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## **Qingdao Port International Co., Ltd.**

**青島港國際股份有限公司**

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

**(Stock Code: 06198)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

#### **FINANCIAL HIGHLIGHTS**

For the six months ended 30 June 2023:

- Net profit attributable to shareholders of the Company was RMB2,564 million, representing an increase of 10.9% as compared to the same period in the prior year; and
- Investment income from joint ventures and associated companies amounted to RMB763 million, representing an increase of 17.8% as compared to the same period in the prior year;
- Basic earnings per share was RMB0.39.

The Board is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2023. The interim results have been reviewed by the audit committee of the Board. The Group's unaudited interim consolidated balance sheet, unaudited interim consolidated income statement and the notes 1 to 11 as presented below are extracted from the Group's unaudited interim consolidated financial information for the six months ended 30 June 2023.

## CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2023

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2023 (Unaudited)	31 December 2022 (Restated)
<b>Current assets</b>			
Cash at bank and on hand		10,630,778,312	9,183,323,879
Financial assets held for trading		604,898,333	999,864,829
Notes receivable		99,043,785	96,070,105
Accounts receivable	4	2,296,413,078	2,016,471,556
Financing receivables		337,366,773	280,619,222
Advances to suppliers		111,268,968	126,266,656
Other receivables		831,304,666	852,817,484
Inventories		40,917,335	54,146,549
Contract assets		56,733,062	123,966,449
Current portion of non-current assets		2,714,386	2,717,391
Other current assets		92,780,104	141,272,926
<b>Total current assets</b>		<b>15,104,218,802</b>	<b>13,877,537,046</b>
<b>Non-current assets</b>			
Long-term receivables		32,141,987	32,141,987
Long-term equity investments		14,011,651,110	12,888,086,094
Other non-current financial assets		393,840,402	393,840,402
Investment properties		136,402,901	145,666,381
Fixed assets		22,939,777,567	22,183,661,213
Construction in progress		2,299,640,027	2,491,929,634
Right-of-use assets		583,584,935	629,604,435
Intangible assets		3,179,823,815	3,202,177,728
Development expenses		38,582,831	30,804,841
Goodwill		48,683,209	48,683,209
Long-term prepaid expenses		75,181,125	75,685,037
Deferred tax assets		909,416,454	960,815,313
Other non-current assets		509,505,237	515,259,386
<b>Total non-current assets</b>		<b>45,158,231,600</b>	<b>43,598,355,660</b>
<b>TOTAL ASSETS</b>		<b>60,262,450,402</b>	<b>57,475,892,706</b>

**CONSOLIDATED BALANCE SHEET (CONT'D)****AS AT 30 JUNE 2023**

(All amounts in RMB Yuan unless otherwise stated)

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Note</b>	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Restated)</b>
<b>Current liabilities</b>			
Short-term borrowings		530,118,974	269,088,147
Notes payable		705,382,372	1,034,898,039
Accounts payable	5	1,497,270,589	1,435,308,348
Advances from customers		31,621,657	9,224,728
Contract liabilities		362,279,067	273,592,129
Employee benefits payable		660,306,857	631,271,564
Taxes payable		376,009,684	306,380,839
Other payables		5,906,279,451	3,985,877,916
Current portion of non-current liabilities		576,479,802	720,194,743
Other current liabilities		27,055,612	21,117,185
<b>Total current liabilities</b>		<b>10,672,804,065</b>	<b>8,686,953,638</b>
<b>Non-current liabilities</b>			
Long-term borrowings		1,731,596,340	1,542,527,600
Lease liabilities		395,220,877	482,364,123
Long-term payables		394,703,587	374,006,498
Provisions		30,844,000	30,844,000
Deferred income		312,706,178	323,941,118
Long-term employee benefits payable		2,457,280,000	2,426,440,000
Deferred tax liabilities		49,454,504	50,374,062
Other non-current liabilities		2,180,965,835	2,281,541,172
<b>Total non-current liabilities</b>		<b>7,552,771,321</b>	<b>7,512,038,573</b>
<b>Total liabilities</b>		<b>18,225,575,386</b>	<b>16,198,992,211</b>
<b>Shareholders' equity</b>			
Share capital		6,491,100,000	6,491,100,000
Capital surplus		11,889,480,907	11,878,388,652
Other comprehensive income		(130,784,753)	(43,501,228)
Specific reserve		25,435,223	12,449,939
Surplus reserve		2,419,818,733	2,419,818,733
Undistributed profits		17,456,754,331	16,641,280,437
Total equity attributable to shareholders of the Company		38,151,804,441	37,399,536,533
Minority interests		3,885,070,575	3,877,363,962
<b>Total Shareholders' equity</b>		<b>42,036,875,016</b>	<b>41,276,900,495</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>60,262,450,402</b>	<b>57,475,892,706</b>

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited) (Restated)
<b>1. Revenue</b>	7	9,157,526,190	9,946,339,818
Less: Cost of sales	7	(5,781,389,194)	(6,781,515,883)
Taxes and surcharges	8	(79,789,217)	(74,309,297)
Selling and distribution expenses		(69,072,948)	(25,388,262)
General and administrative expenses		(496,909,039)	(452,139,186)
Research and development expenses		(50,752,626)	(55,906,928)
Financial expenses		(52,767,006)	124,140,789
Including: Interest expenses		79,019,717	78,607,649
Interest income		59,101,367	185,702,570
Add: Other income		58,991,626	102,559,170
Investment income		782,224,533	684,614,746
Including: Investment income from associates and joint ventures		762,711,885	647,398,403
Gains on changes in fair value		(1,018,336)	(326,550)
Credit impairment losses		57,780,724	(32,993,389)
Asset impairment losses		912,911	(6,104,068)
Gains on disposal of assets		4,906,263	1,364,270
<b>2. Operating profit</b>		3,530,643,881	3,430,335,230
Add: Non-operating income		2,023,367	6,872,134
Less: Non-operating expenses		(270,718)	(8,389,398)
<b>3. Total profit</b>		3,532,396,530	3,428,817,966
Less: Income tax expenses	9	(664,890,289)	(715,172,063)
<b>4. Net profit</b>		2,867,506,241	2,713,645,903
Including: Net profit of the acquiree in a business combination under common control before the combination date		-	(5,675,058)
Classified by continuity of operations			
Net profit from continuing operations		2,867,506,241	2,528,248,884
Net profit from discontinued operations		-	185,397,019
Classified by ownership of the equity			
Minority interests		303,979,117	401,056,418
Attributable to shareholders of the Company		2,563,527,124	2,312,589,485

**CONSOLIDATED INCOME STATEMENT (CONT'D)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited) (Restated)
<b>5. Other comprehensive income, net of tax</b>		(90,050,693)	13,950,150
Attributable to shareholders of the Company, net of tax			
Other comprehensive income items which will not be subsequently reclassified to profit or loss			
Changes in remeasurement of defined benefit plan obligations		(95,392,832)	-
Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss		-	2,401,000
Other comprehensive income items which will be subsequently reclassified to profit or loss			
Changes in fair value of other debt investments		-	8,084,405
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss		8,109,307	-
Attributable to minority shareholders, net of tax		(2,767,168)	3,464,745
<b>6. Total comprehensive income</b>		2,777,455,548	2,727,596,053
Attributable to shareholders of the Company		2,476,243,599	2,323,074,890
Attributable to minority interests		301,211,949	404,521,163
<b>7. Earnings per share</b>	10		
Basic earnings per share (RMB)		0.39	0.36
Diluted earnings per share (RMB)		0.39	0.36

## Notes

### 1 General Information of the Company

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

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

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

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

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

As at 30 June 2023, the total share capital of the Company was 6,491,100,000 shares with a par value of RMB1.00 per share, including 5,392,075,000 A shares and 1,099,025,000 H shares, accounting for 83.07% and 16.93% of the total share capital of the Company, respectively, among which, Qingdao Port Group held 55.77% equity interests of the Company in total, directly and indirectly (as at 30 June 2023, Qingdao Port Group participated in the refinancing business and lent its 3,700,000 outstanding shares of the Company with no trading restrictions to China Securities Finance Co., Ltd., without any transfer of ownership).

## **1 General Information (Cont'd)**

The scope of business of the Group includes port and port-related business such as stevedoring, stacking, logistics of containers, metal ores, coal, crude oil, grains and break bulk cargo, and port ancillary business such as building construction, supplying electricity and fuel.

## **2 Preparation basis of financial statements**

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

The financial statements are prepared on a going concern basis.

