



# 辽宁港口股份有限公司

## LIAONING PORT CO., LTD.

(A sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code : 2880)



# 2022

ANNUAL REPORT





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# General Information on the Company

## 1) Company Profile

**Liaoning Port Co., Ltd. (hereinafter referred to as the “Company”), formerly known as Dalian Port (PDA) Company Limited**, was established in Dalian City, Liaoning Province, the People’s Republic of China (the “PRC”) on 16 November 2005. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 2880) and Shanghai Stock Exchange (stock code: 601880) on 28 April 2006 and 6 December 2010, respectively.

On 4 February 2021, Dalian Port (PDA) Company Limited officially completed the merger by absorption through share swap with Yingkou Port Liability Co., Ltd. and the additional issuance of A shares, which was listed on Shanghai Stock Exchange on 9 February. The Company officially changed its name to “**Liaoning Port Co., Ltd.**”. In November 2021, the Company succeeded in the completion of the fundraising for the merger by absorption through share swap with Yingkou Port Liability Co., Ltd.. The funds raised was RMB2.1 billion in total and the total share capital upon issuance was RMB23.987 billion.

The Company is the first listed company with A shares and H shares in the port industry, the first listed company that successfully completed the merger by absorption through share swap project in the port industry, the biggest integrated port operator in the Northeast China, and also one of the biggest listed companies in port industry with the largest size of assets, revenue and profits in northern China. As the consolidated operational platform for port and logistics services in Liaoning Province, major businesses of the Company are mainly located in port areas including Dayao Bay, Dalian Bay, Changxing Island in Dalian and Yingkou Bayuquan.

The Company and its subsidiaries (collectively, the “Group”) is principally engaged in the following businesses: 1) oil/liquefied chemicals terminal and related logistics business; 2) container terminal and related logistics business; 3) automobile terminal and related logistics business; 4) bulk and general cargo terminal and related logistics business; 5) bulk grains terminal and related logistics business; 6) passenger and roll-on, roll-off terminal and related logistics business; 7) port value-added and ancillary business.

## 2) General Information on the Company

- |    |                          |                         |
|----|--------------------------|-------------------------|
| 1. | Chinese name             | 遼寧港口股份有限公司              |
|    | Abbreviated Chinese name | 遼港股份                    |
|    | English name             | Liaoning Port Co., Ltd. |
|    | Abbreviated English name | LIAONING PORT           |
| 2. | Legal representative     | WANG Zhixian            |

# General Information on the Company

3. Contact persons
- Joint Company Secretary/Secretary to the Board
- Wang Huiying  
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- Joint Company Secretary/Qualified Accountant
- Lee, Kin Yu Arthur  
Address: Room 2516, Xingang Commercial Building,  
Jingang Road, Dalian International Logistics Park  
Zone, Liaoning Province, the PRC  
Telephone: 852 53774873  
Facsimile: 86 411 87599854  
E-mail: lijianru1@cmhk.com
4. Registered office
- Postal Code
- Place of Business and Postal Code in PRC
- Place of Business in Hong Kong
- Company website
- Company e-mail
- Xingang Commercial Building, Dayao Bay, Dalian  
Free Trade Zone, the PRC  
116600  
Xingang Commercial Building, Dayao Bay, Dalian  
Free Trade Zone, the PRC (116600)  
31st Floor, Tower Two, Times Square, 1 Matheson  
Street, Causeway Bay, Hong Kong  
www.liaoganggf.cn  
ir@dlport.cn
5. Designated newspapers for information  
disclosure of the Company
- Website designated by the China Securities  
Regulatory Commission for publishing  
the A share annual report
- Website for publishing the H share annual report
- Place for collection of annual report
- China Securities Daily, Shanghai Securities Daily,  
Securities Times, and Securities Daily  
www.sse.com.cn  
  
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Room 2609, Xingang Commercial Building,  
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# General Information on the Company

6.	Places of listing	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Stock abbreviations	LIAONING PORT	LIAONING PORT
	Stock codes	601880 (Shanghai)	2880 (Hong Kong)
7.	A share registrar and transfer office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch Computershare Hong Kong Investor Services Limited	
	H share registrar and transfer office		
8.	Auditors	Ernst & Young Hua Ming LLP Recognised PIE Auditor Address: No. 1 Chang An Avenue, Dong Cheng District, Beijing, PRC	
9.	Other information	Legal counsel (as to Hong Kong law) Jingtian & Gongcheng LLP Suites 3203-3207, 32/F Edinburgh Tower The Landmark 15 Queen's Road Central, Central, Hong Kong	
		Major bankers Industrial and Commercial Bank of China Agricultural Bank of China China Construction Bank Bank of China Bank of Communications	

## 3) Business Milestones in the Past 12 Months

### March

- In March, the Group's container terminal Dalian port area officially launched its first direct shipping route to Australia in recent years, filling the gap of the Group's direct shipping service from Dalian port to Australia, and building a new and convenient marine logistics channel among RCEP member countries.
- The Company announced the annual results for the year 2021.

### May

- In May, the Ministry of Transport of the People's Republic China revealed the election results of "10 Inspirational Role Models for 2021 in Traffic", and the Group's chief port passenger officer, the "most beautiful port staff" in China port industry and National Labour Model, Wang Hong, won the title of "10 Inspirational Role Models for 2021 in Traffic".

# General Information on the Company

## June

- The Company convened the annual general meeting for the year 2021.

## July

- In July, the Group's container terminal has two new Southeast Asian routes, which would stop at Laem Chabang and Ho Chi Minh ports, and the direct shipping service to Panjang Port, Indonesia and Vung Tau in Vietnam was opened for the first time, which made up for the shortage of shipping space for direct routes from Northeast China to major trade regions such as Vietnam and Thailand, and enriched the network coverage of the Group's routes to Southeast Asia.

## August

- In August, the Group's automobile terminal successfully secured international transit business for South Korean commercial vehicles, which is the Group's second involvement in international transit business for commercial vehicles from South Korea to North America since 2006, and further enhanced the international service capability and influence of ro-ro business of our ports.

## November

- In November, two new routes from the Group's container terminal, Dalian-Japan Hanshin (DJH) and Dalian-Japan Kanto (DJK), were successively launched, marking significant enhancement of the route service capability of the Group's ports to Japan, and the first launch of Japan-bound basic port express service since the Group's inception.
- In November, Italy GRIMALDILINES's GRANDEMIRAFIORI cruise berthed for operation at the automobile terminal of the Group. The operation uploaded over 4,700 vehicles for export and set a new record of single vessel operation for foreign trade since the opening of the Group's automobile terminal.

## December

- The Group's Smart Port Project has achieved important phased results, achieved the transformation from a traditional container terminal into an intelligent port with four "Intelligence Modes", accelerating the development to the construction of "Digital Liaoning and a strong province of intelligent manufacturing".



# Chairman's Statement

Dear shareholders,

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

In 2022, the world economy has grown slowly and global trade has been sluggish due to the impact of the international situation and regional conflicts. However, due to the strong resilience and huge potential of Chinese economy as well as the overall stable and positive macro economy, the Chinese economic development continued to rank among the top in the world, and the economic structure transformation and upgrading was geared towards the goal of active adaptation and comprehensive reform. The annual gross domestic product (GDP) reached RMB121.02 trillion, with a year-on-year growth of 5.3%. (source: official website of "National Bureau of Statistics").

## Operating Results and Dividend

In 2022, under the dual challenges of the volatile international situation and the escalation of regional conflicts, China's economy made headway with rapid growth in strategic emerging industries, focusing on improving overall results by state-owned enterprises reform, major progress in the construction of free trade ports and continuous rising in port and shipping industry index. On a year-round basis, the growth of cargo throughput handled by China's large-scale ports remained stable with a sign of slowing down, and the throughput of certain goods in the same period saw a steady rebound.

In 2022, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,279,734,789.11. To better reward the shareholders, the Board recommended the payment of cash dividends of RMB0.174 (withholding tax included) per every 10 shares for the year 2022.

## Business Review

As the integrated platform for port and logistics services in Liaoning, the Group is the largest comprehensive port operator in Northeastern China, mainly engaging in oil/liquefied chemicals terminal and related logistics services (Oil Segment), container terminal and related logistics services (Container Segment), automobile terminal and related logistics services (Automobile Terminal Segment), bulk and general cargo terminal and related logistics services (Bulk and General Cargo Segment), bulk grain terminal and related logistics services (Bulk Grain Segment), passenger and roll-on, roll-off terminal and related logistics services (Passenger and Ro-Ro Segment) and value-added and ancillary port operations (Value-added Services Segment).

Despite the complicated and volatile economy, the Group actively integrated into the Northeast Revitalisation Strategy by vigorously promoting the working principle of "integrating strategies, expanding incremental growth, improving weak links, strengthening services, consolidating foundation and stressing decisions implementation", promoted business development and institutional reform in all aspects, and completed its annual production tasks in a satisfactory manner.

# Chairman's Statement

The route network coverage was improving, 7 new foreign trade container routes were added, and the Australian direct shipping route has achieved a breakthrough “from zero to one”. The branch lines in the Bohai Rim maintained stoppage at 15 ports including Qingdao, Rizhao and Qinhuangdao. The first “Yingkou-Mediterranean” steel liner route was opened. Volvo, Chery and other commercial vehicles were exported to the Americas and Russia through the new added Far East routes. Logistics and transportation services were efficient and smooth, with “one-bill coverage” as the effective means, achieving “one-stop commission, one-stop settlement, one-bill to the end” of Northeast export goods transportation and further improving logistics timeliness and reducing logistics costs. With the optimisation of the customs clearance environment by Dalian Customs, 18 key cooperation projects have been promoted, and the port customs clearance environment has been further optimised. The construction of the Northeast Sea-Land Corridor has advanced rapidly, and two new sea-rail intermodal transport channels, being “Xinxiang and Southwest of Shandong Province” channels, have been opened, effectively driving the return of cargo sources. “Land, sea and air 3D intelligent intermodal transport service network project” was successfully shortlisted as one of the national multimodal transport demonstration projects. The transit transportation of commercial vehicles was stable and smooth, and a new channel for pre-owned vehicle transit transportation was opened. The opening of the China-Europe Railway Express from Malaszewicze in Poland, Warsaw in Poland, Moscow in Russia to Dalian and the transit channel of “China-Europe Railway Express + Short-sea Shipping” from Dalian to Japan have further upgraded the function of integrated logistics services of the Group. The customer service level has been significantly improved, with firmly established service concepts of market customisation, product customisation and service specialisation. A customer service system was built to carry out customer maintenance and market development in an orderly manner. Focusing on customer logistics needs, a combination port service model such as “Dalian-Dandong” and “Yingkou-Panjin” was created to guarantee the provision of solid port logistics.

