



秦皇岛港股份有限公司

QINHUANGDAO PORT CO., LTD.*

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

2022

ANNUAL REPORT



*For identification purposes only

IMPORTANT NOTICE

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

Taking into account of operation and capital of the Company, on the basis of total share capital of 5,587,412,000 shares as of 31 December 2022, the Company proposes to pay cash dividend of RMB0.71 (tax inclusive) for every 10 shares to all shareholders, with a total cash dividend amounting to RMB396,706,252.00.

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

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

Applicable Not applicable

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

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

No

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

No

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

No

X. Warning of major risks

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

XI. Others

Applicable Not applicable

CONTENTS

Section I	Definitions	2
Section II	Company Profile and Major Financial Indicators	3
Section III	Chairman's Statement	9
Section IV	Report of the Board of Directors	11
Section V	Corporate Governance	31
Section VI	Environmental and Social Responsibility	61
Section VII	Significant Events	64
Section VIII	Report of Supervisory Committee	82
Section IX	Changes in Shares and Particulars of Shareholders	85
Section X	Information of Preference Shares	93
Section XI	Corporate Bonds	94
Section XII	Audit Report	95

SECTION I DEFINITIONS

I. DEFINITIONS

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

DEFINITIONS OF USEFUL EXPRESSIONS

QHD Port	Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司), a joint stock limited liability company incorporated under the laws of PRC on 31 March 2008
Company or the Company	Qinhuangdao Port Co., Ltd.* and its subsidiaries
Hebei Port, HPG, controlling shareholder or QHD Port Group	Hebei Port Group Co., Ltd.* (河北港口集團有限公司), a limited liability company incorporated under the laws of the PRC, previously known as Qinhuangdao Port Group Co., Ltd.* (秦皇島港務集團有限公司), which directly holds 56.27% equity interest of the Company
Reporting Period or the Year	the twelve months ended 31 December 2022
Corresponding period of 2021	the twelve months ended 31 December 2021
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Shanghai Listing Rules	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Corporate Governance Code	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
Prospectus	the Prospectus for the Initial Public Offering and Listing of A Shares of Qinhuangdao Port Co., Ltd. issued by the Company on SSE on 13 July 2017
HPG Finance	Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)
Cangzhou Mineral Port	Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司), a company established in the PRC with limited liability on 10 April 2012, with 97.59% of its equity interest held by the Company as at the date of this report
Caofeidian Coal Port	Tangshan Caofeidian Coal Stevedoring Co., Ltd.* (唐山曹妃甸煤炭港務有限公司), a company established in the PRC with limited liability on 29 October 2009, with 51.00% of its equity interest held by the Company as at the date of this report
Caofeidian Shiye Port	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司), a company established in the PRC with limited liability on 4 September 2002, with 35.00% of its equity interest held by the Company as at the date of this report
A Share(s)	the domestic listed RMB ordinary share(s) in the share capital of QHD Port with a nominal value of RMB1.00 each, which are listed on the SSE
H Share(s)	Hong Kong listed ordinary share(s) in the share capital of QHD Port with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
Harbor	land and water surface of the port within the territory of the port and demarcated by the administrative agency of local government
Qinhuangdao Port	Qinhuangdao Port in Qinhuangdao City, Hebei Province
Caofeidian Port	Caofeidian Port Zone in Tangshan Port, Tangshan City, Hebei Province
Huanghua Port	Huanghua Port in Cangzhou City, Hebei Province
Throughput	a measure of the volume of cargo handled by a port, where cargoes are transhipped, each unloading and loading process is measured separately as part of throughput
Terminal	designated for mooring vessels, loading and unloading cargoes and boarding travelers
Berth	the place of a dock designated for a vessel to moor
Bulk cargo	loose commodity cargo that is transported in volume size including dry bulk cargo and liquid bulk cargo
General cargo	a general terms for cargoes of various varieties, nature and packaging forms
TEU	a statistical conversion unit for containers, a container of twenty feet in length (i.e. one TEU)
Economic hinterland or Hinterland	hinterland connected with the port by means of transportation, a territory scope in the port where cargoes are generated from or cargoes to be transhipped through the port are consumed
Daqin Railway	the railway line from Hanjialing Station in Datong County, Shanxi Province to the Liucun South Station in Qinhuangdao City, Hebei Province
Board or Board of Directors	the board of directors of QHD Port
Director(s)	Director(s) of QHD Port
Tangshan Port	Tangshan Port Group Co., Ltd. (唐山港集團股份有限公司)

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

I. PROFILE OF THE COMPANY

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

II. CONTACT PERSON AND CONTACT METHOD

	Secretary to the Board	Securities Representative
Name	NIE Yuzhong (President, performing the duties of the secretary to the Board)	ZHANG Nan
Address	35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province	35 Haibin Road, Haigang District, Qinhuangdao, Hebei Province
Telephone	0335-3099676	0335-3099676
Facsimile	0335-3093599	0335-3093599
E-mail	qggf@portqhd.com	qggf@portqhd.com

III. BASIC INFORMATION

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

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

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

V. SHARES OF THE COMPANY

Information on Shares of the Company

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

VI. OTHER RELEVANT INFORMATION

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

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

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

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2022	2021	Increase/decrease for the current period as compared to the corresponding period of the previous year (%)	2020
Operating revenue	6,919,421,033.92	6,594,861,850.05	4.92	6,455,853,710.64
Net profit attributable to Shareholders of the listed Company	1,308,419,060.49	1,038,394,361.09	26.00	995,132,015.27
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	1,250,538,417.22	994,371,589.23	25.76	949,204,357.02
Net cash flow generated from operating activities	2,434,300,401.27	2,505,773,343.98	-2.85	2,555,826,406.42

	At the end of 2022	At the end of 2021	Increase/decrease for the current period as compared to the corresponding period of the previous year (%)	At the end of 2020
Net assets attributable to Shareholders of the listed Company	17,321,605,086.27	16,055,346,158.93	7.89	15,216,180,502.61
Total assets	27,940,699,083.26	27,776,977,884.78	0.59	26,243,366,760.77

(II) Major financial indicators

Major financial indicators	2022	2021	Increase/decrease for the current period as compared to the corresponding period of the previous year (%)	2020
Basic earnings per share (RMB/Share)	0.23	0.19	21.05	0.18
Diluted earnings per share (RMB/Share)	0.23	0.19	21.05	0.18
Basic earnings per share after deducting non-recurring profits and losses (RMB/Share)	0.22	0.18	22.22	0.17
Weighted average return on net assets (%)	7.84	6.64	Increased by 1.2 percentage points	6.54
Weighted average return on net assets after deducting non-recurring profits and losses (%)	7.49	6.36	Increased by 1.13 percentage points	6.24

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

Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

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

Unit: '000 Yuan Currency: RMB

	2022	2021	2020	2019	2018
Summary of income statement					
Revenue	6,919,421	6,594,862	6,455,854	6,722,730	6,876,632
Gross profit	2,652,240	2,500,162	2,588,154	2,878,924	2,857,585
Total profit	1,663,188	1,281,441	1,233,832	1,093,249	1,028,185
Net profit attributable to owners of the parent company	1,308,419	1,038,394	995,132	931,247	810,263
Basic/diluted earnings per share (RMB cents)	23.42	18.58	17.81	16.67	14.50
Summary of balance sheet					
Cash and bank balances	4,847,758	4,051,770	3,554,825	2,805,072	2,607,072
Net current liabilities	-2,177,002	-669,501	-727,498	-475,228	603,204
Total assets	27,940,699	27,776,978	26,243,367	25,479,855	25,959,191
Interest-bearing bank borrowings	6,862,069	7,317,783	6,818,265	6,715,548	7,432,290
Gearing ratio (%)	34.77%	39.12%	38.65%	38.82%	42.26%
Net assets per Share (RMB)	3.10	2.87	2.72	2.61	2.49
Return on net assets (%)	7.84	6.64	6.54	6.53	5.90
Summary of cash flow statement					
Net cash flows from operating activities	2,434,300.40	2,505,773	2,555,826	2,453,137	2,697,203
Net cash flows from investing activities	-464,680.09	-1,860,576	-1,764,487	-829,314	-70,421
Net cash flows from financing activities	-1,087,273.74	-264,766	-724,345	-1,495,357	-1,647,966
Net increase in cash and cash equivalents	887,108.51	379,114	64,578	130,753	985,327

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

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

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

X. MAJOR FINANCIAL DATA IN EACH QUARTER OF 2022

Unit: Yuan Currency: RMB

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating revenue	1,648,067,484.18	1,738,142,776.50	1,900,019,258.00	1,633,191,515.24
Net profit attributable to Shareholders of the listed Company	335,837,013.59	375,904,122.93	407,932,436.32	188,745,487.65
Net profit attributable to Shareholders of the listed Company after deducting non-recurring profits and losses	320,879,854.69	363,491,221.90	396,982,293.03	169,185,047.60
Net cash flow generated from operating activities	604,743,449.17	873,114,552.37	763,486,706.70	192,955,693.03

Description of difference between quarter data and disclosed regular reporting data

- Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

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

Applicable Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	Amount in 2022	Note (if applicable)	Amount in 2021	Amount in 2020
Profit or loss on disposal of non-current assets	-4,756,832.99		780,756.58	-3,694,557.72
Tax refund or exemption in relation to documents of unauthorized approval or without formal approval or of incidental nature				
Government grants recognized in profit or loss (except for the government grants that are closely related to the business of the Company and received in accordance with the uniform state's regulations)	83,739,609.23		54,248,209.72	52,393,095.84
Fund possession cost paid by non-financial enterprises and recorded under current profit and loss				
The excess of the fair value of identifiable net assets acquired over the cost for acquisition of subsidiaries, associates and joint ventures				
Profit/loss of non-monetary asset swap				
Profit/loss from entrusted investment or asset management			761.45	3,763,645.88
Provision for impairment of assets due to force majeure i.e. natural disaster				
Profit/loss from debt restructuring				
Corporate restructuring expenses, i.e. expenses on employee placement, integration costs, etc.				
Profit/loss from the excess of the fair value of a transaction of unfair consideration				
Current net profit/loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger				
Profit/loss from contingencies irrelevant to the normal operations of the Company				
Profit/loss from the change of fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment except for those gain/loss relating to the hedging transactions under company's normal operating business				
Write back of the provision for impairment of accounts receivable, contract assets that is individually tested for impairment				
Profit/loss from external entrusted loans				
Profit/loss from changes in fair value of investment properties using the fair value model for subsequent measurement				
Effects of one-off adjustment to current profit/loss in accordance with laws and regulations on taxation and accounting, etc.				
Income of entrustment fees from entrusted operations				
Other non-operating income or expenses other than the above items	3,647,836.88		3,028,829.40	8,353,464.27
Other profit or loss items that fall within the meaning of non-recurring profit and loss				2,007,824.21
Less: Impact on income tax	20,657,653.28		14,514,258.56	14,671,336.54
Impact on non-controlling interests (after tax)	4,092,316.57		-478,473.27	2,224,477.69
Total	57,880,643.27		44,022,771.86	45,927,658.25

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

Applicable Not applicable

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

XII. ITEMS MEASURED AT FAIR VALUE

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Movement in the current period	Effect amount on profit in the current period
Financing receivables	69,049,566.27	35,866,130.32	-33,183,435.95	0.00
Other equity instruments investments	910,016,638.38	1,136,892,279.11	226,875,640.73	0.00
Total	979,066,204.65	1,172,758,409.43	193,692,204.78	0.00

XIII. OTHERS

Applicable Not applicable

SECTION III CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of the Company for the year ended 31 December 2022.

I. ANALYSIS OF THE MACROECONOMIC CONDITION

In 2022, confronted with multiple unexpected disruption on the economy at home and abroad, the Chinese government acted decisively and made timely adjustments. It made use of the policy tools kept in reserve over recent years, front-loaded the implementation of adopted policies, and remained firm in advancing supply-side structural reform. It unveiled and implemented a full range of policies and follow-up measures to stabilize the economy. It formulated plans for the task of ensuring overall economic stability. It stepped up supervision and support to ensure policy implementation by local governments and assisted them in fully leveraging the potential of policies, and supported major economically developed provinces in shouldering greater responsibility. It gave priority to ensuring stable growth, employment, and prices, thus bringing about a steady economic recovery. Gross domestic product (GDP) of the year grew by 3%. Overcoming great difficulties and challenges, it succeeded in maintaining overall stable economic performance. Amid a complex and fluid environment, it was able to generally accomplish the main targets and tasks for the year. Such achievements are a testament to the tremendous resilience of China's economy.

II. PERFORMANCE OF MAJOR BUSINESS AND DIVIDENDS

In 2022, amid the complicated and severe economic environment at home and abroad, the Company closely focused on its core business of port operation, conscientiously implemented the spirit of the 20th National Congress of the CPC, forged ahead with vigor and courage, maintained stable port operation, vigorously promoted scientific and technological innovation, deepened corporate reform, significantly improved business quality and efficiency, and well completed the key tasks of the Year.

During the Year, the Group has achieved a total throughput for all types of cargoes of 384 million tonnes. The throughput of coals, metal ores, oil and liquefied chemicals, containers and the general and other cargoes amounted to 223 million tonnes, 117 million tonnes, 1.39 million tonnes, 1.60 million TEUs and 25.55 million tonnes, respectively. The Company has achieved an operating revenue of RMB6.919 billion during the year, representing an increase of 4.92% as compared with the corresponding period of last year. The net profit attributable to owners of the parent company amounted to RMB1.308 billion, representing an increase of 26.00% as compared with the corresponding period of last year. The Board of Directors recommended a final dividend of RMB0.71 per 10 shares (before tax) for the Year.

III. BUSINESS REVIEW

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

During the Year, the Company flexibly adjusted the production and operation organization according to the dynamic situation, optimized the loading and unloading efficiency, improved its service level, and maintained stable and orderly operation. Thus, the annual throughput of the ports increased by 1.28% year-on-year.

In terms of coal, the Company continuously optimized its operation scheduling mechanism to maximize loading and unloading capacity. The waiting time of vessels at Qinhuangdao Port has been reduced by 10%. The monthly loading and unloading volume of Caofeidian Coal Port, a subsidiary of the Company, hit a record high as it continuously improved its operational efficiency and cargo turnover rate. In terms of metal ores, taking advantage of its locations, the Company deepened the connection and cooperation with Han Huang Railway and developed new sources of goods such as manganese ore and chrome ore. In terms of general cargo, by increasing special berths and adopting direct gate-in through railway, the efficiency of container gate-in and loading has been significantly improved. In terms of containers, the two direct routes of "Qinhuangdao-Yantai-Quanzhou" and "Qinhuangdao-South China" successfully made their maiden voyages, and the multimodal transport routes of "Shijiazhuang International Land Port -Qinhuangdao Port-Incheon, South Korea" was opened. The container sea-rail intermodal transport project of Qinhuangdao Port was approved as the "fourth batch of national multimodal transport demonstration projects".

SECTION III CHAIRMAN'S STATEMENT

IV. OUTLOOK AND PROSPECTS

In 2023, the operation environment for the Company will remain challenging and complex. Amid the constant pressure from shrinking demand, supply shocks and weakening expectations, the foundation for economic recovery in China is still not solid. With the widespread implementation of the carbon peak and neutrality strategy, the total coal consumption will see a decline in the long run. The competition between the major coal transportation channels is intensifying, the import volume of ore will be generally declining as its demand is affected by the supply-side structural reform of the steel industry, and the safety and environmental protection measures will also present new challenges to port companies. On the plus side, firstly, the integration of port resources in Hebei Province has achieved major results, and the benefits of integration and synergies will be further presented; secondly, through continuous R&D efforts and technological empowerment, the Company's smart port construction will reach a new level, with the level of lean port operation and service quality greatly improved; lastly, the official operation and acceleration of key projects such as the continued construction project of Cangzhou Ore Phase I and Cangzhou Crude Oil Terminal Project have given fresh impetus to the Company's future development.

In the new year, the Company will grasp the latest trend, establish and strive for operation goals with firm confidence, and rely on the driving forces in innovation, green development and responsibility to promote the intensive, intelligent, green and low-carbon transformation and upgrading of the ports.

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

By order of the Board

ZHANG Xiaoqiang

Chairman

29 March 2023

SECTION IV REPORT OF THE BOARD OF DIRECTORS

I. BUSINESS DISCUSSION AND ANALYSIS

During the Reporting Period, the Company achieved a total cargo throughput of 383.83 million tonnes, representing an increase of 4.84 million tonnes or 1.28%, as compared with the throughput of 378.99 million tonnes in the corresponding period of 2021.

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

	2022		2021		Increase/ (Decrease) (million tonnes)	Increase/ (Decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Qinhuangdao Port	186.77	48.66	193.27	51.00	(6.50)	(3.36)
Caofeidian Port	115.48	30.09	116.24	30.67	(0.76)	(0.65)
Huanghua Port	81.58	21.25	69.48	18.33	12.10	17.42
Total	383.83	100.00	378.99	100.00	4.84	1.28

During the Reporting Period, the Company achieved a cargo throughput of 186.77 million tonnes in Qinhuangdao Port, which represented a decrease of 6.50 million tonnes or 3.36% from 193.27 million tonnes for the corresponding period of 2021, which was mainly due to the decline in demand for multiple cargo transshipments as numerous factories were not fully operative across regions.

The Company achieved a cargo throughput of 115.48 million tonnes in Caofeidian Port, representing a slight decrease of 0.76 million tonne or 0.65% from 116.24 million tonnes in the corresponding period of 2021. The slight decrease was mainly due to an increase in coal throughput in Caofeidian Port Zone as some cargos of the Daqin Railway were transferred to Caofeidian Port Zone through the Zhangjiakou – Tangshan Line during the Year. However, the overall throughput of iron ore remained stable due to the decrease in price and output of ore globally.

The Company achieved a cargo throughput of 81.58 million tonnes in Huanghua Port, representing an increase of 12.10 million tonnes or 12.10% from 69.48 million tonnes for the corresponding period of 2021. This significant increase was primarily due to the substantial increase of throughput along with the improvement of port handling capacity driven by the two berths for iron ore of its subsidiary Cangzhou Mineral Port newly put into operation.

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

	2022		2021		Increase/ (Decrease) (million tonnes)	Increase/ (Decrease) (%)
	Throughput (million tonnes)	Percentage of total throughput (%)	Throughput (million tonnes)	Percentage of total throughput (%)		
Coal	223.48	58.22	228.58	60.31	(5.10)	(2.23)
Metal ore	117.20	30.54	112.35	29.65	4.85	4.32
Oil and liquefied chemicals	1.39	0.36	2.24	0.59	(0.85)	(37.95)
Container	16.21	4.22	12.04	3.18	4.17	34.63
General and other cargoes	25.55	6.66	23.78	6.27	1.77	7.44
Total	383.83	100.00	378.99	100.00	4.84	1.28

SECTION IV REPORT OF THE BOARD OF DIRECTORS

1. Coal handling services

During the Reporting Period, the Company achieved a total coal throughput of 223.48 million tonnes, representing a decrease of 5.10 million tonnes or 2.23% from 228.58 million tonnes for the corresponding period of 2021. Such decrease was mainly due to the decreased throughput of coal cargoes as a result of the international energy tension, frequent fluctuation in the market, and other factors.

2. Metal ore handling services

During the Reporting Period, the Company achieved a total metal ores throughput of 117.20 million tonnes, representing an increase of 4.85 million tonnes or 4.32% from 112.35 million tonnes for the corresponding period of 2021. Such increase was mainly due to the improvement of berth utilization and handling efficiency driven by the two berths for iron ore of its subsidiary Cangzhou Mineral Port newly put into operation, while the Company gave play to its advantage of fast ship turnover, low ship waiting, and demurrage costs to boost arrival of customers' ships.

3. Oil and liquefied chemicals handling services

During the Reporting Period, the Company recorded an oil and liquefied chemicals throughput of 1.39 million tonnes, representing a decrease of 0.85 million tonne or 37.95% from 2.24 million tonnes for the corresponding period of 2021. Such decrease was mainly due to the declining production of our major cargo source, offshore oil, and continuous shutdown of the asphalt plants in the hinterland.

4. Container handling services

During the Reporting Period, the Company recorded a total container throughput of 1,599,425 TEUs, equivalent to a throughput of 16.21 million tonnes, representing an increase in the number of containers handled and throughput of 104,435 TEUs or 6.99% as compared with the number of containers handled and throughput of 1,494,990 TEUs and 12.04 million tonnes for the corresponding period of 2021, respectively. The increase was primarily because the Company strengthened its efforts in container transportation business, strived to expand the cargo sources of "dry bulk to containers", coordinated more with neighboring ports and, operated more routes to/from Tianjin Port and newly launched regional routes in Shandong and Southern China.

5. General cargoes handling services

During the Reporting Period, the Company recorded a throughput of general and other cargoes of 25.55 million tonnes, representing an increase of 1.77 million tonnes or 7.44% from 23.78 million tonnes for the corresponding period of 2021. The increase was mainly because the Company strengthened marketing efforts by actively visiting customers in Handan, Shijiazhuang, Shanxi and other regions, paid attention to needs of potential customers, enhanced market sourcing, and continuously improved port operation efficiency.

6. Ancillary port services and value-added services

The Company also provides a variety of ancillary port services and value-added services. Ancillary port services of the Group include tugging, tallying and transshipping services. Value-added services mainly include towing, tallying, coal blending and tariff-free warehouse and export supervisory warehouse services. In 2022, the operating revenue of ancillary port services and value-added services of the Company amounted to RMB231.8868 million, representing an increase of RMB7.9147 million or 3.53% from RMB223.9721 million for the corresponding period of 2021.

SECTION IV REPORT OF THE BOARD OF DIRECTORS

II. INDUSTRY DEVELOPMENT OF THE COMPANY DURING THE REPORTING PERIOD

(I) Overall Situation

In 2022, the gross domestic product (GDP) of PRC amounted to RMB121.0207 trillion, representing a year-on-year increase of 3.0%. In terms of industry sectors, value added by the primary sector was RMB8,834.5 billion, representing an increase of 4.1%; value added by the secondary industry was RMB48,316.4 billion, representing an increase of 3.8%; and value added by the tertiary industry was RMB63,869.8 billion, representing an increase of 2.3%.

(II) Overview of Port Industry in the PRC

The national cargo throughput in ports reached 15.685 billion tonnes in 2022, representing a year-on-year increase of 0.9%, of which the throughput of foreign trade reached 4.607 billion, representing a year-on-year decrease of 1.9%. The container throughput completed reached 296 million TEUs, representing a year-on-year increase of 4.7%. The throughput in costal ports reached 261 million TEUs, representing a year-on-year increase of 4.6%.

In terms of the coal business, in 2022, the output of raw coal of industrial enterprises above designated size was 4.50 billion tonnes, hitting a new record and representing a year-on-year increase of 9.0%. The growth rate of such output is 4.3 percentage points higher than that of the previous year. 290 million tonnes of coal were imported in 2022, representing a year-on-year decrease of 9.2%. Power production was stable and orderly with an increased proportion of clean energy power generation. In 2022, the industrial power generation above designated size reached 8.4 trillion kWh, representing a year-on-year increase of 2.2% – of which thermal power generation increased by 0.9%. The power generation from clean energy such as hydropower, nuclear power, wind power and solar energy increased by 5.3%, with proportion in total power generation up by 0.9 percentage point.

In terms of the iron ore business, the production volume of iron ore in China amounted to 967.873 million tonnes in 2022, representing a year-on-year decrease of 1.0%. In 2022, the production volume of crude steel in China amounted to 1,013.003 million tonnes, representing a year-on-year decrease of 2.1%; the production volume of pig iron amounted to 863.828 million tonnes, representing a year-on-year decrease of 0.8%; and the production volume of steel amounted to 1,340.335 million tonnes, representing a year-on-year decrease of 0.8%. In 2022, China's imports of iron ore amounted to 1,107 million tonnes, representing a year-on-year decrease of 17.88 million tonnes or 1.6%.

In terms of the petroleum business, the output of crude oil of industrial enterprises above designated size in 2022 was 204.67 million tonnes, representing a year-on-year increase of 2.9%. 508.28 million tonnes of crude oil were imported in 2022, representing a year-on-year decrease of 0.9%.

SECTION IV REPORT OF THE BOARD OF DIRECTORS

III. BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal Business

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

(II) Operating Model

1. Procurement Model

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

The purchase of resources includes materials, low-value consumables, energy (including water and electricity) and accessories, among which, the purchase of energy accounts for the majority of the total purchase of the Company. All of the above production materials shall be independently purchased by the Company through entering into relevant contracts. Resources of more than RMB500,000 and qualified for tendering shall be purchased by the Company by way of tendering. Resources of under RMB500,000, which are not subject to tendering, shall be purchased through comparison of quality and price, business negotiation and catalogue procurement.

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

2. Production Model

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

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

3. Marketing Model

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

(1) Marketing Model of Coal Business

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

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

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

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

SECTION IV REPORT OF THE BOARD OF DIRECTORS

IV. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable □ Not applicable

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

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

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

As an important port of the "West-East coal transportation" and "North-South coal transportation" in coal transportation in China, Qinhuangdao Port plays an important role in ensuring the safety of national energy transportation. In recent years, the Company has further expanded its business in Tangshan Caofeidian and Cangzhou City. Phase 1 (expansion) of metal ores terminal project in Cangzhou Port has commenced operation in 2022. In December 2022, the Company obtained the Reply on the Approval for Phase 1 of Crude Oil Terminal in the Bulk Cargo Area of Huanghua Port (關於黃驊港散貨港區原油碼頭一期工程項目核准的批覆) issued by Hebei Development and Reform Commission and the Reply on the Approval for the Use of Deep-water Port Waterfront in Phase 1 of Crude Oil Terminal in the Bulk Cargo Area of Huanghua Port (關於黃驊港散貨港區原油碼頭一期工程使用港口深水岸綫的批覆) issued by the Ministry of Transport for the 300,000-tonne crude oil terminal project of Huanghua Port in Cangzhou City.

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

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

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

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

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

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

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

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

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

SECTION IV REPORT OF THE BOARD OF DIRECTORS

V. OPERATING RESULTS OF MAJOR BUSINESSES FOR THE REPORTING PERIOD

In 2022, the Company has achieved an operating income of RMB6,919.42 million, representing a year-on-year increase of 4.92%; the operating cost amounted to RMB4,267.18 million, representing a year-on-year increase of 4.21%; total profit of RMB1,663.19 million, representing a year-on-year increase of 29.79%; net profit of RMB1,357.06 million, representing a year-on-year increase of 36.10%; net profit attributable to shareholders of the listed company amounted to RMB1,308.42 million, representing a year-on-year increase of 26.00%.

(I) Analysis on major operating business

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of the previous year	Change in proportion (%)
Operating revenue	6,919,421,033.92	6,594,861,850.05	4.92
Operating costs	4,267,181,490.83	4,094,699,901.80	4.21
Selling expenses			
Administrative expenses	834,726,694.34	922,314,914.16	-9.50
Financial expenses	139,990,216.94	217,662,699.89	-35.68
Research and development expenses	143,991,281.29	53,878,006.83	167.25
Net cash flows from operating activities	2,434,300,401.27	2,505,773,343.98	-2.85
Net cash flows from investing activities	-464,680,093.15	-1,860,575,821.18	75.02
Net cash flows from financing activities	-1,087,273,740.96	-264,765,831.06	-310.65

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

Applicable Not applicable

- In 2022, the financial costs of the Company amounted to RMB139.9902 million, representing a decrease of 35.68% as compared with that of the corresponding period last year, which was mainly attributable to the substantial decrease in interest rate of loans negotiated with major lending banks and the decreased bank borrowings.
- In 2022, the research and development expenses of the Company amounted to RMB143.9913 million, representing an increase of 167.25% as compared with the corresponding period of last year, mainly attributable to the increase in research and development investment.
- In 2022, the net cash flows generated from investing activities amounted to RMB-464.6801 million, representing a year-on-year increase of 75.02%, mainly resulted from the decrease in the cash outflows of investing activities.
- In 2022, net cash flows generated from financing activities amounted to RMB-1,087.2737 million, representing a year-on-year decrease of 310.65%, mainly due to the decrease in the cash proceeds from borrowing.

2. Analysis on revenue and cost

Applicable Not applicable

In 2022, the revenue of the Company amounted to RMB6,919.4210 million, representing a year-on-year increase of 4.92%, which was mainly due to the increase in the throughput of metal ore, metal ore related products, and other general cargoes of the Company during the Year.

In 2022, the operating costs of the Company amounted to RMB4,267.1815 million, representing a year-on-year increase of 4.21%, which was primarily attributable to the increased energy material consumption and repair and maintenance expenses.

SECTION IV REPORT OF THE BOARD OF DIRECTORS

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

Unit: Yuan Currency: RMB

Principal Operations by Industries						
By industries	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease of revenue as compared with that in the last year (%)	Increase/ decrease of operating cost as compared with that in the last year (%)	Increase/ decrease of gross profit margin as compared with that in the last year
Service in relation to coal and relevant products	4,878,324,042.01	2,661,683,353.98	45.44	0.43	0.41	increase of 0.01 percentage point
Service in relation to metal ore and relevant products	1,246,072,324.52	912,552,962.56	26.77	14.66	11.67	increase of 1.96 percentage points
Service in relation to general and other cargoes	572,239,016.63	496,074,193.01	13.31	33.49	17.31	increase of 11.96 percentage points
Container service	85,128,193.35	77,410,280.33	9.07	0.20	-3.69	increase of 3.67 percentage points
Fluid cargo service	45,951,734.67	71,008,058.00	-54.53	-17.22	11.02	decrease of 39.31 percentage points
Revenue from others	91,705,722.74	48,452,642.95	47.17	12.60	-18.59	increase of 20.25 percentage points

Principal Operations by Regions						
By regions	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease of revenue as compared with that in the last year (%)	Increase/ decrease of operating cost as compared with that in the last year (%)	Increase/ decrease of gross profit margin as compared with that in the last year
Qinhuangdao	4,315,797,813.02	2,394,185,129.72	44.53	-2.69	-2.65	decrease of 0.02 percentage point
Others	2,603,623,220.90	1,872,996,361.11	28.06	20.54	14.53	increase of 3.77 percentage points

(2). **Analysis on production and sales**

Applicable Not applicable

(3). **Material procurement contracts and material sales contracts and their execution**

Applicable Not applicable

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(4). Analysis on cost

Unit: Yuan

Information of segment							
Segment	Component of costs	Current period	Percentage over total costs for the current period (%)	Corresponding period of last year	Percentage over total costs for the corresponding period of last year (%)	Changes in amount over last year (%)	Remark
Service in relation to coal and relevant products	operating cost	2,661,683,353.98	62.38	2,650,779,758.46	64.74	0.41	
Service in relation to metal ore and relevant products	operating cost	912,552,962.56	21.39	817,173,472.54	19.96	11.67	
Service in relation to general and other cargoes	operating cost	496,074,193.01	11.63	422,890,246.69	10.33	17.31	
Container service	operating cost	77,410,280.33	1.81	80,375,946.10	1.96	-3.69	
Fluid cargo service	operating cost	71,008,058.00	1.66	63,961,429.63	1.56	11.02	
Revenue from others	operating cost	48,452,642.95	1.14	59,519,048.38	1.45	-18.59	

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

Applicable Not applicable

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

Applicable Not applicable

(7). Major sales customers and suppliers

A. Major sales customers of the Company

Applicable Not applicable

The sales of the five largest customers amounted to RMB2,532.2729 million, accounting for 36.60% of the total annual sales; among the five largest customers' sales, related party sales amounted to RMB0.00 million, accounting for 0.00% of the total annual sales.

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

Applicable Not applicable

B. Major suppliers of the Company

Applicable Not applicable

The purchase amount of the five largest suppliers was RMB914.3035 million, accounting for 43.25% of the total annual purchase; among the five largest suppliers' purchase, related party purchase amounted to RMB538.7024 million, accounting for 25.48% of the total annual purchase.

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

Applicable Not applicable

Other details

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

SECTION IV REPORT OF THE BOARD OF DIRECTORS

3. Expenses

Applicable Not applicable

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

4. Research and development investment

(1). Research and development investment

Applicable Not applicable

Unit: Yuan

Research and development expense in the period	143,991,281.29
Capitalized research and development investment in the period	
Total research and development investment	143,991,281.29
Proportion of total research and development investment to operating income (%)	2.08
Proportion of capitalization of research and development investment (%)	N/A

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(2). Research and development personnel

Applicable Not applicable

Number of research and development personnel	44
Proportion of research and development personnel to the total number of staff (%)	0.42
Education of research and development personnel	
Levels of education	Number (persons)
PhD degree	0
Master degree	26
Bachelor degree	18
College degree	0
High school degree and below	0
Age of research and development personnel	
Age	Number (persons)
Below 30 (exclusive)	0
30 – 40 (30 inclusive, 40 exclusive)	17
40 – 50 (40 inclusive, 50 exclusive)	23
50 – 60 (50 inclusive, 60 exclusive)	4
60 or above	0

(3). Description

Applicable Not applicable

In 2022, the Company consolidated R&D investment in the special action of “advancing within three years and strengthening with five years” to accelerate the construction of smart ports. The marine garbage collection boat developed by the Company can independently sail and collect sea garbage in designated sea areas; the “Modular Research and Application of Intelligent Safety Monitoring and Identification Technology” and “Research Project of Special Hot Work and Fire Monitoring Technology” enabled remote centralized supervision of various maintenance and operation sites in the port area; the rapid progress of the “Unmanned Transformation Project for Handling Steel Coils in Our Yard” has achieved the first unmanned handling operation of steel coil gantry cranes in ports across the country, providing strong technical support for port production. In 2022, we obtained a total of 13 provincial-level scientific and technological appraisal achievements, including 7 international advanced; 4 Science and Technology Progress Awards of China Port Association, including 2 second prizes and 2 third prizes; we obtained 2 third prizes for excellent projects by China Society of Logistics. The quality of scientific and technological achievements has been continuously improved.

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

Applicable Not applicable

SECTION IV REPORT OF THE BOARD OF DIRECTORS

5. Cash Flows

Applicable Not applicable

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

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

Applicable Not applicable

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(III) Analysis on assets and liabilities

√ Applicable □ Not applicable

1. Assets and liabilities

Unit: Yuan

Items	Amount at the end of the current period	Proportion of the amount at the end of the current period with respect to the total assets (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period with respect to the total assets (%)	Percentage change in the amount at the end of the current period as compared to that at the end of the previous period (%)	Description
Cash and bank balances	4,847,758,214.85	17.35	4,051,769,706.70	14.59	19.65	
Including: deposits with finance companies	4,049,298,698.27	14.49	3,385,810,394.04	12.19	19.60	
Bills receivable	91,361,696.00	0.33	68,346,713.28	0.25	33.67	
Accounts receivable	46,622,811.77	0.17	42,864,847.49	0.15	8.77	
Accounts receivable financing	35,866,130.32	0.13	69,049,566.27	0.25	-48.06	
Prepayments	23,630,461.95	0.08	10,234,539.55	0.04	130.89	
Other receivables	22,220,105.04	0.08	30,936,239.46	0.11	-28.17	
Inventories	125,279,242.63	0.45	167,322,981.57	0.60	-25.13	
Other current assets	82,539,575.60	0.30	127,074,097.79	0.46	-35.05	
Long-term equity investments	3,595,010,502.57	12.87	3,258,872,327.87	11.73	10.31	
Other equity instruments investments	1,136,892,279.11	4.07	910,016,638.38	3.28	24.93	
Fixed assets	11,548,007,158.30	41.33	12,416,386,765.22	44.70	-6.99	
Construction in progress	2,478,720,446.03	8.87	2,509,104,468.28	9.03	-1.21	
Right-of-use assets	141,869,720.26	0.51	112,187,085.56	0.40	26.46	
Intangible assets	2,950,070,241.42	10.56	2,981,369,444.65	10.73	-1.05	
Long-term prepaid expenses	5,639,206.39	0.02	35,096,766.80	0.13	-83.93	
Deferred income tax assets	439,589,423.33	1.57	410,078,781.79	1.48	7.20	
Other non-current assets	369,621,867.69	1.32	576,266,914.12	2.07	-35.86	
Short-term borrowings	260,270,111.11	0.93	330,357,805.56	1.19	-21.22	
Accounts payable	259,894,659.77	0.93	238,673,449.76	0.86	8.89	
Contract liabilities	563,480,833.77	2.02	704,281,207.62	2.54	-19.99	
Employee benefits payable	742,093,194.47	2.66	798,496,547.67	2.87	-7.06	
Taxes payable	43,304,688.38	0.15	87,649,229.69	0.32	-50.59	
Other payables	548,457,808.34	1.96	898,468,189.51	3.23	-38.96	
Non-current liabilities due within one year	680,774,886.72	2.44	840,171,471.74	3.02	-18.97	
Long-term borrowings	5,949,695,604.50	21.29	6,259,174,345.98	22.53	-4.94	
Lease liabilities	16,720,143.33	0.06	323,144.98	0.00	5,074.19	
Long-term payable	34,000,000.00	0.12	36,000,000.00	0.13	-5.56	
Long-term employee benefits payable	372,187,195.91	1.33	454,318,825.86	1.64	-18.08	
Deferred income	143,939,129.50	0.52	175,284,044.38	0.63	-17.88	
Deferred income tax liabilities	100,804,502.79	0.36	44,085,592.61	0.16	128.66	

SECTION IV REPORT OF THE BOARD OF DIRECTORS

Other descriptions

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

1. Bills receivable as at 31 December 2022 amounted to RMB91,361,696.00, representing an increase of 33.67% from the beginning of the year, financing receivables amounted to RMB35,866,130.32, representing a decrease of 48.06% from the beginning of the year, which was mainly due to the change in those of our subsidiary, Cangzhou Mineral Port.
 2. Prepayments as at 31 December 2022 amounted to RMB23,630,461.95, representing an increase of 130.89% from the beginning of the year, which was mainly due to the increase in operating prepayments.
 3. Other current assets as at 31 December 2022 amounted to RMB82,539,575.60, representing a decrease of 35.05% from the beginning of the year, mainly due to the refund of the outstanding of VAT credit received by Cangzhou Mineral, a subsidiary of the Company.
 4. Long-term prepaid expenses as at 31 December 2022 amounted to RMB5,639,206.39, representing a decrease of 83.93% from the beginning of the year, which was mainly due to the amortization of dredging costs of Cangzhou Mineral Port, a subsidiary of the Company.
 5. Other non-current assets as at 31 December 2022 amounted to RMB369,621,867.69, representing a decrease of 35.86% from the beginning of the year, mainly due to the decrease in the time deposits over one year.
 6. Taxes payable as at 31 December 2022 amounted to RMB43,304,688.38, representing a decrease of 50.59% from the beginning of the year, which was mainly due to the decrease of unpaid enterprise income tax.
 7. Other payables as at 31 December 2022 amounted to RMB548,457,808.34, representing a decrease of 38.96% from the beginning of the year, mainly due to the decrease in engineering equipment expenses payable.
 8. Lease liabilities as at 31 December 2022 amounted to RMB16,720,143.33, representing an increase of 5,074.19% from the beginning of the year, mainly representing new lease liabilities recognized of the parent company.
 9. Deferred income tax liabilities as at 31 December 2022 amounted to RMB100,804,502.79, representing an increase of 128.66% from the beginning of the year, mainly due to the increase in deferred income tax liabilities recognized on the fair value changes of other equity instruments investments.
2. Overseas assets
 Applicable Not applicable
- (1) **Assets scale**
Including: overseas assets of 59,014,402.57 (Unit: Yuan, Currency: RMB), representing 0.21% of the total assets.
- (2) **Explanation of the relatively high proportion of overseas assets**
 Applicable Not applicable
3. Restrictions on major assets as at the end of the Reporting Period
 Applicable Not applicable
4. Other explanation
 Applicable Not applicable

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(IV) Analysis of operating information of the industry

Applicable Not applicable

For details of the analysis of operating information of the industry, please refer to “III BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD” of this section.