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

### **(1) Preparation basis of consolidated financial statements**

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

## **2 Preparation basis of financial statements (Cont'd)**

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

### **(2) Preparation basis of the Company's financial statements**

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

## **3 Significant changes in accounting policies**

The Ministry of Finance released *the Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises* (the “**Interpretation No. 16**”) in 2022. In preparing the interim financial statements for the six months ended 30 June 2023, the Group and the Company chose to adopt the accounting treatment provision that deferred income tax related to assets and liabilities arising from single transactions is an exemption from the initial recognition exemption stipulated in Interpretation No. 16 from 1 January 2023, and adopted retrospective adjustment method for retained earnings at the beginning of 2022 and other relevant financial statement line items. The comparative financial statements for the year ended 31 December 2022 have been restated accordingly, and the impacts are as follows:

### 3 Significant changes in accounting policies (Cont'd)

Accounting treatment of exemption from the initial recognition exemption of deferred income tax related to assets and liabilities arising from the single transaction:

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected	
		1 January 2022	
		The Group	The Company
For equal taxable temporary differences and deductible temporary differences arising from lease transactions initially recognised as lease liabilities and included in right-of-use assets at the lease commencement date, the Group and the Company recognised them as deferred tax liabilities and deferred tax assets.	Deferred tax assets/ (liabilities)	(3,292,974)	533,635
	Undistributed profits	3,269,896	(533,635)
	Minority interests	23,078	-
		31 December 2022	
		The Group	The Company
	Deferred tax assets/ (liabilities)	(17,655)	316,405
	Undistributed profits	204,748	(316,405)
	Minority interests	(187,093)	-
		From January to June 2022	
		The Group	The Company
	Income tax expenses	(1,662,226)	(5,061,210)

#### 4 Accounts receivable

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	
Accounts receivable	2,431,327,272	2,224,386,597
Less: Bad debt provision	<u>(134,914,194)</u>	<u>(207,915,041)</u>
<b>Total</b>	<b><u>2,296,413,078</u></b>	<b><u>2,016,471,556</u></b>

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

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	
Within 1 year	2,283,616,361	1,950,153,368
1 to 2 years	90,878,172	64,235,583
2 to 3 years	27,954,029	70,560,834
Over 3 years	<u>28,878,710</u>	<u>139,436,812</u>
<b>Total</b>	<b><u>2,431,327,272</u></b>	<b><u>2,224,386,597</u></b>

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

## 5 Accounts payable

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	
Subcontract handling expenses payable	331,148,860	220,621,741
Agency fee payable	300,009,555	285,090,103
Material expenditure payable	224,428,487	270,417,932
Transportation expenses payable	170,428,977	217,304,802
Repair expenses payable	165,034,583	174,323,112
Subcontract costs payable	80,472,656	100,713,236
Rental expenses payable	68,781,904	40,165,079
Warehousing expenses payable	65,638,309	34,582,520
Others	91,327,258	92,089,823
<b>Total</b>	<u>1,497,270,589</u>	<u>1,435,308,348</u>

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	
Within 1 year	1,402,580,882	1,327,397,208
Over 1 year	94,689,707	107,911,140
<b>Total</b>	<u>1,497,270,589</u>	<u>1,435,308,348</u>

As at 30 June 2023, accounts payable over one year amounted to RMB94,689,707 (31 December 2022: RMB107,911,140), which were mainly subcontract costs and repair expenses payable without final clearing for the unsettled constructions.

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

## 6 Dividends

According to the resolution of the Board on 29 March 2023 and the resolution of the annual general meeting of the Company on 6 June 2023, the Company intended to distribute cash dividend for 2022 to all shareholders with RMB269.3 (tax inclusive) for per thousand shares. Based on the 6,491,100,000 shares issued, the proposed cash dividend is RMB1,748.0532 million (tax inclusive).

For the six months ended 30 June 2023, the Board has not declared to distribute interim dividends (for the six months ended 30 June 2022: nil).

## 7 Revenue and cost of sales

	<b>Six months ended 30 June 2023 (Unaudited)</b>	<b>Six months ended 30 June 2022 (Unaudited)</b>
Revenue from main operations	8,452,159,742	9,115,064,900
Revenue from other operations	705,366,448	831,274,918
	<u>9,157,526,190</u>	<u>9,946,339,818</u>
	<b>Six months ended 30 June 2023 (Unaudited)</b>	<b>Six months ended 30 June 2022 (Unaudited)</b>
Cost of sales from main operations	(5,324,551,784)	(6,186,884,208)
Cost of sales from other operations	(456,837,410)	(594,631,675)
	<u>(5,781,389,194)</u>	<u>(6,781,515,883)</u>

## 8 Taxes and surcharges

	<b>Six months ended 30 June 2023 (Unaudited)</b>	<b>Six months ended 30 June 2022 (Unaudited)</b>
Land use tax	36,237,725	33,919,897
City maintenance and construction tax	12,157,840	13,421,290
Property tax	11,656,247	6,320,065
Educational surcharge	8,684,171	9,605,791
Stamp duty	4,410,383	4,962,733
Others	6,642,851	6,079,521
	<u>79,789,217</u>	<u>74,309,297</u>

## 9 Income tax expenses

	<b>Six months ended 30 June 2023 (Unaudited)</b>	<b>Six months ended 30 June 2022 (Unaudited) (Restated)</b>
Current income tax calculated based on tax law and related regulations	615,773,722	710,279,429
Deferred income tax	49,116,567	4,892,634
	<u>664,890,289</u>	<u>715,172,063</u>

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

	<b>Six months ended 30 June 2023 (Unaudited)</b>	<b>Six months ended 30 June 2022 (Unaudited) (Restated)</b>
Total profit	<u>3,532,396,530</u>	<u>3,428,817,966</u>
Income tax expenses calculated at applicable tax rates	883,099,133	857,204,492
The effect of preferential tax rates	(51,133,593)	(947,309)
Investment income not subject to tax	(190,677,971)	(161,849,601)
Additional deduction of employee benefits of the disabled	(473,739)	(506,748)
Costs, expenses and losses not deductible for tax purposes	19,942,532	21,631,785
Deductible losses not recognized as deferred tax assets in the current period	3,787,930	730,227
Utilisation of previously unrecognised deductible losses	(1,804,262)	(2,969,031)
Deductible temporary differences not recognized as deferred tax assets in the current period	<u>2,150,259</u>	<u>1,878,248</u>
Income tax expenses	<u>664,890,289</u>	<u>715,172,063</u>

## 10 Earnings per share

### (1) Basic earnings per share

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

	<b>Six months ended 30 June 2023 (Unaudited)</b>	<b>Six months ended 30 June 2022 (Unaudited) (Restated)</b>
Consolidated net profit attributable to ordinary shareholders of the Company	2,563,527,124	2,312,589,485
Weighted average number of ordinary shares outstanding	<u>6,491,100,000</u>	<u>6,491,100,000</u>
Basic earnings per share	<u>0.39</u>	<u>0.36</u>

Including:

- Basic earnings per share from continuing operations	0.39	0.34
- Basic earnings per share from discontinued operations	-	0.02

### (2) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil), diluted earnings per share was equal to basic earnings per share.

## 11 Segment information

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

The Group identified five reportable segments as follows:

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

*Note: Shandong Port Finance Company was changed from a subsidiary of the Company to an associated company in the year 2022, and the Group no longer listed the financial segment from the reporting period.*

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

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

## 11 Segment information (Cont'd)

(1) Segment information for the six months ended 30 June 2023 and as at 30 June 2023 is listed as follows (Unaudited):

	Container handling and ancillary services	Metal ore, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary port services	Logistics and port value-added services	Port ancillary services	Unallocated	Elimination among segments	Total
Revenue from external customers	601,136,120	2,137,401,727	2,031,383,431	3,599,819,866	787,785,046	-	-	9,157,526,190
Inter-segment revenue	84,263,571	84,338,949	71,367,342	43,213,039	544,234,442	-	(827,417,343)	-
External cost of sales	(125,771,534)	(1,624,188,854)	(767,002,965)	(2,735,696,585)	(528,729,256)	-	-	(5,781,389,194)
Inter-segment cost of sales	(84,263,571)	(93,136,518)	(85,461,397)	(42,167,081)	(493,917,516)	-	798,946,083	-
Interest income	3,568,518	3,285,495	12,170,105	15,232,420	5,187,954	19,656,875	-	59,101,367
Interest expenses	(12,207,793)	(35,238,952)	(70,740,086)	(10,870,410)	(543,558)	(3,279,641)	53,860,723	(79,019,717)
Investment income from associates and joint ventures	478,833,716	14,541,543	139,379,913	43,611,574	95,266,087	(15,392,498)	6,471,550	762,711,885
Other investment income	3,616,381	-	-	(73,305)	5,401,724	64,428,571	(53,860,723)	19,512,648
Asset impairment losses	-	-	192,558	-	720,353	-	-	912,911
Credit impairment losses	-	(529,001)	1,635,961	(18,010,682)	74,684,446	-	-	57,780,724
Depreciation of right-of-use assets	-	(2,380,851)	(10,445,911)	(42,811,934)	(1,752,885)	(17,679,276)	-	(75,070,857)
Depreciation and amortization	(33,234,706)	(155,266,848)	(267,423,244)	(67,078,020)	(115,604,019)	(27,648,358)	-	(666,255,195)
Total Profit	880,056,629	329,071,422	1,290,702,639	784,851,383	359,589,178	(89,875,011)	(21,999,710)	3,532,396,530
Income tax expenses	(85,621,146)	(18,706,607)	(206,120,687)	(177,983,647)	(47,869,722)	(128,588,480)	-	(664,890,289)
Net Profit	794,435,483	310,364,815	1,084,581,952	606,867,736	311,719,456	(218,463,491)	(21,999,710)	2,867,506,241
Total assets	10,794,632,306	10,716,141,839	17,072,855,258	7,356,203,424	7,857,825,352	9,742,888,586	(3,278,096,363)	60,262,450,402
Total liabilities	1,096,445,149	5,277,235,847	5,442,498,252	2,231,671,843	3,893,480,639	3,579,096,910	(3,294,853,254)	18,225,575,386
Non-cash expenses other than depreciation and amortization	736,751	22,398,099	8,143,363	11,678,673	6,279,065	2,545,518	-	51,781,469
Long-term equity investments in associates and joint ventures	7,122,921,740	1,209,507,139	2,408,192,266	640,172,233	2,355,278,736	275,578,996	-	14,011,651,110
Additions of non-current assets (i)	1,049,813	444,808,975	670,020,685	40,237,804	117,306,036	8,308,915	(40,072,138)	1,241,660,090