## Prospects

In 2023, amid the grim outlook of the global economy, the international market demand is not expected to resume in the short term due to the varying degrees of influence of several major economies. To cope with this, the Group will take advantage of various favourable policies promulgated by the state in a reasonable manner and optimise the allocation of resources with a comprehensive perspective, while collaborating with premium enterprises in related upstream and downstream industries to overcome difficulties and hardships and forge ahead. In 2023, the adjustment of domestic economic and industrial structure and the business model innovation will enter a critical stage of comprehensive reform and key breakthroughs, which will bring new opportunities and challenges to the development of the port industry. In addition, after the 20th National People's Congress, various national strategic plans and beneficial policies will help build a higher and wider platform for the coastal regions to fully take part in strategic cooperation in the global economy and enhance the level of development in the cross-border economic cooperation zones. This will further consolidate the Group's crucial position as the “bridgehead” for the opening of the Northeast area and provide more favourable policy support and room for development of the Group and the prosperity of the regional economy. In the future, the Group will continue to promote the working principle of “integrating strategies, expanding incremental growth, improving weak links, strengthening services, consolidating foundation and stressing decisions implementation”, persist in the market-oriented and customer-centric approach, compete for the market, take the initiative to serve, and innovate to enhance the core competitiveness of the port. The Group will make effort to build an integrated service system of “hub + channel + network” and fully promote the construction of “world-class” strong ports.

**Liaoning Port Co., Ltd.**

**WANG Zhixian**

*Chairman*

30 March 2023



# Financial Highlights

	2022 RMB'000	2021 RMB'000	Changes (%)
<b>Highlights of Income Statement</b>			
Revenue	11,980,738	12,347,555	-2.97
Gross profit	3,096,869	3,829,224	-19.13
Operating profit	1,862,988	2,865,175	-34.98
Net profit attributable to shareholders of the parent company	1,279,735	1,916,076	-33.21
Basic earnings per share (RMB)	0.053351	0.083852	-36.37
<b>Highlights of Balance Sheet</b>			
Cash and bank balances	5,085,194	4,682,838	8.59
Net current assets	3,004,991	994,320	202.22
Total assets	57,609,391	57,813,250	-0.35
Borrowings	7,550,282	4,692,337	60.91
Debt ratio (%)	18.09	11.43	58.27
Net assets value per share (RMB)	1.61	1.58	1.90
Return on net assets (%)	3.19	4.17	-23.50
<b>Highlights of Cash Flow Statement</b>			
Net cash flow from operating activities	3,412,305	3,822,921	-10.74
Net cash flow from investing activities	-3,097,176	-2,686,733	-15.28
Net cash flow from financing activities	286,464	-3,862,974	107.42
Net increase in cash and cash equivalents	611,988	-2,731,584	122.40

Note: Debt ratio = Borrowings/Net assets

\* The financial data is reported in accordance with the PRC Accounting Standard for Business Enterprises



# Management Discussion and Analysis



# Management Discussion and Analysis

## I. OPERATING DISCUSSION AND ANALYSIS

In 2022, the economic downward pressure increased due to multiple factors, including the Russia-Ukraine conflict and high bulk commodity prices. Meanwhile, the economic structure of Northeast China remains undiversified as it relies heavily on the energy and raw material industries with an incomplete stage of development in modern manufacturing and service sectors. The revitalisation of Northeast China is still a long-term, arduous and complex task. Against such a backdrop, the Group accelerated the implementation of reform and integration to ensure steady and orderly production and operation.

## II. MAJOR OPERATIONS DURING THE REPORTING PERIOD

### 1. Overall Results Review

In 2022, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,279,734,789.11, representing a decrease of RMB636,341,431.34 or 33.2% as compared with RMB1,916,076,220.45 in 2021.

In 2022, the decrease in the business volume of the Group's efficient cargoes such as bulk and general cargoes, oil products, and tugboats and the continuous rise in energy prices were the main factors resulting in the decrease in profit. However, the growth in the volume of bulk grain, lower interest on newly issued bonds to save financial expenses, and the year-on-year decrease in asset impairment losses and non-operating expenses reduced the decline of profit. On a consolidated basis, the Group's net profit attributable to the parent company reported a year-on-year decrease of 33.2%.

In 2022, the Group's basic earnings per share amounted to RMB5.34 cents, representing a decrease of RMB3.05 cents or 36.4% year-on-year as compared with RMB8.39 cents in 2021.

# Management Discussion and Analysis

Changes in the principal components of the net profit are set out as follows:

Item	2022 (RMB)	2021 (RMB)	Changes (%)
<b>Net profit attributable to shareholders of the parent company</b>	<b>1,279,734,789.11</b>	1,916,076,220.45	-33.2
Including:			
Revenue	<b>11,980,738,429.67</b>	12,347,554,608.01	-3.0
Cost of sales	<b>8,883,869,879.05</b>	8,518,330,456.05	4.3
Gross profit	<b>3,096,868,550.62</b>	3,829,224,151.96	-19.1
Gross profit margin	<b>25.8%</b>	31.0%	Down by 5.2 percentage points
Administrative expenses	<b>827,015,548.80</b>	799,342,392.20	3.5
Research and development expenses	<b>5,687,178.85</b>	9,306,646.62	-38.9
Financial expenses	<b>467,437,207.25</b>	526,378,915.07	-11.2
Asset impairment losses	<b>11,658,563.63</b>	59,679,538.84	-80.5
Credit impairment losses	<b>155,909,455.10</b>	114,702,724.03	35.9
Other income	<b>159,150,828.08</b>	148,959,925.94	6.8
Investment income	<b>196,475,987.01</b>	381,121,868.19	-48.4
Net non-operating income (Note 1)	<b>30,088,771.34</b>	-210,736,902.86	114.3
Income tax expenses	<b>461,716,445.69</b>	576,241,786.81	-19.9

Note 1: Net non-operating income = Non-operating income – Non-operating expenses

In 2022, the Group's operating revenue decreased by RMB366,816,178.34 or 3.0% year-on-year, mainly due to the decline in the revenue from oil products business as a result of some large refining and chemical integration projects in South China that have been put into production and the reduction in export quotas; and the decline in the revenue from bulk and general cargo business such as steels and ores as a result of the lower efficiency of steel enterprises affected by the international and domestic environment. However, the growth in the revenue from international container and bulk grain business, as well as the growth in container logistics service business such as China-Europe train lines and shipping export agency offset the decline in operating revenue.

In 2022, the Group's cost of sales increased by RMB365,539,423.00 or 4.3% year-on-year, mainly due to the combined impacts of the increase in container logistics service fees as a result of an increase in container logistics revenue and the higher energy prices in line with market conditions.



# Management Discussion and Analysis

In 2022, the Group's gross profit decreased by RMB732,355,601.34 or 19.1% year-on-year. Gross profit margin was 25.8%, representing a decrease of 5.2 percentage points. The decrease was mainly due to the decline in the volume of high margin business in bulk and general cargos, oil products, domestic containers and tugboats, as well as the higher energy prices.

In 2022, the Group's administrative expenses increased by RMB27,673,156.60 or 3.5% year-on-year, mainly due to the combined effect of the year-on-year increase of labour costs and decrease of depreciation expenses and the effective control of expenses in 2022.

In 2022, the Group's research and development expenses decreased by RMB3,619,467.77 or 38.9% year-on-year, mainly due to the exclusion from consolidation of the information companies, being Dalian Portsoft Technology Co., Ltd., Dalian Portsoft Network Co., Ltd., Dalian Port Logistics Technology Co., Ltd. and Dalian Port Logistics Network Co., Ltd..

In 2022, the Group's finance costs decreased by RMB58,941,707.82 or 11.2% year-on-year, mainly due to the repayment of the matured bonds with higher interest rates in 2021 and the newly issued bonds with lower interest rates in 2022.

In 2022, the Group's asset impairment losses decreased by RMB48,020,975.21 or 80.5% year-on-year, mainly due to the decrease in asset impairment losses incurred by the subsidiaries in 2022.

In 2022, the Group's other income increased by RMB10,190,902.14 or 6.8% year-on-year, which was mainly due to the increase in additional deduction of VAT in 2022.

In 2022, the Group's investment income decreased by RMB184,645,881.18 or 48.4% year-on-year, mainly due to the combined effect of the decrease in the financial results of associates and joint ventures operating LNG and bulk and general cargo business and the gains from structural deposits in 2021.

In 2022, the Group's credit impairment losses increased by RMB41,206,731.07 or 35.9% year-on-year, mainly due to the outstanding warehousing fees receivable of the large customers of oil products business, which was partially offset by the collection of long outstanding balances from bulk and general cargo customers.

In 2022, the Group's net non-operating income increased by RMB240,825,674.20 or 114.3% year-on-year, mainly due to the estimated liabilities provided for certain subsidiaries' warehousing dispute proceedings in 2021.

In 2022, the Group's income tax expenses decreased by RMB114,525,341.12 or 19.9% year-on-year, mainly due to the decrease in taxable income caused by the changes in operating profit.

# Management Discussion and Analysis

## 2. Assets and Liabilities

As at 31 December 2022, the Group's total assets and net assets amounted to RMB57,609,391,070.26 and RMB41,741,991,092.64, respectively. The net asset value per share was RMB1.61, increased slightly compared with the net asset value of RMB1.58 per share as at 31 December 2021.

As at 31 December 2022, the Group's total liabilities amounted to RMB15,867,399,977.62, of which total outstanding borrowings amounted to RMB7,550,282,477.66 (this part of the borrowings carries a fixed interest rate). The gearing ratio was 27.5% (the total liabilities of RMB15,867,399,977.62/the total assets of RMB57,609,391,070.26), representing a decrease of 1.5 percentage points as compared with 29.0% as at 31 December 2021, which was mainly due to payment in 2022 for the acquisition of the assets of the Yingkou Port Group with its own funds as part of the consideration.

## 3. Financial Resources and Liquidity

As at 31 December 2022, the Group had a balance of cash and cash equivalents of RMB5,045,473,498.23, representing an increase of RMB611,988,074.93 as compared to that of 31 December 2021.

As at 31 December 2022, the Group's net cash inflows generated from operating activities amounted to RMB3,412,304,812.32, net cash outflows for investment activities amounted to RMB3,097,176,007.73, and net cash inflows generated from financing activities amounted to RMB286,463,801.64.

Benefiting from the Group's stable operating cash inflows, our ability to raise capital through multiple financing channels such as bond issuance and bank borrowings, and the Group's sound and prudent decision-making in assets and equity investment, the Group maintained its solid financial position and capital structure.

As at 31 December 2022, the Group's outstanding borrowings amounted to RMB7,550,282,477.66 (this part of the borrowings carries a fixed interest rate), in which RMB4,320,876,242.30 were borrowings repayable within one year, and RMB3,229,406,235.36 were borrowings repayable after one year.

The Group's net debt-equity ratio was 18.6% as at 31 December 2022, as compared with 11.5% as at 31 December 2021, mainly due to the increase in the debt scale in 2022 as a result of the issuance of corporate bonds. The Group ensured that there was no solvency risk and maintained a stable overall financial structure.

As of 31 December 2022, the Group's unutilised bank line of credit amounted to RMB12.55 billion.

As an A-share and H-share dual-listed company, the Group enjoys access to both domestic and overseas capital markets for financing. China Chengxin International Credit Rating Co., Ltd., being an external rating agency, has assigned an issuer credit composite rating of AAA to the Group with stable credit rating outlook, indicating the Group's sound condition in capital market financing.

The Group closely monitored its interest rate risk and exchange rate risk. As of 31 December 2022, the Group had not entered into any foreign exchange hedging contracts. Please refer to the financial report to be disclosed for further details about the interest rate and exchange rate risks.