(V) Investment Analysis

Overall analysis on external equity investments

Applicable Not applicable

As at the end of the Reporting Period, the closing balance of external equity investments of the Company was RMB3,595,010,502.57, representing an increase of RMB336,138,174.70 by 10.31% over the beginning of the Reporting Period. For details of such changes refer to “8. Long-term Equity Investments” of “V. Notes to Key Items of the Consolidated Statements” of “Note to the Financial Statements” set out in “Section XII Audit Report” of the report.

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

Unit: Yuan Currency: RMB

Category of assets	Opening balance	Gains or losses on fair value change for the period	Total fair value change recorded in equity	Impairment for the period	Amount of purchase for the period	Amount of disposal/redemption for the period	Other changes	Ending balance
Financing receivables	69,049,566.27					33,183,435.95		35,866,130.32
Other equity instruments investments	910,016,638.38		226,875,640.73					1,136,892,279.11
Total	979,066,204.65		226,875,640.73			33,183,435.95		1,172,758,409.43

Securities investment

Applicable Not applicable

Private equity investment

Applicable Not applicable

Derivative Investment

Applicable Not applicable

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

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(VI) Sales of substantial assets and equity interest

Applicable Not applicable

(VII) Analysis of major controlled companies and investees

Applicable Not applicable

Cangzhou Huanghuagang Mineral Port Co., Ltd.* (滄州黃驊港礦石港務有限公司) is a substantial subsidiary of the Company. It was incorporated on 10 April 2012, with a registered capital of RMB5,266.3482 million. Its headquarters is located in Bohai New District, Cangzhou City, Hebei Province. It mainly engages in stevedoring and stacking business. As of 31 December 2022, the total assets of Cangzhou Huanghuagang Mineral Port Co., Ltd. was RMB9,954.2552 million, of which the net assets were RMB6,063.6450 million. In 2022, the revenue of Cangzhou Huanghuagang Mineral Port Co., Ltd. was RMB1,781.0843 million, and the operating profit was RMB316.4175 million. Net profit was RMB235.9056 million, accounting for 18.03% of net profit attributable to the parent company.

Tangshan Caofeidian Coal Port Co., Ltd.* (唐山曹妃甸煤炭港務有限公司) is a substantial subsidiary of the Company. It was incorporated on 29 October 2009, with a registered capital of RMB1,800 million. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in business including stevedoring and storage services. As of 31 December 2022, the total assets of Tangshan Caofeidian Coal Port Co., Ltd. was RMB4,827.1576 million, of which the net assets were RMB1,151.7176 million. In 2022, the revenue of Tangshan Caofeidian Coal Port Co., Ltd. was RMB814.5917 million, and the operating profit was RMB44.8260 million. Net profit was RMB115.0518 million, accounting for 8.79% of net profit attributable to the parent company.

Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司) is a substantial investee of the Company. It was incorporated on 4 September 2002, with a registered capital of RMB2,000 million. Its headquarters is located in Caofeidian Industrial Park, Tangshan City, Hebei Province. It mainly engages in business including operation of port business and investment in infrastructure. As of 31 December 2022, the total assets of Tangshan Caofeidian Shiye Port Co., Ltd. was RMB7,168.6637 million, of which the net assets were RMB5,633.4109 million. In 2022, the revenue of Tangshan Caofeidian Shiye Port Co., Ltd. was RMB1,626.5616 million, and the operating profit was RMB910.5669 million. Net profit was RMB704.2248 million, and the Company's share of investment income in proportion to shareholding accounted for 18.84% of net profit attributable to the parent company.

(VIII) Structured entities under the control of the Company

Applicable Not applicable

SECTION IV REPORT OF THE BOARD OF DIRECTORS

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

(I) Industry structure and situation

√ Applicable □ Not applicable

(I) Competition facing the Company

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

(II) Industry development trend

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

In order to improve port competitiveness, avoid disorderly competition and promote the development of regional economy, from the central government to the coastal provinces, regional port integration development will be promoted as an important measure to improve port quality, efficiency and upgrading, resolve excess capacity, and optimize resource allocation. In 2017, the Ministry of Transport issued a Notice on Learning from Zhejiang's Experience to Promote Regional Port Integration Reform (關於學習藉鑑浙江經驗推進區域港口一體化改革的通知). Under the promotion of national traffic management department and local government, the integration of port industry in China is accelerating, and gradually forms a new situation of provincial integration, the involvement of central enterprises, and the linkage of port and air. Hebei, Liaoning, Shandong, Jiangsu, Zhejiang, Guangxi, Fujian, Hainan and other provinces have initially shaped a structure of "one province and one port".

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

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

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

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

4. The pace of integration of port functions and modern technology is accelerating

With the emergence of new technologies such as the internet of things, big data, cloud computing, and blockchain, the level of port informatization and intelligence will be greatly improved, and emerging offerings such as e-commerce and information platforms will be widely used in port functions. In May 2019, seven departments including the Ministry of Transport issued the "Guiding Opinions on the Development of Smart Shipping" (智能航運發展指導意見), proposing to improve the technology and system integration capabilities of smart ports, improve port operation efficiency, guide the automation transformation of existing terminals, and carry out the construction of smart port pilot projects.

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(II) Development strategy of the Company

Applicable Not applicable

Guided by Xi Jinping's Ideology on Socialism with Chinese Characteristics for a New Era, the Company will comprehensively grasp the specific requirements of the Hebei Provincial Party Committee and Hebei Provincial Government on developing towards the sea and striving for greatness, take serving major state strategies and comprehensively enhancing operational efficiency as the guide, adhere to the overall development idea of "taking ports as the foundation, transforming and upgrading, synergizing and linking, and improving quality and efficiency", continue to optimize and improve the function layout of the ports, maintain the world's leading public terminal operator for bulk cargo, further play the important role as the national energy hub port, and constantly enhance its comprehensive competition.

In 2023, the Company's prospects for various business are as follows:

Coal business

In 2023, the fundamentals sustaining China's long-term economic growth will remain strong. In the context of "dual carbon" and energy security, preventing campaign-style coal abandonment and coal power peaking has become the focus of various policies in 2023. High-quality production capacity will be released soon, and there is hardly a significant increase in the total amount of coal imports. The proportion of clean energy power generation will be further increased, and power grid construction will be booming. With the effects of the long-term agreements of ballast stone, coal prices in the Bohai Rim region are expected to be steady. In light of such sentiments, the Company will continue to vigorously increase its marketing efforts, expand cargo sources, improve handling efficiency, and promote throughput growth.

Metal ore business

The Company will continue its efforts in the metal ore business through actively sourcing cargo, strengthening overall planning and coordination, and optimizing production organizations to further release port operational capacity and to ensure the efficient operation of ports. Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port will be put into operation to improve operation efficiency; a flexible pricing mechanism will be adopted to cope with competition among the surrounding ports.

Container business

The Company will continue to develop "dry bulk to containers" business and sea-rail transport business, and further explore the cargo source in remote hinterland areas such as Inner Mongolia and Xinjiang. In addition to the stable operation of existing routes, new routes will be developed.

General cargoes business

The Company will continue to make efforts in sourcing cargoes, expanding its market, deeply meeting its customers' needs, and securing more cargo sources while strengthening business cooperation with large customers; the Company will also strengthen coordination with railway authorities to jointly explore the market to achieve an incremental supply of steel and other goods. The Company will continue on its collection and distribution capacity of the port railway, and develop more "a freight shift from road to rail" cargo sources and sea-rail transport business for bulk cargoes.

(III) Operating plan

Applicable Not applicable

In 2023, the Company's overall work idea is: to insist on guidance of Xi Jinping's Ideology on Socialism with Chinese Characteristics for a New Era, earnestly implement the spirit of the 20th National Congress, the guiding principles of the Central Economic Work Conference and the planning of the Hebei Provincial Party Committee and Hebei Provincial Government, fully work on the deployment of the scenario of building modern ports with Chinese style in Hebei Province, adhere to the leadership of scientific and technological innovation, increase investment in research and development, take more effective measures to promote the construction of smart ports, green ports and safe ports, strive for a new situation of transformation, upgrading, and high-quality development of the Company, make additional contributions for acceleration of the development of an economically powerful and beautiful Hebei Province in pursuit of building a large, comprehensive and modern world-class port group. As such, the Company will reshape and pioneer a new path for five aspects of "giving play to the advantages of integration in promoting the construction of first-class and strong ports", "focusing on digital transformation in the construction of smart ports", "strengthening the bottom-line mindset in advancing the construction of safe and green ports", "enhancing internal control and risk prevention in improving business quality and efficiency" and "motivating vitality in enterprise reform".

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(IV) Potential risks

Applicable Not applicable

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

In the near future, the main risks faced by the Company include: 1. the "peaking carbon dioxide emissions and carbon neutrality" mission target restricts the development of high-energy-consuming industries and reduces coal demands; 2. the coal imported at a low price may impact domestic trade coal; 3. the competition situation in ports in the Bohai Rim has intensified; 4. the abnormally large fluctuations in coal prices have caused transaction difficulties.

(V) Others

Applicable Not applicable

(1) Gross Profit Margin

The gross profit of the Company for the Year amounted to RMB2,652.2395 million, representing an increase of 6.08% as compared with the corresponding period of last year. The gross profit margin of the Company for the Year was 38.33%, representing an increase of 0.42 percentage point as compared with the corresponding period of last year.

(2) Tax and Surcharges

During the Year, the tax and surcharges of the Company amounted to RMB135.4093 million, representing a decrease of 34.44% as compared with the corresponding period of last year, mainly attributable to the substantial decrease in environmental protection tax over the last year.

(3) Other Income

During the Year, other income of the Company amounted to RMB83.7847 million, representing a year-on-year increase of 53.14%, which was mainly attributable to the increase in additional deduction of VAT.

(4) Investment Income

During the Year, investment income of the Company amounted to RMB235.2349 million, representing a year-on-year increase of 26.39%, which was mainly attributable to the increase in net profits of associates of the Company.

(5) Impairment Losses of Assets

The impairment losses of assets of the Company amounted to RMB36.7829 million for the Year, representing a year-on-year increase of 6.42%, which was mainly due to the increase in provision of impairment loss on fix assets.

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(6) Impairment Losses of Credit

The impairment losses of credit of the Company amounted to RMB16.3622 million for the Year, representing a year-on-year decrease of 42.38%, which was mainly attributable to the decrease in those of our subsidiary, Cangzhou Mineral Port.

(7) Net Non-operating Revenue and Expenses

During the Year, net non-operating revenue and expenses of the Company amounted to RMB-1,381,600, representing a year-on-year decrease of 136.27%, which was mainly attributable to the increase in loss on disposal of non-current assets.

(8) Income Tax Expense

Income tax expense of the Company increased by RMB21.8226 million to RMB306.1229 million for the Year from RMB284.3003 million last year, and the effective income tax rate of the Company decreased to 18.41% for the Year from 22.19% last year, mainly due to the provision of deductible deferred income tax assets against total income tax expense by our subsidiary Caofeidian Coal Port.

(9) Net Profit

Net profit of the Company for the Year amounted to RMB1,357.0647 million, representing a year-on-year increase of 36.10%, of which net profit attributable to owners of the parent company amounted to RMB1,308.4191 million, representing a year-on-year increase of 26.00%. Net profit margin of the Company was 19.61%, representing a year-on-year increase of 4.49 percentage points.

(10) Bank Loans and Other Borrowings

As at 31 December 2022, the details of the Company's bank loans and other borrowings are set out in "17. Short-term borrowings", "23. Non-current liabilities due within one year" and "24. Long-term borrowings" of "V. Notes to Key Items of the Consolidated Statements" of "Note to the Financial Statements" set out in "Section XII Audit Report".

(11) Exchange Rate Risks

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

(12) Pledge of Assets and Contingent Liabilities

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

(13) Capital Commitment

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

(14) Management of Working Capital

	31 December 2022	31 December 2021
Current ratio	1.70	1.17
Quick ratio	1.63	1.10
Turnover days of trade receivables	2.36	2.80
Turnover days of trade payables	21.32	18.90

As at 31 December 2022, the Company's current ratio and quick ratio were 1.70 and 1.63, respectively, representing a slight increase as compared with the current ratio of 1.17 and quick ratio of 1.10 as at 31 December 2021. The turnover days of trade receivables for the year 2022 was 2.36 days and the turnover days of trade payables was 21.32 days, representing a decrease of 0.44 day as compared with 2.80 days in 2021 and an increase of 2.42 days as compared with 18.90 days in 2021, respectively. All indicators above are within the appropriate range.

SECTION IV REPORT OF THE BOARD OF DIRECTORS

(15) Provision for Costs on Employees who Leave Their Posts and Wait for Retirement

In 2022, the Company's provision for costs on employees who leave their posts and wait for retirement was RMB180.9173 million, representing a decrease of 34.45% as compared with that of the corresponding period last year. In order to optimize the human resources' structure, improve the labour productivity and per capita profitability, reduce the inefficiency and losses of labour costs and effectively enhance the development quality and operational efficiency, the Company has optimized and adjusted the posts of a number of employees who meet certain conditions on a voluntary basis, and has formulated and implemented the policy of "Leaving Posts and Waiting for Retirement". The Company is obliged to pay the welfare expenses to these employees who left their posts and wait for retirement in the next 1 to 10 years, until they reach the statutory retirement age. The salary to the employee who leaves his or her posts and waits for retirement is determined based on a certain percentage of the average monthly salary of the last year when the said employee officially leaves his or her posts and waits for retirement. At the same time, the Company shall pay the basic social insurances and housing funds for these employees in accordance with local social security regulations. In accordance with the provisions of the Accounting Standards for Business Enterprises No. 9 – Employees' Remuneration, the labour costs for employees during the period from them leaving their posts and waiting for retirement to their retirement shall be charged as expenses in the year of them leaving their posts. The Company, when considering its obligation to pay the leave and retirement welfare expenses for employees who leave their posts and wait for retirement, shall discount these expenses on the basis of the yield of the PRC treasury bond in the same period and include them in administrative expenses all at once.

(16) Donation

Charity contributions and other donations of the Company made during the Year amounted to RMB432,300.

(17) Retained Profits at the end of the Year

Details of retained profits of the Company during the Year refer to Consolidated Statement of Changes in Owners' Equity in this report. As at 31 December 2022, retained profits at the end of the Year available for distribution to Shareholders of the Company amounted to RMB4,060.5082 million.

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

Applicable Not applicable

SECTION V CORPORATE GOVERNANCE

I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE

Applicable Not applicable

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

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

SECTION V CORPORATE GOVERNANCE

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

To avoid horizontal competitions between other entities and the listed companies (hereinafter including QHD Port and Tangshan Port) under the control of HPG and safeguard the legitimate interests of the listed companies under the control of HPG and their minority shareholders, HPG made undertakings as follows:

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

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

III. BRIEF INTRODUCTION OF GENERAL MEETING

Session of Meeting	Date	Inquiry index at designated website for which the resolutions were published	Disclosure date of the resolutions published	Resolutions
The 2021 Annual General Meeting	28 June 2022	www.sse.com.cn www.hkxnews.hk	29 June 2022 28 June 2022	For details, please see the announcement of the Company on the resolutions of the 2021 Annual General Meeting (Announcement No.: 2022-017)

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

Applicable Not applicable

Information of General Meetings

Applicable Not applicable

On 28 June 2022, the Company held the 2021 Annual General Meeting. Twelve resolutions were considered and approved on the 2021 Annual General Meeting, including the resolution regarding the report of the board of directors of the Company for 2021; the resolution regarding the report of the Supervisory Committee of the Company for 2021; the resolution regarding the final financial report of the Company for 2021; the resolution regarding the 2021 profit distribution plan and the declaration of final dividend of the Company; the resolution regarding the re-appointment of the auditor of the Company for the year 2022 and the audit fees for the year 2022; the resolution regarding the re-appointment of the internal control auditor of the Company for the year 2022 and the internal control audit fees for the year 2022; the resolution regarding the Director’s 2021 annual remuneration; the resolution regarding the Supervisor’s 2021 annual remuneration; the resolution regarding amendments to the rules for management of external guarantees of Qinhuangdao Port Co., Ltd.; the resolution regarding election of executive Directors and non-executive Directors of fifth session of the board of the Company; the resolution regarding election of independent non-executive Directors of fifth session of the board of the Company and the resolution regarding election of supervisors of fifth session of the Supervisory Committee of the Company.

SECTION V CORPORATE GOVERNANCE

IV. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

√ Applicable □ Not applicable

Unit: share

Name	Position (note)	Gender	Age	Duration of service (since)	End date of term of office	Remuneration paid (before tax)					Social insurance, housing funds and corporate annuities paid by the Company			Total remuneration before tax obtained from the Company during the Reporting Period (RMB'000)	Whether obtained remuneration from the connected parties of the Company	
						Basic remuneration prepaid	Prepayment for performance	Allowance and subsidy	Discounted difference of the previous year	Subtotal ¹	Basic healthcare, unemployment, work-related injury, maternity insurance and housing provident funds	Retirement plan: basic pension insurance and corporate annuities	Subtotal ²			Other monetary income
ZHANG Xiaoqiang	Chairman and Executive Director	Male	51	28 February 2023	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
NIE Yuzhong	Vice Chairman and Executive Director President	Male	54	28 February 2023 7 February 2023	27 June 2025 27 June 2025	18.67	20.50	3.72	41.62	84.51	8.84	8.17	17.01	0	101.52	No
LI Yingxu	Non-executive Director	Male	56	28 June 2022	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
XIAO Xiang	Non-executive Director	Female	50	28 June 2022	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
CHEN Ruihua	Independent Non-executive Director	Male	49	28 June 2022	27 June 2025	10.00	0	0	0	10.00	0	0	0	0	10.00	Yes
XIAO Zuhe	Independent Non-executive Director	Male	57	28 June 2022	27 June 2025	10.00	0	0	0	10.00	0	0	0	0	10.00	Yes
ZHAO Jinguang	Independent Non-executive Director	Male	59	28 June 2022	27 June 2025	5.00	0	0	0	5.00	0	0	0	0	5.00	Yes
ZHU Qingxiang	Independent Non-executive Director	Female	61	28 June 2022	27 June 2025	5.00	0	0	0	5.00	0	0	0	0	5.00	Yes
MENG Bo	Supervisor and chairman of the Supervisory Committee	Male	55	28 June 2022	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
BIAN Yingzi	Supervisor	Female	52	28 June 2022	27 June 2025	0	0	0	0	0	0	0	0	0	0	Yes
YANG Jun	Employee Representative Supervisor	Male	53	19 May 2022	27 June 2025	17.20	19.80	3.38	23.24	63.62	7.71	7.14	14.85	0	78.47	No
ZHOU Chengtao	Employee Representative Supervisor	Male	57	19 May 2022	27 June 2025	13.99	15.73	3.12	19.58	52.42	7.90	7.23	15.13	0	67.55	No
YANG Xuejun	Vice president	Male	53	28 June 2022	27 June 2025	18.67	20.50	10.72	38.62	88.51	9.36	8.17	17.53	0	106.04	No
XIA Zhixin	Vice president	Male	52	28 June 2022	27 June 2025	18.67	20.50	3.72	43.49	86.38	8.55	8.06	16.61	0	102.99	No
BU Zhouqing	Chief financial officer Supervisor (resigned)	Male	54	15 March 2023 28 June 2022	27 June 2025 14 March 2023	0	0	0	0	0	0	0	0	0	0	Yes
HU Zhaohui	Vice president	Male	46	15 March 2023	27 June 2025	0	0	0	0	0	0	0	0	0	0	No
CAO Ziyu	Chairman and Executive Director (resigned)	Male	57	28 June 2022	28 February 2023	0	0	0	0	0	0	0	0	0	0	Yes
SUN Wenzhong	Non-executive Director and vice chairman (resigned)	Male	58	28 June 2022	7 February 2023	0	0	0	0	0	0	0	0	0	0	Yes
LIU Guanghai	Non-executive Director and vice chairman (Vacated)	Male	64	20 December 2018	28 June 2022	0	0	0	0	0	0	0	0	0	0	Yes
YANG Wensheng	Executive Director and president (resigned)	Male	54	28 June 2022	7 February 2023	14.99	20.89	0	44.34	80.22	9.22	8.17	17.39	0	97.61	No
MA Xiping	Executive Director and the Secretary to the Board (resigned)	Male	55	28 June 2022	7 February 2023	18.67	20.50	3.72	41.62	84.51	8.84	8.17	17.01	0	101.52	No
LI Jianping	Non-executive Director (resigned)	Male	61	20 June 2018	28 June 2022	0	0	0	0	0	0	0	0	0	0	Yes
ZANG Xiuqing	Independent Non-executive Director (resigned)	Female	60	20 June 2018	28 June 2022	5.00	0	0	0	5.00	0	0	0	0	5.00	Yes
CHEN Linyan	Employee Representative Supervisor (resigned)	Female	55	20 June 2018	19 January 2022	1.18	0.86	0	3.00	5.04	0.70	0.66	1.36	0	6.40	No
CHEN Lixin	Vice president (resigned)	Male	50	28 June 2022	7 February 2023	18.67	20.50	3.72	39.22	82.11	8.88	8.05	16.93	0	99.04	No
CAO Dong	Chief financial officer (resigned)	Male	54	28 June 2022	24 February 2023	17.50	19.22	3.60	25.05	65.37	8.12	7.49	15.61	0	80.98	No
Total	/	/	/	/	/	193.21	179.00	35.70	319.78	727.69	78.12	71.31	149.43	0	877.12	/

Note: During their terms of office in 2022, the staff above did not hold any Share of the Company.

SECTION V CORPORATE GOVERNANCE

Name	Major work experience
Directors	
ZHANG Xiaoqiang	Mr. ZHANG Xiaoqiang (張小強), born in March 1972, joined the Communist Party of China in February 2004 and started working in August 1994, holds a bachelor's degree and a master's degree and is a senior engineer. He successively served as a technician in the mechanic plant of Jingtang Port Authority, a salesman of the business division of Jingtang Port Authority and a workshop director in the mechanic plant of Jingtang Port Authority. He served as the deputy director in the mechanic plant of Jingtang Port Authority from August 2000, the deputy director of the dispatching office of Jingtang Port Authority from April 2002, the deputy director of the production and business department of Jingtang Port Co., Ltd. from March 2003, the director of the business department of Jingtang Port Co., Ltd., from May 2005, secretary of the Party branch of the business department of Jingtang Port Co., Ltd. from March 2006, secretary of the Party branch of the business department and logistics department of Jingtang Port Co., Ltd. from January 2007, assistant to the general manager of Jingtang Port Co., Ltd. and head of production department of Tangshan Port Group Co., Ltd. from February 2008, deputy general manager of Tangshan Port Group Co., Ltd. from February 2010, director and deputy general manager of Tangshan Port Group Co., Ltd. in May 2013, deputy secretary of the Party Committee, director and general manager of Tangshan Port Group Co., Ltd. from June 2017, Member of the Party Committee, director and deputy general manager of Tangshan Port Group Company Limited and deputy secretary of Party Committee, director and general manager of Tangshan Port Group Co., Ltd. from July 2019. He served as a member of the Party Committee, director and deputy general manager of Tangshan Port Group Company Limited and deputy secretary of the Party Committee, director, vice chairman and general manager of Tangshan Port Group Co., Ltd. in April 2021, the secretary of the Party Committee of QHD Port since January 2023 and has been serving as the secretary of the Party Committee, Chairman and executive director of QHD Port since February 2023.
NIE Yuzhong	Mr. NIE Yuzhong (聶玉中), born in January 1969, joined the Communist Party of China in June 2000, started his career in July 1989, holds a bachelor's degree and a master's degree, and was a senior political engineer and a senior economist. He is currently the deputy party secretary, the vice chairman, an executive director and the president of QHD Port. Mr. NIE has successively served as a cadre of Electromechanical Section of the Second Branch of the Qinhuangdao Port Authority, salesperson and dispatching director of China Ocean Shipping Agency Qinhuangdao Co., Ltd. (秦皇島外輪代理有限公司) and manager of shipping department of China Ocean Shipping Agency Qinhuangdao Co., Ltd. He served as deputy general manager of China Ocean Shipping Agency Qinhuangdao Co., Ltd. from April 2001, and general manager of China Ocean Shipping Agency Qinhuangdao Co., Ltd. from April 2003. Mr. NIE served as a party secretary of the Ninth Branch of Qinhuangdao Port Group Co., Ltd. from July 2005, and served as party secretary and secretary of the Discipline Committee of the Ninth Branch of Qinhuangdao Port Group Co., Ltd. from December 2006. He also served as a manager of the Ninth Branch of QHD Port since July 2011. He served as a supervisor and chairman of the Supervisory Committee of QHD Port from June 2014, a member of the Party Committee of QHD Port from February 2018, a member of the Party Committee and the vice president of QHD Port from March 2018, the vice secretary of the Party Committee of QHD Port since January 2023 and has been serving as the deputy secretary of the Party Committee, the vice chairman, an executive director and the president of QHD Port since February 2023.
LI Yingxu	Mr. LI Yingxu (李迎旭), born in August 1967, holds a master's degree and is currently a non-executive Director of QHD Port, and the chairman, deputy secretary of the Party Committee and general manager of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). Mr. Li joined the Communist Party of China in June 1987 and started working in July 1989. He successively served as the organizer of the Organization Department of Shanhaiguan Food Factory (山海關食品廠), the deputy director of the Technical Department, the deputy director of the Party Office and the deputy director of the Organization Department, the director of the Party Office, the director of the fourth branch, the deputy director of the main factory, the deputy secretary of the Party Committee, the director, and the secretary of the Party Committee. In August 2003, he was appointed as secretary of the Party Committee of Qinhuangdao Acrylic Fiber Factory (秦皇島腈綸廠), in May 2005, he was appointed as the secretary of the Party Committee of Qinhuangdao Outlet Acrylic Fiber Co., Ltd. (秦皇島奧萊特腈綸有限公司), and in November 2014, he was appointed as general manager, vice chairman, and deputy secretary of the Party Committee of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). From June 2021 to now, he has been the chairman, deputy secretary of the Party Committee and general manager of Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司). Mr. Li has been serving as a non-executive Director of QHD Port since June 2022.
XIAO Xiang	Ms. XIAO Xiang (肖湘), born in June 1973, holds a master's degree and is a senior economist, is currently a non-executive Director of QHD Port and a deputy general manager of Hebei Jiantou Transportation Investment Co., Ltd. (河北建交交通投資有限責任公司). Ms. Xiao was the project manager of the Foreign Investment Department of Hebei Construction & Investment Corporation in June 1995 and the project manager of the Transportation Division of Hebei Construction & Investment Corporation in April 2000. In April 2006, she was the assistant manager of the Transportation Division of Hebei Construction & Investment Corporation. She served as a manager of the port branch of Hebei Jiantou Transportation Investment Co., Ltd. in June 2007, and was a manager of port branch of Hebei Jiantou Transportation Investment Co., Ltd. and an assistant to general manager of Hebei Jiantou Transportation Investment Co., Ltd. in May 2008. She was the deputy general manager of Hebei Jiantou Electric Fuel Management Co., Ltd. in February 2014 and has been deputy general manager of Hebei Jiantou Transportation Investment Co., Ltd. since July 2015. Ms. Xiao has been serving as a non-executive Director of QHD Port since June 2018.

SECTION V CORPORATE GOVERNANCE

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

SECTION V CORPORATE GOVERNANCE

Name	Major work experience
Supervisors	
MENG Bo	Mr. MENG Bo (孟博), born in August 1968, holds a bachelor's degree and a master's degree. He is currently a supervisor and the chairman of the Supervisory Committee of QHD Port, and the deputy party secretary, director and chairman of the labor union of HPG. Mr. Meng joined the workforce in July 1990 and joined the Communist Party of China in February 1995. He was once the cadre of the Hebei Provincial Department of Agriculture, the cadre of the personnel examination center of the Hebei Provincial Personnel Department, and the chief clerk of the Personnel Department. In July 1999, he was the deputy director of the Office of the Office of the Audit Commissioner of the Hebei Provincial Government (河北省政府稽查特派員公署), and in November 2000, he served as the vice director of the Work Office of the Supervisory Committee of the Enterprise Work Committee of the Hebei Provincial Party Committee (河北省委企業工委監事會工作處), the full-time supervisor (leading roles of divisions or equivalents) of Supervisory Committee of Key Enterprises of Hebei Province (河北省重點企業監事會) in February 2002. He was appointed as the full-time supervisor and head of the office of the Supervisory Committee of Key Enterprises of Hebei Province in November 2003. In December 2013, he served as the secretary of the Disciplinary Committee of the HPG and a member of Standing Committee of the Party Committee. Since August 2017, he has been the Secretary of the Disciplinary Committee, a member of Standing Committee of the Party Committee of the HPG, the secretary of the Disciplinary Committee, and a member of the Party Committee of the Company. Mr. Meng was appointed as the deputy party secretary of HPG in October 2022 and the deputy party secretary, director and chairman of the labor union of HPG in November 2022. Mr. Meng has been serving as a supervisor and chairman of the Supervisory Committee of QHD Port since June 2018.
BIAN Yingzi	Ms. BIAN Yingzi (卞英姿), born in November 1971, holding a bachelor's degree, a senior accountant, and a certified public accountant, is currently a supervisor of QHD Port, and a member of the party committee and deputy general manager of Qinhuangdao State-owned Assets Management Holdings Limited (秦皇島市國有資產經營控股有限公司). Ms. Bian began her internship in various subsidiaries of China Yaohua Glass Group Co., Ltd (中國耀華玻璃集團公司). and the Group's Finance Department in July 1994. In May 1995, she served as a staff member of the Project Preparation Office of China Yaohua Glass Group Finance Co., Ltd. From February 1996 to June 2002, she served as a staff member of the Account Division and Capital Division, and manager assistant of China Yaohua Glass Group Finance Co., Ltd., and served as deputy general manager and lead deputy general manager of China Yaohua Glass Group Finance Co., Ltd. from June 2002 to April 2005. In April 2005, she served as the general manager of the China Yaohua Glass Group Finance Co., Ltd., and in August 2007, served as the general manager of the Financial Settlement Center of the China Yaohua Glass Group Co., Ltd. In September 2009, she served as the vice minister of the Finance Department of China Yaohua Glass Group Co., Ltd. and the general manager of the Financial Settlement Center of China Yaohua Glass Group Co., Ltd., and the vice minister of the Finance Department of China Yaohua Glass Group Co., Ltd. in July 2011. She served as the minister of the Finance Department of China Yaohua Glass Group Co., Ltd. in April 2013. She has been a member of the Party Committee, director, and the CFO of Qinhuangdao State-owned Assets Management Holdings Co., Ltd. in December 2015. Since June 2021, she has served as a member of the Party Committee and the deputy general manager of Qinhuangdao State-owned Assets Management Holdings Co., Ltd. Ms. Bian has been serving as a Supervisor of the Company since June 2018.
YANG Jun	YANG Jun, Male, Han nationality, born in November 1970, has started working in July 1992. He is a member of the Communist Party of the PRC, holds a bachelor's degree and a master's degree and is a senior engineer. He currently serves as an Employee Representative Supervisor of QHD Port. He served as the deputy chief of the production section, deputy chief and chief of the information management section, chief of the design section of Qinhuangdao Port Railway Transportation Branch Company; the deputy manager and chairman of the labour union of Qinhuangdao Port Railway Transportation Branch Company; the vice chairman of the labour union of QHD Port; the manager of Qinhuangdao Fangyuan Investment Company* (秦皇島方遠投資公司); the party secretary, discipline secretary and deputy manager of General Cargo Branch of QHD Port; the manager and deputy party secretary of Machinery Branch of QHD Port; and the manager and deputy party secretary of Sixth Port Branch of QHD Port. He has served as the manager and party secretary of Sixth Port Branch of QHD Port. since June 2018. He served as the chairman of the labour union of QHD Port and the head of Work Department and Propaganda Department of Party Committee and Armed Forces Department of QHD Port in December 2021. He has been serving as an Employee Representative Supervisor of QHD Port since January 2022.
ZHOU Chengtao	Mr. Zhou Chengtao (周承韜), born in April 1966, holding a bachelor's degree and a master's degree and is a senior engineer. He currently serves as an Employee Representative Supervisor of QHD Port. Mr. Zhou started working in July 1990, and joined the Communist Party of China in April 1996. He previously served as the deputy director of engineering section, director of project comprehensive section, director of engineering section 1 of Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. (秦皇島方圓港灣工程監理有限公司). He was appointed as the deputy manager of Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. in May 2001, the manager of Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. in January 2008, the manager and chairman of Qinhuangdao Fangyuan Port Project Supervision Co., Ltd. in April 2013, the manager and party branch secretary in August 2018, and the deputy director of the audit department and head of the audit center of QHD Port in September 2018. He has served as the employee representative supervisor since July 2021.

SECTION V CORPORATE GOVERNANCE

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

SECTION V CORPORATE GOVERNANCE

Description of other information

Applicable Not applicable

On 19 May 2022, Mr. YANG Jun and Mr. ZHOU Chengtao were elected as the employee representative Supervisors of the fifth session of the Supervisory Committee at the joint meeting of the employee representative congress of the Company.

On 28 June 2022, the Resolution on the Election of Executive Directors and Non-executive Directors of the fifth session of the Board of the Company, the Resolution on the Election of Independent Non-executive Directors of the fifth session of the Board of the Company and the Resolution on the Election of Supervisors of the fifth session of the Supervisory Committee were considered and passed at the 2021 Annual General Meeting of the Company, Mr. CAO Ziyu, Mr. YANG Wensheng and Mr. MA Xiping were elected as the executive Directors of the fifth session of the Board of the Company; Mr. SUN Wenzhong, Mr. LI Yingxu and Ms. XIAO Xiang were elected as the non-executive Directors of the fifth session of the Board of the Company; Mr. CHEN Ruihua, Mr. XIAO Zuhe, Mr. ZHAO Jinguang and Ms. ZHU Qingxiang were elected as the independent non-executive Directors of the fifth session of the Board of the Company; and Mr. MENG Bo, Mr. BU Zhouqing and Ms. BIAN Yingzi were elected as the shareholder representative Supervisors of the fifth session of the Supervisory Committee of the Company.

On 28 June 2022, the Resolution on the Election of the Chairman, Vice Chairman of the fifth session of the Board of the Company, the Resolution on the Appointment of the President of the Company, the Resolution on the Appointment of the Vice Presidents and the Chief Financial Officer of the Company and the Resolution on the Appointment of the Secretary to the Board of the Company were considered and passed on the first meeting of the fifth session of the Board of the Company, Mr. CAO Ziyu was elected as the Chairman of the fifth session of the Board of the Company, Mr. SUN Wenzhong was elected as the Vice Chairman of the fifth session of the Board of the Company; Mr. YANG Wensheng was appointed as the President of the Company; Mr. NIE Yuzhong, Mr. YANG Xuejun, Mr. CHEN Lixin and Mr. XIA Zhixin were appointed as the Vice Presidents of the Company; Mr. CAO Dong was appointed as the Chief Financial Officer of the Company; Mr. MA Xiping was appointed as the Secretary to the Board of the Company.