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

## 11 Segment information (Cont'd)

(2) Segment information for the six months ended 30 June 2022 and as at 31 December 2022 is listed as follows (Unaudited) (Restated):

(a) Segment information for the six months ended 30 June 2022

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary port services	Logistics and port value-added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Revenue from external customers	534,367,483	2,048,236,158	1,832,636,043	4,275,870,067	1,255,230,067	173,831,356	-	-	10,120,171,174
Inter-segment revenue	31,254,495	40,033,277	36,777	5,331,211	453,750,549	78,154,539	-	(608,560,848)	-
External cost of sales	(162,541,239)	(1,600,206,879)	(643,259,693)	(3,416,775,376)	(958,732,696)	(35,872,667)	-	-	(6,817,388,550)
Inter-segment cost of sales	(31,254,495)	(40,033,277)	(36,777)	(5,331,211)	(42,310,312)	(408,361,796)	-	527,327,868	-
Interest income	1,531,925	2,165,628	10,931,833	7,384,899	2,519,604	-	29,647,637	(42,310,312)	11,871,214
Interest expenses	(12,172,439)	(38,909,324)	(83,587,110)	(28,515,349)	(12,881,156)	-	(3,242,984)	136,573,380	(42,734,982)
Investment income from associates and joint ventures	463,789,560	(5,065,351)	151,112,783	36,941,536	14,099,371	7,703,223	(25,420,591)	4,237,872	647,398,403
Other investment income	-	-	-	-	(1,070,212)	26,125,555	72,145,413	(59,984,413)	37,216,343
Asset impairment losses	-	-	-	-	(6,104,068)	-	-	-	(6,104,068)
Credit impairment losses	(26,532)	5,992,193	(21,316,345)	(27,115,328)	(16,885,270)	26,357,893	-	-	(32,993,389)
Depreciation of right-of-use assets	-	-	-	(36,768,507)	(18,225,845)	-	-	-	(54,994,352)
Depreciation and amortisation	(26,473,145)	(156,019,229)	(197,610,821)	(63,873,854)	(114,431,855)	(990,132)	(19,282,329)	-	(578,681,365)
Total Profit	801,715,446	272,656,105	1,243,082,105	753,734,220	211,652,587	226,200,755	(37,573,675)	(42,649,577)	3,428,817,966
Income tax expenses	(64,059,790)	(9,446,603)	(244,633,904)	(143,486,915)	(5,951,246)	(61,978,895)	(185,614,710)	-	(715,172,063)
Net Profit	737,655,656	263,209,502	998,448,201	610,247,305	205,701,341	164,221,860	(223,188,385)	(42,649,577)	2,713,645,903
Non-cash expenses other than depreciation and amortisation	1,330,000	40,242,087	20,157,757	23,515,322	11,455,624	-	13,573,488	-	110,274,278
Additions of non-current assets (i)	5,117,150	998,975,092	1,486,723,917	108,308,252	512,013,107	136,032	276,533,346	(24,767,691)	3,363,039,205

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

## 11 Segment information (Cont'd)

(2) Segment information for the six months ended 30 June 2022 and as at 31 December 2022 is listed as follows (Unaudited) (Restated):

(b) Segment information as at 31 December 2022 is listed as follows

	Container handling and ancillary services	Metal ores, coal and other cargo handling and ancillary services	Liquid bulk handling and ancillary port services	Logistics and port value- added services	Port ancillary services	Financial services	Unallocated	Elimination among segments	Total
Total assets	10,807,397,032	10,323,963,035	15,310,287,982	6,519,350,437	7,234,836,265	1,898,484,081	8,949,763,295	(3,568,189,421)	57,475,892,706
Total liabilities	906,056,959	4,295,119,903	5,143,386,223	2,204,994,351	3,914,303,464	-	3,245,690,805	(3,510,559,494)	16,198,992,211
Long-term equity investments in associates and joint ventures	6,640,226,239	1,198,818,922	1,905,358,893	606,784,313	447,442,152	1,798,484,081	290,971,494	-	12,888,086,094

## 11 Segment information (Cont'd)

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

	<b>Six months ended 30 June 2023 (Unaudited)</b>	<b>Six months ended 30 June 2022 (Unaudited)</b>
Revenue –		
Reportable segment revenue from external customers	9,157,526,190	10,120,171,174
Reclassification of interest income, from external customers of Shandong Port Finance Company (i)	—	(173,831,356)
Consolidated revenue	<u>9,157,526,190</u>	<u>9,946,339,818</u>
Interest income –		
Reportable segment interest income	59,101,367	11,871,214
Reclassification of interest income, from external customers of Shandong Port Finance Company (i)	—	173,831,356
Consolidated interest income	<u>59,101,367</u>	<u>185,702,570</u>
Cost of sales –		
Reportable segment cost of sales	5,781,389,194	6,817,388,550
Reclassification of interest expenses, from external customers of Shandong Port Finance Company (ii)	—	(35,872,667)
Consolidated cost of sales	<u>5,781,389,194</u>	<u>6,781,515,883</u>
Interest expenses –		
Reportable segment interest expenses	79,019,717	42,734,982
Reclassification of interest expenses, from external customers of Shandong Port Finance Company (ii)	—	35,872,667
Consolidated interest expenses	<u>79,019,717</u>	<u>78,607,649</u>

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

(ii) Reportable segment cost of sales includes interest expense of Shandong Port Finance Company, which is presented as financial expenses - interest expense in the consolidated financial statements.

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **I. INTERNATIONAL AND DOMESTIC SITUATION**

#### **1. General Situation**

In the first half of 2023, the political and economic situations in the world have remained complex, the domestic economy and society have returned to normal operation in all aspects, macro policies have made clear and positive impacts, the national economy has picked up to make steady progress in high-quality development, and the gross domestic product (GDP) increased by 5.5% year-on-year. In the first half of 2023, the total value of imports and exports of cargo increased by 2.1% year-on-year, the total value of imports and exports of general cargo increased by 4% year-on-year, accounting for 65.5% of the total value of imports and exports with 1.2 percentage points higher than that in the same period of last year (source: National Bureau of Statistics).

#### **2. Operation of the Port Industry**

In the first half of 2023, cargo throughput of the coastal ports in China increased by 7.3% year-on-year, among which, the container throughput steadily increased by 4.2% year-on-year (source: Ministry of Transport of the PRC). In the first half of 2023, the port of Qingdao ranked fourth and third among the national coastal ports in China in terms of cargo throughput and container throughput, respectively, and continued to rank second among the coastal ports in China and first among northern ports in China in terms of foreign trade throughput (source: Ministry of Transport of the PRC).

### **II. REVIEW OF BUSINESS AND FINANCIAL RESULTS OF THE GROUP**

#### **1. Overall Review**

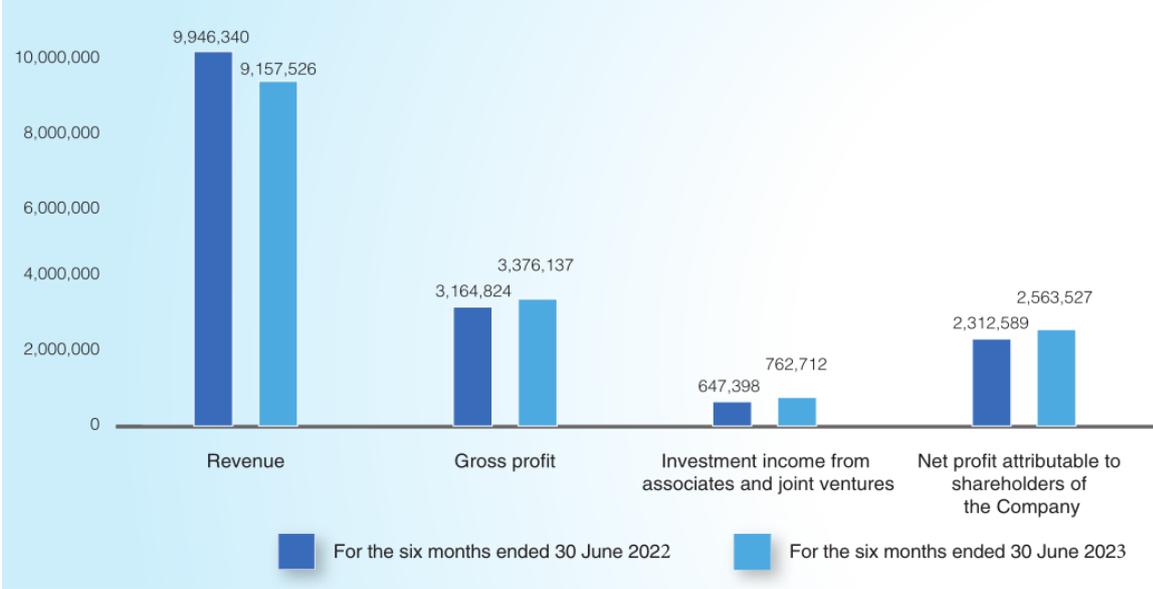
Since the year of 2023, in the face of the severe and complex international situation, the Group has focused on the core port business, coordinated port resources, gave full play to the advantages of integration development of Shandong ports, seized the opportunity of policies such as the Shandong Free Trade Zone, the Shanghai Cooperation Demonstration Zone and the RCEP pilot demonstration zone, continued to open shipping lines, expand the shipping space and promote transshipment services seawards and to open more freight trains, construct inland ports and expand cargo source landwards, accelerated the new development pattern of “the domestic circulation as the mainstay and the domestic and international circulations reinforcing each other”, maintained steady growth in operating performance and further improved the port’s radiation capacity, and thus, the Group’s position as the “estuary” of the Yellow River basin and a “bridgehead” in opening up has been further cemented and its hub status has been further enhanced.