# Management Discussion and Analysis

## 4. Contingencies

### *Pending Litigations and Arbitrations*

*Pending litigation and arbitration concerning DCT Logistics Co., Ltd., a subsidiary of the Group.*

From January 2020 to February 2021, Shunde (Dalian) Supply Chain Management Co., Ltd. (舜德 (大連) 供應鏈管理股份有限公司) (hereinafter referred to as “Shunde”), an independent third party of the Company, carried out business cooperation with certain companies including Qingdao Kaitou International Trade Co., Ltd. (青島開投國際貿易有限公司) (hereinafter referred to as “Qingdao Kaitou”), China Chengtong International Co., Ltd. (中國誠通國際貿易有限公司) (hereinafter referred to as “Chengtong”), Zhejiang Metals and Materials Co. (物產中大金屬集團有限公司) (hereinafter referred to as “Zhejiang Metals”), Fujian Rongjiang Import & Export Co., Ltd. (福建省榕江進出口有限公司) (hereinafter referred to as “Rongjiang”) and other companies (hereinafter referred to as “Import Agents” or “Warehousing Clients”) by entering into Import Agent Agreement or Agent Procurement Contract with such Import Agents, pursuant to which the Import Agents agreed to licence Shunde’s imported goods and open letters of credit in the name of the Import Agents for the payment of imported goods, and the risks and liabilities of related imported goods shall be borne by Shunde. Meanwhile, the Import Agents respectively signed a Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement with DCT Logistics Co., Ltd. (hereinafter referred to as “DCT Logistics”), a subsidiary of the Group, agreeing that DCT Logistics handles import goods customs declaration, goods warehousing and custody services for the Import Agents.

In actual business, the expenses incurred under the Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement shall be settled by Shunde in accordance with the agreed rates under the Packing and Unpacking (Packing up) Agreement it signed with DCT Logistics. Given that both the ultimate owner of the imported goods in these businesses and the relevant warehousing cost settler are Shunde, DCT Logistics released the relevant goods under the instructions of Shunde, the ultimate cargo owner. As Shunde failed to repay part of the import letter of credit payment to the Import Agents as scheduled, these Import Agents filed lawsuits against DCT Logistics in Dalian Maritime Court and other people’s courts, respectively, requesting DCT Logistics and Shunde return the relevant goods under the Customs Declaration Logistics Warehousing Agreement or the Import Freight Forwarding Agreement signed with DCT Logistics. In May 2021, DCT Logistics was approved by the Dalian Maritime Court to file a pre-litigation property preservation against Shunde. Subsequently, after thorough communication and negotiation with the parties to the litigation, one of the Warehousing Clients had settled with Shunde and withdrawn its lawsuit against Shunde and DCT Logistics, and this settlement did not involve any compensation obligation for DCT Logistics. The total claims of the other Warehousing Clients amounted to RMB1.06 billion.

# Management Discussion and Analysis

On 24 November 2021, Ningbo Maritime Court issued a first instance judgement (Ningbo Maritime Court (2021) Zhe 72 Min Chu No. 1428) regarding the lawsuit case of Chengtong against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB109.6946 million to Chengtong and the interest, based on the amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 23 March 2021 up to the date of actual payment. Other litigation claims from Chengtong were dismissed. On 9 December 2021, DCT Logistics appealed to the Higher People's Court of Zhejiang Province against the first instance judgment regarding the case of Chengtong. On 1 April 2022, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Zhong No. 21), rejecting all of the claims of DCT Logistics. On 19 October 2022, DCT Logistics filed an application for retrial with the Higher People's Court of Zhejiang Province. On 6 March 2023, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Shen No. 6364), rejecting the retrial application. On 12 October 2022, Dalian Jifa Port Logistics Co., Ltd. received the assistance execution notice ((2022) Zhe 72 Zhi No. 286) issued by the Ningbo Maritime Court, requiring to deposit the lease payment payable to DCT Logistics into the account designated by Ningbo Maritime Court. On 18 January 2023, Dalian Jifa Port Logistics Co., Ltd. paid RMB4.14 million to the account designated by Ningbo Maritime Court.

On 30 December 2021, Ningbo Maritime Court issued a first instance judgement (Ningbo Maritime Court (2021) Zhe 72 Min Chu No. 1205) regarding the lawsuit case of Zhejiang Metals against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB10.2634 million to Zhejiang Metals and the interest, based on the amount, to be calculated at benchmark borrowing rate as announced by the National Interbank Funding Center from 1 September 2021 up to the date of actual payment. Other litigation claims from Zhejiang Metals were dismissed. On 28 February 2022, DCT Logistics appealed to the Higher People's Court of Zhejiang Province against the first instance judgment regarding the case of Zhejiang Metals. On 11 April 2022, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Zhong No. 129), rejecting all of the claims of DCT Logistics. On 19 October 2022, DCT Logistics filed an application for retrial with the Higher People's Court of Zhejiang Province. On 6 March 2023, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Shen No. 6365), rejecting the retrial application. On 25 May 2022, Ningbo Maritime Court has deducted RMB8.8393 million from the bank deposits of DCT Logistics according to the judgments and rulings in force.

On 31 December 2021, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2021) Liao 72 Min Chu No. 352) regarding the lawsuit case of Qingdao Kaitou against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB299.3826 million to Qingdao Kaitou and the interest, based on the amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 27 March 2021 up to the date of actual payment. Other litigation claims from Qingdao Kaitou were dismissed. On 28 February 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Qingdao Kaitou. On 16 August 2022, the Higher People's Court of Liaoning Province issued a civil ruling ((2022) Liao Min Zhong No. 715) as follows: 1) the civil judgment of Dalian Maritime Court (2021) Liao 72 Min Chu No. 352 was revoked; 2) the case was referred back to Dalian Maritime Court for retrial. As of the date of approval of the financial statements for issue, Dalian Maritime Court has not yet made the first instance judgment.



# Management Discussion and Analysis

On 27 January 2022, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2021) Liao 72 Min Chu No. 372) regarding the lawsuit case of Rongjiang against DCT Logistics. The judgement ruled that DCT Logistics should compensate Rongjiang for the loss of goods of RMB336.081 million and the interest, based on the amount, to be calculated at prime rate as announced by the National Interbank Funding Center from 7 April 2021 up to the date of actual payment, and DCT Logistics should compensate Rongjiang for liability insurance fees of preservation of RMB254,800. Other litigation claims from Rongjiang were dismissed. On 1 March 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Rongjiang. On 4 August 2022, the Higher People's Court of Liaoning Province issued a civil ruling ((2022) Liao Min Zhong No. 642) as follows: 1) the civil judgment of Dalian Maritime Court (2021) Liao 72 Min Chu No. 372 was revoked; 2) the case was referred back to Dalian Maritime Court for retrial. As of the date of approval of the financial statements for issue, Dalian Maritime Court has not yet made the first instance judgment.

On 30 December 2022, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2022) Liao 72 Min Chu No. 1041) regarding the lawsuit case of Xinwen Mining Group Material Supply and Marketing Co., Ltd. (新汶礦業集團物資供銷有限責任公司) (hereinafter referred to as "Xinwen Mining") against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB12.5291 million and RMB2.5895 million for the loss of goods and other losses respectively to Xinwen Mining, and the interest, based on RMB12.5291 million and RMB2.5895 million, to be calculated at prime rate as announced by the National Interbank Funding Center from 6 May 2021 and 7 June 2021 respectively up to the date of actual payments, and DCT Logistics should pay RMB45,000 to Xinwen Mining for liability insurance fees of preservation. Other litigation claims from Xinwen Mining were dismissed.

In May 2022, Chongqing Yu Feng Imp. & Exp. Co., Ltd. (重慶渝豐進出口有限公司) (hereinafter referred to as "Chongqing Yu Feng") filed a lawsuit with Wuhan Maritime Court against DCT Logistics, demanding DCT Logistics to compensate for a loss of RMB120.2513 million and the loss of interest on that capital amount. On 6 September 2022, Wuhan Maritime Court issued a first instance judgement (Wuhan Maritime Court (2021) E 72 Min Chu No. 820) regarding the lawsuit case of Chongqing Yu Feng against DCT Logistics. The judgement ruled that DCT Logistics should pay to Chongqing Yu Feng RMB120.2513 million and the loss of interest, based on that amount, to be calculated at prime rate as announced by the National Interbank Funding Center from 20 March 2021 up to the date of actual performance of the effective judgement. Other litigation claims from Chongqing Yu Feng were dismissed.

In respect of the lawsuits mentioned above, having considered the evidence that the Group has already obtained and the professional opinions of legal advisors, the management of the Group believes that the Warehousing Clients are Shunde's import business agents, and since the goods involved in the case are actually owned by Shunde, the release by DCT Logistics of the goods to Shunde, the owner of the goods, did not infringe the rights of the Warehousing Clients. Shunde's failure of repayment of advances provided by the Warehousing Clients to Shunde is irrelevant to the release of goods by DCT Logistics. For the first instance judgement issued by some courts, DCT Logistics had filed corresponding appeals. As at the approval date of the financial statements, no first instance judgment of the other appeal cases against DCT Logistics has been made yet. The other Import Agents including Chengtong are in the process of negotiating a settlement plan with Shunde, including applying for withdrawal of their cases after signing the settlement agreement.

# Management Discussion and Analysis

Having fully considered the amount of claims involved by DCT Logistics, the judgement issued by the court and the opinions of internal and external legal advisors, and taking into account that DCT Logistics is a limited company, and the Company and its other subsidiaries do not have guarantee liability or joint and several liability over any such liability of DCT Logistics as of 31 December 2021, the Group had made provisions for estimated liabilities of RMB180 million which was equivalent to the recoverable amount of the book value of the net assets of DCT Logistics as of the same date. Due to the transfer of the bank deposits of DCT Logistics ordered by the court, the estimated liabilities for 2022 decreased by RMB8.8393 million. As of 31 December 2022, the Group had made provisions for estimated liabilities of RMB171 million in respect of those lawsuits.

Save for the above contingencies, as at 31 December 2022, the Group did not have other major guarantees and other contingencies required to be specified.

## 5. Use of Proceeds

### *Use of Proceeds for A Shares*

As considered and approved at the second extraordinary general meeting in 2020, the first A shareholders class meeting in 2020 and the first H shareholders class meeting in 2020 convened by the Company on 25 September 2020, and approved by the “Reply on Approval of Dalian Port (PDA) Company Limited’s Merger with Yingkou Port Liability Co., Ltd. by Absorption and Fundraising (Zheng Jian Xu Ke [2020] No. 3690) of the China Securities Regulatory Commission on 31 December 2020, the relevant proceeds raised shall not exceed RMB2.1 billion, which was designated to supplement liquidity, repay debt, and pay the intermediary fees of this transaction. After deducting the issuance and underwriting fees, the actual net proceeds received by the Company on 20 October 2021 was RMB2,082,149,999.02. Ernst & Young Hua Ming LLP has verified and issued the capital verification report Ernst & Young Hua Ming (2021) Yan Zi No. 60777447\_E03. The Company has utilised the proceeds of RMB1,384,000,000.00 to supplement liquidity in 2021. As at 1 January 2022, the balance of the proceeds was RMB700,697,690.74 (including interest from bank deposits net of bank charges of RMB2,547,691.72 accumulatively received in 2021). The Company has utilised the proceeds of RMB704,995,317.08 (including interest from bank deposits net of bank charges of RMB4,297,626.34 accumulatively received in 2022) fully to supplement liquidity in 2022. Ernst & Young Hua Ming LLP, China International Capital Corporation Limited, as the independent financial advisor, and China Merchants Securities Co., Ltd., as the financial advisor, have issued concluding opinions on the special verification report on the 2022 annual deposit and use of proceeds of the Company, stating that the use of proceeds by the Company was in line with the raising purposes. In 2022, the funds has been fully utilised. As of 31 December 2022, the balance of such funds was nil. The Company had utilised the proceeds in line with the raising purposes without any non-compliance in use of proceeds.