On 28 June 2022, the Resolution on the Election of the Chairman of the fifth session of the Supervisory Committee of the Company was considered and passed on the first meeting of the fifth session of the Supervisory Committee of the Company, Mr. MENG Bo was elected as the Chairman of the fifth session of the Supervisory Committee of the Company.

On 7 February 2023, Mr. SUN Wenzhong resigned from his positions as a non-executive director and the vice chairman of the Company, Mr. YANG Wensheng resigned from his positions as an executive director, the chairman of the Compliance Management Committee, the members of the Remuneration and Appraisal Committee, the Strategy Committee and the Risk Management Committee as well as the president of the Company, Mr. MA Xiping resigned from his positions as an executive director, the secretary to the board, the members of the Compliance Management Committee and the Risk Management Committee as well as the authorized representative of the Company, and Mr. NIE Yuzhong and Mr. CHEN Lixin resigned from the position as a vice president of the Company, due to the change of their work.

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

On 28 February 2023, the Resolution on the Election of Executive Directors of the fifth session of the Board of the Company was considered and passed on the first Extraordinary General Meeting of 2023 of the Company, Mr. ZHANG Xiaoqiang and Mr. NIE Yuzhong were elected as the executive directors of the fifth session of the Board of the Company.

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

On 28 February 2023, the Resolution on the Election of the Chairman, Vice Chairman of the fifth session of the Board of the Company was considered and passed on the 8th meeting of the fifth session of the Board of the Company, the Board elected Mr. ZHANG Xiaoqiang and Mr. NIE Yuzhong as the Chairman and the Vice Chairman of the fifth session of the Board of the Company, respectively.

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

On 15 March 2023, the Resolution on the Appointment of Mr. BU Zhouqing as the Chief Financial Officer of the Company and the Resolution on the Appointment of Mr. HU Zhaohui as the Vice President of the Company were considered and passed on the 9th meeting of the fifth session of the Board of the Company, the Board agreed to appointed Mr. BU Zhouqing and Mr. HU Zhaohui as the chief financial officer and the vice president of the Company, respectively.

SECTION V CORPORATE GOVERNANCE

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

1. Positions held in the shareholding companies

√ Applicable □ Not applicable

Name of employee	Name of shareholding companies	Positions held in the shareholding companies	Start of the term of office	Expiration of the term of office
XIAO Xiang	Hebei Jiantou Traffic Investment Co., Ltd.	Deputy general manager	July 2015	
MENG Bo	Hebei Port Group Co., Ltd.	Deputy secretary of the party committee	October 2022	
		Director and chairman of the labour union	November 2022	
CAO Ziyu	Hebei Port Group Co., Ltd.	Party committee secretary	July 2016	
		Chairman	August 2016	
SUN Wenzhong	Hebei Port Group Co., Ltd.	Vice chairman and deputy secretary of the party committee	May 2020	
		General manager	October 2022	
YANG Wensheng	Hebei Port Group Co., Ltd.	Director and standing member of the Party Committee	April 2020	
Description of positions held in the shareholding companies				

2. Positions held in other companies

√ Applicable □ Not applicable

Name of employee	Name of shareholding companies	Positions held in the shareholding companies	Start of the term of office	Expiration of the term of office
LI Yingxu	Qinhuangdao State-owned Assets Operation Holdings Limited (秦皇島市國有資產經營控股有限公司)	Deputy secretary of the party committee and general manager	November 2014	
		Chairman	June 2021	
	Qinhuangdao Chemical Industry Group Co. Ltd.* (秦皇島市化工集團有限公司)	Chairman and general manager	September 2016	
	Sino-Arab Chemical Fertilizers Co. Ltd. (中國-阿拉伯化肥有限公司)	Director	January 2018	
XIAO Xiang	China Yaohua Glass Group Co., Ltd.	Director	January 2016	
	Tangshan Port Group Co., Ltd.	Supervisor	March 2008	
	Tianjin Qinhuangdao Passenger Dedicated Railway Co., Ltd. (津秦鐵路客運專線有限公司)	Supervisor	August 2018	
	Qinhuangdao Qinshan Chemical Port Co., Ltd. (秦皇島秦山化工港務有限責任公司)	Director	November 2016	
	Tangshan Caofeidian Shiye Port Co., Ltd.	Director	March 2017	
	China Energy Huanghua Harbour Administration Co., Ltd. (國能黃驊港務有限責任公司)	Supervisor	May 2017	
	SDIC Caofeidian Port Co., Ltd.	Director	March 2017	
	Hebei Transportation Investment Beijing-Zhangjiakou Expressway Co., Ltd. (河北交投京張高速公路有限責任公司)	Director	March 2018	
	Huaneng Caofeidian Port Co., Ltd. (華能曹妃甸港口有限公司)	Director	November 2018	
	Han Huang Railway Co., Ltd.	Director	May 2019	
	China Energy Shuohuang Railway Development Co., Ltd.* (國能朔黃鐵路發展有限責任公司)	Supervisor	November 2019	

SECTION V CORPORATE GOVERNANCE

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

SECTION V CORPORATE GOVERNANCE

Name of employee	Name of shareholding companies	Positions held in the shareholding companies	Start of the term of office	Expiration of the term of office
ZHAO Jinguang	Hebei Normal University	Professor	December 2012	
ZHU Qingxiang	Hebei University of Technology	Professor	January 2015	
	Hebei Construction & Investment Group Co., Ltd.* (河北建設投資集團有限責任公司)	Director	December 2021	
BU Zhouqing	Qinhuangdao Bank Co., Ltd. (秦皇島銀行股份有限公司)	Director	May 2015	
	Hebei Port Group (Tianjin) Investment Management Co., Ltd. (河北港口集團(天津)投資管理有限公司)	Director	March 2018	
	Bank of Hebei Co., Ltd. (河北銀行股份有限公司)	Director	April 2021	
	Chizhou CMS Zhong An Equity Investment Management Co., Ltd.	Supervisor and chairman of the Supervisory Committee	October 2015	
BIAN Yingzi	Qinhuangdao State-owned Assets Management Holdings Limited (秦皇島市國有資產經營控股有限公司)	Director	December 2015	
		Deputy general manager	June 2021	
	China Yaohua Glass Group Co., Ltd. (中國耀華玻璃集團有限公司)	Supervisor	June 2020	
	Qinhuangdao Yaohua Industrial Technology Co., Ltd. (秦皇島耀華工業技術玻璃有限公司)	Director	July 2018	
	Qinhuangdao Qinshan Chemical Port Co., Ltd. (秦皇島秦山化工港務有限責任公司)	Director and vice chairman	June 2019	
	Qinhuangdao State-Owned Industrial Assets Management Co. (秦皇島市工業國有資產經營有限公司)	Supervisor	November 2019	
	Qinhuangdao Commerce and Trade State-owned Assets Investment and Operation Limited (秦皇島市商貿國有資產投資經營有限公司)	Supervisor	November 2019	
	Qinhuangdao Chemical Industry Group Co. Ltd.* (秦皇島市化工集團有限公司)	Director	July 2016	
ZHOU Chengtao	SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Supervisor	December 2021	
YANG Xuejun	Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	Director	May 2017	
YANG Wensheng	China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	Director	June 2019	
	Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	Director	March 2020	
	Jinneng Holding Shanxi Coal Industry Co. Ltd. (晉能控股山西煤業股份有限公司)	Director	April 2020	
ZANG Xiuqing	Yanshan University	Professor	December 2002	
	Qinhuangdao Rongxuan Machinery Manufacturing Co. Ltd. (秦皇島榮軒機械製造有限公司)	Chief financial officer	January 2007	

SECTION V CORPORATE GOVERNANCE

Name of employee	Name of shareholding companies	Positions held in the shareholding companies	Start of the term of office	Expiration of the term of office
CHEN Lixin	Tangshan Caofeidian Shiye Port Co., Ltd.* (唐山曹妃甸實業港務有限公司)	Director and vice chairman	June 2020	
	SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	Director	February 2017	
	Tangshan Tangcao Railway Co., Ltd. (唐山唐曹鐵路有限公司)	Director	December 2018	
	Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	Director	October 2017	
	Zhejiang Zheneng Power Co., Ltd. (浙江浙能電力股份有限公司)	Supervisor	November 2017	
	Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Chairman	November 2019	
	Qinhuangdao Seaborne Coal Trading Market Co., Ltd. (秦皇島海運煤炭交易市場有限公司)	Director	April 2017	
		Chairman	October 2019	
		General manager	December 2021	
CAO Dong	China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	Supervisor	June 2021	
	Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司)	Vice chairman	September 2021	
	Hebei Financial Investment Guarantee Group Co., Ltd (河北省融投擔保集團有限公司)	Supervisor	October 2009	
Description of positions held in other companies				

(III) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Applicable Not applicable

Decision-making procedures of remuneration of the Directors, Supervisors and senior management	The remuneration of Directors shall be reported to the general meeting for approval after being considered by the Remuneration and Appraisal Committee and the Board, and the remuneration of senior management shall be reported to the Board for approval after being considered by the Remuneration and Appraisal Committee
The basis for determining the remuneration of the Directors, Supervisors and senior management	The Company determines the remuneration of Directors, Supervisors and senior management according to their fulfillment of responsibility, risks and operation results
Actual payment of remuneration of the Directors, Supervisors and senior management	Please refer to "IV. (I) Particulars of changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" of this section
Total remuneration actually obtained by the Directors, Supervisors and senior management at the end of the Reporting Period	Please refer to "IV. (I) Particulars of changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" of this section

SECTION V CORPORATE GOVERNANCE

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

Applicable Not applicable

Name	Position	Change	Reason for change
SUN Wenzhong	Non-executive Director	elected	Election at the general meeting
	Vice chairman	elected	Election at the Board meeting
LI Yingxu	Non-executive Director	elected	Election at the general meeting
ZHAO Jinguang	Independent Non-executive Director	elected	Election at the general meeting
ZHU Qingxiang	Independent Non-executive Director	elected	Election at the general meeting
YANG Jun	Employee Representative Supervisor	elected	Election at the joint meeting of employee representatives
LIU Guanghai	Non-executive Director	resigned	Expiration of term of office
LI Jianping	Non-executive Director	resigned	Expiration of term of office
ZANG Xiuqing	Independent Non-executive Director	resigned	Expiration of term of office
CHEN Linyan	Employee Representative Supervisor	resigned	Age

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

Applicable Not applicable

(VI) OTHERS

Applicable Not applicable

V. PARTICULARS OF THE BOARD MEETING DURING THE REPORTING PERIOD

Session of Meeting	Date	Resolutions of the Meeting
31st meeting of the fourth session	26 January 2022	For details, please see the announcement of the Company on the resolutions of the 31st Meeting of the Fourth Session of the Board Meeting (Announcement No.: 2022-003)
32nd meeting of the fourth session	29 March 2022	For details, please see the announcement of the Company on the resolutions of the 32nd Meeting of the Fourth Session of the Board Meeting (Announcement No.: 2022-005)
33rd meeting of the fourth session	28 April 2022	For details, please see the announcement of the Company on the resolutions of the 33rd Meeting of the Fourth Session of the Board Meeting (Announcement No.: 2022-011)
34th meeting of the fourth session	19 May 2022	For details, please see the announcement of the Company on the resolutions of the 34th Meeting of the Fourth Session of the Board Meeting (Announcement No.: 2022-013)
1st meeting of the fifth session	28 June 2022	For details, please see the announcement of the Company on the resolutions of the 1st Meeting of the Fifth Session of the Board Meeting (Announcement No.: 2022-018)
2nd meeting of the fifth session	29 August 2022	For details, please see the announcement of the Company on the resolutions of the 2nd Meeting of the Fifth Session of the Board Meeting (Announcement No.: 2022-026)
3rd meeting of the fifth session	28 October 2022	For details, please see the announcement of the Company on the resolutions of the 3rd Meeting of the Fifth Session of the Board Meeting (Announcement No.: 2022-034)
4th meeting of the fifth session	23 November 2022	For details, please see the announcement of the Company on the resolutions of the 4th Meeting of the Fifth Session of the Board Meeting (Announcement No.: 2022-038)
5th meeting of the fifth session	16 December 2022	For details, please see the announcement of the Company on the resolutions of the 5th Meeting of the Fifth Session of the Board Meeting (Announcement No.: 2022-042)
6th meeting of the fifth session	31 December 2022	For details, please see the announcement of the Company on the resolutions of the 6th Meeting of the Fifth Session of the Board Meeting (Announcement No.: 2023-002)

SECTION V CORPORATE GOVERNANCE

VI. PERFORMANCE OF DUTIES OF DIRECTORS

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

Name of directors	Independent director or not	Attendance at the Board meetings						Attendance at the General Meetings
		Required attendance for the year	Attendance in person	Attendance by communication	Attendance by proxy	Absence	Two consecutive absences from the Board meeting	Number of attendance
Cao Ziyu	No	10	9	8	1	0	No	0
Sun Wenzhong	No	6	6	4	0	0	No	0
Yang Wensheng	No	10	10	8	0	0	No	1
Ma Xiping	No	10	10	8	0	0	No	1
Li Yingxu	No	6	6	5	0	0	No	0
Xiao Xiang	No	10	10	10	0	0	No	1
Chen Ruihua	Yes	10	10	10	0	0	No	1
Xiao Zuhe	Yes	10	10	10	0	0	No	1
Zhao Jinguang	Yes	6	6	5	0	0	No	0
Zhu Qingxiang	Yes	6	6	5	0	0	No	0
Liu Guanghai	No	4	4	4	0	0	No	0
Li Jianping	No	4	4	4	0	0	No	0
Zang Xiuqing	Yes	4	4	4	0	0	No	1

Notes on the two consecutive absences from the Board meeting

Applicable Not applicable

Number of the Board meetings within the year	10
Among which: Number of meetings held on site	
Number of meetings held by communication	8
Number of meetings held on site in combination with communication	2

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

Applicable Not applicable

(III) Others

Applicable Not applicable

SECTION V CORPORATE GOVERNANCE

VII. THE SPECIAL COMMITTEES UNDER THE BOARD

√ Applicable Not applicable

(1). The Members of Special Committees under the Board

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

Responsibilities of special committees

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

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

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

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

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

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

SECTION V CORPORATE GOVERNANCE

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

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
29 March 2022	<ol style="list-style-type: none"> To consider the Final Financial Report for the Year 2021; To consider the Report on the Audit of the Financial Report for the Year 2021 and the Audit of Internal Control of external auditor; To consider the Resolution regarding the Re-appointment of the Auditor of the Company for the Year 2022 and the Audit Fees for the Year 2022; To consider the Resolution regarding the Re-appointment of the Internal Control Auditor of the Company for the Year 2022 and the Internal Control Audit Fees for the Year 2022; To consider the Internal Control Self-Evaluation Report for the Year 2021; To consider the Report on the Performance of Duties of the Audit Committee for the Year 2021; To consider the Internal Audit Work Summary for the Year 2021 and the Internal Audit Work Plan for the Year 2022. 	All resolutions have been approved through detailed communication and discussion.	/
27 April 2022	To consider the Financial Analysis Report for January to March of 2022.	All resolutions have been approved through detailed communication and discussion.	/
15 July 2022	To consider the Interim Review Plan for the Year 2022.	All resolutions have been approved through detailed communication and discussion.	/
29 August 2022	<ol style="list-style-type: none"> To consider the Financial Analysis Report for January to June of 2022; To consider the Resolution regarding the Review Results of the Interim Financial Report for the Year 2022 of external auditor; To consider the Internal Audit Work Summary for January to July of 2022. 	All resolutions have been approved through detailed communication and discussion.	/
27 October 2022	<ol style="list-style-type: none"> To consider the Financial Analysis Report for January to September of 2022; 	All resolutions have been approved through detailed communication and discussion.	/
26 December 2022	<ol style="list-style-type: none"> To consider the Annual Audit Plan for the Year 2022 of external auditor; To consider the Report on the Adjustment of the Internal Audit Plan of Qinhuangdao Port Co., Ltd. for 2022. 	All resolutions have been approved through detailed communication and discussion.	/

SECTION V CORPORATE GOVERNANCE

(3). One Meeting Convened by the Nomination Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
19 May 2022	To consider the Session Expiration and Election of the Board and Other Matters of Qinhuangdao Port Co., Ltd.	All resolutions have been approved through detailed communication and discussion.	/

(4). One Meeting Convened by the Remuneration and Appraisal Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
29 March 2022	1. To consider the Remuneration of Directors of Qinhuangdao Port Co., Ltd. for the Year 2021; 2. To consider the Remuneration of Supervisors of Qinhuangdao Port Co., Ltd. for the Year 2021; 3. To consider the Remuneration of Senior Management of Qinhuangdao Port Co., Ltd. for the Year 2021.	All resolutions have been approved through detailed communication and discussion.	/

(5). One Meeting Convened by the Strategy Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
26 October 2022	To consider the "14th Five-Year" Development Plan of Qinhuangdao Port Co., Ltd.	All resolutions have been approved through detailed communication and discussion.	/

(6). One Meeting Convened by the Risk Management Committee during the Reporting Period

Date	Content of meeting	Significant opinions and recommendations	Other duties performed
22 November 2022	To consider the Resolution regarding the Adjustment of the Compliance Authorities.	All resolutions have been approved through detailed communication and discussion.	/

(7). Particulars of the Dissenting Matters

Applicable Not applicable

VIII. RISKS DISCOVERED BY THE SUPERVISORY COMMITTEE

Applicable Not applicable

The Supervisory Committee had no dissenting opinions on the supervision matters.

SECTION V CORPORATE GOVERNANCE

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

(I) Information about the staff

Number of staff employed by the parent company	9,133
Number of staff employed by the major subsidiaries	1,470
The total number of staff employed	10,583
Number of paid retired staff by the parent company and its subsidiaries	0
Profession Composition	
Profession	Persons
Production personnel	5,837
Administrative personnel	1,884
Technical personnel	639
Other personnel	2,223
Total	10,583
Education	
Levels of education	Number (persons)
Master's degree and above	532
Bachelor's degree	3,093
College degree	3,336
Technical secondary school degree, high school degree and below	3,622
Total	10,583

SECTION V CORPORATE GOVERNANCE

(II) Remuneration policy

Applicable Not applicable

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

(III) Training plan

Applicable Not applicable

With the construction of smart ports as the starting point, the Company focuses on development of training plans on skill improvement and restructures the composition of skilled port staff through multilevel and effective trainings. With a total of 27,700 employees participated in the training throughout the 2022, the Company has carried out the annual training plan to further improve the overall quality of the port technical workers, which effectively guarantees the stability, flexibility and integrity of the human resources team, and provides security on technical personnel for the construction of the three types of port.

(IV) Labor outsourcing

Applicable Not applicable

Total hours of labor outsourcing	N/A
The total amount of remuneration paid for labor outsourcing	RMB85.42 million

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

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

As of 31 December 2022, none of Directors, Supervisors or chief executive of QHD Port had any interest or short position in Shares, underlying Shares and debentures of the associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified by Directors, Supervisors or chief executive to QHD Port and the Stock Exchange pursuant to the Model Code.

XI. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Current Directors and Supervisors have entered into service contracts with QHD Port in the following main aspects:

All current Directors have entered into service contracts with QHD Port for a term of three years commencing from the date of the approval from shareholders and shall be terminated pursuant to relevant terms of respective contracts.

In addition, in order to protect the interests of Directors and Supervisors, QHD Port purchased liability insurance for Directors and Supervisors. The permitted indemnity provisions are included in the liability insurance purchased for directors, and the insurance will compensate the directors for negligence in the performance of their duties in the face of legal proceedings.

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

SECTION V CORPORATE GOVERNANCE

XII. INTERESTS IN CONTRACTS OF DIRECTORS AND SUPERVISORS

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

XIII. SPECIAL TREATMENTS FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

XIV. INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

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

XV. PLAN FOR PROFIT DISTRIBUTION OR CAPITALISATION OF CAPITAL RESERVES

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

Applicable Not applicable

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

1. Form of profit distribution

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

2. Specific conditions and ratios of cash dividends

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

3. Specific conditions under which the Company may make dividends

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

SECTION V CORPORATE GOVERNANCE

4. Differentiating cash dividend policy

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

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

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

5. Procedures for decision making in the profit distribution

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

SECTION V CORPORATE GOVERNANCE

During the Reporting Period, the Company strictly implemented the above-mentioned profit distribution policy, with the dividend distribution standard and ratio specified and clear, and the relevant decision-making process and arrangement complete. In preparing and making decision on the distribution plan, independent Directors performed their duties and expressed their independent opinions. The Company also listened to the opinions and demands of minority shareholders. Relevant proposal will be considered and approved by the Board before submitted to the shareholders' general meeting for consideration. After being considered and approved by the shareholders' general meeting, it was implemented within the period as specified, thus effectively ensuring the interests of all Shareholders. The particulars are as follows:

As audited, the Company recorded net profit attributable to shareholders of the parent in 2022 of RMB1,308,419,060.49. The 2022 profit distribution plan is: A cash dividend of RMB0.71 per 10 shares (inclusive of tax) is proposed to be distributed on the basis of the total share capital of 5,587,412,000 shares as at 31 December 2022, totaling RMB396,706,252.00.

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

The above profit distribution plan is still subject to the consideration and approval by the Shareholders at the 2022 annual general meeting of the Company. The independent non-executive Directors of the Company are of the view that the Company's profit distribution plan conforms to the actual operations of the Company, complies with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange and the provisions of the Articles of Association the Company, and is favorable to the sustainable development of the Company with no prejudice to the interests of the Company and small and medium investors. It is recommended to agree the profit distribution plan of the Company.

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

Due to changes in the PRC tax laws and regulations, according to the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents issued by the State Administration of Taxation 《關於公佈全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》 on 4 January 2011, individual Shareholders who hold QHD Port's H Shares and whose names appeared on the H Share Register of QHD Port can no longer be exempted from individual income tax pursuant to the Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals (Guo Shui Fa [1993] No. 045) 《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993]045 號)) issued by the State Administration of Taxation, whilst pursuant to the letter titled Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by the Hong Kong Stock Exchange to the issuers on 4 July 2011 and the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 of State Administration of Taxation (Guo Shui Han [2011] No. 348) 《國家稅務總局關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348 號)), it is confirmed that the overseas resident individual shareholders holding shares of domestic non-foreign invested enterprises issued in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax arrangements between the countries where they reside and the PRC or the tax arrangements between the PRC and Hong Kong or the Macau Special Administrative Region of the PRC. Therefore, the Company will withhold 10% of the dividend as individual income tax, unless it is otherwise specified in the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividends in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

If the relevant proposal on profit distribution is approved at the 2022 annual general meeting, the dividends will be paid to shareholders before 25 August 2023.

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

Applicable Not applicable

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

SECTION V CORPORATE GOVERNANCE

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Share incentive

Applicable Not applicable

Other explanations

Applicable Not applicable

Employee share scheme

Applicable Not applicable

Other incentive measures

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

SECTION V CORPORATE GOVERNANCE

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

Applicable Not applicable

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

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

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

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

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

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

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

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

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

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

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

Explanation on significant deficiencies in internal control during the Reporting Period

Applicable Not applicable

XVIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not applicable

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

SECTION V CORPORATE GOVERNANCE

XIX. INFORMATION ABOUT THE INTERNAL CONTROL AUDIT REPORT

Applicable Not applicable

For details, please refer to the Internal Control Self-Evaluation Report of 2022 and the Internal Control Audit Report of 2022 disclosed on the website of the SSE on 30 March 2023.

Whether to disclose the internal control audit report: Yes

Opinion of the internal control audit report: standard unqualified opinion

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

Not applicable

XXI. OTHERS

Applicable Not applicable

(I) Corporate governance practices

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

The Company has adopted the code provisions of the Corporate Governance Code which were applicable to the Company during the Year. Save for the deviations disclosed in this report with reasons explained for the deviations, the Company has complied with all principles and code provisions set out in the Corporate Governance Code during the Year.

The Board will continue to review and improve its corporate governance system to ensure the compliance of the Corporate Governance Code.

(II) Board

Duties and Division Responsibility

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

SECTION V CORPORATE GOVERNANCE

Chairman of the Board and Chief Executive Officer

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

Composition of the Board

Currently, the Board comprises 8 Directors, including two executive Directors, Mr. Zhang Xiaoqiang (Chairman), Mr. Nie Yuzhong (vice Chairman and President), two non-executive Directors, Mr. Li Yingxu and Ms. Xiao Xiang, and four independent non-executive Directors, Mr. Chen Ruihua, Mr. Xiao Zuhe, Mr. Zhao Jinguang and Ms. Zhu Qingxiang. The particulars of the Directors are set out in this section “IV. Directors, Supervisors and Senior Management” in this report.

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

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

Positions in Other Companies Held by Directors

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

Time Commitment of Directors

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

Training and Professional Development of Directors

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

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

SECTION V CORPORATE GOVERNANCE

Diversification of the Board

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

The Nomination Committee has reviewed the composition of the Board in accordance with the Hong Kong Listing Rules and concluded that the composition of the Board is in compliance with the diversification requirements of the Hong Kong Listing Rules in terms of age, education background, industry experience, geographical location and duration of service. Current members of the Board are set out in the following table:

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

In addition, among all existing employees of the Company (including senior management), the proportion of male and female employees is 82.90% and 17.10%, respectively. Therefore, the Board of Directors believes that the Company's employee team (including senior management) is also diversified in terms of gender.

(III) Director

Appointment and Re-election of Directors

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

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

Nomination of Directors

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

Independence of Independent Non-executive Directors

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

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

SECTION V CORPORATE GOVERNANCE

Securities Transaction by Directors and Supervisors

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules (the “Model Code”) as its code of conduct for securities transactions by the Directors and Supervisors to regulate the securities transactions of the Directors and Supervisors. After specific enquiries, all Directors and Supervisors have confirmed that they have complied with the provisions of the Model Code during the Year.

Directors’ Responsibilities on Financial Statements

The Directors have the responsibility to prepare the financial statements for the year ended 31 December 2022 to give a true and fair view of the affairs of the Company and the results and cash flow of the Company.

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

(IV) Control System

Supervisory Committee

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

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

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

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

During the Year, the Supervisory Committee convened seven meetings on 29 March 2022, 28 April 2022, 19 May 2022, 28 June 2022, 29 August 2022, 28 October 2022 and 16 December 2022, respectively, at which proposals including the 2021 Work Report of the Supervisory Committee of Qinhuangdao Port Co., Ltd. was reviewed. The work of the Supervisory Committee is set out in the section headed “Report of Supervisory Committee” in this annual report.

(V) Company Secretary

Mr. ZHANG Nan (張楠), born in July 1980, holds a bachelor’s degree and is an economist. He is currently the securities affairs representative and company secretary of the Company. Mr. Zhang began working in July 2002 and once served as a legal consultant, lawyer and secretary of QHD Port Group. In December 2008, he served as the director of the securities affairs division of the board office of the Company. In August 2013, he served as the joint company secretary. In November 2013, he served as the securities affairs representative and deputy director of the board office of the Company. In December 2016, he served as the company secretary of the Company. In October 2017, he served as the director of securities department of the Company.

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

SECTION V CORPORATE GOVERNANCE

(VI) Shareholders' Rights and Investor Relationship

Convening of Extraordinary General Meeting

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

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

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

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

Enquiry to the Board

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

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

Procedures for Proposal at the General Meeting

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

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

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

SECTION V CORPORATE GOVERNANCE

Amendment of Constitutional Documents

During the Year, QHD Port did not make amendments to the Articles of Association, the current Articles of Association in effect is available on the website of SSE, the Hong Kong Stock Exchange and the Company, respectively.

Communication with Investors and Investor Relationship

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

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

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

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

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

SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. INFORMATION ON ENVIRONMENTAL PROTECTION OF THE COMPANY

Whether the mechanism on environmental protection is developed	Yes
Investment in environmental protection during the Reporting Period (Unit: RMB0'000)	16,279

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

Applicable Not applicable

1. Information about pollution discharge

Applicable Not applicable

The Company is one of the key pollutant discharge enterprises of Qinhuangdao City in 2022.

The Company manages the discharge of pollutants in strict compliance with the pollution discharge license. In 2022, the Company did not discharge production waste water. The exhaust emission reached the standard and met the requirements of pollution discharge license.

2. Construction and operation of pollution prevention facilities

Applicable Not applicable

In 2022, the Company implemented the east windproof net project in Phase V coal yard of Qinhuangdao Port to improve dust prevention and control; Strengthened the governance of mobile pollution sources, purchased new energy non-road mobile machinery as required, and continuously increased the use of new energy vehicles; Managed and maintained various pollution prevention and control facilities, and ensured that all pollution prevention and control facilities operate well.

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

Applicable Not applicable

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

4. Contingency plans for environmental emergencies

Applicable Not applicable

In 2022, the Company has made amendments to the Contingency Plans for Environmental Emergencies and filed with the competent government authorities. Comprehensive emergency drill for production safety accidents and sudden environmental incidents was organized and conducted by the Company to fully examine the applicability and operability of the plan.

5. Environmental self-monitoring plans

Applicable Not applicable

In 2022, the Company prepared the environment monitoring program on its own according to the monitoring requirements of pollutant discharge enterprises. Monitoring data has showed that all pollutants have reached the discharge standard.

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

Applicable Not applicable

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

Applicable Not applicable

SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Applicable Not applicable

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

Applicable Not applicable

The Company conducted training on green development education based on the actual situation of each port area. In light of the “5 June” World Environment Day and other opportunities, the Company organized diversified environmental volunteering activities with the theme of green ecology, to put into practice the social responsibility of state-owned enterprises, and demonstrate the Company’s good environmental image.

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

Whether to take carbon reduction measures	Yes
Reduction of carbon dioxide emissions (unit: tonne)	21,223
Types of carbon reduction measures (such as use of clean energy for power generation, carbon reduction technology in the production process, research and development of new products for carbon reduction)	System improvement, adoption of energy-saving processes, equipment renovation, and green electricity trading

Details

Applicable Not applicable

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

In 2022, upholding the vital transformation object of building a “Green Port”, the Company adopted various measures to conserve energy and reduce emission. The Company formulated comprehensive energy-saving goals based on working priority and assessment indicators, tracked and reported energy consumption data on a monthly basis to improve the energy consumption management system; strengthened the energy saving incentive mechanism, issued the Measures for the Administration of Energy Saving Awards (節能獎管理辦法), improved the system construction, and implemented thermal energy management reform to advance refined management; encouraged energy-saving operation, scheduled reasonable production, and controlled the no-load rate of belt conveyors; increased energy-saving investment, closely monitor the implementation of energy-saving projects such as air source heat pumps, permanent magnet direct drive retrofits for drive systems, new energy mobile machinery updates, mobile machinery engine upgrades, and smart air conditioning, to ensure energy-saving effectiveness and promote the application of relevant energy-saving technologies; established an energy-saving and carbon-reduction review and evaluation mechanism for projects, and implemented energy-saving management covering the full life cycle of equipment and facilities; used more clean energies and purchased 24 million kWh of green electricity, marking the Company’s gaining of green electricity environmental attribute.

II. SOCIAL RESPONSIBILITY COMMITMENTS

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

Applicable Not applicable

For details of the Company’s performance of social responsibility commitments, please refer to the 2022 Social Responsibility Report disclosed by the Company on the website of Shanghai Stock Exchange on 30 March 2023.

(II) Specifics of social responsibility work

Applicable Not applicable

Details

Applicable Not applicable

SECTION VI ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Applicable Not applicable

Poverty alleviation and rural revitalization project	Amount/Content	Description
Total investment (RMB'0,000)	25	Phase I project of the rural revitalization and assistance micro-factory reconstruction and expansion in Shimenzi Village
Of which: funds (RMB'0,000)	25	The Company donated RMB200,000 and the dedicated fund for village assistance amounted to RMB50,000
Materials (RMB'0,000)	0	
Number of beneficiaries (people)	25	Migrant workers from Shimenzi Village, Guanchang Town, Qinglong County, Qinhuangdao City, Hebei Province (hereinafter referred to as "Shimenzi Village")
Form of assistance (e.g. industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)		Industrial and employment assistance

Details

Applicable Not applicable

The Company donated for the rural revitalization and assistance micro-factory reconstruction and expansion project in Shimenzi Village, which is expected to be implemented in 2022 and 2023. In 2022, an amount of RMB250,000 has been invested to complete the first phase of the project. In addition to the development of the original "poverty alleviation workshops", new functions such as steaming, quick freezing, freezing, and storage, are developed to continuously consolidate and strengthen the industry in Shimenzi Village. The Company will invest in and implement the second phase of the project in 2023.

The completion of Phase I project of the rural revitalization and assistance micro-factory reconstruction and expansion in Shimenzi Village marked a significant step forward in the processing industry of Shimenzi Village, greatly improving the processing capacity of agricultural products such as pumpkin and sweet potatoes in micro factories. New functions such as steaming, quick freezing and refrigeration, further enhance the added value of products, and provide a solid guarantee for the subsequent development and growth of Shimenzi Village's industries.

The completion of micro-factory reconstruction and expansion raised the income of poverty-stricken households and village collectives. Through division of labor and cooperation with leading enterprises along the industry chain, village collective companies have provided more than 50 employment positions for home villagers throughout the year (including 25 out of poverty people), with an increase in per capita income of over RMB6,000 and collective income of over RMB230,000. The achievements in poverty alleviation have been effectively consolidated.