For the six months ended 30 June 2023, the cargo throughput of the Group (without taking into account the respective shareholding percentages held by the Company in its joint ventures and associated companies) reached 332.29 million tons, representing an increase of 5.4% year-on-year; the container throughput reached 14.52 million TEUs, representing an increase of 11.6% year-on-year.

The details of major operating indicators were as follows :

**Comparison of Major Operating Results Indicators**

*Unit: RMB'000*



For the six months ended 30 June 2023, the Group recorded a revenue of RMB9,158 million, representing a decrease of RMB789 million, or 7.9%, as compared to the same period in the prior year, mainly due to the decrease in the revenue from freight forwarding business of the logistics and port value-added services segment arising from reduction of ocean freight rates.

For the six months ended 30 June 2023, the Group recorded a gross profit of RMB3,376 million, representing an increase of RMB211 million, or 6.7%, as compared to the same period in the prior year, mainly due to the increase in the gross profit from the container handling and ancillary services segment, and metal ore, coal and other cargo handling and ancillary services segment.

For the six months ended 30 June 2023, the Group’s investment income from joint ventures and associated companies amounted to RMB763 million, representing an increase of RMB115 million, or 17.8%, as compared to the same period in the prior year, mainly due to the increase in the investment income from the port ancillary services segment and metal ore, coal and other cargo handling and ancillary services segment.

For the six months ended 30 June 2023, the financial expenses of the Group amounted to RMB53 million, representing an increase of RMB177 million, or 142.5%, as compared to the same period in the prior year, mainly due to a decrease in net interest income due to that Shandong Port Finance Company changed into an associated company in the second half of 2022, and a decrease in exchange gains arising from the decrease of US dollars held during the reporting period.

For the six months ended 30 June 2023, the Group recorded a net profit attributable to shareholders of the Company of RMB2,564 million, representing an increase of RMB251 million, or 10.9%, as compared to the same period in the prior year, mainly due to the increase in the profit from the container handling and ancillary services segment, and metal ore, coal and other cargo handling and ancillary services segment.

## 2. Segment Review

The business segment results (total profit) of the Group were listed as follows:

### Proportion of Each Business Segment Results

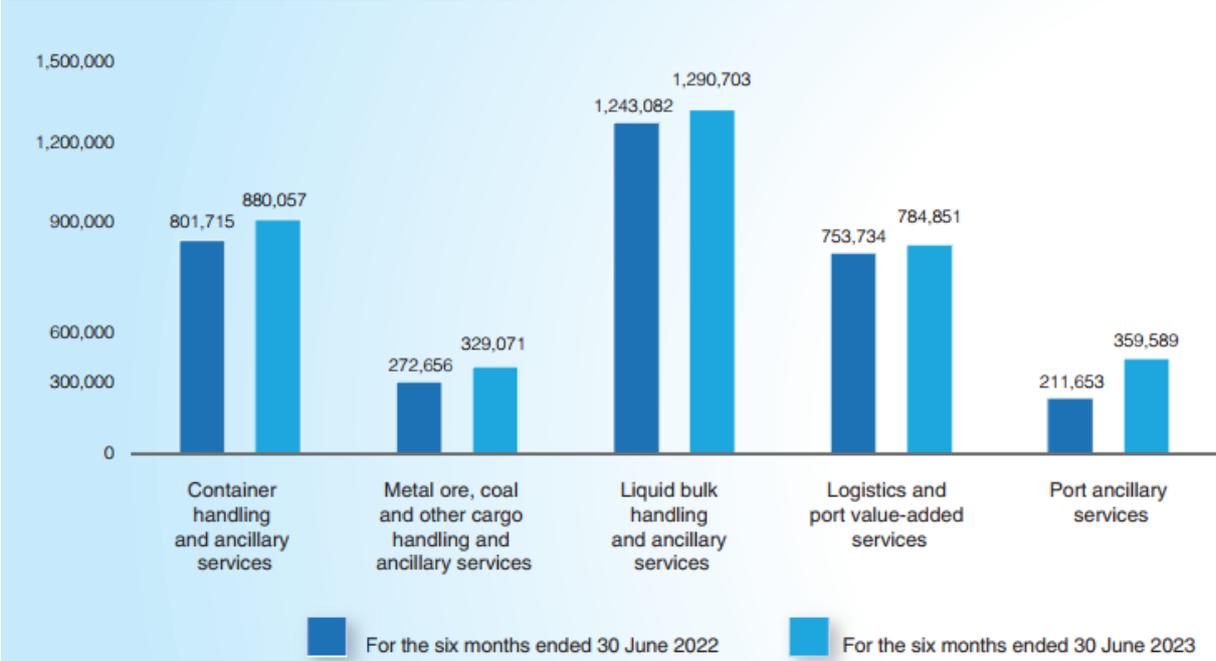
*Unit: RMB'000*

Business Segments	2023		2022		Percentage Changed
	Amount	Proportion	Amount	Proportion	
Container handling and ancillary services	<b>880,057</b>	<b>24.2%</b>	801,715	22.9%	9.8%
Metal ore, coal and other cargo handling and ancillary services	<b>329,071</b>	<b>9.0%</b>	272,656	7.8%	20.7%
Liquid bulk handling and ancillary services	<b>1,290,703</b>	<b>35.4%</b>	1,243,082	35.4%	3.8%
Logistics and port value-added services	<b>784,851</b>	<b>21.5%</b>	753,734	21.5%	4.1%
Port ancillary services	<b>359,589</b>	<b>9.9%</b>	211,653	6.0%	69.9%
Financial services	-	-	226,201	6.4%	-100.0%
Total results before inter-segment elimination	<b>3,644,271</b>	<b>100.0%</b>	3,509,041	100.0%	3.9%

Note: Shandong Port Finance Company was changed from a subsidiary of the Company to an associated company in the year 2022, and the Group no longer listed the financial segment from the reporting period, the investment income from Shandong Port Finance Company was consolidated into the port ancillary services segment.

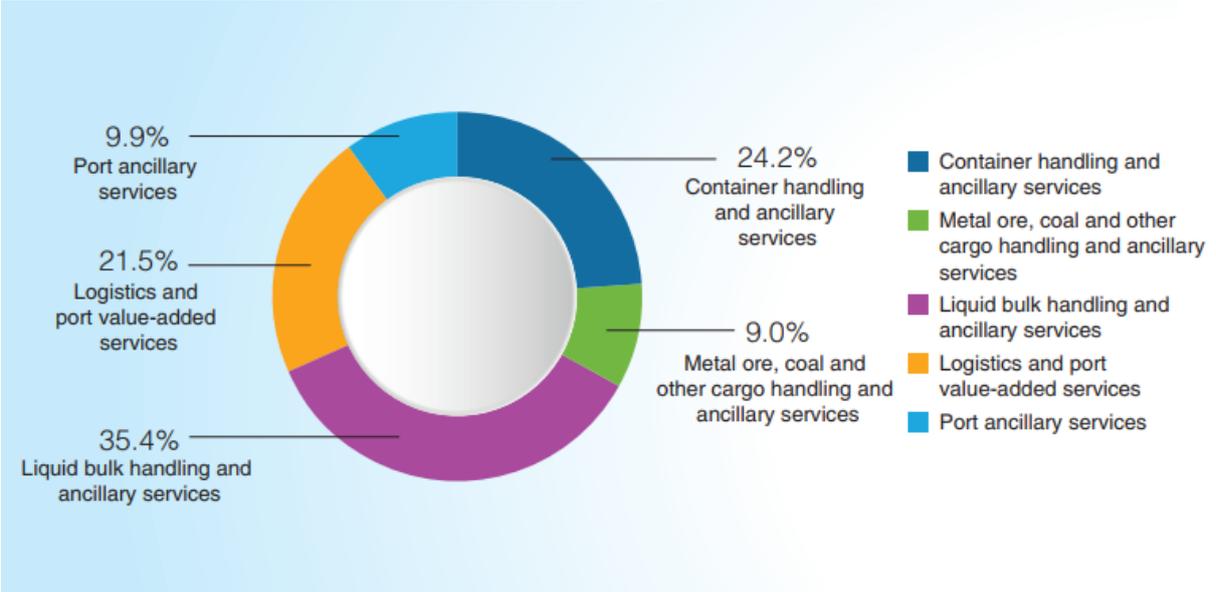
**Comparison of Each Business Segment Results**

Unit: RMB'000



**Breakdown of each business segment for the six months ended 30 June 2023**

Unit: RMB'000



The business segment results were specifically as follows:

**(1) Container handling and ancillary services**

*Unit: RMB'000*

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2023	2022		
<b>Consolidated Group Companies</b>				
Revenue	<b>601,136</b>	534,367	66,769	12.5%
Cost of sales	<b>125,772</b>	162,541	-36,769	-22.6%
Gross profit	<b>475,364</b>	371,826	103,538	27.8%
<b>Profit of Consolidated Group</b>				
<b>Companies</b>	<b>401,223</b>	337,925	63,298	18.7%
<b>A Joint Venture and An</b>				
<b>Associated Company</b>				
Revenue	<b>2,642,999</b>	2,494,164	148,835	6.0%
Cost of sales	<b>1,026,294</b>	1,000,551	25,743	2.6%
<b>Investment Income from A Joint</b>				
<b>Venture and An Associated</b>				
<b>Company</b>	<b>478,834</b>	463,790	15,044	3.2%
<b>Segment Result</b>	<b>880,057</b>	801,715	78,342	9.8%

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

For the six months ended 30 June 2023, the Group insisted on strengthening cooperation with shipping companies, optimizing shipping line layout, deepening coordination between customs and ports, and strengthening land-port linkage. The main breakthroughs achieved were as follows:

- a. the Group continued to expand the route network with shipping companies and opened up 15 container lines in the first half of 2023, focusing on creating two major boutique route groups including the route of “OBOR” and RCEP, and direct ocean route to Europe and the America. The Group’s transshipment volume increased by 10.1% year-on-year, the handling volume of empty containers increased by 17% year-on-year, accelerating the construction of international hub port;

- b. the Group leveraged on the advantages of land-sea linkage, continued to expand land channels, added up 4 inland ports, opened 2 sea-rail intermodal trains to accomplish sea-rail intermodal containers of 1.15 million TEUs with an increase of 18.6% year-on year; and
- c. the Group continued to optimize operational processes and improve production efficiency, and the container berthing efficiency increased by 15.3% year-on-year in the first half of 2023.

For the six months ended 30 June 2023, the revenue of container handling and ancillary services was RMB601 million, representing an increase of RMB67 million, or 12.5%, as compared with the same period in the prior year, the segment recorded results of RMB880 million, representing an increase of RMB78 million, or 9.8%, as compared with the same period in the prior year, mainly due to the increase in revenue and profit benefiting from business volume increase. The investment income from the joint venture and the associated company amounted to RMB479 million, representing an increase of RMB15 million, or 3.2%, as compared with the same period in the prior year.

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

*Unit: RMB' 000*

Item	QQCT		Amount Changed	Percentage Changed
	For the six months ended 30 June			
	2023	2022		
Revenue	<b>2,611,102</b>	2,456,004	155,098	6.3%
Cost of sales	<b>1,000,224</b>	968,353	31,871	3.3%
Investment income	<b>60,181</b>	51,407	8,774	17.1%
Total profit	<b>1,255,039</b>	1,197,546	57,493	4.8%
Income tax expenses	<b>292,619</b>	256,859	35,760	13.9%
Net profit attributable to shareholders of the joint venture	<b>947,561</b>	926,593	20,968	2.3%
Shareholding percentage held by the Company	<b>51%</b>	51%	-	-
Investment income of the Group	<b>481,553</b>	465,455	16,098	3.5%

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

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2023	2022		
<b>Consolidated Group Companies</b>				
Revenue	<b>2,137,402</b>	2,048,236	89,166	4.4%
Cost of sales	<b>1,624,189</b>	1,600,207	23,982	1.5%
Gross profit	<b>513,213</b>	448,029	65,184	14.5%
<b>Profit of Consolidated Group Companies</b>				
	<b>314,529</b>	277,721	36,808	13.3%
<b>Joint Ventures and Associated Companies</b>				
Revenue	<b>1,059,854</b>	1,087,988	-28,134	-2.6%
Cost of sales	<b>883,667</b>	976,865	-93,198	-9.5%
<b>Investment Income from Joint Ventures and Associated Companies</b>	<b>14,542</b>	-5,065	19,607	387.1%
<b>Segment Result</b>	<b>329,071</b>	272,656	56,415	20.7%

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

For the six months ended 30 June 2023, the Group strengthened marketing, deepened strategic cooperation with key customers, proactively expanded new hinterland markets and conducted value-added services. The main breakthroughs achieved were as follows:

- a. the Group leveraged on joint marketing to expand the customer group of dry bulk cargo, and developed a total of 19 new customers in the first half of 2023, achieving an increase of cargo supply of more than 1.80 million tons;
- b. the Group gave play to the advantages of large storage capacity in the Dongjiakou port area. In the first half of 2023, the stevedoring volume of the coal exceeded 15 million tons with an increase of 11.3% year-on-year; and

- c. the Group strengthened cooperation with traders and steel mills and increased more than 1.50 million tons from Indian mines with an increase of 55.4% year-on year.

For the six months ended 30 June 2023, the revenue of metal ore, coal and other cargo handling and ancillary services amounted to RMB2,137 million, representing an increase of RMB89 million, or 4.4%, as compared with the same period in the prior year; the investment income from joint ventures and associated companies amounted to RMB15 million, representing an increase of RMB20 million, or 387.1%, as compared with the same period in the prior year, mainly due to that the joint ventures optimized operation process and reduced the cost of cargo moving, etc. to reduce cost and increase profit. The segment recorded results of RMB329 million, representing an increase of RMB56 million, or 20.7%, as compared with the same period in the prior year, mainly due to the increase of production capacity from four berths of Dongjiakou port area which were put into production last year, the increase in the volume of key cargoes, and the cost-saving and consumption-reducing through the optimization of the operational process during the reporting period.

### (3) Liquid bulk handling and ancillary services

*Unit: RMB'000*

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2023	2022		
<b>Consolidated Group Companies</b>				
Revenue	<b>2,031,383</b>	1,832,636	198,747	10.8%
Cost of sales	<b>767,003</b>	643,260	123,743	19.2%
Gross profit	<b>1,264,380</b>	1,189,376	75,004	6.3%
<b>Profit of Consolidated Group</b>				
<b>Companies</b>	<b>1,151,323</b>	1,091,969	59,354	5.4%
<b>Joint Ventures</b>				
Revenue	<b>819,647</b>	838,057	-18,410	-2.2%
Cost of sales	<b>391,664</b>	386,445	5,219	1.4%
<b>Investment Income from Joint</b>	<b>139,380</b>	151,113	-11,733	-7.8%
<b>Ventures</b>				
<b>Segment Result</b>	<b>1,290,703</b>	1,243,082	47,621	3.8%

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

For the six months ended 30 June 2023, the Group continued to release the efficiency of terminals, storage tanks and oil pipelines and other resources and leveraged on service advantages. The main breakthroughs achieved were as follows:

- a. the second phase of crude oil commercial reserve project in Dongjiakou port area was put into operation at the end of 2022, increasing 2.40 million cubic meters of oil storage capacity, and the terminal production capacity continued to be released;
- b. the Group cooperated with traders to struggle for transshipment business to South Korea and improve the efficiency of cargo transshipment, achieving an increase of 3.00 million tons; and
- c. with the advantages of the Shandong Free Trade Zone, Shanghai Cooperation Demonstration Zone and other national policies, the service capacity of ship-fueling has been further improved. The Group achieved the volume of ship-fueling with 2.40 million tons in the first half of 2023, representing an increase of 12.5% year-on-year.

For the six months ended 30 June 2023, the revenue of liquid bulk handling and ancillary services business amounted to RMB2,031 million, representing an increase of RMB199 million, or 10.8%, as compared with the same period in the prior year. The segment recorded results of RMB1,291 million, representing an increase of RMB48 million, or 3.8%, as compared with the same period in the prior year, mainly due to the increase of revenue and profit of handling, storage and oil supply-chain management businesses as the crude oil terminal and the ancillary crude oil commercial reserve project in Dongjiakou port area had been put into operation in recent years and released capacity.

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

*Unit: RMB'000*

Item	Qingdao Shihua			Dongjiakou Oil			Shandong Port Lianhua		
	For the six months ended 30 June			For the six months ended 30 June			For the six months ended 30 June		
	2023	2022	Percentage Changed	2023	2022	Percentage Changed	2023	2022	Percentage Changed
Revenue	<b>738,140</b>	752,891	-1.96%	<b>461,775</b>	379,350	21.73%	<b>749,350</b>	878,060	-14.66%
Cost of sales	<b>347,501</b>	340,800	1.97%	<b>158,106</b>	133,357	18.56%	<b>295,534</b>	281,056	5.15%
Net profit	<b>258,990</b>	282,299	-8.26%	<b>239,478</b>	158,032	51.54%	<b>314,899</b>	431,584	-27.04%
Shareholding percentage held by the Company	<b>50%</b>	50%	-	<b>70%</b>	71%	-1.00%	<b>51%</b>	51%	-
Investment income of the Group	<b>131,723</b>	143,554	-8.24%	-	-	-	-	-	-

#### (4) Logistics and port value-added services

Unit: RMB'000

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2023	2022		
<b>Consolidated Group Companies</b>				
Revenue	<b>3,599,820</b>	4,275,870	-676,050	-15.8%
Cost of sales	<b>2,735,697</b>	3,416,775	-681,078	-19.9%
Gross profit	<b>864,123</b>	859,095	5,028	0.6%
<b>Profit of Consolidated Group Companies</b>				
	<b>741,239</b>	716,792	24,447	3.4%
<b>Joint Ventures and Associated Companies</b>				
Revenue	<b>397,713</b>	359,738	37,975	10.6%
Cost of sales	<b>280,740</b>	275,686	5,054	1.8%
<b>Investment Income from Joint Ventures and Associated Companies</b>				
<b>Segment Result</b>	<b>784,851</b>	753,734	31,117	4.1%

*Note: Amounts of revenue and cost of sales of joint ventures and associated companies represent the total amount of revenue and cost of sales in the financial information of joint ventures and associated companies of the Company providing logistics and port value-added services, without taking into account the respective shareholding percentages held by the Company in those joint ventures and associated companies.*

For the six months ended 30 June 2023, the Group vigorously developed its modern logistics business and overcame the adverse factors such as the downturn in import and export trade, and achieved breakthrough development in market development, project problems, and business innovation. The main breakthroughs achieved were as follows:

- a. the Group strengthened market development, and vigorously developed pulp, rubber and other warehousing business. In the first half of 2023, total inventory achieved a new breakthrough with an increase of 18.3% year-on-year;
- b. the Group actively expanded liner shipping agency business, and in the first half of 2023, the liner operation volume increased by 14.6% year-on-year; and
- c. the Group continued to strengthen cooperation with major shipping companies, coordinate market resources, and consolidate market share. In the first half of 2023, the operation volume of CFS business increased by 4.5% year-on-year.

