	(1,748,053,230)	(1,664,318,040)
Undistributed profits at the end of the year	<u>13,941,413,447</u>	<u>12,244,118,537</u>

As disclosed in Note 2(30), according to Interpretation No. 16 which clarifies that deferred income taxes related to assets and liabilities arising from a specific single transaction are not applicable for initial recognition exemption, the Company applied the amendments retrospectively. The amounts of undistributed profits as at 1 January 2022 and 31 December 2022 have been restated.

(15) Revenue and cost of sales

	Year ended 31 December 2023		Year ended 31 December 2022	
	Revenue	Cost	Revenue	Cost
Revenue from main operations				
- Stevedore service	4,504,332,709	(3,811,891,227)	4,119,998,754	(3,448,587,692)
- Tugboat service	-	-	468,742,762	(278,023,163)
	<u>4,504,332,709</u>	<u>(3,811,891,227)</u>	<u>4,588,741,516</u>	<u>(3,726,610,855)</u>
Revenue from other operations				
- Rental income (i)	771,470,930	(272,581,110)	554,384,985	(183,689,828)
- Rendering of services and others	209,794,387	(18,673,372)	544,571,446	(389,765,678)
	<u>981,265,317</u>	<u>(291,254,482)</u>	<u>1,098,956,431</u>	<u>(573,455,506)</u>
	<u>5,485,598,026</u>	<u>(4,103,145,709)</u>	<u>5,687,697,947</u>	<u>(4,300,066,361)</u>

- (i) The Company's income comes from leasing self-owned port facilities, storage facilities, buildings, machinery and equipment and motor vehicles. In 2023, there were no variable lease payments recognised based on a certain portion of the lessee's sales revenue in rental income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(15) Revenue and cost of sales (Continued)

For the year ended 31 December 2023, among the above revenue categories, except for contract obligations of services like sales of fuel, electricity and others are satisfied at a point in time, and the remaining are satisfied over-time.

As at 31 December 2023, the Company's contracted but unfulfilled or unfulfilled performance obligations correspond to revenues of RMB84,189,876 (31 December 2022: RMB107,993,812), of which the Company expects all will be recognized in 2024.

(16) Financial expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Interest costs	768,472	2,484,315
Add: Interest expense on lease liabilities	<u>4,948,666</u>	<u>7,641,082</u>
Interest expenses	5,717,138	10,125,397
Less: Interest income	(56,002,737)	(64,476,372)
Effect of actuarial calculation of employee benefits	47,130,000	53,480,000
Exchange gains or losses	11,673,885	(32,847,961)
Others	<u>(328,662)</u>	<u>309,199</u>
	<u><u>8,189,624</u></u>	<u><u>(33,409,737)</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(17) Expenses by nature

The cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are categorized by nature as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Employee benefits	1,428,461,132	1,549,998,452
Cost for outsourcing transportation	1,273,090,281	1,166,766,341
Subcontract cost	564,947,788	455,626,564
Depreciation of fixed assets	530,149,216	435,492,564
Cost of sales for fuel and electricity	199,057,445	236,144,674
Consumption of other raw materials	154,772,159	174,190,697
Repair expenses	141,487,318	123,264,402
Amortisation of intangible assets	90,592,877	70,350,577
Rental expenses (i)	67,539,241	74,231,189
Depreciation of right-of-use assets	40,595,596	38,664,183
Property management fees	26,243,721	26,868,754
Depreciation of investment property	22,165,193	44,727,245
Consulting fee	15,656,212	14,717,282
Procurement cost of fuel and utility fees	9,503,280	291,229,057
Auditor's fee	6,912,021	7,221,331
Others	126,542,312	122,176,081
	<u>4,697,715,792</u>	<u>4,831,669,393</u>

- (i) As stated in Note 2(25), lease expense incurred by short-term lease and low-value lease is recorded in current profit or loss. For the year ended 31 December 2023, the amount is RMB67,539,241(2022: RMB74,231,189).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

16 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (Continued)