SECTION VII SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

√ Applicable □ Not applicable

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings in relation to IPO	Dealing with horizontal competition	HPG	<p>In order to avoid competition with QHD Port and its controlled enterprises, HPG issued the Non-competition Undertaking to QHD Port on 10 August 2015, which irrevocably undertakes and guarantees as follows:</p> <ol style="list-style-type: none"> None of the controlling enterprises of HPG and HPG (Other than QHD Port) is or will be engaged in any business or activity in any form, directly or indirectly, in competition with or likely to be in competition with the principal businesses currently and in the future engaged by QHD Port and its controlling enterprises, both within and outside the PRC; HPG undertakes to use its best endeavours to procure that the companies in which HPG holds equity interests do not or will not engage in or participate in any form of business or activity which competes or is likely to compete, directly or indirectly, with the principal business of QHD Port and its controlled enterprises within or outside the PRC. If HPG or the holding enterprise of HPG other than QHD Port identifies any new business opportunity that competes or may compete, directly or indirectly, with the principal business of QHD Port or its holding enterprise, it shall immediately notify QHD Port in writing and use its best endeavours to procure that such business opportunity is first offered to QHD Port or its holding enterprise on reasonable and fair terms and conditions. If QHD Port or its controlled enterprises abandon such competing new business opportunities and HPG or its controlled enterprises engage in such competing business other than QHD Port, QHD Port or its controlled enterprises shall have the right to acquire any equity interests, assets and other interests in the aforesaid competing business from HPG or its controlled enterprises at any time, either on a one-off or multiple occasions, or by QHD Port to entrust, lease or contract to operate the assets or businesses of HPG or its controlled enterprises other than QHD Port in the aforesaid competing business in a manner permitted by national laws and regulations. When HPG and HPG's holding enterprises other than QHD Port intend to transfer, sell, lease, license or otherwise transfer or permit to use assets and businesses that compete or are likely to compete, directly or indirectly, with the principal businesses of QHD Port or its holding enterprises, HPG and HPG's holding enterprises other than QHD Port will provide QHD Port or its holding enterprises with pre-emptive rights, and undertake to use their best efforts to procure HPG's shareholding enterprises to provide pre-emptive rights to QHD Port or its holding enterprises in the above circumstances. From the date of this letter of undertaking, HPG undertakes to indemnify QHD Port or its controlled entities against all actual losses, damages and expenses suffered by HPG or its controlled entities as a result of any breach of any terms of this letter of undertaking. This letter of undertaking shall terminate upon the earlier of: (1) Any holding enterprise of HPG and HPG directly or indirectly holds less than 30% of the total number of shares of QHD Port (On an aggregated basis); or (2) The shares of QHD Port shall cease to be listed on the SSE and other internationally recognized stock exchanges (Except for the suspension of trading of the shares of QHD Port for any reason). 	Long term	No	Yes		

SECTION VII SIGNIFICANT EVENTS

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

SECTION VII SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Disclosure of Information Undertaking		Directors of QHD Port	If there are false representations, misleading statements or material omissions in the prospectus of QHD Port that result in losses suffered by investors in securities trading, and the competent authorities such as the CSRC or the People's Court have made a final determination or effective judgment on the aforesaid facts in the prospectus of QHD Port, they will compensate the investors for the direct losses actually suffered by them in accordance with the scope of compensation, compensation standards, compensation amount and other factors determined by such final determination or effective judgment. If there is any false representation, misleading statement or material omission in the prospectus of QHD Port, which has material and substantial impact on the determination of whether the issuance conditions stipulated by the laws by QHD Port have resulted in losses to investors in securities trading, and if the final determination or effective judgment of the above facts of QHD Port has been made by the competent authorities such as the CSRC or the People's Court, at the time of convening the relevant board of directors to resolve on the repurchase of shares, QHD Port undertakes to vote in favour of the relevant resolution in relation to the repurchase of shares.	Long term	No	Yes		
Disclosure of Information Undertaking		Directors and senior management of QHD Port	The directors and senior management of QHD Port have made undertakings on the effective implementation of the remedial measures for returns of the Company in accordance with the relevant requirements of the CSRC, details of which are as follows: Not to transfer to other entities or individuals for free or under unfair conditions, nor otherwise to prejudice the interests of QHD Port; To restrict job-related consumption; The assets of QHD Port will not be used for investment and consumption activities unrelated to the performance of their duties; The remuneration system formulated by the Board of Directors or the Remuneration Committee is linked to the implementation of the remedial measures for returns of QHD Port; If QHD Port proposes to implement an equity incentive, it will link the exercise conditions of the equity incentive formulated by QHD Port with the implementation of the remedial measures for returns of QHD Port; The Company will duly implement the relevant remedial measures for returns formulated by QHD Port, and if there is any breach of such undertakings which causes losses to QHD Port or investors, it will be liable for the compensation to QHD Port and investors in accordance with the laws; Prior to the completion of the offering and listing of QHD Port, if the CSRC imposes other new regulatory requirements in relation to the remedial measures for returns and its undertakings, and such undertakings fail to meet such requirements of the CSRC, it will make supplemental undertakings in accordance with the latest requirements of the CSRC.	Long term	No	Yes		
Resolving Title Defects such as Properties		HPG	QHD Port leased from HPG the properties without building ownership certificates, and HPG issued an undertaking letter, undertaking that it is the sole owner of such properties, and that there are no third party rights or any ownership disputes on such properties, and it is entitled to lease such properties to QHD Port; In the event that HPG or any third party causes any interruption or interference to the leasing and use of such properties by QHD Port or any third party due to the reasons for the ownership of such properties, which causes economic loss or other burden to QHD Port, HPG undertakes to compensate or bear any loss or burden caused to QHD Port by the aforesaid reasons.	Long term	No	Yes		

SECTION VII SIGNIFICANT EVENTS

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

SECTION VII SIGNIFICANT EVENTS

Undertaking background	Type of undertaking	Undertaking party	Contents of undertaking	Time and term of undertaking	Whether there is a time limit for performance or not	Whether strictly performed in a timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party		HPG, State-owned Assets Supervision and Administration Commission of People's Government of Qinhuangdao City	It will strictly comply with all public undertakings made in relation to the Issuance of QHD Port and actively accept social supervision. If its undertaking is not performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond its control, such as relevant laws and regulations, policy changes, natural disasters and other force majeure), it will take the following measures: 1) To fully disclose the specific reasons for his failure to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) To submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) The proceeds obtained by it from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, it shall compensate QHD Port or the investors in accordance with the law, and shall be compensated in accordance with the following procedures: ① The cash dividends payable to it shall be directly used by QHD Port for the execution of the outstanding undertaking or to compensate for the losses incurred by QHD Port or the investors due to the non-performance of the undertaking; ② If it reduces its shareholding prior to the full performance of its undertaking or the completion of compensation, it shall transfer the funds received from the reduction to the Board of Directors of QHD Port for specific performance of its undertaking or for compensation until it has fulfilled its undertaking or made up for the losses of the Company and the investors. If its undertakings cannot be performed, cannot be performed or cannot be performed on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, it will take the following measures: 1) To timely and fully disclose the specific reasons for its failure, inability or inability to perform on schedule through QHD Port; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.	Long term	No	Yes		
Restraint Measures for Failure to Perform the Undertaking by the Undertaking Party		Executive Directors, Non-executive Directors and Senior Management of QHD Port	It will strictly perform all its public undertakings in relation to the issue of QHD Port and actively accept social supervision. If his undertaking fails to be performed, is proved to be unable to be performed or is unable to be performed on schedule (other than due to objective reasons beyond his control such as relevant laws and regulations, policy changes, natural disasters and other force majeure), he/she will take the following measures: 1) To fully disclose the specific reasons for his/her undertaking failing to perform, being unable to perform or being unable to perform on schedule through QHD Port in a timely manner; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible; 3) To submit the above supplemental undertaking or alternative undertaking to the general meeting of QHD Port for consideration; 4) In the event that he/she fails to put forward the specific plan for increase in shareholding as stated in the share price stabilization plan, or fails to implement the plan for increase in shareholding as disclosed, he/she shall irrevocably authorize QHD Port to withhold 20% of the total remuneration received from QHD Port for the previous year and perform the obligation of increase in shareholding on his/her behalf; 5) The gains from the breach of the undertaking shall belong to QHD Port and thus cause losses to QHD Port or the investors, and shall compensate QHD Port or the investors in accordance with the following procedures: if I receive remuneration from QHD Port, I agree that QHD Port shall cease to pay remuneration to it and use it directly to execute the undertaking or to compensate the losses incurred by QHD Port or the investors due to the non-performance of the undertaking. In the event of any failure, failure or inability to perform on schedule due to objective reasons beyond its control, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, I will take the following measures: 1) To timely and fully disclose the specific reasons for the failure to perform, failure to perform or failure to perform on schedule by QHD Port; 2) To provide supplemental undertakings or alternative undertakings to QHD Port and its investors to protect the interest of QHD Port and its investors as much as possible.	Long term	No	Yes		

SECTION VII SIGNIFICANT EVENTS

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

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

Fulfillment Unfulfillment Not applicable

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

Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

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

Applicable Not applicable

III. IS THERE ANY ILLEGAL GUARANTEE

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

(III) Communications with former auditors

Applicable Not applicable

(IV) Others

Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

VI. APPOINTMENT AND REMOVAL OF AUDITORS

Unit: Yuan Currency: RMB

	Current appointment
Name of domestic auditors	Ernst & Young Hua Ming LLP
Remuneration of domestic auditors	4,000,000 (inclusive of tax)
Term of domestic auditors	10

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

Explanation on the appointment and removal of auditors

Applicable Not applicable

Explanation on the change of auditors during the audit period

Applicable Not applicable

VII. RISK OF DELISTING

(I) Reason for alert of delisting

Applicable Not applicable

(II) Response measures to be adopted by the Company

Applicable Not applicable

(III) Delisting and the reasons thereof

Applicable Not applicable

VIII. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

IX. MATERIAL LITIGATION AND ARBITRATION

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

(I) litigation and arbitration events that have been disclosed in extraordinary announcements without progress in the follow-up

- Applicable Not applicable

Summary and type of the event	Inquiry index
As of 29 December 2022, the litigation and arbitration events of QHD Port and its subsidiaries that have occurred but not disclosed for 12 consecutive months involved a total amount of RMB1,949,745,600, representing 12.14% of the latest audited net assets of the Company (RMB16,055,346,200). Of which, the litigation and arbitration involving QHD Port and its subsidiaries as plaintiffs involved a total amount of RMB20,438,600, while the litigation and arbitration involving QHD Port and its subsidiaries as defendants involved a total amount of RMB1,929,307,000.	For details, please refer to the Announcement on the Litigation Involved published on the Shanghai Stock Exchange on 30 December 2022 (Announcement No.: 2022-045) and the Litigation Announcement published on the Stock Exchange on 29 December 2022 by QHD Port.

(II) litigation and arbitration events that have not been disclosed in extraordinary announcements or with progress in the follow-up

- Applicable Not applicable

(III) Other explanation

- Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

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

Applicable Not applicable

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

Applicable Not applicable

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

XII. MATERIAL RELATED TRANSACTIONS

(I) Related transactions related to daily operation

1. Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation

Applicable Not applicable

2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation

Applicable Not applicable

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

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

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

SECTION VII SIGNIFICANT EVENTS

Leasing Framework Agreement

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

During the year of 2022, the Company incurred the rental of RMB124,943,953.34 according to Lease Framework Agreement.

General Services Agreement

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

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

The Company provides services to HPG with the amount of the annual cap of RMB166,000,000, RMB166,000,000 and RMB166,000,000 in 2022, 2023, 2024, respectively; HPG provides services to the Company with the amount of the annual cap of RMB607,000,000, RMB637,000,000 and RMB669,000,000 in 2022, 2023, 2024, respectively.

During the year of 2022, the Company provided services to HPG with an amount of RMB108,035,120.78; HPG provided services to the Company with an amount of RMB603,311,326.71.

SECTION VII SIGNIFICANT EVENTS

Financial Services Framework Agreement

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

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

1. Deposit services:

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

2. Loan services:

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

3. Other Financial Services:

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

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

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

During the year of 2022, the maximum deposit balance of deposit service (namely maximum daily deposit and interest income balance) and the maximum amount of loan granted in respect of loan service (namely maximum daily loan and interest expense balance) at the actual transaction date were RMB4,635,165,203.89 and RMB803,800,000.00, respectively. In terms of other financial services, the actual transaction amount was RMB0.

SECTION VII SIGNIFICANT EVENTS

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

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

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

The above continuing connected transactions:

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

3. Matters not disclosed in extraordinary announcements

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Matters not disclosed in extraordinary announcements

Applicable Not applicable

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

Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

(III) Major related transactions relating to joint external investments

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

(IV) Amounts due from/to related parties

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

Caofeidian Coal Port, a subsidiary under the control of the Company, will carry out factoring business with Jigang Commercial Factoring (Tianjin) Co., Ltd., an indirect subsidiary under the control of Hebei Port Group, the controlling shareholder of the Company, for a period of three years from the effective date of the Factoring Business Cooperation Framework Agreement signed by both parties. The annual factoring amount shall not exceed RMB300 million, which can be recycled. The financing rate shall not exceed 6% (finance interest + service fee). For details of this matter, please refer to the "Announcement on the Connected Transaction in relation to the Factoring Business to be Carried Out by a Holding Subsidiary" of QHD Port published on the Shanghai Stock Exchange on 29 August 2019 (Announcement No.: 2019-024).

During 2022, the daily maximum amount of factoring business between Caofeidian Coal Port and Jigang Commercial Factoring (Tianjin) Co., Ltd. was RMB80,000,000, with financing interest and handling fees totaling RMB3,720,000 during the reporting period.

3. Matters not disclosed in extraordinary announcements
 Applicable Not applicable

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

Applicable Not applicable

SECTION VII SIGNIFICANT EVENTS

1. Deposit business

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Relations with related party	Maximum daily deposit limit	Interest scope of deposit	Opening balance	Amount incurred		Closing balance
					Amount deposited	Amount withdrawn	
Hebei Port Group Finance Co., Ltd.	Controlling subsidiary of the parent	5,500,000,000.00	1.15%-3.85%	3,697,810,394.04	16,967,409,981.63	16,415,921,677.40	4,249,298,698.27
Total	/	/	/	3,697,810,394.04	16,967,409,981.63	16,415,921,677.40	4,249,298,698.27

2. Loan business

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Relations with related party	Loan limitation	Interest scope of loan	Opening balance	Amount incurred		Closing balance
					Amount borrowed	Amount repaid	
Hebei Port Group Finance Co., Ltd.	Controlling subsidiary of the parent	1,500,000,000.00	3.20%-4.9875%	783,800,000.00	220,000,000.00	385,200,000.00	618,600,000.00
Total	/	/	/	783,800,000.00	220,000,000.00	385,200,000.00	618,600,000.00

3. Credit business or other financial business

Applicable Not applicable

4. Other explanation

Applicable Not applicable

(VI) Others

Applicable Not applicable

In order to solve and avoid horizontal competition between the Company and its controlling shareholders and subsidiaries, the Company entered into the Equity Custody Agreement with Tangshan Port Industrial Group Co., Ltd. on 31 December 2022, pursuant to which an agreement was reached on the entrusted management of 20% equity in SDIC Zhongmei Tongmei Jingtang Port Co., Ltd. held by the Company. For details on this matter, please refer to the Announcement on Entering into the Equity Custody Agreement and Related Party Transactions (Announcement No.: 2023-001) published by QHD Port on the Shanghai Stock Exchange on 3 January 2023.

SECTION VII SIGNIFICANT EVENTS

XIII. MATERIALS CONTRACTS AND THEIR EXECUTION

(I) Trusteeship, contracting and leasing

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

(II) Guarantees

- Applicable Not applicable

(III) Management of cash assets entrusted to third parties

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

SECTION VII SIGNIFICANT EVENTS

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

- (IV) **Other material contracts**
 Applicable Not applicable

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

- Applicable Not applicable

XV. COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognizes the importance of compliance with regulatory requirements and the risk of termination of operating licenses for non-compliance. QHD Port has been allocating system and staff resources to ensure continuing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the year ended 31 December 2022, to the best knowledge of the Directors, the Company has complied with the Company Law, the Securities Law, the Special Provisions of the State Council of the PRC for Share Offerings and Offshore Public Listing of Companies Limited by Share 《中華人民共和國國務院〈關於股份有限公司境外募集股份及上市的特別規定〉》, the Port Law of the PRC 《中華人民共和國港口法》, the Securities and Futures Ordinance, the Shanghai Listing Rules, the Hong Kong Listing Rules and other relevant rules and regulations.

XVI. RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

SECTION VII SIGNIFICANT EVENTS

XVII. USE OF PROCEEDS FROM ISSUANCE OF H SHARES

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

During the Reporting Period, the Company has used the proceeds from H Shares of HK\$1.2353 million mainly for working capital and general corporate purposes. As of 31 December 2022, HK\$3,845.1494 million of the proceeds from H Shares have been used by the Company and HK\$14.1379 million of the proceeds from H Shares remain unused, including the self-raised funds for the payment of the listing expenses of HK\$24.0174 million and the net interest income relating to the proceeds from H Shares of HK\$12.5973 million. During the Reporting Period, the use of proceeds from H Shares by the Company was in line with the planned use as disclosed in previous announcements and has no material change.

The balance of proceeds from H Shares of HK\$14.1379 million is expected to be used for the working capital and general corporate purposes of the Company in the next five years, including the payment of dividend to the shareholders of H Shares, if any, and the payment of relevant fees to the overseas intermediaries in relation to the listing of H Shares. “The balance of proceeds from H Shares” shall represent the balance of proceeds from H Shares kept in the Designated Account.

SECTION VIII REPORT OF SUPERVISORY COMMITTEE

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

I. EVALUATION ON THE BEHAVIOR AND PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2022

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

II. OVERVIEW OF THE MEETINGS OF SUPERVISORY COMMITTEE

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

1. On 29 March 2022, the Supervisory Committee held its twenty-third meeting of the fourth session of Supervisory Committee. At the meeting, the Resolution on the Report of the Supervisory Committee for 2021 (《關於本公司 2021 年度監事會報告的議案》), the Resolution on the 2021 Annual Report of the Company (《關於本公司 2021 年年度報告的議案》), the Resolution on the Final Financial Report of the Company for the Year 2021 (《關於本公司 2021 年度財務決算報告的議案》), the Resolution on the Profit Distribution Plan and Declaration of Final Dividend of the Company for 2021 (《關於本公司 2021 年度利潤分配方案及宣派末期股息的議案》), the Resolution on the Internal Control Evaluation Report of the Company for 2021 (《關於本公司 2021 年度內部控制評價報告的議案》) were considered and approved.
2. On 28 April 2022, the Supervisory Committee held its twenty-fourth meeting of the fourth session of Supervisory Committee. At the meeting, the Resolution on the 2022 First Quarterly Report of the Company (《關於本公司 2022 年第一季度報告的議案》) was considered and approved.
3. On 19 May 2022, the Supervisory Committee held its twenty-fifth meeting of the fourth session of Supervisory Committee. At the meeting, the Resolution on the Election of Supervisors of the Fifth Session of the Supervisory Committee of the Company (《關於選舉本公司第五屆監事會監事的議案》) was considered and approved.
4. On 28 June 2022, the Supervisory Committee held its first meeting of the fifth session of Supervisory Committee. At the meeting, the Resolution on the Election of the Chairman of the Fifth Session of the Supervisory Committee of the Company (《關於選舉本公司第五屆監事會主席的議案》) was considered and approved.
5. On 29 August 2022, the Supervisory Committee held its second meeting of the fifth session of Supervisory Committee. At the meeting, the Resolution on the 2022 Interim Report of the Company (《關於本公司 2022 年半年度報告的議案》) was considered and approved.
6. On 28 October 2022, the Supervisory Committee held its third meeting of the fifth session of Supervisory Committee. At the meeting, the Resolution on the 2022 Third Quarterly Report of the Company (《關於本公司 2022 年第三季度報告的議案》) was considered and approved.
7. On 16 December 2022, the Supervisory Committee held its fourth meeting of the fifth session of Supervisory Committee. At the meeting, the Resolution on the Provision for Costs on Employees who Leave Their Posts and Wait for Retirement (《關於計提離崗等退費用的議案》) was considered and approved.

SECTION VIII REPORT OF SUPERVISORY COMMITTEE

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

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

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

III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT ISSUES IN YEAR 2022

1. Compliance of the Company

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

2. Financial Position and Periodic Report of the Company

The Supervisory Committee duly reviewed and discussed the audited financial statements of the Company for 2021 and other periodic reports and considered that it gave an objective, true, reasonable view in compliance with the laws, regulations and the Articles of Association of the Company. It also gave a complete and objective picture of the Company without any false representations, misleading statements or material omissions.

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

3. Use of Proceeds

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

SECTION VIII REPORT OF SUPERVISORY COMMITTEE

4. Supervision and Review on Connected Transactions

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

5. Acquisition and disposal of material assets and external investments

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

IV. PROSPECTS OF THE SUPERVISORY COMMITTEE FOR 2023

The Supervisory Committee will further carry out its supervision and inspection duties accountable to all the Shareholders in strict accordance with relevant laws and regulations, the Articles of Association and the Rules of Procedures of the Supervisory Committee of the Company in 2023. The Supervisory Committee will continue to safeguard the legal interests of the Company and the Shareholders so as to effectively regulate the operation and development of the Company.

By Order of the Supervisory Committee

MENG Bo

Chairman

29 March 2023

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Table for changes in shares

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

2. Explanation on the changes in shares

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(II) Changes in shares subject to selling restrictions

Applicable Not applicable

II. SECURITIES ISSUANCE AND LISTING

(I) Issuance of securities during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(III) Shareholding of existing internal employees

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

III. PARTICULARS OF SHAREHOLDERS AND ACTUAL CONTROLLERS

(I) Total number of Shareholders

Total number of ordinary Shareholders as at the end of the Reporting Period (Person)	60,760
Total number of ordinary shareholders at the end of the previous month before the annual report disclosure date (Person)	60,130

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

Unit: share

Shareholding of the top 10 Shareholders							
Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Amount	
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)	111,740,000	3,144,268,078	56.27		Nil		State-owned legal person
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ^{Not*}	96,491	827,477,373	14.81		Unknown		Overseas legal person
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產監督管理委員會)	-111,740,000	509,715,485	9.12		Nil		Country
Hebei Jiantou Traffic Investment Co., Ltd. (河北建投交通投資有限責任公司)	-9,437,000	200,087,757	3.58		Nil		State-owned legal person
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)		42,750,000	0.77		Nil		State-owned legal person
COSCO SHIPPING (Tianjin) Co., Ltd.* (中遠海運(天津)有限公司)		41,437,588	0.74		Nil		State-owned legal person
Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)		41,437,588	0.74		Nil		State-owned legal person
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室)		30,538,764	0.55		Nil		Others
Hong Kong Securities Clearing Company Ltd. (Shanghai-Hong Kong Stock Connect) (香港中央結算有限公司(滬股通))	14,749,082	29,944,113	0.54		Nil		Overseas legal person
Li Guo (李國)	-30,000,000	10,000,000	0.18		Nil		Domestic natural person

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Shareholding of top 10 Shareholders not subject to selling restrictions			
Name of Shareholder	Number of tradable shares held not subject to selling restrictions	Types and number of Shares	
		Types of Shares	Number of Shares
Hebei Port Group Co., Ltd.* (河北港口集團有限公司)	3,144,268,078	RMB-denominated ordinary shares	3,144,268,078
HKSCC Nominees Limited (香港中央結算(代理人)有限公司) ^{Note}	827,477,373	Overseas-listed foreign shares	827,477,373
Qinhuangdao Municipal People's Government State-owned Assets Supervision and Administration Commission (秦皇島市人民政府國有資產監督管理委員會)	509,715,485	RMB-denominated ordinary shares	509,715,485
Hebei Jiantou Traffic Investment Co., Ltd. (河北建投交通投資有限責任公司)	200,087,757	RMB-denominated ordinary shares	200,087,757
Daqin Railway Co., Ltd. (大秦鐵路股份有限公司)	42,750,000	RMB-denominated ordinary shares	42,750,000
COSCO SHIPPING (Tianjin) Co., Ltd.* (中遠海運(天津)有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Jinneng Holding Coal Industry Group Co., Ltd. (晉能控股煤業集團有限公司)	41,437,588	RMB-denominated ordinary shares	41,437,588
Qinhuangdao Port Management Office of the People's Government of Shanxi Province (山西省人民政府駐秦皇島港務管理辦公室)	30,538,764	RMB-denominated ordinary shares	30,538,764
Hong Kong Securities Clearing Company Ltd. (Shanghai-Hong Kong Stock Connect) (香港中央結算有限公司(滬股通))	29,944,113	RMB-denominated ordinary shares	29,944,113
Li Guo (李國)	10,000,000	RMB-denominated ordinary shares	10,000,000
Explanations on the repurchase of special accounts among the top ten shareholders	Not Applicable		
Explanation of the above-mentioned shareholders' entrusting voting rights, entrusted voting rights, and abstaining from voting	Not Applicable		
Explanations on the connections or parties acting in concert among the aforesaid Shareholders	The Company is not aware of the existence of any connections in concert among the aforesaid Shareholders among the aforesaid Shareholders, or whether they are parties acting in concert within the requirements of the Administrative Measures on Takeover of Listed Companies		
Explanations on the shareholders of preferred shares whose voting rights have been restored and the number of Shares held	Not Applicable		

Note: As at the end of the Reporting Period, HPG held 71,303,000 H Shares of QHD Port through HEBEI PORT GROUP International (Hong Kong) Co., Ltd., an overseas wholly-owned subsidiary, accounting for 1.28% of the total equity of QHD Port. Those shares are included in total shares held by HKSCC Nominees Limited. Number of Shares held by top 10 shareholders subject to selling restrictions and information on the selling restrictions

Applicable Not applicable

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

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

IV. CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLERS

(I) Particulars of the Controlling Shareholder

1 Legal person

Applicable Not applicable

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

2 Natural person

Applicable Not applicable

3 No specific descriptions of controlling shareholders of the Company

Applicable Not applicable

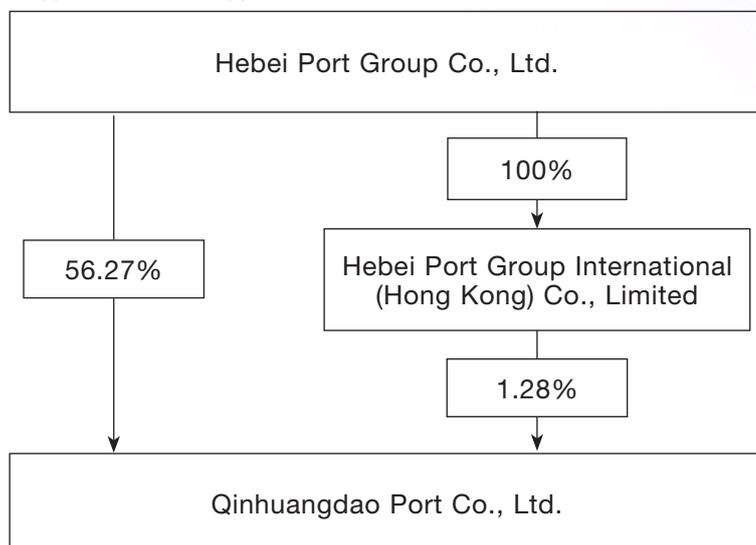
4 Explanations on the particulars of change in controlling shareholders during the Reporting Period

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

Applicable Not applicable



(II) Particulars of De Facto Controllers

1 Legal person

Applicable Not applicable

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

2 Natural person

Applicable Not applicable

3 No specific descriptions of de facto controllers of the Company

Applicable Not applicable

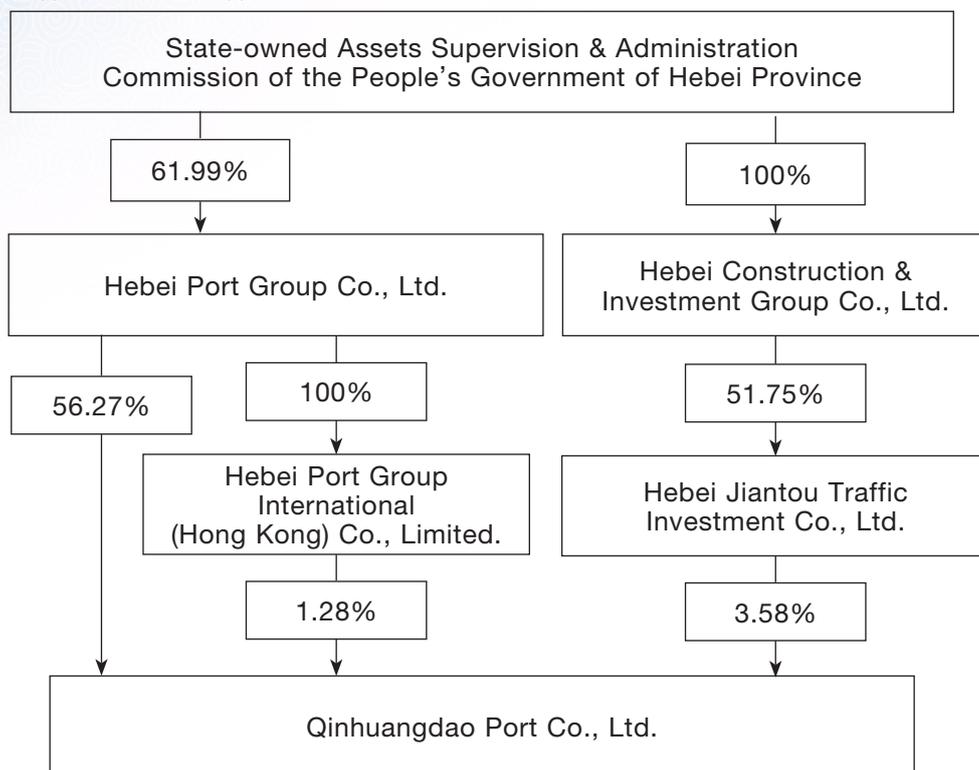
4 Explanations on the particulars of change in control of the Company during the Reporting Period

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

Applicable Not applicable



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

Applicable Not applicable

(III) Particulars of controlling shareholders and de facto controllers

Applicable Not applicable

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

Applicable Not applicable

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

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

Applicable Not applicable

VII. EXPLANATION ON REDUCED SHAREHOLDING

Applicable Not applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING REPORTING PERIOD

Applicable Not applicable

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

As at 31 December 2022, so far as the Directors and Supervisors are aware, other than the Directors, Supervisors, the senior management of QHD Port and their respective associates, the following persons had or deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by QHD Port pursuant to Section 336 of the SFO:

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

SECTION IX CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Note:

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

Save as disclosed above, as at 31 December 2022, so far as the Directors, Supervisors and senior management of QHD Port are aware, no other persons or substantial shareholders of the Company (as defined in the Hong Kong Listing Rules) had or deemed to have an interest or short position in the Shares or underlying Shares (as the case may be) of QHD Port which was required to be disclosed pursuant to Divisions 2 and 3 of Part XV under the SFO.

X. MANAGEMENT CONTRACTS

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

XI. PRE-EMPTIVE RIGHTS

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

XII. REPURCHASE, SALES AND REDEMPTION OF SHARES

For the twelve months ended 31 December 2022, the Company did not repurchase, sell or redeem any of the listed shares of QHD Port.

XIII. PUBLIC FLOAT

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

SECTION X INFORMATION OF PREFERENCE SHARES

Applicable Not applicable

SECTION XI CORPORATE BONDS

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

Applicable Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

SECTION XII AUDIT REPORT

Ernst & Young Hua Ming (2023) Shen Zi No. 61063699_S01
Qinhuangdao Port Co., Ltd.

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

I. AUDIT OPINION

We have audited the financial statements of Qinhuangdao Port Co., Ltd., which comprise the consolidated and Company balance sheet as at 31 December 2022, the consolidated and Company income statement, the statement of changes in equity and the cash flow statement for 2022, and notes to the relevant financial statements.

In our opinion, the financial statements of Qinhuangdao Port Co., Ltd. as attached herewith are prepared in accordance with the provisions of Enterprise Accounting Standards to a material extent, and give a fair view of the consolidated and Company financial position of Qinhuangdao Port Co., Ltd. as at 31 December 2022, and of its consolidated and Company financial performance and its cash flows for 2022.

II. BASIS FOR AUDIT OPINION

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

III. KEY AUDIT MATTERS

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

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

SECTION XII AUDIT REPORT

Ernst & Young Hua Ming (2023) Shen Zi No. 61063699_S01
Qinhuangdao Port Co., Ltd.

Key Audit Matter:	How Our Audit Addressed the Key Audit Matter:
<p>Impairment of fixed assets</p> <p>As at 31 December 2022, the carrying amounts of fixed assets as included in the consolidated financial statements were RMB11,548,007,158.30, which had deducted the provision for the impairment of fixed assets of RMB130,269,834.50. The Management shall judge at the end of the year where there is any evidence of impairment occurred. If there are evidences of impairment, the Management shall estimate its recoverable amount and conduct an impairment test. The impairment test of fixed assets, to a considerable extent, is relied on the judgment and estimates made by the Management. For example, the estimates of the future cash flow to be generated from the asset group to which such asset is belonged and the discount rate. Such estimates are subject to impact on the market in future and the judgment on economic environment. Different estimates and assumptions applied may have very significant impact on the recoverable amount of fixed assets. Therefore, we identified the impairment of fixed assets as a key audit matter of the year.</p> <p>For the disclosure in relation to the impairment of fixed assets, please refer to Note III. 29 Significant Accounting Judgment and Estimates, Note V. 10 Fixed Assets and Note V. 43 Asset Impairment Losses in the financial report.</p>	<p>Our audit procedures are mainly as follows:</p> <ol style="list-style-type: none"> (1) Analyzed and assessed the Management’s judgment on the indicators of asset impairment, evaluated the methods adopted by the Management on the determination of the asset group that such fixed asset with the indicators of impairment is belonged to and the impairment test on fixed assets to estimate the present value of future cash flows as well as the calculation of the present value of future cash flows; (2) Compared the forecast information (the growth rate of revenue and business volume and the growth rate of cost and expense and others) in the impairment test prepared by the Management in the previous year with the actual operation, compared the forecast information on the impairment test prepared by the Management in the current year with the subsequent actual operation as of the audit report date and concerned about whether there are significant differences and the effects on the impairment test results during the current year; (3) Under the assistance of the internal valuation experts, evaluated the methods, models, discount rate and key parameters of the impairment test conducted by the Management; (4) Reviewed the disclosure on fixed assets and the impairment of fixed assets in the financial report.
<p>Impairment of long-term equity investments</p> <p>As at 31 December 2022, the carrying amount of long-term equity investments as included in the consolidated financial statements was RMB3,595,010,502.57, which had deducted the provision for the impairment of long-term equity investments of RMB120,769,852.53. The Management shall judge at the end of each year whether there is any evidence of impairment occurred. If there are evidences of impairment, the Management shall estimate their recoverable amount and conduct an impairment test. The estimation on the recoverable amount involves the forecast on the present value of future cash flows of long-term equity investments as the Management has to make significant judgments and assumptions in the estimation, the future business volume, gross profit and discount rate in particular. As a result, we considered it a key audit matter. Therefore, we identified the impairment of long-term equity investments as a key audit matter of the year.</p> <p>For the disclosure in relation to long-term equity investments, please refer to Note III. 29 Significant Accounting Judgment and Estimates, Note V. 8 Long-term Equity Investments and Note V. 43 Asset Impairment Losses in the financial report.</p>	<p>Our audit procedures are mainly as follows:</p> <ol style="list-style-type: none"> (1) Analyzed and assessed the Management’s judgment on the indicators of impairment, evaluated the key assumptions on the determination of the recoverable amount of long-term equity investments, in particular the future business volume, gross profit, discount rate and other key data and assumptions of the Management on the investee involved in the impairment test; (2) Compared the forecast information (the growth rate of revenue and business volume and the growth rate of cost and expense and others) in the impairment test prepared by the Management in the previous year with the actual operation, compared the forecast information on the impairment test prepared by the Management in the current year with the subsequent actual operation as of the audit report date and concerned about whether there are significant differences and the effects on the impairment test results during the current year; (3) Under the assistance of the internal valuation experts, evaluated the methods, models, discount rate and key parameters of the impairment test conducted by the Management; (4) Reviewed the disclosure on long-term equity investments and the impairment of long-term equity investments in the financial report.

SECTION XII AUDIT REPORT

Ernst & Young Hua Ming (2023) Shen Zi No. 61063699_S01
Qinhuangdao Port Co., Ltd.

IV. OTHER INFORMATION

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

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

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

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

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

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

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

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

SECTION XII AUDIT REPORT

Ernst & Young Hua Ming (2023) Shen Zi No. 61063699_S01
Qinhuangdao Port Co., Ltd.

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

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

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

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

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

SECTION XII AUDIT REPORT

Ernst & Young Hua Ming (2023) Shen Zi No. 61063699_S01
Qinhuangdao Port Co., Ltd.