For the six months ended 30 June 2023, the revenue of logistics and port value-added services business amounted to RMB3,600 million, representing a decrease of RMB676 million, or 15.8%, as compared with the same period in the prior year, mainly due to the decreased revenue of freight forwarding business arising from the decrease of freight rate. The segment recorded results of RMB785 million, representing an increase of RMB31 million, or 4.1%, as compared with the same period in the prior year, mainly due to the increase of handling volume in CFS business and adjustment of business policies.

**(5) Port ancillary services**

*Unit: RMB'000*

Item	For the six months ended 30 June		Amount Changed	Percentage Changed
	2023	2022		
<b>Consolidated Group Companies</b>				
Revenue	<b>787,785</b>	1,255,230	-467,445	-37.2%
Cost of sales	<b>528,729</b>	958,733	-430,004	-44.9%
Gross profit	<b>259,056</b>	296,497	-37,441	-12.6%
<b>Profit of Consolidated Group</b>				
<b>Companies</b>	<b>264,323</b>	197,554	66,769	33.8%
<b>Joint Ventures and Associated</b>				
<b>Companies</b>				
Revenue	<b>2,395,341</b>	953,016	1,442,325	151.3%
Cost of sales	<b>1,668,592</b>	833,961	834,631	100.1%
<b>Investment Income from Joint</b>	<b>95,266</b>	14,099	81,167	575.7%
<b>Ventures and Associated</b>				
<b>Companies</b>				
<b>Segment Result</b>	<b>359,589</b>	211,653	147,936	69.9%

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

For the six months ended 30 June 2023, the revenue of port ancillary services amounted to RMB788 million, representing a decrease of RMB467 million, or 37.2%, as compared with the same period in the prior year, mainly due to a decrease of revenue in port machinery construction business due to that Qingdao Port Equipment changed to an associated company from a subsidiary of the Company at the end of 2022. The revenue and cost of sales of joint ventures and associated companies and investment income from joint ventures and associated companies increased significantly, as compared with the same period in the prior year, mainly due to that Qingdao Port Equipment and Shandong Port Finance Company changed to associated companies from subsidiaries of the Company. The segment recorded results of RMB360 million, representing an increase of RMB148 million, or 69.9%, as compared with the same period in the prior year, mainly due to the increased investment income from Shandong Port Finance Company and Qingdao Port Equipment during the reporting period.

### 3. Financial Position Analysis

*Unit: RMB'000*

<b>Item</b>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>	<b>Amount Changed</b>	<b>Percentage Changed</b>
Financial assets held for trading	<b>604,898</b>	999,865	-394,967	-39.5%
Contract assets	<b>56,733</b>	123,966	-67,233	-54.2%
Short-term borrowings	<b>530,119</b>	269,088	261,031	97.0%
Notes payable	<b>705,382</b>	1,034,898	-329,516	-31.8%
Contract liabilities	<b>362,279</b>	273,592	88,687	32.4%
Other payables	<b>5,906,279</b>	3,985,878	1,920,401	48.2%

As at 30 June 2023, the Group's financial assets held for trading decreased by RMB395 million, or 39.5%, as compared to the beginning of this year, mainly due to the redemption of structured deposit at maturity.

As at 30 June 2023, the Group's contract assets decreased by RMB67 million, or 54.2%, as compared to the beginning of this year, mainly due to the decrease of the amount of receivable in power supply engineering projects which do not meet the collection conditions.

As at 30 June 2023, the Group's short-term borrowings increased by RMB261 million, or 97.0%, as compared to the beginning of this year, mainly due to the increased demand of funds in daily production and operation of Weihai Port Development Company.

As at 30 June 2023, the Group's notes payable decreased by RMB330 million, or 31.8%, as compared to the beginning of this year, mainly due to the payment of notes at maturity.

As at 30 June 2023, the Group's contract liabilities increased by RMB89 million, or 32.4%, as compared to the beginning of this year, mainly due to the increase in account collected in advance for stevedoring operation.

As at 30 June 2023, the Group's other payables increased by RMB1,920 million, or 48.2%, as compared to the beginning of this year, mainly due to the increase of cash dividends declared but not yet paid.

#### **4. Cash Flow Analysis**

For the six months ended 30 June 2023, the Group's net cash inflow amounted to RMB1,341 million, among which:

- (1) the net cash inflow from operating activities amounted to RMB3,040 million, which was mainly derived from the operating profit of the Consolidated Group Companies;
- (2) the net cash outflow from investing activities amounted to RMB1,378 million, which mainly comprised of the net inflow of RMB290 million arising from the purchase of the structured deposit, the interest income of RMB82 million arising from the wealth management and investment, the payment of RMB399 million for external equity investments, the payment of RMB1,479 million arising from the purchase and construction of fixed assets and construction in progress, and the net cash recovery of RMB106 million arising from disposal of equity interests in companies; and
- (3) the net cash outflow from financing activities amounted to RMB333 million, which mainly comprised of absorbing investment from minority shareholders of RMB111 million, the received borrowings of RMB625 million, the repayment of borrowings of RMB384 million, the repayment of debt interests of RMB83 million, the payment of RMB587 million arising from subsidiaries' distribution of dividends.

## **5. Liquidity and Financial Resources**

As at 30 June 2023, the Group's cash at bank and on hand amounted to RMB10,631 million, the structured deposit amounted to RMB601 million. The Group's total interest bearing liabilities amounted to RMB3,029 million, among which, liabilities bearing interest at floating rates amounted to RMB1,339 million.

## **6. Capital Structure**

As at 30 June 2023, the total shareholders' equity of the Group amounted to RMB42,037 million, representing an increase of RMB760 million as compared to the beginning of this year, among which, the equity interests attributable to the shareholders of the Company increased by RMB752 million and the equity interests of minority shareholders increased by RMB8 million. The increase in the equity interests attributable to the shareholders of the Company was mainly due to the increase of RMB2,564 million in operating profit during the reporting period, the decrease of RMB1,748 million in declared dividends to distribute for the year 2022, and the decrease of RMB87 million in other comprehensive income arising from the remeasurement of defined benefit plans.

As at 30 June 2023, the Company had 6,491,100,000 issued shares, comprising of 5,392,075,000 A shares and 1,099,025,000 H shares, representing 83.07% and 16.93% of the total issued shares of the Company, respectively. The A share market capitalization and H share market capitalization of the Company were RMB37,583 million and HKD4,726 million, respectively (which were calculated based on the closing price of RMB6.97 per share on the Shanghai Stock Exchange and the closing price of HKD4.30 per share on the Hong Kong Stock Exchange as at 30 June 2023).

## **7. Interest Rate and Exchange Rate Risks**

As at 30 June 2023, the Group did not have cash at bank and on hand and receivables with floating interest rate, the amount payable with floating interest rates was RMB1,339 million. The Group assessed the interest rate risk and anticipated that interest rate fluctuation would have no material impact on the Group.

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

The Group will continue to closely monitor interest rate and exchange rate risks. The Group did not enter into any hedging arrangements to hedge against exposures to interest rate and exchange rate risks for the six months ended 30 June 2023.

## 8. Financial Indicators

Indicators	For the six months ended 30 June		Change (+/-)
	2023	2022	
Return on total assets	<b>4.87%</b>	4.31%	+0.56 percentage point
Weighted average return on net assets	<b>6.63%</b>	6.33%	+0.30 percentage point
Interest coverage ratio	<b>44.84</b>	44.43	+0.41 times
Current ratio	<b>1.42</b>	1.16	+0.26

For the six months ended 30 June 2023, the return on total assets of the Group was 4.87%, representing an increase of 0.56 percentage point as compared to the same period in the prior year; the weighted average return on net assets was 6.63%, representing an increase of 0.30 percentage point as compared to the same period in the prior year, mainly due to that the new terminals, warehouses and other assets which were put into production released capacity and improved asset utilization. The interest coverage ratio of the Group was 44.84 times, representing an increase of 0.41 times as compared to the same period in the prior year, mainly due to the increase in profit before interest and tax. The current ratio of the Group was 1.42, representing an increase of 0.26 as compared to the same period in the previous year, mainly due to that other payables and other current liabilities at the end of the reporting period was lower than those at the end of the same period of the prior year.

## III. CAPITAL INVESTMENT

For the six months ended 30 June 2023, the significant capital investment of the Group was RMB1,132 million, mainly used in handling, storage and transportation project for the liquid bulk cargo, the berths and stacking yard projects for the bulk cargo, crude oil commercial reserve tanks project and other projects in Dongjiakou port area.