## 6. Capital Expenditure

As at 31 December 2022, the Group’s capital expenditure amounted to RMB543,832,354.33, which was mainly funded by the surplus cash generated from operating activities and other external financing.

# Management Discussion and Analysis

## 7. An analysis of the performance of each business segment of the Group in 2022 is as follows:

### Oil Segment

The following table sets out the oil/liquefied chemicals terminal throughput completed by the Group in 2022 as compared with 2021:

	2022 (‘0,000 tonnes)	2021 (‘0,000 tonnes)	Increase/ (decrease)
Crude oil	3,341.4	3,231.9	3.4%
Liquefied chemicals	136.0	182.1	(25.3%)
LNG	270.5	576.0	(53.0%)
Others	1,544.9	1,571.9	(1.7%)
Total	5,292.8	5,561.9	(4.8%)

In 2022, the Group handled a total of 52.928 million tonnes of oil/liquefied chemicals throughput, representing a year-on-year decrease of 4.8%.

In 2022, the Group’s crude oil throughput was 33.414 million tonnes, representing a year-on-year increase of 3.4%, of which imported crude oil throughput was 20.433 million tonnes, representing a year-on-year increase of 0.9%. In 2022, the Group’s crude oil throughput recorded a slight increase, as it strived to secure resources from Panjin North Asphalt Fuel Limited Company (盤錦北方瀝青燃料有限公司), leading to a growth in crude oil import and crude oil transshipment businesses.

In 2022, the Group’s liquefied chemicals throughput was 1.360 million tonnes, representing a year-on-year decrease of 25.3%. Such decrease was mainly due to sluggish market demand, and suspension of production by certain customers to conduct maintenance.

In 2022, the Group’s LNG throughput was 2.705 million tonnes, representing a year-on-year decrease of 53.0%. As the international LNG prices maintained at a high level affected by the international situation, China’s imported LNG recorded a decrease for the first time in recent years, which caused a decline in the Group’s LNG throughput.

In 2022, the Group’s other products throughput amounted to 15.449 million tonnes, representing a year-on-year decrease of 1.7%. The decrease in the Group’s other products (mainly refined oil) throughput was mainly due to the sluggish demand for refined oil in the PRC in 2022, coupled with a decrease in refined oil shipped to South China given that the large refining and chemical integration projects in South China have successively been put into production.

# Management Discussion and Analysis

The performance of the Oil Segment is set out as follows:

Item	2022 (RMB)	2021 (RMB)	Change (%)
Revenue	<b>1,647,157,090.78</b>	1,750,382,110.07	-5.9
Share of the Group's revenue	<b>13.7%</b>	14.2%	Down by 0.5 percentage point
Gross profit	<b>549,384,456.54</b>	636,080,912.40	-13.6
Share of the Group's gross profit	<b>17.7%</b>	16.6%	Up by 1.1 percentage points
Gross profit margin	<b>33.4%</b>	36.3%	Down by 2.9 percentage points

In 2022, the revenue from the Oil Segment decreased by RMB103.23 million or 5.9% year-on-year, mainly due to the decrease in revenue from loading and discharging and storage, which was caused by the decrease in the throughput of oil.

In 2022, the gross profit of the Oil Segment decreased year-on-year by RMB86.70 million or 13.6%, and the gross profit margin decreased year-on-year by 2.9 percentage points, mainly due to the decrease in revenue, which was caused by the decrease in the throughput of refined oil with high profit margin.

## Container Segment

The following table sets out the throughput completed by the Group's container terminal in 2022 as compared with 2021:

	2022 ('0,000 TEUs)	2021 ('0,000 TEUs)	Increase/ (decrease)
Container	<b>939.8</b>	881.4	6.6%



# Management Discussion and Analysis

In 2022, in terms of container throughput, the Group handled a total of 9.398 million TEUs, representing a year-on-year increase of 6.6%. The main reasons were as follows: First, the Group strived to develop the shipping route market, continuously improved its shipping route service network, and expanded 10 new container shipping routes throughout the year. Second, the Group actively optimised sea-rail combined transport network and built excellent public train products, leading to a year-on-year increase of 4.7% in the annual sea-rail combined transport volume. Third, the Group strengthened the construction of transshipment platform in branch lines of Bohai Rim region, and added 5 new vessels in 2022, leading to a year-on-year increase of 68% in transshipment volume. Fourth, the Group actively strived for the ad-hoc shipping call business, with a volume of ad-hoc shipping call of 126 vessels to supplement the port's direct shipping capacity. Fifth, by seizing the opportunity from launching new vessels of domestic trade shipping companies, the Group actively strived for ad-hoc shipping calls of new vessels, to improve the overall shipping capacity of the port. Sixth, the Group promoted the cooperation between the port and shipping companies, and carried out incremental businesses such as transshipment of domestic trade shipping companies, empty container allocation (distribution) business.

The performance of the Container Segment is set out as follows:

Item	2022 (RMB)	2021 (RMB)	Change (%)
Revenue	<b>3,736,691,038.48</b>	3,713,546,969.32	0.6
Share of the Group's revenue	<b>31.2%</b>	30.1%	Up by 1.1 percentage points
Gross profit	<b>1,049,569,564.92</b>	1,187,064,043.35	-11.6
Share of the Group's gross profit	<b>33.9%</b>	31.0%	Up by 2.9 percentage points
Gross profit margin	<b>28.1%</b>	32.0%	Down by 3.9 percentage points

In 2022, the revenue from the Container Segment increased by RMB23.14 million or 0.6% year-on-year, mainly due to the increase in revenue from container logistics services such as China-Europe Railway Lines and shipping export agency, and the increase in shipping revenue arising from increasing shipping volume of Bohai Rim branch lines. However, the decrease in domestic trade container resulted in the decline in revenue from loading and discharging.

In 2022, the gross profit of the Container Segment decreased year-on-year by RMB137.49 million or 11.6%, and the gross profit margin decreased by 3.9 percentage points year-on-year, mainly due to the combined effect of the decrease in the volume of domestic container business with high gross profit margin, and the increase in revenue from logistics services with low gross profit margin and the increase in energy costs.

# Management Discussion and Analysis

## Automobile Segment

The following table sets out the throughput completed by the Group's automobile terminal in 2022 compared with 2021:

		2022	2021	Increase/ (decrease)
Vehicles (units)	Foreign trade	70,185	49,086	43.0%
	Domestic trade	735,884	806,332	(8.7%)
	Total	806,069	855,418	(5.8%)
Equipment (tonnes)		32,513	9,650	236.9%

In 2022, the Group handled a total of 806,069 vehicles in automobile terminal, representing a year-on-year decrease of 5.8%. The decrease in domestic commercial vehicle trade was due to multiple factors, such as the suspension and reduction of production by some automotive enterprises and insufficient ro-ro transportation capacity of domestic trade, while the foreign trade of commercial vehicle recorded a significant increase, and the operation of liners and shipping routes for foreign trade remained stable. The Group actively promoted the diversified development of foreign commercial vehicle trade business, and launched American ro-ro foreign trade export route for commercial vehicles. This contributed to a significant year-on-year increase in both cross-border transportation and international transshipment businesses.

In 2022, the Group maintained its 100% market share in ports in Northeast China in terms of operation volume for vehicles.

The performance of the Automobile Segment is set out as follows:

Item	2022 (RMB)	2021 (RMB)	Change (%)
Revenue	59,704,223.95	59,379,630.11	0.5
Share of the Group's revenue	0.5%	0.5%	Stable
Gross profit	9,397,771.57	12,181,739.30	-22.9
Share of the Group's gross profit	0.3%	0.3%	Stable
Gross profit margin	15.7%	20.5%	Down by 4.8 percentage points

In 2022, the revenue from the Automobile Segment increased year-on-year by RMB0.32 million or 0.5%, remaining relatively stable.

In 2022, the gross profit of the Automobile Segment decreased year-on-year by RMB2.78 million or 22.9%, and the gross profit margin decreased year-on-year by 4.8 percentage points, which was mainly due to the increase in operating expenses.

# Management Discussion and Analysis

## *Bulk and General Cargo Segment*

The following table sets out the throughput completed by the Group's Bulk and General Cargo Segment in 2022 as compared with 2021:

	<b>2022</b> <i>('0,000 tonnes)</i>	2021 <i>('0,000 tonnes)</i>	<b>Increase/ (decrease)</b>
Steel	<b>2,536.6</b>	2,786.1	(9.0%)
Iron ore	<b>6,789.8</b>	6,848.5	(0.9%)
Others	<b>7,678.4</b>	7,394.3	3.8%
Total	<b>17,004.8</b>	17,028.9	(0.1%)

In 2022, the throughput completed by the Group's bulk and general cargo segment amounted to 170.048 million tonnes, representing a year-on-year decrease of 0.1%.

In 2022, the throughput of the Group's steel segment amounted to 25.366 million tonnes, representing a year-on-year decrease of 9.0%. Such decrease was due to the complicated domestic and international economic situations, coupled with a tight situation in both supply and demand of steel industrial chain, as well as the continued Russia-Ukraine conflict.

In 2022, the throughput of the Group's iron ore segment amounted to 67.898 million tonnes, representing a year-on-year decrease of 0.9%. Such decrease was mainly due to the continuous loss of steel enterprises, the production limit and production reduction of some steel mills, and the reduction of imported ore consumption.

In 2022, the throughput of the Group's other cargoes amounted to 76.784 million tonnes, representing a year-on-year increase of 3.8%. Such increase in 2022 was mainly due to the coal berth assets in Bayuquan Port Area that were newly incorporated into the Group at the end of 2021.

# Management Discussion and Analysis

The performance of the Bulk and General Cargo Segment is set out as follows:

Item	2022 (RMB)	2021 (RMB)	Change (%)
Revenue	4,405,513,199.37	4,738,187,745.37	-7.0
Share of the Group's revenue	36.8%	38.4%	Down by 1.6 percentage points
Gross profit	1,224,070,091.85	1,541,896,702.03	-20.6
Share of the Group's gross profit	39.5%	40.3%	Down by 0.8 percentage point
Gross profit margin	27.8%	32.5%	Down by 4.7 percentage points

In 2022, the revenue from the Bulk and General Cargo Segment decreased by RMB332.67 million or 7.0% year-on-year. This was mainly due to the combined impacts of decrease in revenue from loading and discharging and storage resulted from the decrease in the business volume of ore and steel in 2022, as well as the record of one-off revenue from overdue storage charges in 2021.

In 2022, the gross profit of the Bulk and General Cargo Segment decreased year-on-year by RMB317.83 million or 20.6%, and the gross profit margin decreased by 4.7 percentage points year-on-year, which was mainly due to the combined impacts of the decrease in revenue from ore and steel business with high gross profit margin and the discontinued revenue from overdue storage charges.

## Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in 2022 as compared with 2021:

	2022 (‘0,000 tonnes)	2021 (‘0,000 tonnes)	Increase/ (decrease)
Corn	737.2	487.4	51.3%
Soybean	242.3	374.5	(35.3%)
Others	505.2	390.9	29.2%
<b>Total</b>	<b>1,484.7</b>	<b>1,252.8</b>	<b>18.5%</b>

In 2022, the throughput of the Group's Bulk Grain Segment amounted to 14.847 million tonnes, representing a year-on-year increase of 18.5%.

In 2022, the Group's corn throughput was 7.372 million tonnes, representing a year-on-year increase of 51.3%. It was mainly due to the imports hampered by the Russia-Ukraine conflict and the recovery of the domestic grain market, coupled with the relative high price of substitutes for domestic trade in 2022, which resulted in a reduction in substitutes.



# Management Discussion and Analysis

In 2022, the Group's soybean throughput was 2.423 million tonnes, representing a year-on-year decrease of 35.3%. Such decrease was mainly due to the tight supply caused by reduced soybean production in South America affected by drought in 2022, coupled with that factories reduced their production for the poor profits of edible oil production enterprises, which was caused by the high cost of raw materials, as a result of the significant increase in international grain prices due to the Russia-Ukraine conflict.

The performance of the Bulk Grain Segment is set out as follows:

Item	2022 (RMB)	2021 (RMB)	Change (%)
Revenue	673,239,656.09	538,940,606.27	24.9
Share of the Group's revenue	5.6%	4.4%	Up by 1.2 percentage points
Gross profit	135,452,829.63	75,810,602.34	78.7
Share of the Group's gross profit	4.4%	2.0%	Up by 2.4 percentage points
Gross profit margin	20.1%	14.1%	Up by 6.0 percentage points

In 2022, the revenue from the Bulk Grain Segment increased by RMB134.30 million or 24.9% year-on-year, mainly due to the increase in revenue from loading and discharging driven by the increase in the business volume of grains such as corn.

In 2022, the gross profit of the Bulk Grain Segment increased year-on-year by RMB59.64 million or 78.7%, and the gross profit margin increased by 6.0 percentage points year-on-year, mainly due to the increase in the business volume of domestic corn trade with high gross profit margin.

## Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on, roll-off throughput handled by the Group in the 2022 as compared with 2021:

	2022	2021	Increase/ (decrease)
Passengers ('0,000 persons)	144.1	179.4	(19.7%)
Vehicles ('0,000 units) (Note 1)	80.1	78.2	2.4%

Note 1: The Ro-Ro volume refers to the vehicle throughput at the passenger and roll-on, roll-off terminals of the Group and the entities it has invested in.

# Management Discussion and Analysis

In 2022, the throughput of the Group's passengers segment was 1.441 million persons, representing a year-on-year decrease of 19.7%, while the throughput of the Group's vehicles segment was 0.801 million units, representing a year-on-year increase of 2.4%. With the launch of large passenger and ro-ro shipping capacity, and the resumption of "Dalian-Weihai" shipping routes, the ro-ro business gradually recovered.

**The performance of the Passenger and Ro-Ro Segment is set out as follows:**

Item	2022 (RMB)	2021 (RMB)	Change (%)
Revenue	149,638,911.98	147,515,813.52	1.4
Share of the Group's revenue	1.2%	1.2%	Stable
Gross profit	-12,029,667.01	-6,933,457.39	-73.5
Share of the Group's gross profit	-0.4%	-0.2%	Down by 0.2 percentage point
Gross profit margin	-8.0%	-4.7%	Down by 3.3 percentage points

In 2022, the revenue from the Passenger and Ro-Ro Segment increased by RMB2.12 million or 1.4% year-on-year, mainly due to the launch of large passenger and ro-ro shipping capacity. However, the reduction of shipping frequency of Lvshun Port led to a decrease in revenue.

In 2022, the gross profit of the Passenger and Ro-Ro Segment decreased by RMB5.10 million or 73.5% year-on-year, and the gross profit margin decreased by 3.3 percentage points year-on-year, mainly due to the increase in operating expenses of Lvshun Port.

## **Value-added Services Segment**

### *Tugging*

The Group completed a tugging volume of 60,700 times.

### *Tallying*

The Group completed a tallying volume of 36.953 million tonnes.

# Management Discussion and Analysis

The performance of the Value-added Services Segment is set out as follows:

Item	2022 (RMB)	2021 (RMB)	Change (%)
Revenue	<b>1,165,346,505.11</b>	1,223,145,789.09	-4.7
Share of the Group's revenue	<b>9.7%</b>	9.9%	Down by 0.2 percentage point
Gross profit	<b>151,066,151.56</b>	339,861,758.35	-55.6
Share of the Group's gross profit	<b>4.9%</b>	8.9%	Down by 4.0 percentage points
Gross profit margin	<b>13.0%</b>	27.8%	Down by 14.8 percentage points

In 2022, the revenue from the Value-added Services Segment decreased by RMB57.80 million or 4.7% year-on-year, mainly due to the decreasing tugging revenue caused by the decrease in oil and bulk and general cargoes vessels, as well as the decrease in revenue from telecommunications engineering projects.

In 2022, the gross profit of the Value-added Services Segment decreased by RMB188.80 million or 55.6% year-on-year, and the gross profit margin decreased by 14.8 percentage points year-on-year, mainly due to the combined impacts of the decrease in revenue as a result of decreasing tugging volume, as well as the depreciation of newly-acquired assets and the increases in energy prices and other costs.

## 8. Analysis of Main Operations

### 8.1 Analysis on changes in items of the income statement and the cash flow statement

Unit: RMB

Items	Amount for the period	Amount for same period of the previous year	Changes (%)
Revenue	<b>11,980,738,429.67</b>	12,347,554,608.01	-2.97
Cost of sales	<b>8,883,869,879.05</b>	8,518,330,456.05	4.29
Sales expenses	—	—	—
Administrative expenses	<b>827,015,548.80</b>	799,342,392.20	3.46
Financial expenses	<b>467,437,207.25</b>	526,378,915.07	-11.20
Research and development expenses	<b>5,687,178.85</b>	9,306,646.62	-38.89
Net cash flow from operating activities	<b>3,412,304,812.32</b>	3,822,920,927.48	-10.74
Net cash flow from investing activities	<b>-3,097,176,007.73</b>	-2,686,733,149.88	-15.28
Net cash flow from financing activities	<b>286,463,801.64</b>	-3,862,974,254.41	107.42

Explanation of reasons of change in related items of the income statement: please refer to the details described in "Overall Results Review" of the section "Major Operations during the Reporting Period".

# Management Discussion and Analysis

Explanation of reasons of change in related items of the cash flows statement: please refer to the details described in the part of “8.5 Cash Flow” in “Analysis of main operations” of the section “Major Operations during the Reporting Period”.

## 8.2 Income and cost analysis

(1) Main operations by segments, products, regions and distribution model

Unit: RMB

By segment	Revenue	Cost of sales	Analysis of main operations by segments			
			Gross margin	Changes in revenue	Changes in cost of sales	Changes in gross margin
			(%)	(%)	(%)	
Oil products	1,647,157,090.78	1,097,772,634.24	33.35	-5.90	-1.48	Down by 2.9 percentage points
Containers	3,736,691,038.48	2,687,121,473.56	28.09	0.62	6.36	Down by 3.9 percentage points
Bulk and general cargo	4,405,513,199.37	3,181,443,107.52	27.78	-7.02	-0.46	Down by 4.7 percentage points
Bulk grain	673,239,656.09	537,786,826.46	20.12	24.92	16.12	Up by 6.0 percentage points
Passenger	149,638,911.98	161,668,578.99	-8.04	1.44	4.67	Down by 3.3 percentage points
Value-added product	1,165,346,505.11	1,014,280,353.55	12.96	-4.73	14.83	Down by 14.8 percentage points
Automobiles	59,704,223.95	50,306,452.38	15.74	0.55	6.59	Down by 4.8 percentage points
Unallocated	143,447,803.91	153,490,452.35	-7.00	-18.71	15.24	Down by 31.5 percentage points

Explanation of main operations by segments, products, regions and distribution model

Explanation of reasons of changes in revenue and cost of sales: please refer to the details described in “Overall Results Review” of the section “Major Operations during the Reporting Period”.



# Management Discussion and Analysis

## (2) Statement of cost analysis

Unit: RMB

By segments	Cost components	Segment information		Amount for the previous year	Percentage of the total cost for the previous year (%)	Changes in the amount for the current year as compared with the previous year (%)	Explanation
		Amount for the current year	Percentage of the total cost for the current year (%)				
Oil products	Cost of sales	1,097,772,634.24	12.4	1,114,301,197.67	13.1	-1.5	
Oil products	Depreciation and amortisation	352,637,534.36	4.0	381,734,778.51	4.5	-7.6	
Oil products	Labour cost	280,647,141.45	3.2	285,368,211.70	3.4	-1.7	
Containers	Cost of sales	2,687,121,473.56	30.2	2,526,482,925.97	29.7	6.4	
Containers	Depreciation and amortisation	518,944,249.50	5.8	551,711,578.37	6.5	-5.9	
Containers	Labour cost	387,969,783.04	4.4	437,296,084.63	5.1	-11.3	
Bulk and general cargoes	Cost of sales	3,181,443,107.52	35.8	3,196,291,043.34	37.5	-0.5	
Bulk and general cargoes	Depreciation and amortisation	754,971,883.01	8.5	645,388,182.10	7.6	17.0	
Bulk and general cargoes	Labour cost	800,404,250.79	9.0	784,984,018.19	9.2	2.0	
Bulk grain	Cost of sales	537,786,826.46	6.1	463,130,003.93	5.4	16.1	
Bulk grain	Depreciation and amortisation	140,979,850.53	1.6	137,537,207.77	1.6	2.5	
Bulk grain	Labour cost	99,316,488.01	1.1	97,049,295.92	1.1	2.3	
Passenger	Cost of sales	161,668,578.99	1.8	154,449,270.91	1.8	4.7	
Passenger	Depreciation and amortisation	52,777,382.98	0.6	53,945,665.84	0.6	-2.2	
Passenger	Labour cost	61,266,877.46	0.7	58,573,176.61	0.7	4.6	
Value-added products	Cost of sales	1,014,280,353.55	11.4	883,284,030.74	10.4	14.8	
Value-added products	Depreciation and amortisation	276,847,333.25	3.1	255,333,499.53	3.0	8.4	
Value-added products	Labour cost	669,865,529.04	7.5	677,181,871.28	7.9	-1.1	
Automobiles	Cost of sales	50,306,452.38	0.6	47,197,890.81	0.6	6.6	
Automobiles	Depreciation and amortisation	13,727,849.88	0.2	13,745,295.65	0.2	-0.1	
Automobiles	Labour cost	3,839,240.49	0.0	3,477,763.53	-	10.4	
Unallocated	Cost of sales	153,490,452.35	1.7	133,194,092.68	1.6	15.2	
Unallocated	Depreciation and amortisation	188,781,354.02	2.1	235,677,719.11	2.8	-19.9	
Unallocated	Labour cost	30,270,852.73	0.3	29,778,956.76	0.3	1.7	

# Management Discussion and Analysis

Explanation of cost analysis

Explanation of the reason of change in cost of sales: please refer to the details described in “Overall Results Review” of the section “Major Operations during the Reporting Period”.

(3) *Major sales customers and major suppliers*

The sales to the top five customers amounted to RMB2,176.9628 million, representing 18% of the total annual sales. Of the sales to the top five customers, sales to related parties was zero, representing 0% of the total annual sales.