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Wang Tianqing (Project Partner)

Chinese Certified Public Accountant: Cheng Xianming

Beijing, PRC

29 March 2023

CONSOLIDATED BALANCE SHEET

31 December 2022

RMB

Assets	Note V	31 December 2022	31 December 2021
Current assets			
Cash and bank balances	1	4,847,758,214.85	4,051,769,706.70
Including: deposits with financial companies		4,049,298,698.27	3,385,810,394.04
Bills receivable	2	91,361,696.00	68,346,713.28
Accounts receivable	3	46,622,811.77	42,864,847.49
Financing receivables	4	35,866,130.32	69,049,566.27
Prepayments		23,630,461.95	10,234,539.55
Other receivables	5	22,220,105.04	30,936,239.46
Inventories	6	125,279,242.63	167,322,981.57
Other current assets	7	82,539,575.60	127,074,097.79
Total current assets		5,275,278,238.16	4,567,598,692.11
Non-current assets			
Long-term equity investments	8	3,595,010,502.57	3,258,872,327.87
Other equity instruments investments	9	1,136,892,279.11	910,016,638.38
Fixed assets	10	11,548,007,158.30	12,416,386,765.22
Construction in progress	11	2,478,720,446.03	2,509,104,468.28
Right-of-use assets	12	141,869,720.26	112,187,085.56
Intangible assets	13	2,950,070,241.42	2,981,369,444.65
Long-term prepaid expenses	14	5,639,206.39	35,096,766.80
Deferred income tax assets	15	439,589,423.33	410,078,781.79
Other non-current assets	16	369,621,867.69	576,266,914.12
Total non-current assets		22,665,420,845.10	23,209,379,192.67
Total assets		27,940,699,083.26	27,776,977,884.78

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

CONSOLIDATED BALANCE SHEET

31 December 2022

RMB

Liabilities and Shareholders' equity	Note V	31 December 2022	31 December 2021
Current liabilities			
Short-term borrowings	17	260,270,111.11	330,357,805.56
Accounts payable	18	259,894,659.77	238,673,449.76
Contract liabilities	19	563,480,833.77	704,281,207.62
Employee benefits payable	20	742,093,194.47	798,496,547.67
Taxes payable	21	43,304,688.38	87,649,229.69
Other payables	22	548,457,808.34	898,468,189.51
Non-current liabilities due within one year	23	680,774,886.72	840,171,471.74
Total current liabilities		3,098,276,182.56	3,898,097,901.55
Non-current liabilities			
Long-term borrowings	24	5,949,695,604.50	6,259,174,345.98
Lease liabilities	25	16,720,143.33	323,144.98
Long-term payable	26	34,000,000.00	36,000,000.00
Long-term employee benefits payable	27	372,187,195.91	454,318,825.86
Deferred income	28	143,939,129.50	175,284,044.38
Deferred income tax liabilities	15	100,804,502.79	44,085,592.61
Total non-current liabilities		6,617,346,576.03	6,969,185,953.81
Total liabilities		9,715,622,758.59	10,867,283,855.36
Shareholders' equity			
Share capital	29	5,587,412,000.00	5,587,412,000.00
Capital reserve	30	5,207,670,068.40	5,207,670,068.40
Other comprehensive income	31	639,705,620.44	398,289,967.40
Special reserve	32	192,106,174.51	162,786,888.70
Surplus reserve	33	1,634,203,017.11	1,529,961,605.48
Retained profit	34	4,060,508,205.81	3,169,225,628.95
Total equity attributable to shareholders of the parent		17,321,605,086.27	16,055,346,158.93
Minority interests		903,471,238.40	854,347,870.49
Total shareholders' equity		18,225,076,324.67	16,909,694,029.42
Total liabilities and shareholders' equity		27,940,699,083.26	27,776,977,884.78

The financial statements have been signed by:

Legal representative:

Zhang Xiaoqiang

Person in charge of

business operation:

Nie Yuzhong

Chief financial officer:

Bu Zhouqing

Head of accounting department:

Zhao Liangjun

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

CONSOLIDATED INCOME STATEMENT

2022

RMB

	Note V	2022	2021
Revenue	35	6,919,421,033.92	6,594,861,850.05
Less: Operating costs	35	4,267,181,490.83	4,094,699,901.80
Tax and surcharges	36	135,409,345.59	206,541,922.78
Administrative expenses	37	834,726,694.34	922,314,914.16
Research and development expenses	38	143,991,281.29	53,878,006.83
Financial costs	39	139,990,216.94	217,662,699.89
Including: Interest expense		234,358,723.92	277,584,295.95
Interest income		93,696,682.15	60,224,911.87
Add: Other income	40	83,784,701.68	54,709,973.87
Investment income	41	235,234,912.61	186,114,188.04
Including: Investment income from associates and joint ventures		223,039,392.85	176,101,826.59
Credit impairment loss	42	(16,362,180.04)	(28,394,521.41)
Asset impairment loss	43	(36,782,860.23)	(34,562,954.52)
Gains from the disposal of assets	44	572,569.46	–
Operating profits		1,664,569,148.41	1,277,631,090.57
Add: Non-operating income	45	5,287,891.55	8,877,816.18
Less: Non-operating expenses	46	6,669,457.12	5,068,230.20
Total profit		1,663,187,582.84	1,281,440,676.55
Less: Income tax expenses	48	306,122,888.75	284,300,281.26
Net profit		1,357,064,694.09	997,140,395.29
Classified by business continuity			
Net profit from continuing operations		1,357,064,694.09	997,140,395.29
Classified by ownership			
Net profit attributable to shareholders of the parent		1,308,419,060.49	1,038,394,361.09
Minority interests		48,645,633.60	(41,253,965.80)
Other comprehensive income, net of tax		239,202,177.64	146,452,127.44
Other comprehensive income attributable to shareholders of the parent, net of tax	31	241,415,653.04	135,025,490.10
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income not to be taken to profit or loss using the equity method		65,142,567.44	55,478,499.54
Changes in fair value of other equity instruments investments		172,370,205.95	80,774,357.50
Those other comprehensive income to be reclassified into profit or loss			
Exchange differences on foreign currency translation		3,902,879.65	(1,227,366.94)
Other comprehensive income attributable to minority shareholders, net of tax	31	(2,213,475.40)	11,426,637.34
Total comprehensive income		1,596,266,871.73	1,143,592,522.73
Including:			
Total comprehensive income attributable to shareholders of the parent		1,549,834,713.53	1,173,419,851.19
Total comprehensive income attributable to minority shareholders		46,432,158.20	(29,827,328.46)
Earnings per share			
Basic and diluted earnings per share	49	0.23	0.19

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022
RMB

2022

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022
RMB

2021

	Equity attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Sub-total		
I. Current year's opening balance	5,587,412,000.00	5,207,670,068.40	263,264,477.30	139,446,715.57	1,433,372,455.99	2,585,014,785.35	15,216,180,502.61	883,246,509.60	16,099,427,012.21
II. Changes during the year									
(I) Total comprehensive income									
1. Net profit	-	-	-	-	-	1,038,394,361.09	1,038,394,361.09	(41,253,965.80)	997,140,395.29
2. Other comprehensive income	-	-	135,025,490.10	-	-	-	135,025,490.10	11,426,637.34	146,452,127.44
(II) Profit distribution									
1. Appropriation to surplus reserves	-	-	-	-	96,589,149.49	(96,589,149.49)	-	-	-
2. Distribution to Shareholders	-	-	-	-	-	(357,594,368.00)	(357,594,368.00)	-	(357,594,368.00)
(III) Special reserve									
1. Accrual	-	-	-	65,323,457.00	-	-	65,323,457.00	3,568,233.63	68,891,690.63
2. Usage	-	-	-	(41,983,283.87)	-	-	(41,983,283.87)	(2,639,544.28)	(44,622,828.15)
III. Current year's closing balance	5,587,412,000.00	5,207,670,068.40	398,289,967.40	162,786,888.70	1,529,961,605.48	3,169,225,628.95	16,055,346,158.93	854,347,870.49	16,909,694,029.42

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

CONSOLIDATED CASH FLOWS

2022
RMB

	Note V	2022	2021
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		7,043,418,190.59	6,962,910,108.07
Refund of taxes and levies		170,268,258.59	45,409,619.74
Cash received relating to other operating activities	50	110,576,889.42	81,423,879.39
Sub-total of cash inflows		7,324,263,338.60	7,089,743,607.20
Cash paid for goods and services		1,745,750,203.11	1,584,725,329.88
Cash paid to and on behalf of employees		2,022,501,026.28	1,979,527,629.00
Cash paid for all taxes		701,139,769.01	709,554,077.32
Cash paid relating to other operating activities	50	420,571,938.93	310,163,227.02
Sub-total of cash outflows		4,889,962,937.33	4,583,970,263.22
Net cash flows from operating activities	51	2,434,300,401.27	2,505,773,343.98
II. Cash flows from investing activities:			
Cash received from return of investment		931,530,000.00	856,500,000.00
Cash received from investment income		208,707,419.67	121,094,900.77
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,047,271.13	8,484,550.04
Cash received relating to other investing activities	50	320,000.00	6,000,000.00
Sub-total of cash inflows		1,144,604,690.80	992,079,450.81
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		709,944,583.95	1,327,325,271.99
Cash paid for investments		899,340,200.00	1,525,330,000.00
Sub-total of cash outflows		1,609,284,783.95	2,852,655,271.99
Net cash flows from investing activities		(464,680,093.15)	(1,860,575,821.18)

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

CONSOLIDATED CASH FLOWS

2022

RMB

	Note V	2022	2021
III. Cash flows from financing activities:			
Cash received from borrowings		670,000,000.00	1,318,000,000.00
Sub-total of cash inflows		670,000,000.00	1,318,000,000.00
Cash paid for repayments of borrowings		1,125,714,000.00	898,481,940.19
Cash paid for distribution of dividends or profits and for interest expenses		613,057,062.88	675,740,291.21
Cash paid relating to other financing activities	50	18,502,678.08	8,543,599.66
Sub-total of cash outflow		1,757,273,740.96	1,582,765,831.06
Net cash flows from financing activities		(1,087,273,740.96)	(264,765,831.06)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		4,761,940.99	(1,317,372.11)
V. Net increase in cash and cash equivalents		887,108,508.15	379,114,319.63
Add: Balance of cash and cash equivalents at the beginning of the year		2,558,919,206.70	2,179,804,887.07
VI. Balance of cash and cash equivalents at the end of the year	51	3,446,027,714.85	2,558,919,206.70

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

BALANCE SHEET

31 December 2022

RMB

Assets	Note XIII	31 December 2022	31 December 2021
Current assets			
Cash and bank balances		3,723,257,308.61	3,297,325,263.96
Including: deposits with financial companies		3,357,757,408.51	2,841,263,921.26
Bills receivable		–	500,000.00
Accounts receivable	1	30,734,950.60	23,530,903.51
Financing receivables		27,200,000.00	41,000,000.00
Prepayments		8,499,927.92	31,604.29
Other receivables		1,566,165.54	2,700,059.68
Inventories		70,607,319.23	89,850,669.62
Other current assets		59,043,179.77	9,015,972.74
Total current assets		3,920,908,851.67	3,463,954,473.80
Non-current assets			
Long-term equity investments	2	9,970,150,573.41	9,667,975,313.82
Other equity instruments investments	3	935,156,540.00	702,257,836.96
Fixed assets		3,253,905,786.53	3,453,319,056.85
Construction in progress		105,205,106.93	162,524,697.79
Right-of-use assets		34,198,251.26	–
Intangible assets		393,202,246.73	388,335,728.98
Deferred income tax assets		329,443,882.47	369,079,268.36
Other non-current assets		284,629,115.99	318,870,061.00
Total non-current assets		15,305,891,503.32	15,062,361,963.76
Total assets		19,226,800,354.99	18,526,316,437.56

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

BALANCE SHEET

31 December 2022

RMB

Liabilities and Shareholders' equity	31 December 2022	31 December 2021
Current liabilities		
Accounts payable	135,295,406.54	101,127,484.31
Contract liabilities	372,344,141.85	522,102,073.96
Employee benefits payable	710,618,485.04	763,254,261.21
Taxes payable	8,744,024.34	61,875,171.78
Other payables	268,695,827.10	211,360,523.09
Non-current liabilities due within one year	20,555,111.86	102,000,000.00
Total current liabilities	1,516,252,996.73	1,761,719,514.35
Non-current liabilities		
Lease liabilities	16,551,504.71	-
Long-term payable	34,000,000.00	36,000,000.00
Long-term employee benefits payable	346,187,808.29	424,548,881.27
Deferred income	137,614,391.14	172,398,625.28
Deferred income tax liabilities	87,101,045.50	28,876,369.74
Total non-current liabilities	621,454,749.64	661,823,876.29
Total liabilities	2,137,707,746.37	2,423,543,390.64
Shareholders' equity		
Share capital	5,587,412,000.00	5,587,412,000.00
Capital reserve	5,197,336,468.67	5,197,336,468.67
Other comprehensive income	614,100,027.38	374,283,432.66
Special reserve	138,466,080.24	121,482,157.51
Surplus reserve	1,634,064,672.34	1,529,823,260.71
Retained profit	3,917,713,359.99	3,292,435,727.37
Total shareholders' equity	17,089,092,608.62	16,102,773,046.92
Total liabilities and shareholders' equity	19,226,800,354.99	18,526,316,437.56

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

INCOME STATEMENT

2022

RMB

	Note XIII	2022	2021
Revenue	4	4,227,245,099.85	4,343,742,637.75
Less: Operating costs	4	2,316,584,936.78	2,379,589,013.98
Tax and surcharges		85,453,036.44	132,066,759.94
Administrative expenses		669,099,367.05	788,490,290.39
Research and development expenses		121,426,140.07	43,082,530.34
Financial costs		(73,814,892.00)	(45,597,618.46)
Including: Interest expense		2,149,166.85	243,083.61
Interest income		75,227,845.15	46,307,629.03
Add: Other income		52,266,260.54	53,412,589.78
Investment income	5	215,848,823.89	168,594,231.62
Including: Investment income from associates and joint ventures		215,848,823.89	167,942,631.62
Credit impairment loss		(3,332,653.90)	718,796.65
Asset impairment loss		(36,782,860.23)	(30,182,210.46)
Gains from the disposal of assets		384,263.57	–
Operating profits		1,336,880,345.38	1,238,655,069.15
Add: Non-operating income		4,632,781.73	8,674,611.84
Less: Non-operating expenses		1,386,779.23	2,530,588.23
Total profit		1,340,126,347.88	1,244,799,092.76
Less: Income tax expenses		297,712,231.63	278,907,597.90
Net profit		1,042,414,116.25	965,891,494.86
Including: Net profit from continuing operations		1,042,414,116.25	965,891,494.86
Other comprehensive income, net of tax		239,816,594.72	124,359,826.35
Other comprehensive income not to be reclassified to profit or loss			
Other comprehensive income not to be taken to profit or loss using the equity method		65,142,567.44	55,478,499.54
Changes in fair value of other equity instruments investments		174,674,027.28	68,881,326.81
Total comprehensive income		1,282,230,710.97	1,090,251,321.21

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

STATEMENT OF CHANGES IN EQUITY

2022

RMB

2022

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

2021

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Current year's opening balance	5,587,412,000.00	5,197,336,468.67	249,923,606.31	109,240,784.35	1,433,234,111.22	2,780,727,750.00	15,357,874,720.55
II. Changes during the year							
(I) Total comprehensive income							
1. Net profit	-	-	-	-	-	965,891,494.86	965,891,494.86
2. Other comprehensive income	-	-	124,359,826.35	-	-	-	124,359,826.35
(II) Profit distribution							
1. Appropriation to surplus reserves	-	-	-	-	96,589,149.49	(96,589,149.49)	-
2. Distribution to Shareholders	-	-	-	-	-	(357,594,368.00)	(357,594,368.00)
(III) Special reserve							
1. Accrual	-	-	-	47,157,936.31	-	-	47,157,936.31
2. Usage	-	-	-	(34,916,563.15)	-	-	(34,916,563.15)
III. Current year's closing balance	5,587,412,000.00	5,197,336,468.67	374,283,432.66	121,482,157.51	1,529,823,260.71	3,292,435,727.37	16,102,773,046.92

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

STATEMENT OF CASH FLOWS

2022

RMB

	2022	2021
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	4,245,865,320.51	4,586,693,563.92
Cash received relating to other operating activities	86,129,072.52	61,457,132.64
Sub-total of cash inflows	4,331,994,393.03	4,648,150,696.56
Cash paid for goods and services	898,250,411.85	913,840,500.98
Cash paid to and on behalf of employees	1,729,167,218.30	1,692,583,566.09
Cash paid for all taxes	546,954,450.33	594,318,875.15
Cash paid relating to other operating activities	257,329,210.67	195,301,057.27
Sub-total of cash outflows	3,431,701,291.15	3,396,043,999.49
Net cash flows from operating activities	900,293,101.88	1,252,106,697.07
II. Cash flows from investing activities:		
Cash received from return of investment	700,000,000.00	700,000,000.00
Cash received from investment income	196,511,899.91	111,734,139.32
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,630,865.86	4,194,056.03
Cash received relating to other investing activities	-	6,000,000.00
Sub-total of cash inflows	899,142,765.77	821,928,195.35
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	229,136,784.31	125,700,559.69
Cash paid for investments	714,000,000.00	1,167,000,000.00
Sub-total of cash outflows	943,136,784.31	1,292,700,559.69
Net cash flows from investing activities	(43,994,018.54)	(470,772,364.34)
III. Cash flows from financing activities:		
Cash paid for distribution of dividends or profits and for interest expenses	312,895,017.98	357,593,187.32
Cash paid relating to other financing activities	18,339,927.08	8,656,454.81
Sub-total of cash outflow	331,234,945.06	366,249,642.13
Net cash flows from financing activities	(331,234,945.06)	(366,249,642.13)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	867,906.37	(330,866.06)
V. Net increase in cash and cash equivalents	525,932,044.65	414,753,824.54
Add: Balance of cash and cash equivalents at the beginning of the year	1,997,325,263.96	1,582,571,439.42
VI. Balance of cash and cash equivalents at the end of the year	2,523,257,308.61	1,997,325,263.96

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

I. GENERAL INFORMATION

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

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

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

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

The consolidation scope of these consolidated financial statements is determined on the basis of control, the consolidation scope is the same as that of the previous year.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued and amended subsequently by the Ministry of Finance (collectively referred to as “Accounting Standards for Business Enterprises”).

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 31 December 2022 and their financial performance and cash flows for 2022.

2. Accounting Period

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

3. Functional Currency

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Consolidated Financial Statements

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Classifications of Joint Arrangement and Joint Operations

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

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

6. Cash and Cash Equivalents

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

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

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

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Financial Instruments

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

Recognition and derecognition of financial instruments

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

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

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

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

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

Classification and measurement of financial assets

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

A financial asset is recognised initially at fair value. However, if the accounts receivable or notes receivable generated from the sale of goods or the provision of services do not include significant financing components or do not consider financing components not exceeding one year, the initial measurement is based on the transaction price. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit or loss for the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognised.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Financial Instruments (Continued)

Classification and measurement of financial assets (Continued)

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

Debt instrument investment measured at amortized cost

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

Debt instrument investment at fair value through other comprehensive income

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

Equity instrument investment at fair value through other comprehensive income

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

Financial assets measured at fair value through profit or loss

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Financial Instruments (Continued)

Classification and measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities measured at amortised cost

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Financial Instruments (Continued)

Financial instrument impairment

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

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

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

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

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

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

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

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

Offsetting of financial instruments

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

Transfers of financial assets

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Inventories

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

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

The Group adopts perpetual inventory system.

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

10. Long-term Equity Investments

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2022

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Long-term Equity Investments (Continued)

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

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

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Fixed Assets

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

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

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

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

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

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

12. Construction in Progress

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

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Borrowing Costs

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

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

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

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

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

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

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

14. Right-of-use Assets

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Intangible Assets

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

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

The useful lives of the intangible assets are as follows:

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

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

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

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

16. Asset Impairment

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2022

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Long-term Prepaid Expenses

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

18. Employee Benefits

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

Short-term employee benefits

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

Post-employment benefits (defined contribution plans)

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

Termination benefits

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

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

Other long-term employee benefits

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Lease Liabilities

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

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

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

20. Provisions

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

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

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

21. Revenue from Contracts with Customers

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

Contracts for the rendering of services

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

Contracts for the sales of goods

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

NOTES TO FINANCIAL STATEMENTS

2022

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Contract Assets and Contract Liabilities

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

Contract assets

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

Contract liabilities

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

23. Government Grants

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

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

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

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Deferred Income Tax

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Leases

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

As a lessee

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

Short-term lease and Low value asset leasing

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

As a lessor

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

As an operating lease lessor

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

26. Profit Distribution

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

27. Production Safety Expense

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Fair Value Measurement

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

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

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

29. Significant Accounting Judgments and Estimates

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

Judgment

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

The business model

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

The contractual cash flow characteristics

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

NOTES TO FINANCIAL STATEMENTS

2022

RMB

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Significant Accounting Judgments and Estimates (Continued)

Uncertainty of estimation

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

Impairment of financial instruments

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

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

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

Fair value of unlisted equity investments

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

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Significant Accounting Judgments and Estimates (Continued)

Uncertainty of estimation (Continued)

Deferred income tax assets

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

Lessee's incremental borrowing rate

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

Useful lives and residual values of fixed assets

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IV. TAXATION

1. Major Categories of Taxes and Respective Tax Rates

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

2. Tax Preferences

Land use tax

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

VAT

Pursuant to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部稅務總局海關總署關於深化增值稅改革有關政策的公告》) (Notice [2019] No. 39 from the Ministry of Finance, the State Taxation Administration and the General Administration of Customs) printed and issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, taxpayers in the production and living services industry are permitted to deduct the taxable amount by the Company and its certain subsidiaries according to the current deductible input VAT plus 10% from 1 April 2019 to 31 December 2021. Pursuant to the Announcement on Value-Added Tax Policies Relating to the Relief and Development of Difficult Industries in the Service Sector (《關於促進服務業領域困難行業紓困發展有關增值稅政策的公告》) (Notice [2022] No. 11 from the Ministry of Finance and the State Taxation Administration), the implementation period of the policy of the value-added tax weighed deduction in the production and living services industry will be extended to 31 December 2022.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

	2022	2021
Cash on hand	25,508.88	12,897.86
Bank deposits	4,847,732,205.97	4,051,436,308.84
Other cash and bank balances	500.00	320,500.00
	4,847,758,214.85	4,051,769,706.70
Including: Secured bank deposits from bidding deposits	500.00	320,500.00

As at 31 December 2022, the cash and bank balances deposited overseas by the Group were equivalent to RMB59,014,402.57 (31 December 2021: RMB54,388,043.80).

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

2. Bills Receivable

	2022	2021
Bank acceptance notes	91,361,696.00	68,346,713.28

As at 31 December 2022 and 31 December 2021, the bills receivable pledged by the Group to issue bank acceptance notes was nil.

As at 31 December 2022 and 31 December 2021, the Group did not transfer any bills receivable to accounts receivable due to non-performance of drawers.

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

	2022		2021	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance notes	-	18,307,584.00	-	-

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

3. Accounts Receivable

The credit period of accounts receivable is usually not more than 90 days. The accounts receivable bear no interest. An ageing analysis of the accounts receivable is as follows:

	2022	2021
Within 1 year	51,506,942.00	45,102,759.64
1 to 2 years	860,169.46	19,139.80
2 to 3 years	9,728.80	–
Over 3 years	1,633,960.63	2,449,866.43
	54,010,800.89	47,571,765.87
Less: Provision for bad debts of accounts receivable	7,387,989.12	4,706,918.38
	46,622,811.77	42,864,847.49

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

	2021				Carrying amount
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made by portfolio of credit risk characteristics	47,571,765.87	100	4,706,918.38	10	42,864,847.49

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

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

3. Accounts Receivable (Continued)

As at 31 December 2021, the Group did not make any individual provision for bad debts.

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

	2022			2021		
	Estimated balance arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss	Estimated balance arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	48,254,578.00	5	2,412,728.90	45,102,759.64	5	2,251,692.81
1 to 2 years	860,169.46	10	86,016.95	19,139.80	28	5,359.14
2 to 3 years	9,728.80	30	2,918.64	-	-	-
Over 3 years	1,633,960.63	100	1,633,960.63	2,449,866.43	100	2,449,866.43
	50,758,436.89	8	4,135,625.12	47,571,765.87	10	4,706,918.38

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

	Opening balance	Provision for the year	Recover or reversal in the year	Write-off in the year	Closing balance
2022	4,706,918.38	3,343,995.54	(610,985.17)	(51,939.63)	7,387,989.12
2021	6,947,490.39	407,971.25	(1,332,375.43)	(1,316,167.83)	4,706,918.38

The Group had accounts receivable of RMB51,939.63 written off in 2022 (2021: RMB1,316,167.83).

As at 31 December 2022 and 31 December 2021, no accounts receivable of the Group was pledged.

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

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

3. Accounts Receivable (Continued)

As at 31 December 2021, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Hebei Jidong Hexin Logistics Co., Ltd. (河北冀東和信物流有限公司)	11,961,751.69	25.14	598,087.58	5
Qinhuangdao Qinren Shipping Co., Ltd. (秦皇島秦仁海運有限公司)	5,869,670.00	12.34	293,483.50	5
Qinhuangdao Sea Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	4,397,996.00	9.24	219,899.80	5
CNOOC Energy Technology & Services Limited Sales & Service Branch (中海油能源發展股份有限公司銷售服務分公司)	3,550,573.00	7.46	177,528.65	5
Anyang Iron & Steel Co., Ltd. (安陽鋼鐵股份有限公司)	3,240,301.30	6.81	162,015.07	5
	29,020,291.99	60.99	1,451,014.60	5

4. Accounts receivable financing

	2022	2021
Bank acceptance notes	35,866,130.32	69,049,566.27

As at 31 December 2022 and 31 December 2021, the accounts receivable financing pledged by the Group to issue bank acceptance notes was nil.

As at 31 December 2022 and 31 December 2021, the Group did not transfer any bills receivable to accounts receivable due to non-performance of drawers.

Accounts receivable financing which was endorsed but undue as at the balance sheet date are as follows:

	2022		2021	
	Derecognized	Not Derecognized	Derecognized	Not derecognized derecognized
Bank acceptance notes	79,636,000.46	-	59,739,982.17	-

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

5. Other receivables

	2022	2021
Dividend receivables	-	651,600.00
Other receivables	22,220,105.04	30,284,639.46
	22,220,105.04	30,936,239.46

Dividend receivables

	2022	2021
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驊港鋼鐵物流有限公司)	-	651,600.00

Other receivables

Other receivables by nature are as follows:

	2022	2021
Assets transfer consideration receivable	27,816,839.00	27,816,839.00
Equity transfer consideration receivable	21,425,195.83	21,425,195.83
Utilities receivable	18,551,831.75	11,046,868.40
Other	7,339,071.83	9,279,399.93
	75,132,938.41	69,568,303.16
Less: Provision for bad debts	52,912,833.37	39,283,663.70
	22,220,105.04	30,284,639.46

An aged analysis of other receivables is as follows:

	2022	2021
Within 1 year	9,079,162.90	9,730,161.83
1 to 2 years	8,395,055.06	9,237,923.02
2 to 3 years	8,166,887.07	45,944,233.58
Over 3 years	49,491,833.38	4,655,984.73
	75,132,938.41	69,568,303.16
Less: Provision for bad debts of other receivables	52,912,833.37	39,283,663.70
	22,220,105.04	30,284,639.46

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

5. Other Receivables (Continued)

Other Receivables (Continued)

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

2022

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

2021

	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Credit-impaired financial assets (Lifetime ECL)	Total
Opening balance	9,964,738.11	-	-	9,964,738.11
Transfer of opening balance during the year	(1,907,489.90)	-	1,907,489.90	-
Provision for the year	3,409,576.49	-	25,909,349.10	29,318,925.59
Closing balance	11,466,824.70	-	27,816,839.00	39,283,663.70

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

	Opening balance	Provision for the year	Reversal during the year	Write-off during the year	Closing balance
2022	39,283,663.70	13,745,889.42	(116,719.75)	-	52,912,833.37
2021	9,964,738.11	29,318,925.59	-	-	39,283,663.70

In 2022, the Group had no other receivable actually written off (2021: Nil).

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

5 Other Receivables (Continued)

Other Receivables (Continued)

As at 31 December 2022, other receivables from the five largest customers were as follows:

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

As at 31 December 2021, the top five amounts of other receivables are as follows:

	Closing balance	Percentage of total balance of other receivables (%)	Nature	Aging	Closing balance of bad debt provision
Bohai New Zone Sub-bureau of the Cangzhou Municipal Bureau of Land and Resources (滄州市國土資源局渤海新區分局)	23,222,539.00	33.38	Assets transfer consideration	2 to 3 years	23,222,539.00
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	21,425,195.83	30.80	Equity transfer consideration	2 to 3 years and 4 to 5 years	9,604,442.83
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)	14,349,165.56	20.63	Utilities, charges for sea area utilization and rental expenses	Within 1 year and 1 to 3 years	1,391,142.34
Han Huang Railway Co., Ltd. (邯黃鐵路有限責任公司)	4,594,300.00	6.60	Assets transfer consideration	2 to 3 years	4,594,300.00
Qinhuangdao Branch of PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司秦皇島市分公司)	1,589,070.35	2.28	Insurance indemnity	Within 1 year	79,453.52
	65,180,270.74	93.69			38,891,877.69

As at 31 December 2022 and 31 December 2021, the Group had no government grants receivable.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

6. Inventories

	2022			2021		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Materials	37,498,767.60	7,704,743.48	29,794,024.12	47,393,131.68	7,045,116.52	40,348,015.16
Fuels	1,561,084.99	–	1,561,084.99	1,891,040.70	–	1,891,040.70
Spare parts	107,049,206.96	15,562,073.14	91,487,133.82	136,431,543.91	13,946,108.90	122,485,435.01
Low-cost consumables	2,586,811.92	149,812.22	2,436,999.70	2,789,939.52	191,448.82	2,598,490.70
	148,695,871.47	23,416,628.84	125,279,242.63	188,505,655.81	21,182,674.24	167,322,981.57

Change in provision for impairment is as follows:

2022

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

2021

	Opening balance	Provision for the year	Decrease during the year		Closing balance
			Reversal	Write-off	
Materials	4,545,766.22	3,875,427.31	–	(1,376,077.01)	7,045,116.52
Spare parts	6,389,762.82	10,204,550.18	–	(2,648,204.10)	13,946,108.90
Low-cost consumables	73,851.47	161,332.97	–	(43,735.62)	191,448.82
	11,009,380.51	14,241,310.46	–	(4,068,016.73)	21,182,674.24

7. Other Current Assets

	2022	2021
Prepaid enterprise income tax	48,508,849.10	2,256,364.51
Input VAT to be certified	18,269,448.70	35,178,054.95
Outstanding VAT credit	15,761,277.80	89,639,678.33
	82,539,575.60	127,074,097.79

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

8. Long-term Equity Investments

2022

Equity method	Change within the year									
	Opening balance	Investment costs	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend	Provision for impairment	Closing carrying amount	Including Closing provision for impairment
Joint ventures										
Bolai Jiu-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) (Note 1)	66,022,916.68	81,000,000.00	(48,430,863.68)	-	18,381.82	-	-	-	98,610,616.82	(81,850,806.99)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) (Note 2)	10,888,214.61	18,000,000.00	(10,770,737.48)	-	4,084.85	-	-	-	18,101,561.98	(18,119,045.54)
Gangzhou Bohai New Area Port Real Estate Development Co., Ltd. (瀋洲渤海新區港口房地產開發有限公司) (Note 3)	-	26,610,200.00	-	-	-	-	-	-	26,610,200.00	-
Sub-total	76,891,133.29	125,610,200.00	(59,201,421.16)	-	22,466.67	-	-	-	143,322,378.80	(89,969,852.53)
Associates										
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	696,727,822.19	-	27,323,375.56	-	-	-	(13,200,000.00)	-	712,851,197.75	-
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	1,825,718,803.53	-	246,572,107.41	65,142,567.44	3,025,438.14	-	(182,000,000.00)	-	1,958,458,916.52	-
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興泰港能運有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	207,988,633.84	-	2,861,693.21	-	-	-	-	-	210,850,327.05	-
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	280,000,000.00	-	-	-	-	-	-	-	280,000,000.00	-
Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (瀋洲渤海新區港興拖船有限公司)	156,609,999.80	-	4,214,179.40	-	158,409.51	-	-	-	160,982,588.71	-
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區義理程有限公司) (Note 4)	671,637.41	-	514,703.58	-	-	-	-	-	1,186,340.99	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江華能能源檢測有限公司)	12,264,297.81	-	792,344.23	-	-	-	(660,299.91)	-	12,396,342.13	-
Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉里(秦皇島)糧油工業有限公司) (Note 4)	-	115,000,000.00	(37,589.38)	-	-	-	-	-	114,962,410.62	-
Sub-total	3,181,981,194.58	115,000,000.00	282,240,814.01	65,142,567.44	3,183,847.65	-	(195,860,299.91)	-	3,451,688,123.77	(20,800,000.00)
Total	3,258,872,327.87	240,610,200.00	223,039,392.85	65,142,567.44	3,206,314.32	-	(195,860,299.91)	-	3,595,010,502.57	(120,769,852.53)

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

8. Long-term Equity Investments (Continued)

2021

Equity method	Change within the year								Including: Closing provision for impairment	
	Opening balance	Investment costs	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend	Provision for impairment		Closing carrying amount
Joint ventures										
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司)	117,486,459.82	-	(51,463,541.14)	-	-	-	-	-	66,022,918.68	(81,850,806.99)
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司)(Note 5)	5,547,503.36	17,000,000.00	(11,679,288.75)	-	-	-	-	-	10,868,214.61	(18,119,045.54)
Sub-total	123,033,963.18	17,000,000.00	(63,142,829.89)	-	-	-	-	-	76,891,133.29	(99,969,852.53)
Associates										
Hebei Port Group Finance Company Limited (河北港口集團財務有限公司)	683,833,396.59	-	28,094,425.60	-	-	(13,200,000.00)	-	-	698,727,822.19	-
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸聯業港務有限公司)	1,662,783,976.47	-	202,203,239.61	55,478,499.54	3,253,087.91	(98,000,000.00)	-	-	1,925,718,803.53	-
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)(Note 6)	140,248,206.38	66,000,000.00	1,740,427.46	-	-	-	-	-	207,988,633.84	-
Tangshan Jingqiang Railway Co., Ltd. (唐山京唐鐵路有限公司)	280,000,000.00	-	-	-	-	-	-	-	280,000,000.00	-
Gangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (濰州渤海新區港興 拖輪有限公司)	150,378,555.84	-	6,124,297.55	-	107,146.41	-	-	-	156,609,999.80	-
Xin Liehang Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理程 代理有限公司)	334,954.76	-	336,682.65	-	-	-	-	-	671,637.41	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	12,052,853.52	-	745,583.61	-	-	(534,139.32)	-	-	12,264,297.81	-
Sub-total	2,929,631,943.56	66,000,000.00	239,244,656.48	55,478,499.54	3,360,234.32	(111,734,139.32)	-	(111,734,139.32)	3,181,981,194.58	(20,800,000.00)
Total	3,052,665,906.74	83,000,000.00	176,101,826.59	55,478,499.54	3,360,234.32	(111,734,139.32)	-	(111,734,139.32)	3,238,872,927.87	(120,769,852.53)

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

8. Long-term Equity Investments (Continued)

Note 1: During the year, the Group contributed a capital of RMB81,000,000.00 to Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司), after which the Group's shareholding in Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) remained at 50%.

Note 2: During the year, the Group contributed a capital of RMB18,000,000.00 to Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司), after which the Group's shareholding in Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) remained at 55%.

Note 3: On 13 December 2022, Cangzhou Huanghuangang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司) ("Cangzhou Mineral"), a subsidiary of the Company, entered into a capital increase agreement with HPG Real Estate Development Co., Ltd., a subsidiary of HPG, to make a capital increase to Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司), agreeing to contribute RMB26,610,200.00 in cash, RMB33,389,800.00 in land use right, with a total capital increase of RMB60,000,000.00. Upon the capital increase, the Group's shareholding in Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司) is 50%. As of 31 December 2022, Cangzhou Mineral has completed cash contribution. The capital contribution with land use right by Cangzhou Mineral was completed in February 2023. According to the requirements of the articles of association of Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd., a resolution is valid only when it is approved by the shareholders of the company representing more than half of the voting rights by poll at the Board meeting, the company is therefore under common control of Cangzhou Mineral and HPG Real Estate Development Co., Ltd., and is accounted for as a joint venture.

Note 4: In October 2022, the Company entered into an agreement with Yihai Kerry Arawana Holdings Co., Ltd.* (益海嘉里金龍魚糧油食品股份有限公司) in relation to the capital increase in Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉裡(秦皇島)糧油工業有限公司), agreeing to contribute RMB167,647,059.00 in cash, after which the Company's shareholding in Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉裡(秦皇島)糧油工業有限公司) is 15%. As of 31 December 2022, the Company has completed cash contribution of RMB115,000,000.00. According to the requirements of the articles of association of Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd., the board shall have five directors, one of whom can be appointed by the Company. The Company has significant influence over it and accounts for it as an associate.

Note 5: In 2021, the Group entered into a capital increase agreement with Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司), pursuant to with the Group contributed RMB17,000,000.00 into Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司), after which the Group's direct or indirect accumulative shareholding in Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) was still 55%.