#### IV. SIGNIFICANT ENTRUSTED WEALTH MANAGEMENT

As at 30 June 2023, the details of the Group's major entrusted wealth management were as follows:

*Unit: RMB'000*

Trustee	Product Type	Balance	Value Date	Due Date	Expected Annualized Rate of Return	Source of Funds
Bank of China Qingdao Branch	Structured deposit	204,000	2023/6/9	2023/9/12	2.50%	Raised funds

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

#### V. SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

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

## **VI. MORTGAGE AND PLEDGE OF ASSETS**

As at 30 June 2023, none of the Group's assets was mortgaged or pledged.

## **VII. CONTINGENT LIABILITIES**

As at 30 June 2023, the Group did not have any significant contingent liabilities.

## **VIII. EMPLOYEES**

As at 30 June 2023, the Company engaged 3,099 employees, and the Company's principal subsidiaries engaged 6,783 employees. The employees' remunerations of the Group include basic salaries and performance incentives. The growth of employees' remunerations is determined by their working performance, economic environment, and supply and demand conditions of human resource market, under the "two matches" principle to match the employees' income growth with the growth of the Company's results and the increase of production rate. Meanwhile, the Group's remuneration policy is reviewed on a regular basis as well. Adhering to its "people-focused" approach and safeguarding the legitimate rights and interests of employees, the Group contributes social insurances, enterprise annuity and supplementary medical insurance as required by the relevant regulations of the PRC to provide extra welfare scheme to its employees. The Company provides regular trainings for employees to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

## **IX. DESCRIPTION OF OTHER OPERATING MATTERS**

As the Company plans to transform and upgrade Dagang Port Area into an international port for cruise liners, the business of Dagang Port Area will be gradually relocated to Dongjiakou Port Area and Qianwan Port Area. In March 2020, Qingdao international home port for cruise liners started construction and the construction was gradually carried on as planned. As at 30 June 2023, the construction of international port for cruise liners had no effect on the main business of Dagang Port Area.

The government of Qingdao Economic and Technological Development Zone is in the process of adopting a new urban planning scheme that may relocate the port operations in Huangdao Oil Port Area and operations of certain clients around Huangdao Oil Port Area to Dongjiakou Port Area. As at 30 June 2023, the Group did not receive any relocation plan or relevant notice, and did not obtain any information in relation to such relocation of clients and businesses to Dongjiakou Port Area, hence the operation of Huangdao Oil Port Area was not affected.

## **X. SUBSEQUENT EVENTS**

On 17 July 2023, the Company entered into the asset transfer agreement with Qingdao Port Engineering, pursuant to which, the Company agreed to transfer the phase I project asset of comprehensive logistics yard in Dongjiakou port area to Qingdao Port Engineering at a total consideration of RMB103.0737 million (excluding value-added tax, RMB112.4931 million with value-added tax). For further details, please refer to the announcement of the Company dated 17 July 2023. As at the date of this announcement, the transaction has not been completed.

Save as disclosed above, there is no material subsequent event undertaken by the Group after 30 June 2023.

## **XI. OUTLOOK FOR THE SECOND HALF OF 2023**

In the second half of 2023, the global economic growth will slow down, but there is also a strong resilience, and China's economic growth is expected to be good, so the port will maintain a stable development. Meanwhile, the continued release of policy dividends including the Shandong Free Trade Zone will bring greater development space for the port, and with the RCEP Agreement coming into effect for all 15 member states, the world's largest free trade zone will step into a new phase of overall implementation, providing favorable support for port development. The Group will take advantage of the opportunity of integration reform and development of Shandong ports, focus on the construction of world-class port groups in Shandong province, and is committed to building a "port-based first-class supply chain integrated service system", improving quality and efficiency, and creating greater value for the Company's shareholders and society.

Firstly, the Group will continue to improve business performance. The Group will maximize the advantages of Shandong port integration reform, improve the layout of international transshipment channels that "connecting Japan, South Korea, Southeast Asia, India, Pakistan and the Middle East, and creating the ocean route to Europe and the United States". The Group will continue to increase sea-rail combined transport trains, and constantly cement the position of the largest port of sea-rail multimodal transport in China.

Secondly, the Group will continue to enhance the development potential. The Group will accelerate the operation of the third phase of the fully automated container terminal, and continue to optimize and upgrade the intelligent port platform based on the research and development of national projects. The Group will formulate a "zero carbon" port construction plan and continue to promote the integrated energy use demonstration zone of "wind, photovoltaic, energy storage, hydrogen". The Group will promote the approval and construction of major projects such as berths, storage yards and oil tanks, and improve the port service capacity.

Thirdly, the Group will continue to improve management efficiency. The Group will vigorously implement the strategy of “strong port management”, take management as the core competitiveness, optimize the management process, further promote modernization of the governance system and governance capacity, constantly deepen management, and continuously improve quality and management efficiency.

## **CORPORATE GOVERNANCE PRACTICES**

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

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules for the six months ended 30 June 2023.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code of Appendix 10 to the Hong Kong Listing Rules as its own code of conduct for securities transactions by Directors and Supervisors. Specific enquiry has been made to all the Directors and Supervisors and each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code for the six months ended 30 June 2023.

## **REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

No purchase, sale and redemption of any listed securities of the Company were made by the Company or any of its subsidiaries for the six months ended 30 June 2023.

## ISSUANCE OF NEW A SHARES

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

Please refer to the Company's announcements dated 27 June 2023 and 30 June 2023 for details and the definitions of the above new A share issuance.

## USE OF PROCEEDS

The net proceeds from the H Shares Placing of the Company in 2017 were approximately HKD1,035 million, equivalent to approximately RMB912 million. As at 31 December 2022, approximately HKD625 million (which was calculated based on the exchange rate of 31 December 2022, including accumulated interest income) was carried over to this year. For the six months ended 30 June 2023, the Company had invested the fundraising of approximately HKD460.45 million in the investment projects in the way as disclosed in the announcement of the Company dated 20 January 2017, which was mainly used to pay for the equity acquisition of COSCO SHIPPING Ports (Abu Dhabi) Limited, and the Company has not yet use it in the way as disclosed in the announcements of the Company dated 28 October 2022 and 23 December 2022 and the circular of the Company dated 18 November 2022. The Company will use the remaining proceeds in accordance with the progress of the investment projects and business development, which are expected to be used up by the year 2024.

As at 30 June 2023, the use of proceeds from the Company's H Shares Placing is set out below:

	Intended investment amount	Used amount as at 31 December 2022	Used amount as at 30 June 2023	Unused amount as at 30 June 2023	Expected completion time of the use of proceeds
					<i>Unit: HKD0'000</i>
Payment for equity acquisition of COSCO SHIPPING Ports (Abu Dhabi) Limited	46,045	46,045	46,045	-	-

	Intended investment amount	Used amount as at 31 December 2022	Used amount as at 30 June 2023	Unused amount as at 30 June 2023	Expected completion time of the use of proceeds
Engineering construction investment	62,500	-	-	62,500	the year of 2024
Among which, Dongjiakou port area terminal construction project	50,000	-	-	50,000	the year of 2024
Dongjiakou port area oil storage construction project	12,500	-	-	12,500	the year of 2024

The net proceeds from the initial public offering of A shares of the Company were approximately RMB1,979 million. As at 31 December 2022, approximately RMB518 million (including accumulated interest income) was carried over to this year. For the six months ended 30 June 2023, approximately RMB55 million of the proceeds had been used into the investment projects in the way as disclosed in the Company's initial public offering of A shares prospectus and the Company's announcements dated 26 March 2020, 10 June 2020, 24 May 2021 and 28 June 2021 and circulars dated 26 May 2020 and 27 May 2021, which was mainly used for construction of the project of multi-purpose berths and north jetty II rear ancillary stacking yards in Dongjiakou port area, purchasing equipment and the intelligent port area upgrading project, etc.. The Company shall use the remaining proceeds in accordance with the progress of the investment projects and business development, which are expected to be used up by the year 2023.

As at 30 June 2023, the use of proceeds from the Company's A shares is set out below:

*Unit: RMB0'000*

	Intended investment amount	Used amount as at 31 December 2022	Used amount as at 30 June 2023	Unused amount as at 30 June 2023	Expected completion time of the use of proceeds
Multi-purpose berths and North Jetty II rear ancillary stacking yards in Dongjiakou Port Area	31,283.00	29,685.24	29,871.61	1,411.39	the year of 2023

	Intended investment amount	Used amount as at 31 December 2022	Used amount as at 30 June 2023	Unused amount as at 30 June 2023	Expected completion time of the use of proceeds
Qingdao Port Intelligent Port Area Upgrading Project	20,000.00	21,162.30	21,162.30	-	-
Qingdao Port Area Equipment Procurement Project	48,210.00	47,419.38	49,482.58	-	-
Datang Terminal Phase II Project	68,717.00	32,467.85	35,686.01	33,030.99	the year of 2023
Supplementing working capital	29,682.98	29,682.98	29,682.98	-	-

## DIVIDENDS

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2023.

## PUBLICATION OF INTERIM REPORT

The interim report for the six months ended 30 June 2023 of the Company will be published on the websites of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.qingdao-port.com](http://www.qingdao-port.com)), and will be dispatched to shareholders of the Company in due course.