The purchases from the top five suppliers amounted to RMB794.5441 million, representing 9% of the total annual purchases. Of the purchases from the top five suppliers, purchases from related parties amounted to zero, representing 0% of the total annual purchases.

## 8.3 Expenses

Please refer to the details described in “Overall Results Review” of the section “Major Operations during the Reporting Period”.

## 8.4 Research and development (R&D) investment

(1) *Statement of R&D Investment*

Unit: RMB

Expensed R&D investment for the year	5,687,178.85
Capitalised R&D investment for the year	13,768,711.00
Total R&D investment	19,455,889.85
Percentage of total R&D investment in revenue (%)	0.16
Percentage of capitalised R&D investment (%)	70.77

(2) *Information of R&D personnel*

Number of R&D personnel	99
Percentage of R&D personnel in total employees (%)	0.5

*R&D personnel by educational level*

Categories of educational level	Numbers by educational level
Doctor	—
Master	7
Bachelor	59
Junior college	21
High school or below	12

# Management Discussion and Analysis

*R&D personnel by age*

Categories of age	Numbers by age
below 30 (exclusive)	4
30 (inclusive) – 40 (exclusive)	32
40 (inclusive) – 50 (exclusive)	37
50 (inclusive) – 60 (exclusive)	26
above 60 (inclusive)	–

## 8.5 Cash flow

Net cash inflow from operating activities amounted to RMB3,412,304,812.32, representing a year-on-year decrease in inflow of RMB410,616,115.16 or 10.74%, which was mainly due to the combined effects of decrease in revenue and the increase in energy cost.

Net cash outflow from investing activities amounted to RMB3,097,176,007.73, representing a year-on-year increase in outflow of RMB410,442,857.85 or 15.28%, which was mainly due to the effect of the decrease in net cash inflow caused by the movements in structural deposits.

Net cash inflow from financing activities amounted to RMB286,463,801.64, representing a year-on-year increase in inflow of RMB4,149,438,056.05 or 107.42%, which was mainly due to the effect of the newly issued corporate bonds in the current year.

## 9 Explanation of Significant Changes in Profit Resulting from Other Operations

1. In 2022, the Group's oil terminal company accrued credit impairment loss on receivables of Dalian Enesky International Trade Co., Ltd. of RMB147,184,700.
2. In 2022, Liaoning Port Holdings (Yingkou) Co., Ltd., a subsidiary of the Group, wrote off projected liabilities of RMB32,760,200 based on the court judgement.

# Management Discussion and Analysis

## 10 · Analysis of Assets and Liabilities

### 10.1 Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current year	Percentage of total assets as at the end of the current year (%)	Amount as at the end of the previous year	Percentage of total assets as at the end of the previous year (%)	Changes in amount for the current year as compared with the previous year (%)	Explanation
Financing receivable	154,213,980.23	0.27	40,454,782.00	0.07	281.20	It was mainly due to the increase in notes received at the year end and the reclassification of notes receivable.
Interest receivable	2,689,917.11	0.00	1,750,685.21	0.00	53.65	It was mainly due to the increase in interest on borrowings.
Non-current assets due within one year	13,250,000.00	0.02	25,705,000.00	0.04	-48.45	It was mainly due to the impairment of borrowings.
Long-term receivables	–	0.00	4,706,562.92	0.01	-100.00	It was mainly due to the early recovery of borrowings.
Deferred income tax assets	311,387,413.57	0.54	237,861,355.01	0.41	30.91	It was mainly due to the tax discrepancy arising from the credit impairment and changes in new leases.
Other non-current assets	12,551,780.38	0.02	25,821,465.85	0.04	-51.39	It was mainly due to the decrease in non-deductible VAT within one year.
Advances from customers	4,508,721.75	0.01	8,310,000.53	0.01	-45.74	It was mainly due to the decrease in prepaid rental.
Other payables	792,929,415.50	1.38	5,101,745,254.99	8.82	-84.46	It was mainly due to payment of remaining balance for the acquisition of assets from Yingkou Port Group.
Non-current liabilities due within one year	4,477,639,949.68	7.77	1,317,029,437.70	2.28	239.98	It was mainly due to the reclassification of bonds payable.
Other non-current liabilities	41,606,945.81	0.07	61,401,012.91	0.11	-32.24	It was mainly due the decrease in all-in charges for cargo handling.
Specific reserve	147,235,048.25	0.26	92,693,542.25	0.16	58.84	It was mainly due to the appropriation of production safety funds.

Other explanation

Nil.

# Management Discussion and Analysis

## **10.2 Information of off-shore assets**

### *Scale of assets*

Including: off-shore assets of RMB243.8791 million, representing 0.42% of the total assets.

## **10.3 Major restricted assets as at the end of the reporting period**

Please refer to the details described in Note VIII (23) to the financial statements, Assets with restricted ownership or use right.

## **11 Analysis of Business Operation in the Industry**

### **11.1 Core business and related business models**

The Group is the most convenient maritime gateway to the Pacific Ocean and facing the world in Northeast Asia. It is equipped with a comprehensive transportation network and is one of the major sea-rail inter-modal transport and maritime transit ports in China. During the reporting period, the Group's core businesses and business models include: oil/liquefied chemicals terminal and related logistics services (oil segment), container terminal and related logistics services (container segment), automobile terminal and related logistics services (automobile segment), bulk and general cargo terminal and related logistics services (bulk and general cargo segment), bulk grain terminal and related logistics services (bulk grain segment), passenger and roll-on, roll-off terminal and related logistics services (passenger and ro-ro segment), and port value-added and ancillary business (value-added services segment).

### **11.2 Business model**

At present, the Group is at a critical stage of integrated development. Adhering to the working principle of "integrating strategies, expanding incremental growth, improving weak links, strengthening services, consolidating foundation and implementing decisions", the Group focuses on enhancing product innovation, expanding service capabilities, establishing of professional brands, promoting platform construction, deepening customer cooperation to build a comprehensive logistics service system that serves the state, industry and customers.



# Management Discussion and Analysis

## 12 · Analysis of Investments

### 12.1 Overall analysis of external equity investments

Details are as below:

(1) Major equity investments

Nil

(2) Major non-equity investment

Unit: RMB'0,000

Investment project	Source of fund	Total proposed investments	Investment for the year	Accumulated investments as at the end of the year	Project progress	Gains realised for the year	Reasons for failure to achieve the expected gain
Dayao Bay No. 13-16 Berths in Phase II	Own funds and loans	378,300.00	0	233,316.65	93%	Among which, No. 13 and 14 berths have been transferred to affiliated joint venture and recorded value-added gain of RMB200 million; the annual rent income from No. 15 berth amounted to RMB53.50 million; the main body of No. 16 berth has been completed and is yet to be leased.	
Xingang No. 18-21 Berths	Own funds and loans	41,377.00	0	35,151.63	86%	N/A	The project is under construction and has not yet been put into operation, so no gain is generated.
Total		419,677.00	0	268,468.28			

# Management Discussion and Analysis

## (3) Financial assets at fair value

Unit: RMB

Asset class	Opening balance	Profit or loss arising from changes in fair value for the current period	Accumulated fair value change included in equity	Impairment for the current period	Amount of purchase for the current period	Amount of disposal/redemption for the current period	Other change	Closing balance
Others	219,746,636.27	-	25,306,955.10	-	678,248,348.90	577,908,816.67	-	311,083,626.83
Including: other equity instruments investments	179,291,854.27	-	25,306,955.10	-	-	13,419,666.00	-	156,869,646.60
Financing receivable	40,454,782.00	-	-	-	678,248,348.90	564,489,150.67	-	154,213,980.23
Total	219,746,636.27	-	25,306,955.10	-	678,248,348.90	577,908,816.67	-	311,083,626.83

## 13 Analysis of Major Subsidiaries and Investee Companies

The shareholders of the Dalian Container Terminals Co., Ltd. ("DCT") and their respective percentages of ownership were 48.15% for Dalian Port Container Development Co., Ltd. ("Dalian Port Container"), a wholly-owned subsidiary of the Company, 4.35% for COSCO SHIPPING Ports (Dalian) Limited, 3.66% for COSCO SHIPPING Ports Development Co., Ltd., 10.99% for China Shipping Terminal Development Co., Ltd., 26% for Singapore Dalian Port Investment Pte. Ltd., and 6.85% for Nippon Yusen Kabushiki Kaisha. Dalian Port Container entered into the Concerted Action Agreement on Dalian Container Terminals Co., Ltd. with Nippon Yusen Kabushiki, by which they agreed to act in concert on voting in relation to DCT's operating decision-making. The registered capital of DCT is RMB3,480 million. Its principal businesses include the development, construction, management and operation of container terminals and its auxiliary facilities, provision of container handling and provision of bonded storage. As of the end of December 2022, DCT recorded a total asset of RMB7,197.6907 million and net asset of RMB3,739.0394 million. From January to December 2022, it achieved a revenue of RMB1,274.3215 million and net profit of RMB220.3916 million.

Liaoning Port Holdings (Yingkou) Co., Ltd. ("Yingkou Ltd.") is a wholly-owned subsidiary of Liaoning Port Co., Ltd., with a registered capital of RMB10,000 million. Its principal businesses include, among others, port operation, construction engineering design, special equipment manufacturing, road cargo transportation (excluding dangerous goods), domestic freight forwarding agency, general cargo warehousing services (excluding hazardous chemicals and other projects that require approval), domestic shipping agency. As of the end of December 2022, it recorded a total asset of RMB23,631.8443 million and net asset of RMB13,500.2870 million. From January to December 2022, it achieved a revenue of RMB4,473.4743 million and net profit of RMB825.7404 million.

# Management Discussion and Analysis

## III. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

### 1. Competitive landscape and development trend in the industry

In terms of the international economic situation, major developed countries will be “in or close to recession”, while emerging economies will “recover gradually”, and growth is expected in emerging markets and developing economies in Asia. In terms of the domestic economic situation, the basic characteristics of China’s economy featuring great resilience, potential and vitality remain unchanged. The Central Economic Work Conference pointed out that with the positive effect of various policies, China’s economy is expected to generally recover in 2023. In terms of the economic situation in the hinterland, the CPC Central Committee and the State Council attach great importance to the revitalisation of Northeast China, and the policies that continue to promote the reforms in Northeast China will be successively introduced. As such, the bright outlook of the economic development in Northeast China will bring incremental growth to the port business.

The Group has vital business presence in the three provinces of Northeast China, eastern Inner Mongolia and the Bohai Rim region, with its cargo sources being oil products, containers, ro-ro commercial vehicles, iron ore, coal, steel, grain, bulk and general cargo as well as rolling transportation of passengers, demonstrating a comprehensive range of cargo types, and high risk resilience.

### 2. The Company’s development strategy

In 2023, the Group will adhere to the working principle of “integrating strategies, expanding incremental growth, improving weak links, strengthening services, consolidating foundation and implementing decisions”, stick with the market-oriented and customer-centric approach, compete for the market, take the initiative to serve, and innovate to enhance the core competitiveness of the port. The Group will make effort to build an integrated service system of “hub + channel + network” and fully promote the construction of “world-class” strong ports.