Note 6: In 2021, Cangzhou Mineral, a subsidiary of the Group contributed RMB66,000,000.00 into Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司). Therefore, the Group's indirect shareholding in Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司) increased to 21.13%.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

8. Long-term Equity Investments (Continued)

Provision for impairment of the long-term equity investments:

2022

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

2021

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

9. Other Equity Instruments Investments

2022

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

2021

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current year	
			Equity instruments derecognized in current year	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	134,139,875.67	632,139,875.67	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島魯港煤炭物流有限公司)	(17,573,032.72)	16,426,967.28	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驛港鋼鐵物流有限公司)	1,068,636.06	31,820,994.01	-	651,600.00
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	(2,130,000.00)	21,870,000.00	-	-
Tangshan Caofeidian Coal Stacking and Blending Co., Ltd. (唐山曹妃甸動力煤儲配有限公司)	(7,852,374.92)	57,187,625.08	-	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	68,689,266.34	150,571,176.34	-	9,360,000.00
	176,342,370.43	910,016,638.38	-	10,011,600.00

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

10. Fixed Assets

	2022	2021
Fixed Assets	11,543,919,367.83	12,411,537,209.32
Disposal of fixed assets	4,087,790.47	4,849,555.90
	11,548,007,158.30	12,416,386,765.22

Fixed Assets

2022

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

10. Fixed Assets (Continued)

Fixed Assets (Continued)

2021

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	6,509,956,408.42	8,360,993,453.11	10,265,079,782.44	496,533,015.64	247,849,356.21	25,880,412,015.82
Purchase	-	-	497,573.61	-	17,566.37	515,139.98
Transferred from construction in progress	29,133,900.30	83,461.40	157,268,322.99	1,091,889.47	18,155,461.12	205,733,035.28
Reclassification	(2,946,337.76)	(332,095.00)	2,734,306.04	-	544,126.72	-
Disposal for the year	(3,046,871.11)	-	(67,183,477.81)	(17,809,283.25)	(18,830,412.56)	(106,870,044.73)
Transferred from construction in progress	-	-	(6,285,055.98)	-	-	(6,285,055.98)
Closing balance	6,533,097,099.85	8,360,744,819.51	10,352,111,451.29	479,815,621.86	247,736,097.86	25,973,505,090.37
Accumulated depreciation						
Opening balance	2,041,358,277.80	2,837,391,549.20	6,915,794,613.39	412,140,420.38	188,507,373.10	12,395,192,233.87
Provision for the year	279,744,942.93	315,724,234.92	532,116,319.51	18,512,572.38	18,057,853.99	1,164,155,923.73
Reclassification	(472,191.36)	-	301,175.09	-	171,016.27	-
Disposal for the year	(2,106,046.65)	-	(55,601,960.29)	(17,275,004.74)	(18,226,507.35)	(93,209,519.03)
Transferred from construction in progress	-	-	(5,801,821.43)	-	-	(5,801,821.43)
Closing balance	2,318,524,982.72	3,153,115,784.12	7,386,808,326.27	413,377,988.02	188,509,736.01	13,460,336,817.14
Provision for impairment						
Opening balance	5,114,326.16	7,997,565.98	73,515,188.77	19,812.44	726,590.59	87,373,483.94
Provision	5,545,121.23	9,450,431.83	5,273,410.25	7,303.45	45,377.30	20,321,644.06
Reclassification	-	-	(46,570.96)	-	46,570.96	-
Disposal for the year	-	-	(6,063,381.88)	-	(682.21)	(6,064,064.09)
Closing balance	10,659,447.39	17,447,997.81	72,678,646.18	27,115.89	817,856.64	101,631,063.91
Carrying amounts						
End of the year	4,203,912,669.74	5,190,181,037.58	2,892,624,478.84	66,410,517.95	58,408,505.21	12,411,537,209.32
Beginning of the year	4,463,483,804.46	5,515,604,337.93	3,275,769,980.28	84,372,782.82	58,615,392.52	13,397,846,298.01

As at 31 December 2022 and 31 December 2021, the Group had no fixed assets which were temporarily idle.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

10. Fixed Assets (Continued)

Fixed Assets (Continued)

Fixed assets leased out under operating leases were as follows:

2022

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

2021

	Properties and buildings	Terminal facilities	Machinery and equipment	Vessels and transportation equipment	Office and other equipment	Total
Cost						
Opening balance	9,724,710.34	15,818,169.35	42,592,726.32	427,816.00	5,300.00	68,568,722.01
Transferred to fixed assets during the year	41,456,011.24	-	-	-	51,800.00	41,507,811.24
Transferred from fixed assets during the year	(9,724,710.34)	-	(42,592,726.32)	(427,816.00)	-	(52,745,252.66)
Closing balance	41,456,011.24	15,818,169.35	-	-	57,100.00	57,331,280.59
Accumulated depreciation						
Opening balance	606,421.78	5,614,723.96	23,343,275.71	414,981.52	4,712.40	29,984,115.37
Transferred to fixed assets during the year	3,326,327.97	-	-	-	47,674.40	3,374,002.37
Provision	1,154,331.52	768,071.08	-	-	3,000.20	1,925,402.80
Transferred from fixed assets during the year	(606,421.78)	-	(23,343,275.71)	(414,981.52)	-	(24,364,679.01)
Closing balance	4,480,659.49	6,382,795.04	-	-	55,387.00	10,918,841.53
Carrying amounts						
End of the year	36,975,351.75	9,435,374.31	-	-	1,713.00	46,412,439.06
Beginning of the year	9,118,288.56	10,203,445.39	19,249,450.61	12,834.48	587.60	38,584,606.64

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

10. Fixed Assets (Continued)

Fixed Assets (Continued)

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

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

As at 31 December 2021, fixed assets without title certificate are as follows:

	Carrying amounts	Reason for not obtaining the title certificate
Properties and buildings	10,032,615.94	In progress

11. Construction in Progress

	2022			2021		
	Balance	Provision for impairment	Carrying amounts	Balance	Provision for impairment	Carrying amounts
Construction in Progress			2,478,720,446.03			2,509,104,468.28
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	2,303,050,713.18	-	2,303,050,713.18	2,208,549,850.63	-	2,208,549,850.63
Reconstruction of bucket reclaimers for Phase Four coal project	46,002,288.26	-	46,002,288.26	12,817,774.53	-	12,817,774.53
Commencing project of complex port zone in Huanghua Port	23,941,614.11	-	23,941,614.11	25,208,174.80	-	25,208,174.80
The sixth and seventh coal terminal in Caofeidian	18,466,438.16	-	18,466,438.16	15,747,764.62	-	15,747,764.62
Reconstruction of intelligent single unit and stacking yards for Phase Five coal project	11,741,182.28	-	11,741,182.28	-	-	-
Upgrading Programs of No.1, No.2 and No.3 loaders for Phase Three coal project	96,854.71	-	96,854.71	128,760,826.77	-	128,760,826.77
Others	99,837,821.58	24,416,466.25	75,421,355.33	142,436,543.18	24,416,466.25	118,020,076.93
	2,503,136,912.28	24,416,466.25	2,478,720,446.03	2,533,520,934.53	24,416,466.25	2,509,104,468.28

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

11. Construction in Progress (Continued)

Movements in significant construction in progress for 2022 were as follows:

	Budget	Opening balance	Increase in the year	Transferred from intangible assets during the year	Transferred to fixed assets and intangible assets during the year	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	3,050,861,400.00	2,208,549,850.63	94,500,862.55	-	-	-	2,303,050,713.18	Fund raised, loans from financial institutes and self-owned capital	98
Reconstruction of bucket reclaimer for Phase Four coal project	86,410,000.00	12,817,774.53	33,184,513.73	-	-	-	46,002,288.26	Self-owned capital	53
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	25,208,174.80	12,710,450.46	-	(13,977,011.15)	-	23,941,614.11	Loans from financial institutes and self-owned capital	91
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	15,747,764.62	4,572,843.69	-	-	(1,854,170.15)	18,466,438.16	Self-owned capital	1
Reconstruction of intelligent single unit and stacking yards for Phase Five coal project	41,108,900.00	-	11,741,182.28	-	-	-	11,741,182.28	Self-owned capital	29
Upgrading Programs of No.1, No.2 and No.3 loaders for Phase Three coal project	169,588,600.00	128,760,826.77	14,679,348.05	-	(48,349,320.11)	-	96,854.71	Self-owned capital	85
Others	3,381,911,810.88	142,436,543.18	188,680,188.87	1,147,175.80	(198,152,633.88)	(94,273,452.39)	99,837,821.58		
	29,285,583,402.78	2,533,520,934.53	360,069,389.63	1,147,175.80	(355,472,965.14)	(36,127,622.54)	2,503,136,912.28		

Movements in significant construction in progress for 2021 were as follows:

	Budget	Opening balance	Increase in the year	Transferred from intangible assets during the year	Transferred to fixed assets and intangible assets during the year	Other decrease	Closing balance	Source of funds	Percentage of accumulated project input to budget (%)
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	3,050,861,400.00	1,012,155,030.23	1,196,393,820.40	-	-	-	2,208,549,850.63	Fund raised, loans from financial institutes and self-owned capital	94
Upgrading Programs of No.1, No.2 and No.3 loaders for Phase Three coal project	169,588,600.00	915,617.69	127,845,209.08	-	-	-	128,760,826.77	Self-owned capital	76
Phase 1 of crude oil terminal of Huanghua Port	2,987,898,500.00	32,302,017.67	647,822.64	-	-	-	32,949,840.31	Self-owned capital	1
Commencing project of complex port zone in Huanghua Port	7,555,702,691.90	34,739,961.95	11,436,141.37	-	(20,571,270.19)	(395,658.33)	25,208,174.80	Loans from financial institutes and self-owned capital	91
The sixth and seventh coal terminal in Caofeidian	15,000,000,000.00	13,668,875.64	2,178,888.98	-	-	-	15,747,764.62	Self-owned capital	1
Others	2,922,351,621.52	113,775,683.71	214,808,463.21	483,234.55	(204,057,988.94)	(2,704,925.13)	122,304,477.40		
	31,686,402,813.42	1,207,457,196.89	1,553,310,345.88	483,234.55	(224,629,259.13)	(3,100,583.46)	2,533,520,934.53		

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

11. Construction in Progress (Continued)

In 2022, the included capitalized interest of construction in progress were as follows:

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

In 2021, the included capitalized interest of construction in progress were as follows:

	Progress of project	Accumulated amounts of capitalized interest	Including: Capitalized interest for the year	Ratio of capitalized interest for the year
Phase 1 (expansion) of metal ores terminal project in the bulk cargo area of Huanghua Port	94%	515,292,158.04	40,085,715.22	3.99%
Others		1,224,172.79	915,583.31	3.46%
		516,516,330.83	41,001,298.53	

Provision for impairment of construction in progress:

2022 and 2021

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

12. Right-of-use Assets

2022

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

12. Right-of-use Assets (Continued)

2021

	Buildings	Terminal facilities	Machinery	Total
Cost				
Opening balance	137,705,899.03	16,523,326.76	937,886.04	155,167,111.83
Reduction	(5,957,219.76)	(16,523,326.76)	(937,886.04)	(23,418,432.56)
Closing balance	131,748,679.27	-	-	131,748,679.27
Accumulated depreciation				
Opening balance	18,943,842.70	11,015,551.19	625,257.29	30,584,651.18
Provision	6,467,638.92	5,507,775.57	312,628.75	12,288,043.24
Reduction	(5,849,887.91)	(16,523,326.76)	(937,886.04)	(23,311,100.71)
Closing balance	19,561,593.71	-	-	19,561,593.71
Carrying amounts				
End of the year	112,187,085.56	-	-	112,187,085.56
Beginning of the year	118,762,056.33	5,507,775.57	312,628.75	124,582,460.65

As at 31 December 2022 and 31 December 2021, the management of the Group was of the opinion that no provision for impairment of right-of-use assets was necessary.

13. Intangible Assets

2022

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

13. Intangible Assets(Continued)

2021

	Land use rights	Software	Sea area use rights	Total
Cost				
Opening balance	2,554,346,992.39	135,299,677.42	739,294,261.06	3,428,940,930.87
Purchase	–	1,039,425.13	–	1,039,425.13
Transferred from construction in progress	–	18,896,223.85	–	18,896,223.85
Disposal	–	(11,278,780.00)	–	(11,278,780.00)
Closing balance	2,554,346,992.39	143,956,546.40	739,294,261.06	3,437,597,799.85
Accumulated amortization				
Opening balance	297,284,055.77	73,011,156.45	17,840,064.79	388,135,277.01
Provision	54,451,328.16	9,996,405.07	14,924,124.96	79,371,858.19
Disposal	–	(11,278,780.00)	–	(11,278,780.00)
Closing balance	351,735,383.93	71,728,781.52	32,764,189.75	456,228,355.20
Carrying amounts				
End of the year	2,202,611,608.46	72,227,764.88	706,530,071.31	2,981,369,444.65
Beginning of the year	2,257,062,936.62	62,288,520.97	721,454,196.27	3,040,805,653.86

As at 31 December 2022 and 31 December 2021, the Group has no intangible assets which were from internal research and development.

As at 31 December 2022, there is no intangible assets without title certificate.

As at 31 December 2021, intangible assets without title certificate are as follows:

	Carrying amounts	Reason for not obtaining the title certificate
Land use rights	290,276,282.21	The land use right certificate of a reclaimed land has not been renewed

14. Long-term Prepaid Expenses

2022

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

2021

	Opening balance	Increase in the year	Amortisation	Closing balance
Dredging costs	54,087,798.36	164,687.73	27,109,774.24	27,142,711.85
Afforestation fee	5,668,278.51	2,376,146.78	2,962,536.82	5,081,888.47
Renovation costs	2,493,632.33	970,621.23	592,087.08	2,872,166.48
	62,249,709.20	3,511,455.74	30,664,398.14	35,096,766.80

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

15. Deferred Tax Assets/Liabilities

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

	2022		2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Government grants	143,333,163.33	35,833,290.84	172,398,623.60	43,099,655.90
Asset impairment provision	203,954,061.51	50,988,515.40	185,243,656.07	46,310,914.01
Employee bonus	368,850,000.00	92,212,500.00	368,850,000.00	92,212,500.00
Accrued early retirement schemes	700,915,765.47	175,228,941.37	832,994,406.60	208,248,601.65
Recoverable loss	267,193,565.09	66,798,391.27	-	-
Difference between tax base and accounting base of fixed assets	74,111,137.80	18,527,784.45	80,828,440.92	20,207,110.23
Changes in fair value of other equity instruments investments	38,460,172.94	9,615,043.23	27,555,407.64	6,888,851.92
	1,796,817,866.14	449,204,466.56	1,667,870,534.83	416,967,633.71

	2022		2021	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of other equity instruments investments	441,678,184.10	110,419,546.02	203,897,778.07	50,974,444.53

Deferred income tax assets and liabilities are offset, net as follows:

	2022		2021	
	Eliminations	Remaining balance	Eliminations	Remaining balance
Deferred income tax assets	(9,615,043.23)	439,589,423.33	(6,888,851.92)	410,078,781.79
Deferred income tax liabilities	(9,615,043.23)	100,804,502.79	(6,888,851.92)	44,085,592.61

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

	2022	2021
Deductible temporary differences	171,572,032.14	150,587,851.50
Deductible losses	490,919,636.65	815,359,885.57
	662,491,668.79	965,947,737.07

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

	2022	2021
2022	-	81,576,293.67
2023	159,146,117.48	222,518,332.64
2024	140,559,008.30	208,583,984.46
2025	134,670,927.36	208,214,631.16
2026	10,448,815.67	94,466,643.64
2027	46,094,767.84	-
	490,919,636.65	815,359,885.57

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

16. Other Non-current Assets

	2022	2021
Time deposits with maturity over one year	280,000,000.00	462,000,000.00
Prepayments for engineering equipment expenses	89,223,980.02	18,870,061.00
Outstanding VAT credit	397,887.67	95,396,853.12
	369,621,867.69	576,266,914.12

As at 31 December 2022, the interest rate of the above time deposits was 2.85% -3.71% per annum (31 December 2021: 2.85%-3.85%), and the deposit terms range from two to three years.

17. Short-term Borrowings

	2022	2021
Unsecured borrowings	260,000,000.00	330,000,000.00
Interest payable on short-term borrowings	270,111.11	357,805.56
	260,270,111.11	330,357,805.56

As at 31 December 2022, the interest rate of the above unsecured borrowings was 3.40% per annum (31 December 2021: 3.20%-3.85%).

As at 31 December 2022, the Group had no overdue borrowings (31 December 2021: nil).

18. Accounts Payable

	2022	2021
Accounts payable	259,894,659.77	238,673,449.76

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

An ageing analysis of accounts payable is as follows:

	2022	2021
Within 1 year	221,512,097.92	228,346,117.77
1 to 2 years	32,208,486.99	6,370,300.95
2 to 3 years	3,412,105.15	1,835,895.08
Over 3 years	2,761,969.71	2,121,135.96
	259,894,659.77	238,673,449.76

As at 31 December 2022 and 31 December 2021, the Group had no significant accounts payable ageing more than 1 year.

19. Contract Liabilities

	2022	2021
Port handling fees	561,933,615.55	703,247,143.78
Weighing fees	325,359.54	192,647.67
Others	1,221,858.68	841,416.17
	563,480,833.77	704,281,207.62

Contract liabilities are mainly the amounts to be received by the Group from providing port services to customers. As at the end of the year, contract liabilities decreased RMB140,800,373.85, primarily due to the decreased balance of contract liabilities driven by income from advance receipts carried forward.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

20. Employee Benefits Payable

2022

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

2021

	Opening balance	Accrued	Paid	Closing balance
Short-term employee benefits	336,053,251.30	1,535,822,919.47	1,486,121,124.07	385,755,046.70
Post-employment benefits (defined contribution plans)	18,832,801.67	242,891,747.64	242,044,187.08	19,680,362.23
Early retirement schemes due within one year (Note V. 27)	350,273,841.76	321,964,870.62	279,177,573.64	393,061,138.74
	705,159,894.73	2,100,679,537.73	2,007,342,884.79	798,496,547.67

Short-term employee benefits are as follows:

2022

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

2021

	Opening balance	Accrued	Paid	Closing balance
Salaries, bonuses, allowances and subsidies	320,450,000.00	1,123,146,619.07	1,074,746,619.07	368,850,000.00
Staff welfare	504,675.08	125,920,650.81	125,879,794.32	545,531.57
Social insurance	-	118,905,567.77	118,892,960.85	12,606.92
Including: Medical insurance	-	103,321,470.78	103,308,863.86	12,606.92
Work-related injury insurance	-	15,584,096.99	15,584,096.99	-
Housing funds	7,651,896.27	119,797,677.23	118,837,935.11	8,611,638.39
Union fund and employee education fund	7,446,679.95	26,330,599.38	26,042,009.51	7,735,269.82
Short-term paid leaves	-	12,838,083.55	12,838,083.55	-
Other short-term employee benefits	-	8,883,721.66	8,883,721.66	-
	336,053,251.30	1,535,822,919.47	1,486,121,124.07	385,755,046.70

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

20. Employee Benefits Payable (Continued)

Defined contribution plans are as follows:

2022

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

2021

	Opening balance	Accrued	Paid	Closing balance
Basic pension	–	157,661,182.35	157,661,182.35	–
Unemployment insurance	–	7,099,586.69	7,099,586.69	–
Enterprise annuity contribution (Note 1)	18,832,801.67	78,130,978.60	77,283,418.04	19,680,362.23
	18,832,801.67	242,891,747.64	242,044,187.08	19,680,362.23

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

21. Taxes Payable

	2022	2021
Enterprise income tax	27,127,134.34	70,599,601.43
Environmental protection tax	12,498,101.84	13,566,150.15
Individual income tax	3,369,518.58	3,172,438.47
Stamp duty	273,793.65	194,922.30
Value-added tax	33,228.10	102,437.88
Urban maintenance and construction tax	1,554.80	6,920.65
Education surcharge	1,110.57	4,943.31
Water resource tax	246.50	1,815.50
	43,304,688.38	87,649,229.69

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

22. Other Payables

	2022	2021
Dividend payable	2,690.61	2,636.59
Other payables	548,455,117.73	898,465,552.92
	548,457,808.34	898,468,189.51

Other payables

	2022	2021
Engineering equipment expenses	321,430,015.01	764,454,870.23
Equity repurchase consideration (note)	204,000,000.00	102,000,000.00
Others	23,025,102.72	32,010,682.69
	548,455,117.73	898,465,552.92

Note: As at 31 December 2022, the equity repurchase consideration of the Group from Tangshan Jingtang Railway Co., Ltd.(唐山京唐鐵路有限公司) was RMB204,000,000.00 (31 December 2021: RMB102,000,000.00).

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

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

As at 31 December 2021, significant other payables aging more than 1 year are as follows:

	Sums payable	Outstanding reason
Engineering equipment expenses payable	155,483,874.98	Not yet settled

23. Non-current Liabilities Due within One Year

	2022	2021
Long-term borrowings due within one year (Note V. 24)	660,071,987.54	738,030,403.48
Lease liabilities due within one year (Note V. 25)	18,702,899.18	141,068.26
Long-term payables due within one year (Note V. 26)	2,000,000.00	102,000,000.00
	680,774,886.72	840,171,471.74

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

24. Long-term Borrowings

	2022	2021
Unsecured borrowings	6,609,767,592.04	6,997,204,749.46
Less: long-term borrowings due within one year	660,071,987.54	738,030,403.48
	5,949,695,604.50	6,259,174,345.98

As at 31 December 2022, the interest rate of the above borrowings ranged from 3.55%-4.00% per annum (31 December 2021: 3.71%-5.15%).

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

24. Long-term Borrowings (Continued)

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

	2022	2021
Within 1 year (including 1 year)	660,071,987.54	738,030,403.48
Within 2 years (including 2 years)	605,210,000.00	604,882,652.48
Within 2 to 5 years (including 5 years)	2,766,450,636.00	1,952,046,093.50
Over 5 years	2,578,034,968.50	3,702,245,600.00
	6,609,767,592.04	6,997,204,749.46

25. Lease Liabilities

	2022	2021
Lease Liabilities	35,423,042.51	464,213.24
Less: lease liabilities due within one year	18,702,899.18	141,068.26
	16,720,143.33	323,144.98

26. Long-term Payables

	2022年	2021年
Long-term Payables	36,000,000.00	138,000,000.00
Less: amount due within one year	2,000,000.00	102,000,000.00
	34,000,000.00	36,000,000.00

As at 31 December 2022, the long-term Payables represented the Group's equity repurchase of RMB36.0 million (31 December 2021: RMB138.0 million) from Tangshan Jingtang Railway Co., Ltd.

Analysis of long-term payables maturity date:

	2022	2021
Within 1 year (including 1 year)	2,000,000.00	102,000,000.00
Within 2 years (including 2 years)	2,000,000.00	2,000,000.00
Within 2 to 5 years (including 5 years)	8,000,000.00	6,000,000.00
Over 5 years	24,000,000.00	28,000,000.00
	36,000,000.00	138,000,000.00

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

27. Long-term Employee Remuneration Payables

Other long-term employee benefits

	2022	2021
Early retirement schemes payable	710,587,236.30	847,379,964.60
Less: amount due within one year	338,400,040.39	393,061,138.74
Non-current portion	372,187,195.91	454,318,825.86

Change in early retirement schemes payable are as follows:

	2022	2021
Early retirement schemes		
Opening balance	847,379,964.60	850,572,279.68
Increase in the year	180,917,297.71	275,985,258.56
Decrease in the year	(317,710,026.01)	(279,177,573.64)
Closing balance	710,587,236.30	847,379,964.60

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

	2022	2021
Undiscounted amount		
Within 1 year	338,400,040.39	393,061,138.74
1 year to 2 years	175,403,333.26	220,006,399.68
2 years to 3 years	110,385,916.70	140,447,494.46
Over 3 years	135,532,414.77	150,366,681.98
	759,721,705.12	903,881,714.86
Unrecognized financing cost	(49,134,468.82)	(56,501,750.26)
	710,587,236.30	847,379,964.60

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

28. Deferred Income

2022

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

2021

	Opening balance	Accrued	Recognized in other revenue in the year	Closing balance
Special environmental subsidy	141,194,477.65	–	14,918,383.20	126,276,094.45
Subsidy for retrofitting of contingency coal storage depot	60,250,000.00	–	19,500,000.00	40,750,000.00
Technology center project funds	3,927,556.87	570,000.00	485,970.44	4,011,586.43
Intelligent stacking yard operation transformation system	–	2,250,000.00	–	2,250,000.00
Others	2,148,484.43	–	152,120.93	1,996,363.50
	207,520,518.95	2,820,000.00	35,056,474.57	175,284,044.38

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

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

As at 31 December 2021, liabilities items related to government grants are as follows:

	Opening balance	Accrued	Recognized in other revenue in the year	Closing balance	Related to assets/income
Special environmental subsidy	141,194,477.65	–	14,918,383.20	126,276,094.45	Related to assets
Subsidy for retrofitting of contingency coal storage depot	60,250,000.00	–	19,500,000.00	40,750,000.00	Related to assets
Technology center project funds	3,927,556.87	570,000.00	485,970.44	4,011,586.43	Related to assets and income
Intelligent stacking yard operation transformation system	–	2,250,000.00	–	2,250,000.00	Related to assets
Others	2,148,484.43	–	152,120.93	1,996,363.50	Related to assets
	207,520,518.95	2,820,000.00	35,056,474.57	175,284,044.38	

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

29. Share Capital

2022

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

2021

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

30. Capital Reserve

2022

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

2021

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

31. Other Comprehensive Income

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

2022

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

2021

	1 January 2021	Increase/(decrease)	31 December 2021
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	232,175,823.85	55,478,499.54	287,654,323.39
Changes in fair value of other equity instruments investment	29,124,862.74	80,774,357.50	109,899,220.24
Exchange differences arising from translation of foreign currency denominated financial statements	1,963,790.71	(1,227,366.94)	736,423.77
	263,264,477.30	135,025,490.10	398,289,967.40

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

31. Other Comprehensive Income (Continued)

Amount of other comprehensive income:

2022

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

2021

	Amount before tax	Less: Other comprehensive income previously recognized to be transferred to current profit or loss	Less: Other comprehensive income previously recognized to be transferred to current retained profit or loss	Less: Income tax	Attributable to the parent company	Attributable to minority interest
Other comprehensive income which will not be reclassified to profit and loss						
Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss	55,478,499.54	-	-	-	55,478,499.54	-
Changes in fair value of other equity instruments investment	122,934,659.79	-	-	30,733,664.95	80,774,357.50	11,426,637.34
Other comprehensive income which will be reclassified to profit and loss						
Exchange differences on foreign currency translation	(1,227,366.94)	-	-	-	(1,227,366.94)	-
	177,185,792.39	-	-	30,733,664.95	135,025,490.10	11,426,637.34

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

32. Special Reserve

2022

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

2021

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Production safety expense	139,446,715.57	65,323,457.00	(41,983,283.87)	162,786,888.70

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

33. Surplus Reserve

2022

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

2021

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	1,433,372,455.99	96,589,149.49	–	1,529,961,605.48

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

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

34. Retained Profits

	2022	2021
Retained profits at the beginning of the year	3,169,225,628.95	2,585,014,785.35
Net profit attributable to shareholders of the parent	1,308,419,060.49	1,038,394,361.09
Less: Appropriation to statutory surplus reserve	104,241,411.63	96,589,149.49
Cash dividend payable for common shares (Note 1)	312,895,072.00	357,594,368.00
Retained profits at the end of the year	4,060,508,205.81	3,169,225,628.95

Note 1: Pursuant to the Resolution on 2021 Profit Distribution deliberated at the 32nd meeting of the fourth session of the Board of the Company held on 29 March 2022, the Company proposed to pay a cash dividend totaling RMB312,895,072.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.056 per share (inclusive of tax). The abovementioned proposal was approved on the 2021 Annual General Meeting held by the Company on 28 June 2022.

Pursuant to the Resolution on 2020 Profit Distribution deliberated at the 24th meeting of the fourth session of the Board of the Company held on 29 March 2021, the Company proposed to pay a cash dividend totaling RMB357,594,368.00 to all the Shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.064 per share (inclusive of tax). The abovementioned proposal was approved on the 2020 Annual General Meeting held by the Company on 25 June 2021.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

35. Operating Revenue and Cost

	2022		2021	
	Revenue	Cost	Revenue	Cost
Principal operations	6,913,191,222.91	4,264,189,398.61	6,586,980,019.69	4,090,934,480.55
Other operations	6,229,811.01	2,992,092.22	7,881,830.36	3,765,421.25
	6,919,421,033.92	4,267,181,490.83	6,594,861,850.05	4,094,699,901.80

The revenue is presented as follows:

	2022	2021
Revenue generated from contracts with customers	6,911,587,787.11	6,588,699,355.57
Rental income	7,833,246.81	6,162,494.48
	6,919,421,033.92	6,594,861,850.05

Revenue generated from contracts with customers is segregated as follows:

	2022	2021
Geographical area of operations		
Qinhuangdao	4,310,282,257.45	4,431,324,101.65
Others	2,601,305,529.66	2,157,375,253.92
	6,911,587,787.11	6,588,699,355.57
Major types of services		
Service in relation to coal and relevant products	4,878,324,042.01	4,857,477,441.75
Service in relation to metal ore and relevant products	1,246,072,324.52	1,086,801,417.07
Service in relation to general and other cargoes	572,239,016.63	428,665,544.47
Container service	85,128,193.35	84,960,952.15
Service in relation to liquefied cargoes	45,951,734.67	55,511,425.22
Others	83,872,475.93	75,282,574.91
	6,911,587,787.11	6,588,699,355.57

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

The revenue recognized by the Group in 2022 included in the book value of the contract liabilities at the beginning of the year was RMB648,068,191.25 (2021: RMB575,770,567.98).

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

	2022	2021
Within one year	518,200,188.59	643,413,769.43
Above one year	45,280,645.18	60,867,438.19
	563,480,833.77	704,281,207.62

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

36. Tax and Surcharges

	2022	2021
Environmental protection tax	52,419,836.97	124,365,262.78
Land use tax	48,066,766.08	47,568,138.90
Real estate tax	18,664,303.52	17,019,962.39
Urban maintenance and construction tax and education surcharge	14,531,852.03	15,829,081.49
Stamp duty	1,050,057.65	1,116,686.68
Vehicles and vessels use tax	600,133.84	627,591.54
Water resources tax	76,395.50	15,199.00
	135,409,345.59	206,541,922.78

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

37. Administrative Expenses

	2022	2021
Payroll and cost of outsourcing labor	457,704,912.40	470,093,360.17
Early retirement schemes	179,739,908.45	276,310,633.18
Depreciation and amortization	44,996,783.94	51,872,834.51
Management consulting fee	11,452,627.37	12,056,331.51
Rental expenses	21,562,782.94	27,127,699.97
Repair and maintenance expenses	15,076,006.73	15,018,655.44
Epidemic prevention expenses	9,116,063.86	8,584,282.03
Office charges	8,205,205.33	7,328,234.25
Auditors' remuneration	5,638,862.99	6,019,140.26
Business entertainment expenses	5,337,457.34	5,167,204.16
Technical service fee	5,017,627.74	6,235,880.98
Travel expenses	2,559,030.60	4,593,256.52
Information disclosure and announcement expenses	1,621,506.66	1,912,110.26
Others	66,697,917.99	29,995,290.92
	834,726,694.34	922,314,914.16

38. Research and Development Expenses

	2022	2021
Commissioned research and development expense	61,176,626.09	5,624,334.75
Staff labor costs	53,459,780.19	18,740,026.10
Direct investment	28,184,003.71	28,908,294.49
Depreciation and amortization	125,770.78	225,652.03
Others	1,045,100.52	379,699.46
	143,991,281.29	53,878,006.83

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

39. Financial Cost

	2022	2021
Interest expenses	300,515,323.58	318,585,594.48
Less: interest income	93,696,682.15	60,224,911.87
Less: capitalised interest	66,156,599.66	41,001,298.53
Foreign exchange (gain)/loss	(859,061.34)	90,005.17
Others	187,236.51	213,310.64
	139,990,216.94	217,662,699.89

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

40. Other Income

	2022	2021
Government subsidy related to daily activities	82,720,461.78	54,387,199.45
Refund of withholding personal income tax	1,064,239.90	322,774.42
	83,784,701.68	54,709,973.87

The government subsidy related to daily activities are as follows:

	2022	2021	Related to assets/income
Retrofitting of contingency coal storage depot (Note 1)	19,500,000.00	19,500,000.00	Related to assets
Special environmental subsidy (Note 2)	14,819,763.62	14,918,383.20	Related to assets
Additional deduction of VAT (Note 3)	43,520,558.48	12,682,908.08	Related to income
Employment subsidy	3,520,013.92	5,954,633.05	Related to income
Others	1,360,125.76	1,331,275.12	
	82,720,461.78	54,387,199.45	

Note 1: Such government subsidy was the national special fund received for improving assets such as coal stacker and reclaimers according to the Notice regarding the Central Budget Investment Plan 2011 for the National Coal Emergency Reserve Improvement Project (2011) No. 2327 as promulgated by the National Development and Reform Commission. The subsidy is amortized and transferred to other income in accordance with the depreciation period of relevant fixed assets.

Note 2: Such government subsidy was a special subsidy received for acquisition of relevant environmental protection facilities according to the Notice Regarding the Sewage Charges on Coal Dust Imposed by the Qinhuangdao Municipal People's Government (Qin Zheng [2006] No. 66). The subsidy is amortized and transferred to other income in accordance with the depreciation period of relevant fixed assets.

Note 3: Pursuant to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform 《(財政部稅務總局海關總署關於深化增值稅改革有關政策的公告)》 (Notice [2019] No. 39 from the Ministry of Finance, the State Taxation Administration and the General Administration of Customs) printed and issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, taxpayers in the production and living services industry are permitted to deduct the taxable amount according to the current deductible input VAT plus 10% from 1 April 2019 to 31 December 2021. Pursuant to the Announcement on Value-Added Tax Policies Relating to the Relief and Development of Difficult Industries in the Service Sector 《(關於促進服務業領域困難行業紓困發展有關增值稅政策的公告)》 (Notice [2022] No. 11 from the Ministry of Finance and the State Taxation Administration), the implementation period of the policy of the value-added tax weighed deduction in the production and living services industry is extended to 31 December 2022. The Group's taxable amount to be deducted will include in other income.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

41. Investment Income

	2022	2021
Long-term equity investment income accounted for under the equity method	223,039,392.85	176,101,826.59
Dividend income on other equity instruments investments held	12,195,519.76	10,011,600.00
Investment income from disposal of financial assets held for trading	-	761.45
	235,234,912.61	186,114,188.04

42. Impairment Loss of Credit

	2022	2021
(Loss on)/reversal of bad debts for accounts receivable	(2,733,010.37)	924,404.18
Loss of bad debts for other receivables	(13,629,169.67)	(29,318,925.59)
	(16,362,180.04)	(28,394,521.41)

43. Asset Impairment Loss

	2022	2021
Fixed assets impairment loss (Note)	(28,652,200.00)	(20,321,644.06)
Loss for inventory impairment	(8,130,660.23)	(14,241,310.46)
	(36,782,860.23)	(34,562,954.52)

Note: The Group recognized an impairment loss of RMB28,652,200.00 on fixed assets in the current year, of which, it made provisions for the impairment of fixed assets of a branch of Qinhuangdao Port Co., Ltd. amounting to RMB28,652,200.00, mainly as the recoverable amount of relevant asset groups was lower than their carrying value. The recoverable amount was determined based on the estimated present value of future cash flows of relevant asset groups. A pre-tax discount rate of 11.34% was adopted in determining the estimated present value of future cash flows of relevant asset groups.

44. Income of Disposal of Assets

	2022	2021
Income of disposal of fixed assets	572,569.46	-

45. Non-operating Income

	2022	2021	Including 2022 non-recurring gains and losses
Payables waived	2,055,388.10	30,773.85	2,055,388.10
Gains from spoilage and obsolescence of non-current assets	877,271.31	3,208,948.54	877,271.31
Government subsidy	300,000.00	-	300,000.00
Others	2,055,232.14	5,638,093.79	2,055,232.14
	5,287,891.55	8,877,816.18	5,287,891.55

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

46. Non-operating Expenses

	2022	2021	Including 2022 non-recurring gains and losses
Losses from spoilage and obsolescence of non-current assets	6,206,673.76	2,428,191.96	6,206,673.76
Public welfare donation expenses	432,319.04	473,938.47	432,319.04
Others	30,464.32	2,166,099.77	30,464.32
	6,669,457.12	5,068,230.20	6,669,457.12

47. Expense by Nature

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

	2022	2021
Payroll and cost of outsourcing labor (Note)	1,972,802,147.15	2,104,402,473.36
Depreciation and amortization	1,270,136,967.83	1,272,915,012.99
Repair and maintenance expenses	668,058,148.12	622,898,839.63
Power and fuel costs	320,996,081.61	275,824,457.96
Consumption expense of machinery	264,774,582.59	243,697,831.09
Rent not included in the measurement of lease liabilities	136,011,792.26	139,629,194.37
Material costs	70,265,223.88	60,724,535.27
Production safety expense	66,538,914.35	65,209,755.33
Others	476,315,608.67	285,590,722.79
	5,245,899,466.46	5,070,892,822.79

Note: Payroll for 2022 included early retirement benefits of RMB180,917,297.71 (2021: RMB275,985,258.56), please refer to Note V. 27 for details.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

48. Income Tax Expense

	2022	2021
Current income tax expenses	335,633,530.29	297,559,756.86
Deferred income tax expenses	(29,510,641.54)	(13,259,475.60)
	306,122,888.75	284,300,281.26

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

	2022	2021
Total profit	1,663,187,582.84	1,281,440,676.55
Income tax expenses calculated at the statutory tax rate	415,796,895.71	320,360,169.14
Effect of different tax rates of subsidiaries	(280,483.58)	(516,852.89)
Income not subject to tax	(3,048,879.94)	(2,502,900.00)
Share of profits and losses of joint ventures and associates	(55,759,848.21)	(44,025,456.65)
Expenses not deductible for tax	14,848,468.35	15,464,818.86
Utilizing deductible losses of previous periods	(11,414,746.05)	(20,320,587.08)
Effect of recognition of unrecognized temporary deductible difference and deductible losses in previous years	(69,367,159.12)	(2,752,345.13)
Effect of unrecognized deductible temporary difference and deductible losses	19,338,504.97	29,182,805.00
Adjustments in respect of current income tax of previous periods	(7,287,305.97)	(11,917,852.69)
Others	3,297,442.59	1,328,482.70
Income tax expense at the Group's effective rate	306,122,888.75	284,300,281.26

49. Earnings per Share

	2022 RMB/share	2021 RMB/share
Basic and diluted earnings per share from continuing operations	0.23	0.19

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

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

	2022	2021
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company from continuing operations	1,308,419,060.49	1,038,394,361.09
Shares		
Weighted average number of ordinary shares outstanding of the Company	5,587,412,000.00	5,587,412,000.00

The Company had no dilutive potential ordinary shares in issue in 2022 (2021: nil).

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

50. Notes to the Statement of Cash Flows

	2022	2021
Cash received relating to other operating activities		
Interest income from bank deposit	93,696,682.15	60,224,911.87
Government subsidy	9,219,228.32	9,790,591.22
Insurance claims	38,232.35	4,800,247.04
Others	7,622,746.60	6,608,129.26
	110,576,889.42	81,423,879.39
Cash paid relating to other operating activities		
Rental expenses	136,008,970.16	139,553,047.67
Sanitary charges, afforestation fee	89,483,395.86	49,060,097.34
Research and development expenses	61,176,626.09	5,624,334.75
Professional service fee	61,056,457.02	14,304,413.76
Insurance	29,191,995.51	26,369,621.03
Expenses on guard and firefighting services	14,490,408.88	12,112,418.43
Epidemic prevention expenses	13,299,914.22	9,500,997.15
Office charges, conference expenses	5,739,895.09	8,083,505.85
Dredging costs	-	27,236,838.12
Travel expenses	2,989,016.79	5,357,854.23
Others	7,135,259.31	12,960,098.69
	420,571,938.93	310,163,227.02
Cash received relating to other investing activities		
Recovery of guarantee deposits	320,000.00	6,000,000.00
Cash payments relating to other financing activities		
Payment of lease fee of right-of-use	18,502,678.08	8,543,599.66

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

51. Supplemental Information to Statement of Cash Flows

(1) Supplemental Information to Statement of Cash Flows

Reconciliation of net profit to cash flows from operating activities:

	2022	2021
Net profit	1,357,064,694.09	997,140,395.29
Add: Credit impairment loss	16,362,180.04	28,394,521.41
Asset impairment loss	36,782,860.23	34,562,954.52
Fixed assets depreciation	1,147,744,103.92	1,164,155,923.73
Right-of-use assets depreciation	21,614,742.10	12,288,043.24
Amortization of intangible assets	68,281,349.83	65,806,647.88
Decrease in long-term deferred expenses	29,457,560.41	28,123,563.63
Decrease in deferred income	(31,344,914.88)	(32,236,474.57)
(Loss)/gain on disposal of fixed assets, intangible assets and other long-term assets	4,756,832.99	(780,756.58)
Financial costs	233,499,662.58	277,674,301.12
Investment income	(235,234,912.61)	(186,114,188.04)
Increase in deferred income tax assets	(29,510,641.54)	(13,259,475.60)
Decrease/(increase) in inventories	33,913,078.71	(18,719,679.88)
Decrease in other current assets	44,534,522.19	7,649,084.47
Decrease in other non-current assets	94,998,965.45	29,606,917.39
Increase in operating receivables	(150,848,515.53)	(60,501,077.85)
(Decrease)/increase in operating payables	(236,575,347.91)	151,074,015.66
Increase in special reserve	28,804,181.20	20,908,628.16
Net cash flows from operating activities	2,434,300,401.27	2,505,773,343.98

Major non-cash investing and financing activities:

	2022	2021
Acquisition of use-of-right assets by way of leasing liabilities	51,297,376.80	-

Endorsed acceptance notes:

	2022	2021
Received from sale of goods or rendering of services		
Endorsed bank acceptance notes	135,565,436.46	91,675,521.60
Endorsed commercial acceptance notes	-	800,000.00
	135,565,436.46	92,475,521.60

Net movements in cash and cash equivalents:

	2022	2021
Balances of cash at end of the year	3,446,027,714.85	2,558,919,206.70
Less: Balances of cash at beginning of the year	2,558,919,206.70	2,179,804,887.07
Net increase in cash and cash equivalents	887,108,508.15	379,114,319.63

NOTES TO FINANCIAL STATEMENTS

2022
RMB

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

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

(2) Cash and Cash Equivalents

	2022	2021
Cash	3,446,027,714.85	2,558,919,206.70
Including: Cash on hand	25,508.88	12,897.86
Bank deposits on demand	3,446,002,205.97	2,558,906,308.84
Balance of cash and cash equivalents	3,446,027,714.85	2,558,919,206.70

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

	2022	2021
Cash and bank balances (Note 1)	500.00	320,500.00
Bills receivable (Note 2)	18,307,584.00	-
	18,308,084.00	320,500.00

Note 1: As at 31 December 2022, the Group's performance deposits of port business contract (31 December 2021: RMB320,000.00) were due and had transferred back to general bank account. As at 31 December 2022, the Group's other deposits were RMB500.00 (31 December 2021: RMB500.00).