(18) Investment income

	Year ended 31 December 2023	Year ended 31 December 2022
Investment income from long-term equity investment under equity method	1,485,633,256	1,292,545,747
Investment income from long-term equity investments under cost method	1,629,893,223	1,437,394,331
Investment income from disposal of long-term equity investments	10,100,308	594,047,725
Interest income from holding of debt investments	96,029,521	124,049,647
Investment income from holding of financial assets held for trading	14,616,710	27,048,897
Discount loss on financing of receivables	<u>(386,505)</u>	<u>(1,695,934)</u>
	<u>3,235,886,513</u>	<u>3,473,390,413</u>

(19) Income expenses

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Current income tax calculated based on tax law and related regulations	189,528,934	263,552,585
Deferred income tax	<u>39,494,123</u>	<u>13,452,759</u>
	<u>229,023,057</u>	<u>277,005,344</u>

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

	Year ended 31 December 2023	Year ended 31 December 2022 (restated)
Total profit	<u>4,057,187,657</u>	<u>4,283,496,605</u>
Income tax expenses calculated at applicable tax rates	1,014,296,914	1,070,874,151
Investment income not subject to tax	(778,881,620)	(818,374,770)
Additional deduction of employee benefits of the disabled	(853,514)	(947,478)
Preference of tax deduction and exemption	(8,759,718)	-
Costs, expenses and losses not deductible for tax purposes	<u>3,220,995</u>	<u>25,453,441</u>
Income tax expenses	<u>229,023,057</u>	<u>277,005,344</u>

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

1 STATEMENT OF NON-RECURRING PROFIT OR LOSS

	Year ended 31 December 2023	Year ended 31 December 2022
Government grants included in profit or loss for the current period, excluding the government grants which are closely related to the normal operation of the Company, conform to the national policies and regulations, are enjoyed in accordance with certain standards, and have continuous impact on the Company's profit or loss	114,244,162	155,580,971
Gains or losses on changes in fair value arising from holding of trading financial assets and investment income from disposal of trading financial assets in addition to the effective hedging business related to the normal operation of the Company	18,122,740	30,061,423
Gains or losses on disposal of non-current assets	15,340,513	15,201,237
Reversal of provision for impairment of accounts receivable that has been separately tested for impairment	-	318,952
Gains or losses on disposal of long-term equity investment	19,652,995	85,230,721
Net profit or loss of the subsidiary generated from the business combination under common control from the beginning of the period to the combination date	-	(5,675,058)
Other non-operating income and expenses except for the above-mentioned items	36,554,010	(8,320,866)
Other items within the definition of non-recurring profit or loss	4,740,045	23,379,518
Subtotal	208,654,465	295,776,898
Less: Income tax effect	(50,978,605)	(67,961,826)
Less: Non-recurring gains and losses attributable to minority shareholders	(27,073,081)	(34,748,003)
Non-recurring gains and losses attributable to shareholders of the parent company	130,602,779	193,067,069

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

1 STATEMENT OF NON-RECURRING PROFIT OR LOSS (Continued)

(1) Basis for preparation of statement of non-recurring profit or loss

In 2023, the China Securities Regulatory Commission issued the Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1 – Non-recurring Profit or Loss (Revised in 2023), (“2023 No. 1 Explanatory Announcement”), which became effective on the issuance date. The Group prepares 2023 statement of non-recurring profit or loss according to 2023 No. 1 Explanatory Announcement.

According to requirements in 2023 No. 1 Explanatory Announcement, non-recurring profit or loss refers to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to happen frequently that would have an influence to the financial statements users’ making economic decisions based on the financial performance and profitability of an enterprise.

(2) Impact of implementation of 2023 No. 1 Explanatory Announcement on non-recurring profit or loss for 2022

Implementation of requirements in Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1 – Non-recurring Profit or Loss [2008] (“2008 No. 1 Explanatory Announcement”) has no impact on the presentation of the Group’s non-recurring profit or loss for 2022.

2 RETURN ON EQUITY AND EPS

	Weighted average return on equity (%)		EPS			
			Basic EPS		Diluted EPS	
	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
Net profit attributable to ordinary shareholders of the company	12.70%	12.43%	0.76	0.70	0.76	0.70
Net profit attributable to ordinary shareholders of the company after deducting non-recurring profit or loss	12.36%	11.90%	0.74	0.67	0.74	0.67



青岛港国际股份有限公司
QINGDAO PORT INTERNATIONAL CO.,LTD.