In 2023, the Group’s major initiatives for market development in its business segments are set out as follows:

#### ***Oil Segment***

The Group will pay close attention to the reorganisation, capacity enlargement and usage of pipelines by private refineries in Liaoning and Hebei. Meanwhile, it will contact customers in a timely manner, take a comprehensive view in storage tank resources and utilise comprehensive service capabilities of ports to secure crude oil transshipment business. Leveraging the opportunity from the increase in ship fuel production at refineries in the hinterland, the Group will fully utilise the capacity of the Group’s process facilities and seize the growth opportunity of the trend of using low-sulfur fuel oil by ships to drive the increase in throughput.

# Management Discussion and Analysis

## ***Container Segment***

The Group will strengthen the construction of network system and traditional advantageous routes from Japan and South Korea, concentrate on Southeast Asian routes, grasp the development opportunities of emerging regional markets, focus on developing direct routes to market gaps, improve the service level of routes, and continuously enhance the status of port hubs. We will actively integrate into the national economic development strategy, strengthen the construction of the transshipment platform in Bohai Rim, make full use of the advantage of port resources, continuously optimise and improve the network layout of container routes in Bohai Rim to establish a “multi-linkage and focused support (多點聯通、重點輻射)” network system of container feeder lines. Leveraging the intelligent service management platform of multimodal transport, the Group will promote the transformation and upgrade of multimodal transport business and actively integrate into the construction of the Northeast Sea-Land Corridor (東北海陸大通道). Guided by customer demand, the Group will enhance coordination with upstream and downstream enterprises in the industry, improve the development of business including whole-process logistics and bulk-to-container logistics, and enhance customer stickiness to realise the goal of “benefit and develop together (同受益、共發展)”. We will actively strive for policy support, continuously optimise the business environment of ports, promote the development of key logistics projects and boost the high-quality development of container business while strengthening the construction of smart ports and enhancing digital empowerment.

## ***Passengers and Ro-Ro Segment***

The Group will make use of the opportunities from the introduction and operation of ro-ro shipping capacity in large passenger and cargo segment to actively secure ro-ro vehicle and passenger business, and strive to develop a golden waterway in Bohai Rim region. The Group will also accelerate the transformation of berths to satisfy the demand of large passengers and ro-ro shipping, and vigorously develop the ro-ro cargo ships as well as drop and pull transportation business.

## ***Automobile Segment***

Leveraging the liner routes for foreign trade and export, we will further explore business opportunities in exported goods. The Group will seize the opportunity from high-speed growth of commercial vehicle exports and strengthen cooperation with shipping companies and automobile manufacturers to open new routes for foreign trade. The Group will also actively explore international transshipment business and consolidate the construction of the new sea-rail channel to secure the incremental cross-border transport of Japanese and Korean commercial vehicles and used cars.

## ***Bulk and General Cargo Segment***

The Group will continuously deepen the cooperation with strategic customers and strengthen the securing of competitive goods supply. Through the internal and external collaborative development, the Group will further improve the construction of liner shipping routes system for bulk and general cargo. The Group will build an integrated supply chain service brand for iron ore, formulate a sound supply chain value-added service system integrating “direct sales + processing + trading+ distribution”, actively strive for the qualification of “national strategic reserve facilities (國家戰略儲備庫)” for iron ore and carry out diversified value-added services for iron ore. Meanwhile, the Group will continue to work on transportation of grains from the north to the south and deeply explore national policy sources of grains.

# Management Discussion and Analysis

## 3. Business plans

In 2023, focusing on customers' demands, and leveraging its comprehensive advantages in deep-water berth, storage facilities, tugging, tallying and railway, the Group will strengthen product and service innovation, deepen cooperation with customers, improve the logistics network, expand service functions, and further promote the construction of logistics system at the ports.

## 4. Possible risk exposures

2023 will see more uncertainties in the development of the world economy. The international economy and trade will pose severe threats and domestic economic growth may slow down. Large port facilities in Bohai Rim will be further improved. Port integration in Hebei will be accelerated and the integration effect of Shandong ports will continue to be enhanced. While strengthening the internal synergy, the port groups in Bohai Rim will, through transshipment, and layout of sea-rail inter-modal transport, increase efforts in land-sea two-way securing of goods supply in hinterlands. As a result, port competition is intensifying in Bohai Rim region. The production and operation of ports will face challenges posed by imbalanced development, lack of a diversified industrial structure, and weak economic growth in Northeast China.

## Human resources management

### Overview of employees

Taking into consideration of the Company's development strategies and priorities, the Group took efforts to facilitate each employee's development of his or her potential and formulated an employment mechanism for staff selecting, training, appointment and retaining so as to support the Company's sustainable development. As of 31 December 2022, the Company had 3,530 full-time employees in total. The Group had 11,051 employees in total.

### Compensation policy

Focusing on position, performance and ability, the Company has established a compensation system compatible with the human resources management through optimising remuneration system and increasing positive incentives in various aspects. The Company makes determination or corresponding adjustments to the compensation standard based on its performance and employees' performance evaluation results on an annual basis after taking into account the prevailing rates in the local labour market.

### Training plan

In accordance with the development strategy of the Company, we focused on the annual development goal and focal point of the work, and established an annual training programme based on the present situation of the talent team. Through a variety of flexible ways such as the combination of position training and on-site operation, centralised and separate learning, as well as the expert lectures and staff self study, the Company focused on the training in safety production, compliance management, risk management and green port, to provide necessary talent guarantee for the high-quality development of the Company.



# Management Discussion and Analysis

## Investor relations management

The Company pays great attention to its investor relations management, and regards it as a key part of corporate governance. The investor relations management team is committed to establishing an efficient two-way communication channel between the senior management of the Company and the investment community. Adhering to the principles of regularity, fairness and transparency, the Company strives to disclose true and accurate information in a timely manner. The Company discloses the information that investors are concerned about through a variety of channels in order to allow them to understand the Company's operation and development strategies in the future.

Meanwhile, the Company regularly collects feedback from investors and carefully considers their suggestions so as to constantly improve its development. The Company makes a periodic analysis of the shareholdings, including reviewing the institutional shareholdings and individual shareholdings, and tracking the change in equity based on the type of investors, which is conducive to the establishment of a good relationship with existing and potential investors.

In 2022, in order to allow all interested parties to fully understand the Company's performance, operating strategies and development prospects, the Company received investors' inquiries, set up investor mailboxes and adopted other ways and methods. The Company proactively and candidly communicated with the capital market for domestic and overseas investors, and published all kinds of announcements, circulars, and reports as required by domestic and overseas regulatory rules on the website of the Company and the websites and newspapers designated by regulators.

The Company has been regarding the investor relations management as a long-term strategic management. The Company will continue to improve the level and standards of its investor relations management so as to better serve investors and become a trusted listed company for capital market investors.

# Management Discussion and Analysis

## 2022 Corporate Social Responsibility Report

### I. Summary on Fulfilment of Social Responsibilities

In 2022, amidst the intricate domestic and global economic situations, Liaoning Port Co., Ltd. (referred to as “Liaoning Port”) was actively fulfilling its social responsibilities with persistent efforts on scientific and high-quality development, firmed reform, pragmatic innovation, and commitment to excellence. With the joint efforts of all staff, we made new progress for various initiatives, meeting our annual respective metrics and demonstrating our sense of responsibility in the era.

#### (I) Concept of social responsibility

The social responsibility of Liaoning Port is to undertake the responsibilities for its customers, staff, the society and environment while pursuing economic benefits and safeguarding shareholders’ interests. While maintaining rapid development of the port, we stick to the mission of “taking over the heritage over a century, and contributing to the prosperity of northeast China”, uphold the vision of “building a world-class leading port”, adhere to the enterprise spirit of “innovation, sense of responsibility, service and devotion” and maintain the core value of “making efforts to create value and delivering a fruitful future in a solid manner”, so as to create value for shareholders, customers, staff and society.

#### (II) Undertaking of social responsibility

Liaoning Port thoroughly implemented the social responsibility supervision and management mechanism with the management system that integrates quality, occupational health and safety, and environment as the main framework. These actions ensure that the standardized management work is always up to the latest standards, provide standardized management support for the Company’s management, quality, safety, occupational health, and environmental protection and a strong safeguard for the fulfilment of its social responsibilities. While taking the initiative to fulfil the obligation of “pay in full any tax as it should”, the Company paid tax in aggregate of RMB921,342,688.88 during the year, making its due contributions to national and regional development.

#### (III) Vision of social responsibility

Liaoning Port will give full play of its role as the core and flagship in developing Dalian into an international shipping center in Northeastern Asia and the development of Liaoning Coastal Economic Zone. Leveraging on its favorable natural conditions and competitive strengths in operations and management, the Company will accelerate the regional layout of the port and structural adjustment of functions, so as to realise the industrial integration between port and city, financial integration between shipping and transaction, and logistic integration between centralisation and distribution, and devote itself to realising the goal of building “5P” (Port with high quality and good performance, Port with convenient business, Port of logistics hub, Port featuring green and low-carbon operation, and Port with peace and harmony). Through self-development and growth and better fulfilment of social responsibilities, the Company strived to become the role model in port industry in the northeast area or even across the whole nation.

# Management Discussion and Analysis

## II. Contribution to the Industry

In 2022, building on the vision of “a world-class leading port”, Liaoning Port prioritised the broadening of port service functionality, made breakthrough in product and service innovation, and through measures such as deepening customer cooperation, expanding logistic network and improving port service efficiency, the Company further lowered comprehensive logistic costs for customers, thereby effectively supporting the real economy and promoting the regional economic development. Firstly, we strengthened the building of a system for collective transport and delivery, and in terms of land sector, enhanced business cooperation with the railway bureau and promoted scheduled railway transportation and bulk cargo port logistics. In terms of sea sector, the Company vigorously developed scheduled shipping service and created a low-cost, efficient and convenient shipping service system connecting the north and south of China. Secondly, relying on the advantages of deep-water berth resources, we established the unloading harbor for inbound iron ore to effectively ensuring the steady supply of raw materials for inland steel companies including Angang, Bengang and Yingkou Middle Plate Factory. Thirdly, we strengthened the cooperation among ports around the Bohai Rim region and improved the layout of the circum-Bohai-Sea network, to provide feeder transit services for liner operators, provide transport service combining main transport with feeder transit service for cargo owners in the Bohai Rim region, due to which the supply of the transit shipment business involving containers developed steadily. Fourthly, we continued to promote cooperation with the water transport project of the North-South main engine plant, promote the construction of the north-south dual-way route of commodity vehicles, and develop logistics services such river-ocean combined transportation and sea-railway inter-modal transportation and to build up a transshipment center for commercial vehicles. Fifthly, we worked closely with the port regulatory authorities and implemented a variety of initiatives to promote the development of foreign trade through ports to enhance the business environment for ports.

## III. Caring for Customers

### (I) Product quality and customer service

In 2022, Liaoning Port continued to take business transformation and quality improvement as its major tasks, focused on reducing logistics costs and increased service offerings, based on its supply chain logistics service system, marketing system and customer management system to subdivide customer groups, deeply studied the actual needs of customers and implemented the differentiated marketing strategy, so as to meet explicit demands and explore potential demands. For strategic customers and large customers, we tailored the supply chain logistics solutions to meet their customised demands. For small and medium customers, we built up a platform and system to provide them with comprehensive, one-stop value-added services. In addition, the Company increased interaction with its customers, expanded into new services, and facilitated the continuous improvement in port environment and business environment through the application of various information platforms such as the government’s public information platform, cloud service hotline of Liaoning Port, mobile APP and Micro Port System.