Note 2: As at 31 December 2022, bills receivable represents bank acceptance notes which were endorsed but undue with a carrying value of RMB18,307,584.00 (as at 31 December 2021: nil) in aggregate, please refer to Note V. 2 for details.

53. Foreign Currency Monetary Items

	2022			2021		
	Original currency	Exchange rate	Translated RMB	Original currency	Exchange rate	Translated RMB
Cash and bank balances						
US\$	6,436,538.72	6.9646	44,827,917.55	6,342,738.88	6.3757	40,439,400.28
HK\$	15,881,519.61	0.8933	14,186,485.02	17,060,473.96	0.8176	13,948,643.52
Other receivables						
HK\$	3,011.79	0.8933	2,690.34	3,224.41	0.8176	2,636.27
Accounts payable						
US\$	33,997.03	6.9646	236,775.72	618,286.00	0.8176	505,510.63
HK\$	791,913.33	0.8933	707,392.42	-	-	-
Other payables						
HK\$	61,643.43	0.8933	55,064.23	61,643.43	0.8176	50,399.66

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VI. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

The subsidiaries of the Company are as follows:

	Place of principal business	Place of incorporation	Nature of business	Registered capital RMB0'000	Percentage of shareholding (%)	
					Direct	Indirect
Subsidiaries acquired through the equity contribution from HPG during the establishment of the Company						
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司)	Qinhuangdao city	Qinhuangdao city	Loading and unloading services	40,000	55.00	-
Subsidiaries acquired through establishment or investment						
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	180,000	51.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	526,635	97.59	-
Cangzhou Ocean Shipping Tally Co., Ltd. (滄州中理外輪理貨有限公司)	Cangzhou city	Cangzhou city	Cargo tallying services	500	33.00	23.00
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	5,000	99.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	12,000	65.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	Hong Kong	Hong Kong	International trade	HK\$5,000	100.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	Tangshan city	Tangshan city	Port investment	200,000	56.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	Cangzhou city	Cangzhou city	Loading and unloading services	5,000	100.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	Tangshan city	Tangshan city	Cargo tallying services	300	100.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	5,000	100.00	-
Hebei Tangshan Caofeidian Jitong Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	Tangshan city	Tangshan city	Loading and unloading services	300,000	59.00	-
Subsidiaries acquired through the merger of enterprises under common control						
China Ocean Shipping Tally Co., Ltd. Qinhuangdao Branch (秦皇島中理外輪理貨有限責任公司)	Qinhuangdao city	Qinhuangdao city	Cargo tallying services	1,274	84.00	-

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in Subsidiaries (Continued)

Subsidiaries with significant minority interests are as follows:

2022

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

2021

	Percentage of shareholding of minority shareholders	Profit or loss attributable to minority shareholders	Dividend paid to minority shareholders	Accumulated minority interests at the end of year
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	49.00%	(41,639,828.85)	–	507,586,760.33

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

	2022	2021
Current assets	369,845,722.30	293,715,629.58
Non-current assets	4,457,311,874.29	4,743,060,817.51
Total assets	4,827,157,596.59	5,036,776,447.09
Current liabilities	776,639,780.96	1,043,270,281.99
Non-current liabilities	2,898,800,213.70	2,957,614,817.49
Total liabilities	3,675,439,994.66	4,000,885,099.48
Revenue	814,591,737.70	714,458,338.43
Net profit/(loss)	115,051,775.13	(84,979,242.56)
Other comprehensive income	(4,517,296.73)	23,319,668.03
Total comprehensive income	110,534,478.40	(61,659,574.53)
Net cash flows from operating activities	557,544,602.41	475,376,748.84

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates

	Place of principal business	Place of incorporation	Nature of business	Registered Capital RMB' 0000	Percentage of shareholding (%)		Accounting treatment
					Direct	Indirect	
Joint ventures							
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投資發展有限公司) (Note 1)	Tianjin City	Tianjin City	Investment and development	200,000	50.00	-	Equity method
Jinji International Container Terminal Co., Ltd. (津冀國際集裝箱碼頭有限公司) (Note 2)	Cangzhou city	Cangzhou city	Loading and unloading services	45,000	10.00	45.00	Equity method
Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司) (Note 3)	Cangzhou city	Cangzhou city	Real estate development	12,000	-	50.00	Equity method
Associates							
Hebei Port Group Finance Co., Ltd. (河北港口集團財務有限公司)	Qinhuangdao city	Qinhuangdao city	Financial services	150,000	40.00	-	Equity method
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	Tangshan city	Tangshan city	Loading and unloading services	200,000	35.00	-	Equity method
Qinhuangdao Xing'ao Qin'gang Energy Storage & Transportation Co., Ltd. (秦皇島興奧秦港能源儲運有限公司)	Qinhuangdao city	Qinhuangdao city	Energy services	5,000	40.00	-	Equity method
Handan International Land Port Co., Ltd. (邯鄲國際陸港有限公司)	Handan city	Handan city	Logistic services	107,000	-	21.13	Equity method
Tangshan Jingtang Railway Co., Ltd. (唐山京唐鐵路有限公司)	Tangshan city	Tangshan city	Railway construction and operation	140,000	3.23	-	Equity method
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone (唐山曹妃甸綜合保稅區鑫理理貨有限責任公司)	Tangshan city	Tangshan city	Cargo tallying services	300	-	30.00	Equity method
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Cangzhou city	Cangzhou city	Tugging services	40,573	-	35.00	Equity method
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越華能源檢測有限公司)	Ningbo City	Ningbo City	Retail business	1,379	15.00	-	Equity method
Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉裡(秦皇島)糧油工業有限公司) (Note 4)	Qinhuangdao city	Qinhuangdao city	Food manufacturing	111,765	15.00	-	Equity method

Note 1: In 2022, the Group made a capital injection of RMB81,000,000.00 to Bohai Jin-Ji Port Investment and Development Company Limited. Upon the completion of capital injection, the shareholding held by the Group in Bohai Jin-Ji Port Investment and Development Company Limited remained unchanged at 50%.

Note 2: In 2022, the Group made a capital increase of RMB18,000,000.00 to Jinji International Container Terminal Co., Ltd. Upon the completion of capital increase, the shareholding held by the Group in Jinji International Container Terminal Co., Ltd. remained unchanged at 55%.

Note 3: In 2022, Cangzhou Mineral, a subsidiary of the Company, entered into an agreement on capital increase in Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd. with HPG Real Estate Development Co., Ltd., a subsidiary of Hebei Port, pursuant to which they agreed to make a capital increase of RMB26,610,200.00 in cash and RMB33,389,800.00 by land use rights for a total of RMB60,000,000.00. Upon the completion of capital increase, the shareholding held by the Group in Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd. was 50%. As of 31 December 2022, Cangzhou Mineral has completed its capital increase in cash and the capital increase by land use rights was completed in February 2023. Pursuant to the Articles of Association of Cangzhou Bohai New Zone Port Real Estate Development Co., Ltd., the matters discussed at the general meeting shall be subject to voting by shareholders representing more than half of the voting rights of the company, the company is therefore under common control of Cangzhou Mineral and HPG Real Estate Development Co., Ltd., and is accounted for as a joint venture.

Note 4: In 2022, the Company entered into an agreement on capital increase in Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. with Yihai Kerry Arawana Holdings Co., Ltd. (益海嘉里金龍魚糧油食品股份有限公司), pursuant to which the Company agreed to make a capital increase of RMB167,647,059.00 in cash in it. Upon the completion of capital increase, the shareholding held by the Company in Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. was 15%. As of 31 December 2022, the Company has completed its capital increase of RMB115,000,000.00 in cash. Pursuant to the Articles of Association of Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd., the board of directors shall comprise five directors, one of which shall be nominated by the Company. The Company exercises substantial control over it and accounts for it as an associate.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

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

	2022	2021
Current assets	38,817,832.46	38,713,066.76
Including: Cash and cash equivalents	38,817,232.46	38,712,466.76
Non-current assets	343,552,477.79	278,461,484.64
Total assets	382,370,310.25	317,174,551.40
Current liabilities	21,447,462.59	21,427,100.06
Non-current liabilities	–	–
Total liabilities	21,447,462.59	21,427,100.06
Owners' equity	360,922,847.66	295,747,451.34
Share of net assets in proportion to shareholding	180,461,423.81	147,873,725.67
Provision for impairment	81,850,806.99	81,850,806.99
Carrying amount of investment	98,610,616.82	66,022,918.68
	2022	2021
Revenue	–	–
Administrative expenses	629,933.60	661,284.17
Financial cost – interest income	724,744.52	2,849,550.68
Financial cost – interest expense	–	–
Income tax expense	–	–
Net loss	(96,861,367.36)	(102,927,082.27)
Total comprehensive income	(96,861,367.36)	(102,927,082.27)

NOTES TO FINANCIAL STATEMENTS

2022

RMB

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

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

2022

	Caofeidian Shiye	Finance Company
Current assets	1,663,348,739.00	6,785,441,827.23
Including: Cash and cash equivalents	572,129,566.90	2,810,663,966.75
Non-current assets	5,505,314,943.25	440,938,708.24
Total assets	7,168,663,682.25	7,226,380,535.47
Current liabilities	1,090,603,633.19	5,444,252,541.11
Non-current liabilities	444,649,132.61	–
Total liabilities	1,535,252,765.80	5,444,252,541.11
Minority interest	37,814,012.09	–
Equity attributable to shareholders of the parent	5,595,596,904.36	1,782,127,994.36
Share of net assets in proportion to shareholding	1,958,458,916.52	712,851,197.75
Carrying amount of investment	1,958,458,916.52	712,851,197.75
	Caofeidian Shiye	Finance Company
Revenue	1,626,561,614.26	187,791,703.34
Administrative expenses	157,335,413.79	18,239,635.22
Financial cost – interest income	5,789,416.95	–
Financial cost – interest expense	17,873,268.44	–
Income tax expense	189,199,358.67	22,169,456.18
Net profit	704,224,829.92	68,308,438.89
Including: Net profit attributable to the parent	704,491,735.47	68,308,438.89
Other comprehensive income	186,121,621.26	–
Total comprehensive income	890,613,356.73	68,308,438.89
Dividend received	182,000,000.00	13,200,000.00

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

2021

	Caofeidian Shiye	Finance Company
Current assets	1,323,581,074.09	6,001,680,372.14
Including: Cash and cash equivalents	461,337,697.79	2,886,505,333.42
Non-current assets	5,007,953,545.76	582,437,815.33
Total assets	6,331,534,619.85	6,584,118,187.47
Current liabilities	636,396,670.47	4,837,298,632.00
Non-current liabilities	440,717,593.08	–
Total liabilities	1,077,114,263.55	4,837,298,632.00
Minority interest	38,080,917.64	–
Equity attributable to shareholders of the parent	5,216,339,438.66	1,746,819,555.47
Share of net assets in proportion to shareholding	1,825,718,803.53	698,727,822.19
Carrying amount of investment	1,825,718,803.53	698,727,822.19

	Caofeidian Shiye	Finance Company
Revenue	1,608,214,793.38	172,940,721.10
Administrative expenses	168,554,033.70	16,957,993.63
Financial cost – interest income	7,230,053.29	–
Financial cost – interest expense	43,786,682.60	–
Income tax expense	164,319,532.68	20,207,573.64
Net profit	577,483,941.96	67,257,613.95
Including: Net profit attributable to the parent	577,723,541.75	67,257,613.95
Other comprehensive income	158,509,998.69	–
Total comprehensive income	736,233,540.44	67,257,613.95
Dividend received	98,000,000.00	13,200,000.00

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in Joint Ventures and Associates (Continued)

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

	2022	2021
Joint ventures		
Total carrying amount of investment	44,711,761.98	10,868,214.61
Total amount of the following items calculated in the Group's equity proportion		
Net loss	(10,770,737.48)	(11,679,288.75)
Total comprehensive income	(10,770,737.48)	(11,679,288.75)
Associates		
Total carrying amount of investment	780,378,009.50	657,534,568.86
Total amount of the following items calculated in the Group's equity proportion		
Net profit	8,345,331.04	8,946,991.27
Total comprehensive income	8,345,331.04	8,946,991.27

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial Instruments by Category

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

2022

Financial assets

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

Financial liabilities

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

NOTES TO FINANCIAL STATEMENTS

2022

RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial Instruments by Category (Continued)

2021

Financial assets

	Financial assets carried at amortized cost	Financial assets at fair value through other comprehensive income		Total
		Requirements of standards	Designated	
Cash and bank balances	4,051,769,706.70	-	-	4,051,769,706.70
Bills receivable	68,346,713.28	-	-	68,346,713.28
Financing receivables	-	69,049,566.27	-	69,049,566.27
Accounts receivable	42,864,847.49	-	-	42,864,847.49
Other receivables	30,936,239.46	-	-	30,936,239.46
Other non-current assets	462,000,000.00	-	-	462,000,000.00
Other equity instruments investments	-	-	910,016,638.38	910,016,638.38
	4,655,917,506.93	69,049,566.27	910,016,638.38	5,634,983,711.58

Financial liabilities

	Financial liabilities carried at amortized
Short-term borrowings	330,357,805.56
Accounts payable	238,673,449.76
Other payables	898,468,189.51
Non-current liabilities due within one year	840,030,403.48
Long-term payables	36,000,000.00
Long-term borrowings	6,259,174,345.98
	8,602,704,194.29

2. Transfer of Financial Assets

Financial assets transferred but not derecognized generally

As at 31 December 2022, the Group has endorsed bank acceptance notes with a carrying amount of RMB18,307,584.00 (31 December 2021: Nil) to engineering equipment suppliers to settle the amounts payable. The Group considered that the Group has transferred substantially all risks and rewards, including default risks. Therefore, continuing to recognize its settled payables or which related to it. After endorsement, the Group will not reserve the right of use, including the right to sale, transfer and pledge to other third parties. As at 31 December 2022, the carrying amount of other payables settled by the Group totaled RMB18,307,584.00 (31 December 2021: Nil).

Continuing involvement in transferred financial assets derecognized generally

As at 31 December 2022, the Group has endorsed bank acceptance notes with a carrying amount of RMB79,636,000.46 (31 December 2021: RMB59,739,982.17) to engineering equipment suppliers to settle the amounts payable. If acceptance banks dishonored the notes, endorsees shall have the right to turn to the Group, for recourse ("Continuing Involvement") according to the Law of Bill. The Group considered that these acceptance banks are top four national banks or other stock banks so that the potential risk of dishonoring the notes for recourse is small. Therefore, the Group has derecognized carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuing Involvement and repurchase equal to the carrying amounts of the notes. The Group considers that the fair value of Continuing Involvement is insignificant.

In 2022, the Group did not recognize any profit or loss at the date of transfer. The Group had no current or accumulated income or expense related to Continuing Involvement of financial assets which had been derecognized. The endorsement happens evenly throughout the year.

NOTES TO FINANCIAL STATEMENTS

2022

RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments

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

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

Credit risk

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

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

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

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customers. As at 31 December 2022, there is a concentration of specific credit risk within the Group as 24% and 50% (31 December 2021: 25% and 61%) of the Group's accounts receivables were due from the largest and five largest customers. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Credit risk (Continued)

Criteria for judging significant increases in credit risk

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

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

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

On 31 December 2022, credit risks of other receivables that were overdue for more than 30 days were not considered to increase significantly due to the above circumstances were not applied in other receivables. The Group made provision for impairment based on the expected credit loss in the next 12 months.

Definition of credit-impaired financial asset

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

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

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

Credit risk exposures

As at 31 December 2022 and 31 December 2021, the Group made provisions for the credit risk exposure for bad debt of receivables based on the future 12 months or entire remaining lifetime credit loss. Please refer to Note V. 3 Accounts receivable and Note V. 5 Other receivables.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Liquidity risk

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

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of various funding means, such as bank borrowings and leases. As at 31 December 2022, approximately 14% (31 December 2021: 15%) of the Group's interest-bearing liabilities are due within one year.

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

2022

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

2021

	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term borrowings	337,046,138.89	–	–	337,046,138.89
Accounts payable	238,673,449.76	–	–	238,673,449.76
Other payables	898,468,189.51	–	–	898,468,189.51
Non-current liabilities due within one year	857,388,137.47	–	–	857,388,137.47
Lease liabilities	–	488,253.00	–	488,253.00
Long-term borrowings	276,220,623.29	3,424,862,956.59	4,266,489,135.41	7,967,572,715.29
Long-term payables	–	8,000,000.00	28,000,000.00	36,000,000.00
	2,607,796,538.92	3,433,351,209.59	4,294,489,135.41	10,335,636,883.92

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Market risk

Interest rate risk

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

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

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

2022

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

2021

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total increase/ (decrease) in shareholder's equity
RMB	50	(25,904,187.36)	-	(25,904,187.36)
RMB	(50)	25,904,187.36	-	25,904,187.36

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Risks Arising from Financial Instruments (Continued)

Market risk (Continued)

Exchange rate risk

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

2022

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

2021

	Increase/ (decrease) in exchange rates	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income, net of tax	Total increase/ (decrease) in shareholder's equity
If the RMB strengthens against the HK\$	1%	(89,604.36)	(10,860.91)	(100,465.27)
If the RMB strengthens against the US\$	1%	(303,295.50)	–	(303,295.50)
If the RMB weakens against the HK\$	(1%)	89,604.36	10,860.91	100,465.27
If the RMB weakens against the US\$	(1%)	303,295.50	–	303,295.50

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

4. Capital Management

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

The Group manages capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. During 2022 and 2021, there was no change in the Group's capital management objectives, policies or processes.

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

	2022	2021
Accounts payable	259,894,659.77	238,673,449.76
Other payables	548,457,808.34	898,468,189.51
Short-term borrowings	260,270,111.11	330,357,805.56
Non-current liabilities due within one year	680,774,886.72	840,171,471.74
Lease liabilities	16,720,143.33	323,144.98
Long-term borrowings	5,949,695,604.50	6,259,174,345.98
Long-term payables	34,000,000.00	36,000,000.00
Less: Cash and bank balances	4,847,758,214.85	4,051,769,706.70
Other non-current assets – term deposit	280,000,000.00	462,000,000.00
Net debt	2,622,054,998.92	4,089,398,700.83
Equity attributable to shareholders of the parent company	17,321,605,086.27	16,055,346,158.93
Capital and net debt	19,943,660,085.19	20,144,744,859.76
Net debt to equity ratio	13%	20%

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VIII. DISCLOSURE OF FAIR VALUE

1. Assets Measured at Fair Value

2022

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

2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Financing receivables	-	69,049,566.27	-	69,049,566.27
Other equity instruments investments	-	-	910,016,638.38	910,016,638.38
Total	-	69,049,566.27	910,016,638.38	979,066,204.65

2. Liabilities Disclosed at Fair Value

2022

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

2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term borrowings	-	-	6,259,174,345.98	6,259,174,345.98
Long-term payables	-	-	36,000,000.00	36,000,000.00
	-	-	6,295,174,345.98	6,295,174,345.98

NOTES TO FINANCIAL STATEMENTS

2022

RMB

VIII. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Fair Value Estimation

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

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

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

The fair values of long-term, short-term borrowings and long-term payables are calculated by discounting the future cash flows using market yields currently available for other financial instruments with similar contractual terms, credit risk and residual term as the discount rate. As at 31 December 2022 and 31 December 2021, the Group's exposure to non-performance risk associated with the long-term and short-term borrowings is assessed as insignificant.

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

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

4. Unobservable inputs

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

		Fair value at the end of year	Valuation techniques	Unobservable inputs (weighted average)		Range
Equity instrument investments	31 December 2022	1,136,892,279.11	listed company comparison method	Liquidity discount	2022	17%-23%
Equity instrument investments	31 December 2021	910,016,638.38	listed company comparison method	Liquidity discount	2021	19%-21%

NOTES TO FINANCIAL STATEMENTS

2022
RMB

VIII. DISCLOSURE OF FAIR VALUE (CONTINUED)

4. Unobservable inputs (Continued)

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

2022

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

2021

	Total profit or loss for the current period				Settlement	Closing balance	Changes in unrealized gains or losses of the current period of the assets held at the end of the year included in profit or loss
	Opening balance	Included in profit or loss	Included in other comprehensive income				
Other equity instruments investments	787,081,978.59	-	122,934,659.79	-	-	910,016,638.38	-

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

1. Parent Company

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

HPG is the ultimate holding company of the Company.

2. Subsidiaries

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

3. Joint Ventures and Associates

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

4. Other Related Parties

Company name	Relationship with related parties
Caofeidian Port Group Co., Ltd.	A subsidiary of the controlling shareholder
HPG (Tianjin) Investment Management Co., Ltd.	A subsidiary of the controlling shareholder
Hebei Port Group City Construction and Development Co., Ltd.	A subsidiary of the controlling shareholder
HPG Real Estate Development Co., Ltd.	A subsidiary of the controlling shareholder
Hebei Port Group Port Engineering Limited	A subsidiary of the controlling shareholder
Hebei Port Group Port Machinery Limited	A subsidiary of the controlling shareholder
HEBEI PORT GROUP International (Hong Kong) Co., Ltd.	A subsidiary of the controlling shareholder
Hebei Port Group International Logistics Co., Ltd.	A subsidiary of the controlling shareholder
Hebei Port Group Testing Technology Co., Ltd.	A subsidiary of the controlling shareholder
HPG Health Industry Development Company Ltd.	A subsidiary of the controlling shareholder
Jigang Financial leasing (Tianjin) Co., Ltd.	A subsidiary of the controlling shareholder
Jigang Commercial Factoring (Tianjin) Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Fangyu Property Services Management Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Gangyun Conference Services Co., Ltd. (秦皇島港韻會議服務有限公司)	A subsidiary of the controlling shareholder
Qinhuangdao Seaview Hotel Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Kezheng Engineering Detection Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Shenggang Real Estate Development Co., Ltd.	A subsidiary of the controlling shareholder
Penavico QHD Logistics Co., Ltd.	A subsidiary of the controlling shareholder
Qinhuangdao Zhihai Shipping Agency Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Hede Shipping Co., Ltd.	A subsidiary of the controlling shareholder
China Ocean Shipping Agency Qinhuangdao Co., Ltd.	A subsidiary of the controlling shareholder
Tangshan Port Industrial Group., Ltd	A subsidiary of the controlling shareholder

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

4. Other Related Parties (Continued)

Company name	Relationship with related parties
SDIC Caofeidian Port Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Huaneng Caofeidian Port Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Huanghua Foreign Ships Agency Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Oriental Petroleum Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Huibo Petroleum Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Jinyuan Shipping Agency Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Kaifu Industrial Development Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Qinren Shipping Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Tanggang Railway Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	Other enterprises significantly affected by the controlling shareholder
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Qinhuangdao Hegang Co., Ltd.	Other enterprises significantly affected by the controlling shareholder
Han Huang Railway Co., Ltd.	Same key management personnel*
SACF	Same key management personnel*
Jinneng Holding Coal Industry Group Co., Ltd.	Same key management personnel**
Daqin Railway Co., Ltd.	Same key management personnel**
Qinhuangdao Qinshan Chemical Port Co., Ltd.	Same key management personnel***
Qinhuangdao Bank Co., Ltd.	Same key management personnel***

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

** Senior management of the Company is also director of the company.

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

5. Major Transactions between the Group and Related Parties

(1) Transactions concerning goods and services with related parties

Purchase of goods and receipt of services from related parties

	Type of goods or services	2022	2021
Transactions with the parent company			
HPG	Integrated service	17,509,982.56	19,050,229.39
Transactions with joint ventures			
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Production service	–	149,312.11
Transactions with other related parties			
Hebei Port Group Port Machinery Limited	Repair and maintenance service	279,639,436.32	245,670,896.99
Hebei Port Group Port Engineering Limited	Construction service	211,250,246.06	242,251,811.80
Hebei Port Group Testing Technology Co., Ltd.	Examination and test services	49,687,004.87	49,694,163.63
Qinhuangdao Fangyu Property Services Management Co., Ltd.	Logistics service	36,019,740.84	32,975,043.69
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	Supervisory service	6,561,789.56	14,721,354.52
Qinhuangdao Ocean Shipping Coal Trading Market Co., Ltd.	Logistics service	1,518,257.12	1,189,047.01
Caofeidian Port Group Co., Ltd.	Production service	972,271.17	–
HPG Health Industry Development Company Ltd.	Logistics service	55,050.50	–
Qinhuangdao Kezheng Engineering Detection Co., Ltd.	Examination and test services	52,678.56	69,737.85
Qinhuangdao Gangyun Conference Services Co., Ltd. (秦皇島港韻會議服務有限公司)	Logistics service	18,738.00	13,314.00
Hebei Port Group City Construction and Development Co., Ltd.	Logistics service	18,504.91	47,077.62
SDIC Caofeidian Port Co., Ltd.	Production service	3,890.58	–
Huaneng Caofeidian Port Co., Ltd.	Production service	2,161.32	–
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd.	Production service	1,574.34	–
Qinhuangdao Oriental Petroleum Co., Ltd.	Logistics service	–	6,503,016.79
Qinhuangdao Seaview Hotel Co., Ltd.	Logistics service	–	331,726.56
Daqin Railway Co., Ltd.	Logistics service	–	70,828.07
Qinhuangdao Hegang Co., Ltd.	Logistics service	–	18,700.00
		585,801,344.15	593,556,718.53
		603,311,326.71	612,756,260.03

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

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

Note 3: On 16 December 2021, the Group held the first extraordinary general meeting of Qinhuangdao Port Co., Ltd. in 2021 to consider and approve the resolution regarding the entering into of the General Services Agreement, and agreed the Group to enter into the General Services Agreement with HPG, and to the proposed caps for the related transactions under the General Services Agreement from 2022 to 2024. The approved annual caps for the related transactions of the goods procured and the services received between the Group and HPG and its subsidiaries were RMB607,000,000, and the related transactions between the Group and such companies for the current year were limited to the caps of the related transactions.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

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

Sales of goods and render of services to related parties

	Type of goods or services	2022	2021
Transactions with the parent company			
HPG	Electricity supply service etc.	7,823,802.01	7,732,825.98
Transactions with joint ventures			
TangShan CaoFeiDian ShiYe Port CO., LTD	Labor services	3,301,634.28	2,898,130.37
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd. (滄州渤海新區港興拖輪有限公司)	Labor services etc.	890,944.84	-
Zhejiang Yuehua Energy Detection Co., Ltd.	Electricity supply service	234,240.57	7,255.09
Hebei Port Group Finance Company Limited	Electricity supply service	17,964.16	7,769.91
Jinji International Container Terminal Co., Ltd.	Electricity supply service	-	3,475,337.42
		4,444,783.85	6,388,492.79
Transactions with other Related Parties			
Hebei Port Group International Logistics Co., Ltd.	Sales of goods	60,249,909.09	53,182,589.32
Qinhuangdao Qinren Shipping Co., Ltd.	Sales of goods etc.	21,070,406.08	23,094,867.99
Qinhuangdao Huibo Petroleum Co., Ltd.	Electricity supply service	4,199,688.29	242,362.68
SDIC Caofeidian Port Co., Ltd.	Labor services etc.	4,132,950.56	3,890,393.30
SACF	Sales of goods	2,862,915.10	-
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	Labor services etc.	2,624,981.27	-
Qinhuangdao Oriental Petroleum Co., Ltd.	Electricity supply service etc.	2,532,683.38	2,012,612.12
Tanggang Railway Co.,Ltd.	Electricity supply service	2,432,781.25	-
Tangshan Hede Shipping Co., Ltd.	Tallying service etc.	2,320,241.51	-
Jinneng Holding Coal Industry Group Co., Ltd.	Sales of goods	1,677,752.84	-
Hebei Port Group Port Machinery Limited	Labor services etc.	954,535.22	977,230.18
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd.	Labor services etc.	822,007.54	-
Hebei Port Group Port Engineering Limited	Electricity supply service etc.	628,952.49	694,141.27
Huaneng Caofeidian Port Co., Ltd.	Labor services etc.	491,186.63	123,328.66
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	Electricity supply service	232,311.60	234,101.34
Qinhuangdao Fangyu Property Services Management Co., Ltd.	Electricity supply service	168,107.87	101,155.06
Qinhuangdao Kaifu Industrial Development Co., Ltd.	Electricity supply service	34,147.65	51,712.42
Hebei Port Group Testing Technology Co., Ltd.	Sales of goods	32,301.46	43,682.72
HPG (Tianjin) Investment Management Co., Ltd.	Sales of goods	16,480.45	2,988.02
Qinhuangdao Qinshan Chemical Port Co., Ltd.	Electricity supply service	16,205.31	28,948.67
HEBEI PORT GROUP International (Hong Kong) Co., Ltd.	Electricity supply service	5,182.80	2,339.33
Jigang Financial leasing (Tianjin) Co., Ltd.	Sales of goods	2,898.68	2,365.90
Qinhuangdao Seaview Hotel Co., Ltd.	Electricity supply service	-	1,072,495.90
Qinhuangdao Shenggang Real Estate Development Co., Ltd.	Electricity supply service	-	17,981.65
Qinhuangdao Hegang Co., Ltd.	Loading and unloading service	-	2,654.51
		107,508,627.07	85,777,951.04
		119,777,212.93	99,899,269.81

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(2) Custody and contracting of related party assets

Entrusted assets management

2022

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

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

In 2021, the Company did not have asset management business.

(3) Leases with related parties

As lessor

	Category of leased assets	Rental income in 2022	Rental income in 2021
Jinji International Container Terminal Co., Ltd.	Storage facilities	650,047.62	918,971.43
Hebei Port Group Port Engineering Limited	Land use right	318,153.34	293,653.34
Qinhuangdao Oriental Petroleum Co., Ltd.	Land use right	199,838.54	199,838.54
Qinhuangdao Huibo Petroleum Co., Ltd.	Land use right	160,170.03	149,921.57
Hebei Port Group Port Machinery Limited	Machinery and equipment	156,366.35	12,380.95
Zhejiang Yuehua Energy Detection Co., Ltd.	Building	121,111.01	115,172.40
HPG Real Estate Development Co., Ltd.	Building	76,788.99	102,385.32
HPG	Machinery and equipment and building	70,271.29	14,585.01
Huanghua Foreign Ships Agency Co., Ltd.	Building	23,710.28	-
Hebei Port Group International Logistics Co., Ltd.	Building	16,428.46	20,183.49
Qinhuangdao Qinren Shipping Co., Ltd.	Tangible asset	10,619.47	-
		1,803,505.38	1,827,092.05

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(3) Leases with related parties (Continued)

As lessee

2022

	Category of leased assets	Lease fees of short-term leasing and low-asset leasing with simplified processing	The variable lease payments that are not included in the measurement of the lease liabilities	Paid	Interest expenses incurred on lease liabilities	Increased right-of-use assets
HPG	Machinery and equipment	56,420,948.62	-	68,885,728.31	788,064.17	18,809,905.12
HPG	Port facilities	42,880,363.48	-	51,057,598.25	445,458.98	10,632,435.04
HPG	Building facilities	6,394,348.85	-	15,860,882.96	915,643.70	21,855,036.64
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd.	Machinery and equipment	2,830.19	-	3,000.00	-	-
		105,698,491.14	-	135,807,209.52	2,149,166.85	51,297,376.80

2021

	Category of leased assets	Lease fees of short-term leasing and low-asset leasing with simplified processing	The variable lease payments that are not included in the measurement of the lease liabilities	Paid	Interest expenses incurred on lease liabilities	Increased right-of-use assets
HPG	Port facilities	74,490,540.71	-	87,650,054.00	181,075.56	-
HPG	Machinery and equipment	17,181,398.74	-	26,873,512.28	16,294.50	-
HPG	Building facilities	15,152,453.86	-	115,197,089.70	45,713.55	-
Qinhuangdao Shenggang Real Estate Development Co., Ltd.	Building facilities	1,047,619.05	-	1,100,000.00	-	-
Hebei Port Group Testing Technology Co., Ltd.	Machinery and equipment	184,566.43	-	211,469.87	-	-
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd.	Machinery and equipment	157,169.82	-	166,600.00	-	-
		108,213,748.61	-	231,198,725.85	243,083.61	-

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

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(4) Borrowings from related parties

Capital Repayment

2022

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Hebei Port Group Finance Company Limited	110,000,000.00	3.40%	2022/12/8	2023/12/7
Hebei Port Group Finance Company Limited	50,000,000.00	3.40%	2022/8/30	2023/8/29
Hebei Port Group Finance Company Limited	40,000,000.00	1-year LPR 3.65 quoted interest rate plus 20 basis points	2022/5/19	2028/5/1
Hebei Port Group Finance Company Limited	20,000,000.00	1-year LPR 3.65 quoted interest rate plus 25 basis points	2022/1/11	2027/3/10

2021

	Borrowing amount	Interest rate per annum	Commencement date	Maturity date
Hebei Port Group Finance Company Limited	100,000,000.00	3.70%	2021/11/29	2022/11/28
Hebei Port Group Finance Company Limited	50,000,000.00	3.20%	2021/1/13	2022/1/12
Hebei Port Group Finance Company Limited	50,000,000.00	3.20%	2021/4/9	2022/4/8
Hebei Port Group Finance Company Limited	30,000,000.00	3.20%	2021/5/12	2022/5/11
Hebei Port Group Finance Company Limited	47,000,000.00	1-year LPR 3.85 quoted interest rate minus 14 basis points	2021/6/15	2023/6/14
Hebei Port Group Finance Company Limited	1,000,000.00	1-year LPR 3.85 quoted interest rate minus 14 basis points	2021/6/15	2021/12/15
Hebei Port Group Finance Company Limited	1,000,000.00	1-year LPR 3.85 quoted interest rate minus 14 basis points	2021/6/15	2022/6/15
Hebei Port Group Finance Company Limited	1,000,000.00	1-year LPR 3.85 quoted interest rate minus 14 basis points	2021/6/15	2022/12/15
Jigang Commercial Factoring (Tianjin) Co., Ltd.	35,000,000.00	4.65%	2021/5/28	2026/5/27
Jigang Commercial Factoring (Tianjin) Co., Ltd.	20,000,000.00	4.65%	2021/6/29	2026/6/28
Jigang Commercial Factoring (Tianjin) Co., Ltd.	15,000,000.00	4.65%	2021/6/4	2026/6/3
Jigang Commercial Factoring (Tianjin) Co., Ltd.	5,000,000.00	4.65%	2021/6/11	2026/6/10
Jigang Commercial Factoring (Tianjin) Co., Ltd.	5,000,000.00	4.65%	2021/6/4	2026/6/3

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(4) Borrowings from related parties (Continued)

Interest expenses paid

	2022	2021
Hebei Port Group Finance Company Limited	18,752,902.73	34,367,414.83
Jigang Commercial Factoring (Tianjin) Co., Ltd.	3,720,000.00	2,110,358.34
	22,472,902.73	36,477,773.17

Capital Repayment

	2022	2021
Hebei Port Group Finance Company Limited	385,200,000.00	285,200,000.00
Jigang Commercial Factoring (Tianjin) Co., Ltd.	80,000,000.00	2,582,895.00
	465,200,000.00	287,782,895.00

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(5) Equity transaction

The details of equity transactions between the Group and related parties for the year see Note V. 8.

(6) Transactions with other related parties

Trademark use right

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

Centralized management of funds

As at 31 December 2022, the balance of the Group's deposits in Hebei Port Group Finance Company Limited amounted to RMB4,249,298,698.27 (31 December 2021: RMB3,697,810,394.04) with the interest rate of 1.15%-3.85% per annum. The interest income received from the Hebei Port Group Finance Company Limited amounted to RMB74,658,165.83 in 2022 (2021: RMB50,089,211.04).

As at 31 December 2022, the balance of the Group's deposits in Qinhuangdao Bank Co., Ltd. amounted to nil (31 December 2021: RMB22,576.20) with the interest rate of 0.45% per annum. The interest income received from Qinhuangdao Bank amounted to RMB57.84 in 2022 (31 December 2021: RMB91.35).