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

Qingdao, the PRC, 25 August 2023

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

## Definitions

The following expressions have the meanings set out below unless the context requires otherwise:

<b>“A share(s)”</b>	share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the main board of the Shanghai Stock Exchange and traded in RMB (stock code: 601298)
<b>“A Share Offering”</b>	the Company’s public offering 454,376,000 A shares, which are listed on the main board of the Shanghai Stock Exchange
<b>“Asset Purchase Agreement I”</b>	the asset purchase agreement entered between the Company and Rizhao Port Group dated 30 June 2023 in relation to the proposed acquisition of Target Asset I by issuance of Consideration Shares and cash payments by the Company
<b>“Asset Purchase Agreement II”</b>	the asset purchase agreement entered between the Company and Yantai Port Group dated 30 June 2023 in relation to the proposed acquisition of Target Asset II by issuance of Consideration Shares and cash payments by the Company
<b>“Board”</b>	the board of Directors
<b>“CFS”</b>	container freight station, of which, container freight station at loading ports refers to the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier, while container freight station at discharge or destination ports refers to the location designated by carriers for de-vanning of containerized cargo
<b>“China Shipping Terminal Development”</b>	China Shipping Terminal Development Co., Ltd.* (中海碼頭發展有限公司), a company established in March 2001 in the PRC with limited liability and a wholly-owned subsidiary of COSCO Shipping Ports Development Co., Ltd.* (中遠海運港口發展有限公司)
<b>“Company”</b>	Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a joint stock company established in November 2013 in the PRC with limited liability

<b>“Consideration Shares”</b>	new A shares to be issued by the Company to Rizhao Port Group and Yantai Port Group (as the case maybe) under the Asset Purchase Agreement I and the Asset Purchase Agreement II as part of the total consideration of Target Assets
<b>“Consolidated Group Companies”</b>	the Company’s subsidiaries (including its branches) which are consolidated into the consolidated financial statements of the Company
<b>“Corporate Governance Code”</b>	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Dongjiakou Oil”</b>	Qingdao Port Haiye Dongjiakou Oil Co., Ltd.* (青島港海業董家口油品有限公司, formerly known as Qingdao Haiye Mercuria Oil Terminal Co., Ltd.* (青島海業摩科瑞倉儲有限公司)), a company established in May 2011 in the PRC with limited liability and a subsidiary in which the Company holds 70% equity interests, which is mainly engaged in the business of terminal stevedoring and warehousing services of liquid bulk
<b>“Group”</b>	the Company and its branches and subsidiaries; when references are made to operational data such as throughput, including joint ventures and associated companies of the Company
<b>“H share(s)”</b>	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange (stock code: 06198) and are traded in HKD
<b>“H Share(s) Placing”</b>	the Company issued the 243,000,000 H shares by way of placing and has been listed on the main board of the Hong Kong Stock Exchange

<b>“Haiwan Liquid Chemical”</b>	Qingdao Haiwan Liquid Chemical Port Operation Co., Ltd.* (青島海灣液體化工港務有限公司), a company established in August 2011 in the PRC with limited liability and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of providing liquid bulk handling and ancillary services
<b>“HKD”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
<b>“OBOR”</b>	“the Silk Road Economic Belt” and “21st Century Maritime Silk Road”
<b>“PRC” or “China”</b>	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
<b>“Proposed Restructuring”</b>	the purchase of the Target Assets by the Company by way of issuance of Consideration Shares and cash payments under the Asset Purchase Agreement I and the Asset Purchase Agreement II
<b>“QDOT”</b>	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.* (青島港董家口礦石碼頭有限公司), a company established in January 2014 in the PRC with limited liability and a joint venture in which the Company holds 30% equity interests, which is mainly engaged in the business of ore, coal and other cargo handling and ancillary services

<b>“Qingdao Port Engineering”</b>	Qingdao Port (Group) Engineering Co., Ltd.* (青島港（集團）港務工程有限公司), a company established in May 1992 in the PRC with limited liability and an associated company in which the Company holds 49% equity interests, which is mainly engaged in the business of construction engineering, architectural decoration and engineering design services, etc.
<b>“Qingdao Port Equipment”</b>	Qingdao Port Equipment Manufacturing Co., Ltd.* (青島港口裝備製造有限公司), a company established in the PRC with limited liability in November 2020 and an associated company in which the Company holds 49% equity interests, which is mainly engaged in port equipment manufacturing, engineering construction, maintenance and repair and other business
<b>“Qingdao Port Group”</b>	Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司), a company established in August 1988 in the PRC with limited liability, the controlling shareholder of the Company, holding approximately 55.77% equity interests in the Company as at 30 June 2023
<b>“Qingdao SASAC”</b>	the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government* (青島市人民政府國有資產監督管理委員會)
<b>“Qingdao Shihua”</b>	Qingdao Shihua Crude Oil Terminal Co., Ltd.* (青島實華原油碼頭有限公司), a company established in February 2006 in the PRC with limited liability and a joint venture in which the Company holds 50% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
<b>“QQCT”</b>	Qingdao Qianwan Container Terminal Co., Ltd.* (青島前灣集裝箱碼頭有限責任公司), a company established in May 2000 in the PRC with limited liability and a joint venture in which the Company holds 51% equity interests, which is mainly engaged in the business of container handling and ancillary services
<b>“RCEP”</b>	Regional Comprehensive Economic Partnership

<b>“Rizhao Port Group”</b>	Shandong Port Rizhao Port Group Co., Ltd.* (山東港口日照港集團有限公司), a company established in February 2004 in the PRC with limited liability and a wholly-owned subsidiary of Shandong Port Group
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Shandong Free Trade Zone”</b>	China (Shandong) Pilot Free Trade Zone
<b>“Shandong Port Finance Company”</b>	Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司, formerly known as Qingdao Port Finance Co., Ltd.* (青島港財務有限責任公司)), a company established in the PRC with limited liability in July 2014 and an associated company in which the Company holds 34.63% equity interests
<b>“Shandong Port Group”</b>	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company established in August 2019 in the PRC with limited liability with Shandong SASAC as the de facto controller, holding 100% equity interests in Qingdao Port Group
<b>“Shandong Port Lianhua”</b>	Shandong Port Lianhua Pipeline Petroleum Transportation Co., Ltd* (山東港聯化管道石油輸送有限公司), a company established in December 2015 in the PRC with limited liability and a subsidiary in which the Company holds 51% equity interests, which is mainly engaged in the business of liquid bulk handling and ancillary services
<b>“Shandong SASAC”</b>	State-owned Assets Supervision and Administration Commission of the People’s Government of Shandong Province * (山東省人民政府國有資產監督管理委員會)
<b>“Shanghai China Shipping Terminal”</b>	Shanghai China Shipping Terminal Development Co., Ltd.* (上海中海碼頭發展有限公司), a company established in February 2008 in the PRC with limited liability and a wholly-owned subsidiary of China Shipping Terminal Development
<b>“Shanghai Cooperation Demonstration Zone”</b>	China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone

<b>“Supervisor(s)”</b>	the supervisor(s) of the Company
<b>“Target Assets”</b>	Target Asset I and Target Asset II
<b>“Target Asset I”</b>	100% equity interests in Rizhao Port Oil Terminal Co., Ltd.* (日照港油品碼頭有限公司), 50.00% equity interests in Rizhao Shihua Crude Oil Terminal Co., Ltd.* (日照實華原油碼頭有限公司), and 100% equity interests in Rizhao Gangrong Port Co., Ltd.* (日照港融港口服務有限公司) held by Rizhao Port Group
<b>“Target Asset II”</b>	67.56% equity interests in Yantai Port Co., Ltd.* (煙台港股份有限公司), 60.00% equity interests in Yantai Port Group Laizhou Port Co., Ltd.* (煙台港集團萊州港有限公司), 53.88% equity interests in Shandong United Energy Pipeline Transportation Co., Ltd.* (山東聯合能源管道輸送有限公司), 64.91% equity interests in Yantai Ganghang Investment Development Co., Ltd.* (煙台港航投資發展有限公司) and 100% equity interests in Yantai Port Operation Guarantee Co., Ltd.* (煙台港運營保障有限公司) held by Yantai Port Group
<b>“TEU”</b>	an abbreviation of Twenty-Foot Equivalent Unit, an international measuring unit with the standard a container with a length of 20 feet, a width of 8 feet and a height of 8 feet and 6 inches, also known as the international unit of standard container
<b>“Weihai Port”</b>	Shandong Port Weihai Port Co., Ltd.* (山東港口威海港有限公司), a company established in November 1997 in the PRC with limited liability and a wholly-owned subsidiary of Qingdao Port Group
<b>“Weihai Port Development Company”</b>	Shandong Port Weihai Port Development Co., Ltd.* (山東威海港發展有限公司), a company established in December 2001 in the PRC with limited liability, which is owned as to 51% equity interests by the Company and 49% equity interests by Weihai Port, respectively
<b>“West United”</b>	Qingdao Qianwan West Port United Terminal Co., Ltd.* (青島前灣西港聯合碼頭有限責任公司), a company established in June 2010 in the PRC with limited liability and a joint venture in which the Company holds 51% equity interests, which is mainly engaged in the business of dry bulk cargo and break bulk cargo handling and ancillary services

**“Yantai Port Group”**

Shandong Port Yantai Port Group Co., Ltd.\* (山東港口煙台港集團有限公司), a company established in the PRC with limited liability in November 1984 and a wholly-owned subsidiary of Shandong Port Group

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