Key management personnel

	2022	2021
Remuneration for key management personnel	7,247,149.49	5,316,672.39

Agency business

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

	2022	2021
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd.	86,044,544.30	130,745,263.58
Qinhuangdao Zhihai Shipping Agency Co., Ltd.	55,351,825.58	58,226,194.47
Penavico QHD Logistics Co., Ltd.	30,248,861.41	43,184,976.37
China Ocean Shipping Agency Qinhuangdao Co., Ltd.	12,053,679.97	37,897,970.92
Huanghua Foreign Ships Agency Co., Ltd.	3,966,660.86	3,986,332.57
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd.	223,258.95	9,451.88
Qinhuangdao Jinyuan Shipping Agency Co., Ltd.	121,683.76	225,200.07
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd.	-	9,068.87
	188,010,514.83	274,284,458.73

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

6. Commitments Made between the Group and Related Parties

Capital commitments

	2022	2021
Contracted, but not provided for		
Hebei Port Group Port Engineering Limited	65,552,074.23	3,680,039.88
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	6,387,141.56	2,433,251.70
Hebei Port Group Testing Technology Co., Ltd.	2,266,411.00	103,500.00
Qinhuangdao Kezheng Engineering Detection Co., Ltd.	93,338.03	8,832.00
	74,298,964.82	6,225,623.58

Investment commitments

	2022	2021
Contracted, but not provided for		
Tangshan Jingtang Railway Co., Ltd.	540,000,000.00	540,000,000.00
Bohai Jin-Ji Port Investment and Development Company Limited	519,000,000.00	600,000,000.00
Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉裡(秦皇島)糧油工業有限公司)	52,914,300.00	-
Cangzhou Bohai New Area Port Real Estate Development Co., Ltd. (滄州渤海新區港口房地產開發有限公司)	33,389,800.00	-
	1,145,304,100.00	1,140,000,000.00

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

7. Balances of Accounts Due from Related Parties

(1) Accounts receivable

	2022		2021	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<u>Due from the parent company</u>				
HPG	52,818.00	2,737.10	11,335.00	1,037.30
<u>Due from associates</u>				
Tangshan Caofeidian Shiye Port Co., Ltd.	3,212,272.68	165,007.14	48,955.00	2,934.19
<u>Due from other related parties</u>				
Penavico QHD Logistics Co., Ltd.	3,190,904.00	3,190,904.00	592,244.00	29,612.20
Qinhuangdao Zhihai Shipping Agency Co., Ltd.	2,847,525.00	142,376.25	4,397,996.00	219,899.80
Qinhuangdao Qinren Shipping Co., Ltd.	2,235,824.00	111,791.20	5,869,670.00	293,483.50
Tangshan Caofeidian Tugboat Co., Ltd. (唐山港曹妃甸拖船有限公司)	686,709.00	34,335.45	-	-
Tanggang Railway Co., Ltd. (唐港鐵路有限責任公司)	519,674.73	25,983.73	-	-
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	381,111.07	19,055.55	458,818.88	22,940.94
Tangshan Port Hede Shipping Co., Ltd. (唐山港合德海運有限公司)	291,094.00	14,554.70	-	-
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	170,733.00	8,536.65	-	-
Huanghua Foreign Ships Agency Co., Ltd.	169,889.00	8,494.45	-	-
China Ocean Shipping Agency Qinhuangdao Co., Ltd.	61,460.00	61,460.00	1,432,585.00	71,629.25
Qinhuangdao Oriental Petroleum Co., Ltd.	19,500.00	975.00	-	-
Qinhuangdao Seaview Hotel Co., Ltd.	-	-	671,497.36	33,574.87
Huaneng Caofeidian Port Co., Ltd.	-	-	79,342.17	3,967.11
Qinhuangdao Jinyuan Shipping Agency Co., Ltd.	-	-	10,436.66	521.83
	10,574,423.80	3,618,466.98	13,512,590.07	675,629.50
	13,839,514.48	3,786,211.22	13,572,880.07	679,600.99

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(2) Other receivables

	2022		2021	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<u>Due from the parent company</u>				
HPG	100,000.00	5,000.00	100,000.00	100,000.00
<u>Due from joint ventures and associates</u>				
Bohai Jin-Ji Port Investment and Development Company Limited	21,425,195.83	21,425,195.83	21,425,195.83	9,604,442.83
Jinji International Container Terminal Co., Ltd.	16,366,587.83	3,139,859.98	14,349,165.56	1,391,142.34
Cangzhou Bohai New Zone Gangxing Tugboat Co., Ltd.	672,900.31	33,645.02	-	-
Xin Licheng Tally Co., Ltd. of Tangshan Caofeidian Comprehensive Bonded Zone	-	-	9,070.12	453.51
	38,464,683.97	24,598,700.83	35,783,431.51	10,996,038.68
<u>Due from other related parties</u>				
Han Huang Railway Co., Ltd.	4,594,300.00	4,594,300.00	4,594,300.00	4,594,300.00
Hebei Port Group Port Engineering Limited	395,137.30	19,756.87	704,359.66	49,742.76
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	310,000.00	18,000.00	-	-
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	20,000.00	2,000.00	20,000.00	1,000.00
	5,319,437.30	4,634,056.87	5,318,659.66	4,645,042.76
	43,884,121.27	29,237,757.70	41,202,091.17	15,741,081.44

(3) Prepayments

	2022		2021	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
<u>Advances to parent company</u>				
HPG	364,621.60	-	177,382.35	-
<u>Advances to other related parties</u>				
Hebei Port Group Port Engineering Limited	11,321,516.00	-	-	-
Hebei Huadian Caofeidian Storage and Transportation Co., Ltd. (河北華電曹妃甸儲運有限公司)	2,598.40	-	-	-
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	1,612.00	-	-	-
	11,325,726.40	-	-	-
	11,690,348.00	-	177,382.35	-

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

8. Balances of Accounts Due to Related Parties

(1) Accounts payable

	2022	2021
<u>Due to the parent company</u>		
HPG	459,905.00	2,276.34
<u>Due to other related parties</u>		
Hebei Port Group Port Machinery Limited	56,443,696.76	45,115,174.32
Hebei Port Group Port Engineering Limited	23,189,729.31	16,050,613.70
Hebei Port Group Testing Technology Co., Ltd.	10,403,345.22	12,235,095.07
Qinhuangdao Fangyu Property Services Management Co., Ltd.	827,477.00	249,000.00
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	352,202.10	786,303.88
	91,216,450.39	74,436,186.97
	91,676,355.39	74,438,463.31

(2) Contract Liabilities

	2022	2021
<u>Advance from associates</u>		
Zhejiang Yuehua Energy Detection Co., Ltd.	30,862.47	30,862.47
<u>Advance from other related parties</u>		
Hebei Port Group International Logistics Co., Ltd.	5,997,448.07	8,793,531.07
Huanghua Foreign Ships Agency International Freight Forwarding Co., Ltd.	1,599,520.15	-
Qinhuangdao Oriental Petroleum Co., Ltd.	311,881.67	116,116.20
Penavico QHD Logistics Co., Ltd.	285,678.00	-
Qinhuangdao Jinyuan Shipping Agency Co., Ltd.	280,117.54	77,934.00
Jinneng Holding Coal Industry Group Co., Ltd.	256,978.88	-
Qinhuangdao Huibo Petroleum Co., Ltd.	230,000.00	80,000.00
Qinhuangdao Qinren Shipping Co., Ltd.	31,419.00	15,339.00
Tangshan Caofeidian Industrial Zone Joint International Sea Shipping Agency Co., Ltd.	6,737.00	183.00
Tangshan Caofeidian Industrial Zone Sea Shipping Agency Co., Ltd.	2,827.00	2,827.00
	9,002,607.31	9,085,930.27
	9,033,469.78	9,116,792.74

NOTES TO FINANCIAL STATEMENTS

2022
RMB

IX. RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(3) Other payables

	2022	2021
<u>Due to the parent company</u>		
HPG	3,170,776.60	10,681,776.60
<u>Due to associates</u>		
Tangshan Jingtang Railway Co., Ltd.	4,000,000.00	-
Zhejiang Yuehua Energy Detection Co., Ltd.	5,000.00	50,000.00
	4,005,000.00	50,000.00
<u>Due to other related parties</u>		
Hebei Port Group Port Engineering Limited	60,658,480.73	97,502,135.21
Qinhuangdao Fangyuan Port Project Supervision Co., Ltd.	2,712,363.10	4,040,022.66
Hebei Port Group Testing Technology Co., Ltd.	102,672.64	572,824.87
Hebei Port Group Port Machinery Limited	20,000.00	50,000.00
Qinhuangdao Kezheng Engineering Detection Co., Ltd.	6,857.97	19,668.00
Huanghua Foreign Ships Agency Co., Ltd.	3,600.00	-
Hebei Port Group International Logistics Co., Ltd.	1,000.00	1,000.00
Qinhuangdao Oriental Petroleum Co., Ltd.	-	1,020,000.00
Qinhuangdao Huibo Petroleum Co., Ltd.	-	40,000.00
	63,504,974.44	103,245,650.74
	70,680,751.04	113,977,427.34

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

	2022	2021
<u>The parent company</u>		
HPG	35,106,616.57	-

(5) Short-term borrowings

	2022	2021
<u>Loans to associates</u>		
Hebei Port Group Finance Company Limited	160,000,000.00	230,000,000.00

(6) Long-term borrowings

	2022	2021
<u>Loans to associates</u>		
Hebei Port Group Finance Company Limited	458,600,000.00	553,800,000.00
<u>Loans to other related parties</u>		
Jigang Commercial Factoring (Tianjin) Co., Ltd.	-	80,000,000.00

Accounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment except short-term borrowings and long-term borrowings.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

X. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

	2022	2021
Contracted, but not provided for		
Investment commitments	1,145,304,100.00	1,140,000,000.00
Capital commitments	228,438,917.69	52,904,295.87
	1,373,743,017.69	1,192,904,295.87

As the lease commitment of the lessee, please refer to Note XII.2.

2. Contingencies

Formation of Pending Litigations and Arbitrations of the Company

From August to December 2022, Shaanxi Blower (Group) Co., Ltd., China National Chemical Fiber Corp., Anhui Blazers Trade Co., Ltd. and Jiangxi Copper International Trading Co., Ltd. have successively appealed to courts and designated the Company as co-defendants in respect of copper concentrate trade disputes with the related parties including Qinhuangdao Waidai Logistics Co., Ltd. ("Waidai Logistics") for import and export agency contract dispute, admiralty and maritime dispute, contract dispute or maritime tortious dispute. The total amount of litigations in which the Company was involved is RMB1,929,000,000. As of the date of approval of the financial statements, the relevant cases are pending hearing.

In practical business, Waidai Logistics and the Company have entered into the Qinhuangdao Foreign Trade General Cargo Port Operation Contract and Qinhuangdao Domestic Trade General Cargo Port Operation Contract, the Company provides unloading and outbound services for the relevant cargoes based on the agreement in the aforesaid port operation contract and the instructions of Waidai Logistics, the operation trustor.

In light of the evidence collected by the Company and the professional opinions from the legal adviser, the management of the Company considers that the Company has entered into port operation contract with Waidai Logistics only, and has no contractual relationship with any other parties. The Company carried out relevant port operation in strict accordance with the agreement in port operation contract with Waidai Logistics and carefully fulfilled contractual obligation without any violation. Based on contractual agreement and industry practice, the Company as the port operator has no obligation to verify the actual possession of the ownership of cargo nor has been committed to provide guarantee or assume any joint liability to the parties. As of 31 December 2022, the Company make no provision related to the aforesaid litigations.

Save for the aforesaid contingencies, the Company has no other significant guarantee or other contingencies required to be explained as at 31 December 2022.

XI. EVENTS AFTER THE BALANCE SHEET DATE

Dividends declared

Pursuant to the Resolution on 2022 Profit Distribution deliberated at the 10th meeting of the five session of the Board of the Company held on 29 March 2023, the Company proposed to pay a cash dividend totaling RMB396,706,252.00 to all the shareholders, which is calculated based on 5,587,412,000 Shares in issue and RMB0.71 per 10 shares (tax inclusive). Such proposal is pending approval at the general meeting of the Company.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XII. OTHER IMPORTANT ITEMS

1. Segment Reporting

Operating segments

The Group is primarily engaged in provision of integrated port services for customers. The Management manages the operating results of its business units as a whole for the purpose of making decisions on resources allocation and performance assessment.

Other information

Information about products and services

For the revenue classified by services category, please refer to 35 of Note V.

Geographical information

100% of the Group's operations and customers are located in Mainland China; 100% of its revenue is generated from Mainland China; and all the non-current assets are located in Mainland China.

Information about major customers

Operating revenue (revenue generated that reached or exceeded 10% of the Group's revenue) of RMB891,205,908.43 (2021: RMB848,898,000.04) was attributed to the Group's revenue from a single customer.

2. Leases

(1) As lessor

The Group used some port facilities such as stockpiling and machinery equipment for leasing. Pursuant to leasing contracts, rentals shall be adjusted annually according to market situations. The Group recorded income from leasing out premises, buildings, port facilities, office and other equipment of RMB7,833,246.81 for 2022 (2021: RMB6,162,494.48), details of which are set out in Note V. 35. Leasing of port facilities is set out in the item "Fixed assets", details of which are set out in Note V. 10.

Operating leases

Profit or loss in relation to the operating leases is set out as follows:

	2022	2021
Lease income	7,833,246.81	6,162,494.48

According to the lease contracts entered into with lessees, the minimum lease payments under non-cancellable leases are as follows:

	2022	2021
Within 1 year (including 1 year)	769,533.69	843,968.69
1 year to 2 years (inclusive)	460,122.69	693,968.69
2 years to 3 years (inclusive)	226,172.69	226,172.69
Over 3 years	-	226,172.69
	1,455,829.07	1,990,282.76

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XII. OTHER IMPORTANT ITEMS (CONTINUED)

2. Leases (Continued)

(2) As lessee

	2022	2021
Interest expenses on lease liabilities	2,164,130.55	275,606.15
Short-term lease payments with simplified processing included in profit or loss	135,950,139.65	139,561,173.66
Lease payments of low value asset with simplified processing included in profit or loss (other than short-term leases)	61,652.61	68,020.71
Total cash outflow relating to lease	154,511,648.24	148,096,647.33

The leased assets of the Group include premises, buildings, port facilities and machinery equipment, means of transportation and other equipment used in operation, generally with a lease term of one year. Leasing contracts generally stipulate that the Group cannot sublease the leased assets. Certain leasing contracts contain the terms of renewal and termination options.

Leases committed but not yet commenced

Expected future cash outflow of leases committed but not yet commenced of the Group is as follows:

	2022	2021
Within 1 year (including 1 year)	437,689.00	805,200.00
1 year to 2 years (inclusive)	449,542.00	268,400.00
2 years to 3 years (inclusive)	193,818.00	268,400.00
Over 3 years	666,732.00	268,400.00
	1,747,781.00	1,610,400.00

Other information on leases

Please refer to Note V. 12 for details of right-of-use assets; please refer to Note III. 25 for details of simplified processing of short-term leases and leases of low-value assets; please refer to Note V. 25 for details of lease liabilities.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management

	2022	2021
Fees	350,000.00	400,000.00
Other emoluments:		
Salaries and allowances	7,707,988.35	5,665,918.02
Pension scheme contributions	713,414.71	630,814.11
	8,421,403.06	6,296,732.13
	8,771,403.06	6,696,732.13

(1) Independent non-executive Directors

The fees paid to independent non-executive Directors during the year were as follows:

	2022	2021
CHEN Ruihua	100,000.00	100,000.00
XIAO Zuhe	100,000.00	100,000.00
ZANG Xiuqing*	50,000.00	100,000.00
ZHAO Jinguang**	50,000.00	–
ZHU Qingxiang***	50,000.00	–
HOU Shujun****	–	100,000.00
	350,000.00	400,000.00

There were no other remunerations payable to the independent non-executive Directors during the year (2021: nil).

* ZANG Xiuqing resigned as an independent non-executive Director on 28 June 2022.

** ZHAO Jinguang was employed as an independent non-executive Director on 28 June 2022.

*** ZHU Qingxiang was employed as an independent non-executive Director on 28 June 2022.

**** HOU Shujun passed away unfortunately due to illness on 30 December 2021.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(2) Executive Directors, non-executive Directors and Supervisors

	2022	2021
Salaries and allowances		
Executive Directors		
CAO Ziyu	-	-
YANG Wensheng	894,397.30	754,238.08
MA Xiping	933,487.38	694,846.27
	1,827,884.68	1,449,084.35
Non-executive Directors		
LIU Guanghai*	-	-
XIAO Xiang	-	-
LI Jianping**	-	-
SUN Wenzhong*	-	-
LI Yingxu**	-	-
	-	-
Supervisors		
MENG Bo	-	-
BU Zhouqing	-	-
CAO Dong***	-	245,320.19
CHEN Linyan****	57,354.66	658,998.84
ZHOU Chengtao***	603,255.54	326,138.56
BIAN Yingzi (卞英姿)	-	-
YANG Jun****	713,269.10	-
	1,373,879.30	1,230,457.59
	3,201,763.98	2,679,541.94

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(2) Executive Directors, non-executive Directors and Supervisors (Continued)

	2022	2021
Pension scheme contributions		
Executive Directors		
CAO Ziyu	-	-
YANG Wensheng	81,731.30	77,570.89
MA Xiping	81,731.30	77,570.89
	163,462.60	155,141.78
Non-executive Directors		
LIU Guanghai*	-	-
XIAO Xiang	-	-
LI Jianping**	-	-
SUN Wenzhong*	-	-
LI Yingxu**	-	-
	-	-
Supervisors		
MENG Bo	-	-
BU Zhouqing	-	-
CAO Dong***	-	43,630.65
CHEN Linyan****	6,636.80	74,926.80
ZHOU Chengtao***	72,269.04	31,044.70
BIAN Yingzi (卞英姿)	-	-
YANG Jun****	71,468.43	-
	150,374.27	149,602.15
	313,836.87	304,743.93

* LIU Guanghai resigned as Deputy Chairman and a non-executive Director on 28 June 2022; SUN Wenzhong was appointed as Deputy Chairman and a non-executive Director on 28 June 2022.

** LI Jianping resigned as a non-executive Director on 28 June 2022; LI Yingxu was appointed as a non-executive Director on 28 June 2022.

*** CAO Dong resigned as an Employee Representative Supervisor of the Company on 15 July 2021, and was appointed as Chief Financial Officer of the Company on 20 July 2021; ZHOU Chengtao was appointed as an Employee Representative Supervisor of the Company on 15 July 2021.

**** CHEN Linyan resigned as an Employee Representative Supervisor on 19 January 2022; YANG Jun was appointed as an Employee Representative Supervisor on 19 January 2022.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XII. OTHER IMPORTANT ITEMS (CONTINUED)

3. Remunerations of Directors, Supervisors and Senior Management (Continued)

(3) Senior Management

	2022	2021
Salaries and allowances		
GUO Xikun*	–	169,262.00
CAO Dong**	734,885.50	355,245.57
NIE Yuzhong	933,487.41	694,846.27
CHEN Lixin	909,852.18	685,262.03
XIA Zhixin	949,303.18	671,904.28
YANG Xuejun***	978,696.10	409,855.93
	4,506,224.37	2,986,376.08
Pension scheme contributions		
GUO Xikun*	–	32,317.55
CAO Dong**	74,962.44	31,164.75
NIE Yuzhong	81,731.30	77,570.89
CHEN Lixin	80,510.52	77,570.89
XIA Zhixin	80,642.28	75,118.20
YANG Xuejun***	81,731.30	32,327.90
	399,577.84	326,070.18

* GUO Xikun resigned as Vice President and Chief Financial Officer of the Company on 17 May 2021 and will not hold any position in the Company after his resignation.

** CAO Dong resigned as an Employee Representative Supervisor of the Company on 15 July 2021, and was appointed as Chief Financial Officer of the Company on 20 July 2021.

*** YANG Xuejun was appointed as Vice President of the Company on 20 July 2021.

There was no agreement under which a director, supervisor or senior management waived or agreed to waive any remuneration during the year (2021: Nil).

4. Five Highest Paid Senior Management

The five highest paid employees during the year included one Director (2021: two), details of whose remuneration are set out in 3. Remunerations of Directors, Supervisors and Senior Management of Note XII. Details of remunerations of the remaining four non-directors and non-supervisor employees (2021: three) during the year are as follows:

	2022	2021
Salaries and allowances	3,771,338.87	2,052,012.58
Pension scheme contributions	324,615.40	230,259.98
	4,095,954.27	2,282,272.56

The number of non-directors and non-supervisor employees whose remunerations fell within the following bands is as follows:

	2022	2021
Nil to RMB1,000,000	1	3
RMB1,000,000 to RMB1,500,000	3	–

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

The credit period of accounts receivable is usually not more than 90 days. The accounts receivable bear no interest. An ageing analysis of the accounts receivable is as follows:

	2022	2021
Within 1 year	31,164,170.77	24,751,239.67
1 to 2 years	4,121,575.23	19,139.80
2 to 3 years	9,728.80	–
Over 3 years	933,960.63	1,049,866.43
	36,229,435.43	25,820,245.90
Less: Provision for bad debts of accounts receivable	5,494,484.83	2,289,342.39
	30,734,950.60	23,530,903.51

	2022				Book Value
	Carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on individual item basis	2,723,410.00	8	2,723,410.00	100	–
Provision for bad debts by credit risk characteristics group	33,506,025.43	92	2,771,074.83	8	30,734,950.60
	36,229,435.43	100	5,494,484.83	15	30,734,950.60

	2021				Book Value
	Carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts by credit risk characteristics group	25,820,245.90	100	2,289,342.39	9	23,530,903.51

As at 31 December 2022, accounts receivable which are subject to provision for bad debts on individual item basis are as follows:

	Carrying amount	Provision for bad debts	Expected credit loss ratio	Reason for provision
China Ocean Shipping Agency Qinhuangdao Co., Ltd.	61,460.00	61,460.00	100%	The debtor involved in litigation
Penavico QHD Logistics Co., Ltd.	2,661,950.00	2,661,950.00	100%	The debtor involved in litigation
	2,723,410.00	2,723,410.00		

As at 31 December 2021, the Company had no provision for bad debts on individual item basis.

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

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

	2022			2021		
	Estimated carrying amount arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss	Estimated carrying amount arising from default	Expected credit loss ratio (%)	Lifetime expected credit loss
Within 1 year	28,440,760.77	5	1,422,038.04	24,751,239.67	5	1,234,101.77
1 to 2 years	4,121,575.23	10	412,157.52	19,139.80	28	5,374.19
2 to 3 years	9,728.80	30	2,918.64	-	-	-
Over 3 years	933,960.63	100	933,960.63	1,049,866.43	100	1,049,866.43
	33,506,025.43	8	2,771,074.83	25,820,245.90	9	2,289,342.39

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

	Opening balance in the year	Provision in the current year	Recovery or reversal in the current year	Write-off in the current year	Closing balance in the year
2022	2,289,342.39	3,257,082.07	-	(51,939.63)	5,494,484.83
2021	4,451,458.90	-	(845,948.68)	(1,316,167.83)	2,289,342.39

In 2022, the Company's accounts receivable of RMB51,939.63 were written off (2021: RMB1,316,167.83).

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

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	16,924,543.39	47	1,009,297.46	6
Tangshan Caofeidian Shiye Port Co., Ltd. (唐山曹妃甸實業港務有限公司)	3,212,272.68	9	165,007.14	5
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	2,847,525.00	8	142,376.25	5
Penavico QHD Logistics Co., Ltd.	2,661,950.00	7	2,661,950.00	100
Tianjin Shenghang Shipping Co., Ltd. (天津市勝航船務有限公司)	2,470,000.00	7	123,500.00	5
	28,116,291.07	78	4,102,130.85	15

As at 31 December 2021, accounts receivable from the five largest customers were as follows:

	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	7,845,572.03	30	392,278.60	5
Qinhuangdao Zhihai Shipping Agency Co., Ltd. (秦皇島之海船務代理有限公司)	4,397,996.00	17	219,899.80	5
Sales Branch of CNOOC Energy Technology & Services Limited (中海油能源發展股份有限公司銷售服務分公司)	3,550,573.00	14	177,528.65	5
Qinhuangdao Jinhai Oil Industrial Co., Ltd. (秦皇島金海糧油工業有限公司)	2,793,525.00	11	139,676.25	5
China Ocean Shipping Agency Qinhuangdao Co., Ltd. (中國秦皇島外輪代理有限公司)	1,411,674.00	5	70,583.70	5
	19,999,340.03	77	999,967.00	5

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments

2022

	Opening balance	Additional investment	Decrease in investment	Closing balance	Distribution of dividend
Subsidiaries					
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	12,085,383.72	-	-	12,085,383.72	-
Qinhuangdao Xin'gangwan Container Terminal Co. Ltd (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	219,521,347.15	-
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	918,000,000.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	5,213,212,300.00	-	-	5,213,212,300.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	78,000,000.00	-	-	78,000,000.00	-
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	49,500,000.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	-	-	56,000,000.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	40,115,000.00	-	-	40,115,000.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	50,000,000.00	-	-	50,000,000.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	5,000,000.00	-	-	5,000,000.00	-
Hebei Caofeidian Jigang General Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	118,000,000.00	-	-	118,000,000.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	9,915,228.64	-	-	9,915,228.64	-
Sub-total	6,769,349,259.51	-	-	6,769,349,259.51	-

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued) 2022 (Continued)

Equity method	Opening balance	Additional investment	Decrease in investment	Investment gain or loss under the equity method	Change within the year				Including: Year-end provision for impairment		
					Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend		Provision for impairment	Closing carrying value
Joint ventures											
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投资发展有限公司)	66,022,918.66	81,000,000.00	-	(46,430,683.68)	-	18,381.82	-	-	-	98,610,616.82	(81,850,806.99)
Jinji International Container Terminal Co., Ltd. (津冀国际集装箱码头有限公司)	12,744,524.61	18,000,000.00	-	(10,770,737.48)	-	4,084.85	-	-	-	19,977,871.98	(18,119,045.54)
Sub-total	78,767,443.29	99,000,000.00	-	(59,201,421.16)	-	22,466.67	-	-	-	118,588,488.80	(99,969,852.53)
Associates											
Hebei Port Group Finance Company Limited (河北港口集团财务有限公司)	688,727,822.19	-	-	27,323,375.56	-	-	-	(13,200,000.00)	-	712,851,197.75	-
Tangshan Caofeidian Shiping Port Co., Ltd. (唐山曹妃甸实业港口有限公司)	1,825,716,803.53	-	-	246,572,107.41	65,142,567.44	3,025,438.14	-	(182,000,000.00)	-	1,958,458,916.52	-
Qinhuangdao Xingao Qingang Energy Storage & Transportation Co., Ltd. (秦皇岛兴泰港能储运有限公司)	-	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Tangshan Jingtang Railway Co., Ltd. (唐山京唐铁路有限公司)	280,000,000.00	-	-	-	-	-	-	-	-	280,000,000.00	-
Cangzhou Ocean Shipping Tally Co., Ltd. (沧州中理外轮理货有限公司)	3,147,687.49	-	-	400,007.23	-	(3,736.64)	-	-	-	3,543,958.08	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越华能源检测有限公司)	12,264,297.81	-	-	792,344.23	-	-	-	(660,299.91)	-	12,396,342.13	-
Yihai Kerry (Qinhuangdao) Grain & Oil Industry Co., Ltd. (益海嘉里(秦皇岛)粮油工业有限公司)	-	115,000,000.00	-	(37,589.38)	-	-	-	-	-	114,962,410.62	-
Sub-total	2,819,858,611.02	115,000,000.00	-	275,050,245.05	65,142,567.44	3,021,701.50	-	(195,860,299.91)	-	3,082,212,825.10	(20,800,000.00)
Total	9,667,975,313.82	214,000,000.00	-	215,848,823.89	65,142,567.44	3,044,168.17	-	(195,860,299.91)	-	9,970,150,573.41	(120,769,852.53)

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

2021

	Opening balance	Additional investment	Decrease in investment	Closing balance	Distribution of dividend
Subsidiaries					
Qinhuangdao Ocean Shipping Tally Co., Ltd. (秦皇島中理外輪理貨有限責任公司)	12,085,383.72	-	-	12,085,383.72	-
Qinhuangdao Xin'gangwan Container Terminal Co. Ltd (秦皇島港新港灣集裝箱碼頭有限公司)	219,521,347.15	-	-	219,521,347.15	-
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	918,000,000.00	-	-	918,000,000.00	-
Cangzhou Huanghuagang Mineral Port Co., Ltd. (滄州黃驊港礦石港務有限公司)	5,213,212,300.00	-	-	5,213,212,300.00	-
Cangzhou Huanghuagang Crude Oil Port Co., Ltd. (滄州黃驊港原油港務有限公司)	78,000,000.00	-	-	78,000,000.00	-
Tangshan Caofeidian Jigang Coal Port Co., Ltd. (唐山曹妃甸冀港煤炭港務有限公司)	49,500,000.00	-	-	49,500,000.00	-
Tangshan Port Investment & Development Co., Ltd. (唐山港口投資開發有限公司)	56,000,000.00	-	-	56,000,000.00	-
Qinhuangdao Port GangSheng (Hong Kong) Co., Limited (秦皇島港港盛(香港)有限公司)	40,115,000.00	-	-	40,115,000.00	-
Cangzhou Huanghua Port Bulk Cargo Port Co., Ltd. (滄州黃驊港散貨港務有限公司)	50,000,000.00	-	-	50,000,000.00	-
Tangshan Caofeidian Jigang General Port Co., Ltd. (唐山曹妃甸冀港通用港務有限公司)	5,000,000.00	-	-	5,000,000.00	-
Hebei Caofeidian Jigang General Port Co., Ltd. (河北唐山曹妃甸冀同港口有限公司)	118,000,000.00	-	-	118,000,000.00	-
Tangshan Caofeidian Ocean Shipping Tally Co., Ltd. (唐山曹妃甸中理外輪理貨有限公司)	9,915,228.64	-	-	9,915,228.64	-
Sub-total	6,769,349,259.51	-	-	6,769,349,259.51	-

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued) 2021 (Continued)

Equity method	Change within the year								Including: Year-end provision for impairment		
	Opening balance	Additional investment	Decrease in investment	Investment gain or loss under the equity method	Other comprehensive income	Other equity movements	Other changes	Declaration of cash dividend		Provision for impairment	Closing carrying value
Joint ventures											
Bohai Jin-Ji Port Investment and Development Company Limited (渤海津冀港口投资发展有限公司)											
	117,486,459.82	-	-	(51,463,541.14)	-	-	-	-	-	66,022,918.68	(81,850,806.99)
Jinji International Container Terminal Co., Ltd. (津冀国际集装箱码头有限公司)											
	7,423,813.36	17,000,000.00	-	(11,679,288.75)	-	-	-	-	-	12,744,524.61	(18,119,045.54)
Sub-total	124,910,273.18	17,000,000.00	-	(63,142,829.89)	-	-	-	-	-	78,767,443.29	(99,969,852.53)
Associates											
Hebei Port Group Finance Company Limited (河北港口集团财务有限公司)											
	683,833,336.59	-	-	28,094,425.60	-	-	-	(13,200,000.00)	-	698,727,822.19	-
Tangshan Caofeidian Shiping Port Co., Ltd. (唐山曹妃甸实业港务有限公司)											
	1,682,783,976.47	-	-	202,203,239.61	55,478,439.54	3,253,087.91	-	(96,000,000.00)	-	1,825,718,803.53	-
Qinhuangdao Xing'ao Qingang Energy Storage & Transportation Co., Ltd. (秦皇岛兴泰港能储运有限公司)											
	-	-	-	-	-	-	-	-	-	-	(20,800,000.00)
Tangshan Jingtang Railway Co., Ltd. (唐山京唐铁路有限公司)											
	280,000,000.00	-	-	-	-	-	-	-	-	280,000,000.00	-
Gangzhou Ocean Shipping Tally Co., Ltd. (沧州中理外轮理货有限公司)											
	3,101,738.16	-	-	42,212.69	-	3,736.64	-	-	-	3,147,687.49	-
Zhejiang Yuehua Energy Detection Co., Ltd. (浙江越华能源检测有限公司)											
	12,052,853.52	-	-	745,583.61	-	-	-	(534,139.32)	-	12,264,297.81	-
Sub-total	2,641,771,964.74	-	-	231,085,461.51	55,478,439.54	3,256,824.55	-	(111,734,139.32)	-	2,819,858,611.02	(20,800,000.00)
Total	9,536,031,497.43	17,000,000.00	-	167,942,831.62	55,478,439.54	3,256,824.55	-	(111,734,139.32)	-	9,667,975,313.82	(120,769,852.53)

NOTES TO FINANCIAL STATEMENTS

2022

RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Long-term Equity Investments (Continued)

Provision for impairment of long-term equity investments:

2022

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

2021

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

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other Equity Instruments Investments

2022

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current year	
			Equity instruments derecognized in current year	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	366,910,190.24	864,910,190.24	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島曹港煤炭物流有限公司)	(17,071,429.33)	16,928,570.67	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驛港鋼鐵物流有限公司)	3,118,801.15	33,871,159.10	-	-
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	(4,553,380.01)	19,446,619.99	-	-
	348,404,182.05	935,156,540.00	-	-

2021

	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current year	
			Equity instruments derecognized in current year	Equity instruments held
SDIC Caofeidian Port Co., Ltd. (國投曹妃甸港口有限公司)	134,139,875.67	632,139,875.67	-	-
Qinhuangdao Ruigang Coal Logistics Co., Ltd. (秦皇島曹港煤炭物流有限公司)	(17,573,032.72)	16,426,967.28	-	-
Cangzhou Huanghuagang Steel Logistics Co., Ltd. (滄州黃驛港鋼鐵物流有限公司)	1,068,636.06	31,820,994.01	-	651,600.00
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	(2,130,000.00)	21,870,000.00	-	-
	115,505,479.01	702,257,836.96	-	651,600.00

NOTES TO FINANCIAL STATEMENTS

2022
RMB

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating Revenue and Cost

	2022	2021
Revenue from the principal operations	4,227,245,099.85	4,343,742,637.75
Cost of the principal operations	2,316,584,936.78	2,379,589,013.98

Operating revenue by category is as follows:

	2022	2021
Income from contracts with customers	4,222,174,986.56	4,341,184,427.81
Lease income	5,070,113.29	2,558,209.94
	4,227,245,099.85	4,343,742,637.75

Breakdown of operating revenue from contracts with customers is as follows:

	2022	2021
Principal operating area		
Qinhuangdao	4,222,174,986.56	4,341,184,427.81
Principal operating area		
Service in relation to coal and relevant products	3,915,618,516.65	4,014,921,136.93
Service in relation to metal ore and relevant products	31,420,764.18	32,029,525.31
Service in relation to general and other cargoes	165,807,110.62	186,643,507.44
Service in relation to liquefied cargoes	45,951,734.67	55,511,425.22
Others	63,376,860.44	52,078,832.91
	4,222,174,986.56	4,341,184,427.81

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

The revenue recognized by the Company in 2022 included in the book value of the contract liabilities at the beginning of the year was RMB492,278,206.33 (2021: RMB431,460,755.28).

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

	2022	2021
Within 1 year	351,074,848.06	483,498,307.74
Above one year	21,269,293.79	38,603,766.22
	372,344,141.85	522,102,073.96

5. Investment Income

	2022	2021
Dividend income on other equity instruments investments held	-	651,600.00
Income from long-term equity investments under equity method	215,848,823.89	167,942,631.62
	215,848,823.89	168,594,231.62

1. SCHEDULE OF EXTRAORDINARY PROFIT AND LOSS

	Amount for 2022	Amount for 2021
Gain/(Loss) on disposal of non-current assets	(4,756,832.99)	780,756.58
Government grants credited to profit or loss for the current period	83,739,609.23	54,248,209.72
Gain on entrusted investment or asset management	-	761.45
Donation expenses	(432,319.04)	(473,938.47)
Other non-operating income and expenses	4,080,155.92	3,502,767.87
Sub-total	82,630,613.12	58,058,557.15
Less: Effect of income tax	20,657,653.28	14,514,258.56
Less: Effect of non-controlling interests (after tax)	4,092,316.57	(478,473.27)
	57,880,643.27	44,022,771.86

The Group recognizes non-recurring profit and loss according to Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Their Securities to the Public – Non-recurring Profit and Loss (CSRC Announcement [2008] No. 43).

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

The calculation sheet of return on net assets and earnings per share was prepared by the Company in accordance with the requirements of Rule No. 9 of the Rules for Information Disclosure and Reporting of Companies Offering Their Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) promulgated by the China Securities Regulatory Commission.

2022

	Weighted Average Return on Net Assets (%)	Earnings Per Share	
		Basic	Diluted
Net profit for the year attributable to ordinary shareholders of the Company	7.84	0.23	0.23
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	7.49	0.22	0.22

2021

	Weighted Average Return on Net Assets (%)	Earnings Per Share	
		Basic	Diluted
Net profit for the year attributable to ordinary shareholders of the Company	6.64	0.19	0.19
Net profit attributable to the ordinary shareholders of the Company after deducting non-recurring gains and losses	6.36	0.18	0.18

DOCUMENTS AVAILABLE FOR INSPECTION

Documents Available for Inspection

Financial statements signed and affixed with the seal by the responsible person, person in charge of accounting and head of the accounting department of the Company

Originals of the Audit Report affixed with the seal by certified public accountants firm and signed and affixed with the seal by certified public accountants

Originals of all documents and manuscripts of announcements publicly disclosed by the Company in website designated by the CSRC during the Reporting Period