# Management Discussion and Analysis

## (II) Production Safety

In 2022, Liaoning Port enhanced bottom line mindset and red line awareness and facilitated all-level entities to undertake the primary safety and environmental protection responsibility by acting on the important narratives of President Xi Jinping on production safety thoroughly, implementing the decisions and measures made by China Merchant Group and government authorities strictly, executing the 15 production safety rules consistently and building on the primary initiatives of “three-year consolidation and enhancement campaign for production safety production dedicated rectification, and the year of enhanced production safety” to ensure the continued improvement of the production safety situation.

1. **Strengthening overall planning and building and improving new systems and mechanisms for safety management.** Firstly, we set up the production safety committee to ramp up our organizational leadership of production safety measures. Secondly, we clarified the obligations of Liaoning Port, Dandong Port, Panjin Port, Suizhong Port Group and their respective subsidiaries and trusted companies to determine the safety management system. Thirdly, three lists, namely Priorities and Tasks List of Safety and Environmental Protection in the Second Half of 2022, Inspection Tasks List of Safety and Environmental Protection in the Second Half of 2022 and Rules List of Safety and Environmental Protection of the Company, were issued to deploy, promote and implement various measures in a uniformed manner, develop a new safety management system featuring “uniformity and simultaneousness” and propel integration of various safety and environmental protection management measures.
2. **Clarifying responsibilities and developing a more express safety responsibility system.** Firstly, we clarified the primary responsibilities of all-level enterprises and prepared and formulated the “Main Responsibility List of Port Enterprises for Safety Production” to cause all-level entities to undertake the primary responsibility as they should. Secondly, we clarified and finalized the system of responsibility for safety in production applicable for all to split and assign the primary responsibility of the Company to specific departments, teams, groups and positions, thus forming “One List for One Responsibility of One Post” pattern. Thirdly, we divided safety responsibility scope by location (parcel of land) for stations and teams and provided definite positions liable for assigned equipment and designated personnel liable for specific duties, thus eliminating any blind spot.

# Management Discussion and Analysis

3. **Focusing the longer-term efficiency and enhancing the dual prevention mechanism in a broad basis.** In terms of establishment of dual prevention mechanism, Yingkou area and Dandong Port Group, with the support of third parties, completed the inspection of dual prevention mechanism establishment project, with a complete management system established. The Company's various subordinate and trustee entities applied the proven inspection results of the dual mechanism into the daily safety management to gradually enhance our risk control capability. **In terms of safety risk control,** we re-identified and re-evaluated the safety risks again. With reference to "List of 42 Major Safety Risks Issued by the Ministry of Transport", we identified and concluded 60 major risks and formulated 305 control rules and 304 emergency measures. In accordance with the requirements of the local government, all entities in Dalian-based operation unit enforced a safety commitment declaration system, pursuant to which study and judgement on safety risk and elimination of hidden hazards are carried out on a daily and whole process basis by all staff. A bottom-up study and judgement mechanism against each and every grade of positions starting from team handover meeting, to cause the staff of each grade to undertake responsibility. Such practice is of the worth of broad-base adoption. **In terms of screening and management of hidden dangers,** respective grade conducted various 1,880 safety inspections for the year with implementing "monthly inspection" on branches, "weekly inspection" on the stations, "daily inspection" on shifts and "random inspection" on ports. We identified and rectified 2,615 contravening incidents and cumulative 2,486 hidden hazards for the year with 2,478 or 99.64% being rectified. The manufacturing entities, such as the oil terminal and bulk and general cargo terminal under Dalian Port, adopted an award plan for hidden danger elimination, organizing all staff to conduct risk and hidden hazard inspection and identifying cumulated 1,166 risks and hidden hazards for the year and awarding RMB76,300. In respect of repetitive safety hazards and issues, the Company set up a dedicated team to conduct special supervision and inspections. Each unit drew inferences about repetitive problems and performed self-checking, self-inspection and self-correction, thus taking effective measures to gradually reduce and eliminate repetitive safety hazards and issues. **In terms of safety enhancement in the shift level,** we enforced deepened safety development in the shift level, enhanced production safety accountability, control with risk rating, and screening and management of hidden hazards. Dalian-based operation unit persistently developed the production safety standards in the shift level, with the production safety standardized management system applicable for shift level initially taking shape and the production safety standardized management manual for shifts prepared for the pilot group-based management model. **In terms of management of safety signs,** Dandong Port Group made and installed 18,435 signs and safety risk warning signs, while Dalian-based operation unit developed a localised and detailed executing plan based on that of the pilot unit.



# Management Discussion and Analysis

4. **We focused on priorities and our three-year safety production rectification campaign achieved remarkable results.** In 2022, the Company executed 15 production safety rules, focused on three-year consolidation and enhancement and closely monitored the high-risk industries, and diligently performed broad-base screening and rectification of production safety hidden hazards. **In terms of “Two Special Themes”**, the Company actively encouraged the study of important narratives of General Secretary Xi on production safety, with a total of approximately 50,000 participants attending 152 sessions. In 2022, the Company and its subordinate entities signed a total of 2,315 “2022 Responsibility Statements on Production Safety Goal Management”, and 32,726 commitment letters of “Two Responsibilities for One Specific Position”; we also revised 915 safety rules and refined 417 operation procedures. **In terms of “Five Dedicated Areas”**, the Company engaged a third party and set up an inspection group for dedicated areas, and increased the remediation scope from “Five Dedicated Areas” to 7 dedicated areas, with a view to strengthening risk control capability. Through independent innovation, certain individual entities effectively improved the endogenous safety level of their harbors. A series of matured projects were rolled out, including safety detection and anti-fall system of berths of oil terminal and automatic monitoring and protection system of the brake contactor of the Bulk Cargo Terminal under Dalian Port and process reform and innovation in man-machine separation technology of Yingkou Port No.6 Company. We were specifically recommended by the Ministry of Transport as “Safe Transport” innovation cases, such as the research on the application of active and safe protection system technology of oil storage tank, recognition and transformation project of incremental overhaul safety function of belt conveyor control system, production safety information-based service platform of dangerous goods, digital supervision project throughout the process of logistics of dangerous goods. An array of training and skill improvement projects designed for key positions were rolled out by oil terminal under Dalian Port, training base of Yingkou No.4 Company and the innovation affair studio of Container Terminal Company under Panjin Port.
5. **Prioritizing “risk prevention and safety safeguarding to embrace the 20th National Congress” and strengthening safety management in special periods.** Highlighting safety management in special periods, the management of the Company held safety dedicated meetings prior to the congress meeting in a timely manner during such special periods, communicated and implemented the requirements of the competent authorities on special periods and conducted in-depth dedicated inspections on safety, environmental protection and anti-pandemic measures in the front line. The safety committee of the Company carried out an overall comprehensive supervision and inspection against 43 units during the “20th National Congress”. Meanwhile, each unit strictly performed the leader-led operation practice and had some key positions on duty, and safety supervision and management department arranged site inspections on a daily basis by dedicated personnel, forming a normal working mechanism on safety in special period.

# Management Discussion and Analysis

6. **Enhancing publicity, education and training and seeking to become the safety culture exemplary enterprise.** Firstly, we organised to study the “Implementation Measures for the Evaluation and Management Related to Building-up of Safety Culture Exemplary Enterprises”, Dalian Automobile Terminal Co., Ltd. was awarded the title of National Safety Culture Exemplary Enterprise, and the oil terminal and the railway company under Dalian Port were recommended as Safety Culture Exemplary Enterprise of Liaoning Province. Secondly, some safety-related activities with the theme of “Work Safety Month” and “119 Fire Month” were actively kicked off. During this Month of Production Safety, Wei Minghui (魏明輝), the general manager of Liaoning Port, called on safety to all leaders and staff with the theme of “each individual employee undertaking his due responsibility and the Company undertaking the primary responsibility”. Thirdly, with the “two masters” team building initiatives, we carried out “Lecture Tour” activity led by two levels of internal trainers, with over 1,200 employees participating in the pre-examination training on the 2022 certified safety engineers examination. The Company currently has 160 certified safety engineers. Fourthly, various compliance and safety trainings were completed as scheduled. For this year, we held 7 various sessions on safety, with a total of 1,648 participants. Safety Supervision and Management Department joined hands with Dalian Academy of Safety to launch a research project on broad-base safety training curriculum system, laying the foundation for next specific training contents on each position. Fifthly, the pilot project on ranking and evaluating the safety quality of employees in key positions related to oil and chemical products was carried out in an orderly manner. Dalian Port Petroleum & Chemical and Yingkou Port No.4 Company have prepared learning materials on evaluation standards and comprehensive quality improvement covering 7 types of work and 3 rankings for the automobile loading and unloading workers.

## IV. Caring for Employees

### (I) Protection of employees' rights and interests

We were committed to creating a harmonious ecology building on employee-centered practice and protection of employees' rights and interests. The Company continuously enhanced regulation and rule development and responded to requests from employees. In particular, the management systems related to interests of employees were developed and issued in strict compliance with democratic and transparent procedures and employees would receive training accordingly. As the Company highlighted personal growth, employees in different career stages and positions were provided with multi-dimensional support with a view to creating a mechanism and the atmosphere that encourage innovation and creation among employees. The functionality of labor union was persistently enhanced with the primary labor union and primary CPC branch being simultaneously established and the labor union being funded according to regulations. The staff representative meeting system was improved to fully leverage on the functions of such system, and the sixth session of staff supervisors of Liaoning Port was by-elected timely, which fully demonstrated the advantages of democratic decision-making, management, and supervision systems and promoted the transparency of corporate affairs. With staff occupational health files being established, we arranged physical examinations for all employees and strictly implemented special labor protection provisions for female employees. The 2022-2023 “Good Health” Cup competition themed “screening and rectifying potential safety hazards and jointly promoting safety and health” was carried out, which played a positive role in facilitating the enforcement of laws and regulations on labor security and occupational health.

# Management Discussion and Analysis

## *(II) Supporting and caring for the employees*

The Company ramped up efforts in caring for employees, such as visits to and giving solid support for poverty-stricken employees, to promote the harmony and stability of the workforce and establish a normalized and long-term mechanism featuring “Giving Solid Support for the Staff”. The Company took active measures to give favorable and solid support for staff, in respect of heightening leadership of the CPC, facilitating high-quality development, serving the staff and strengthening fostering of positive deeds. In-depth investigation and research on the primary level was carried out to obtain knowledge of and help to solve the issues of “urgency, difficulty, great concern and prolonged existence” for the staff. The Company distributed supplies to the primary units to improve the living conditions of front-line staff, equipped the front-line staff with warm and cold-proof supplies, anti-pandemic supplies and items showing our care, and provided living supplies for staff who were assigned for outdoors affairs and subject to quarantine. The medical mutual aid general service fund was launched in time to relieve the living burden for employees seeking medical treatment. Meanwhile, relying on resource advantages of Employee Psychological Assistance Center of Liaoning Port, the Company held a series of lectures on psychological support for employees through livestreaming. The “Heart-warming Activities” were persistently rolled out, in which a new activity “Care Room for Female Employees” was launched on the basis of previous activities.

## *(III) Improving employment mechanism*

With slogan of “model worker spirit, working spirit and craftsman spirit”, the Company vigorously promoted the spirits of model workers, featuring passion and dedication, pursuit of excellence, hardworking, innovation, devotion and caring less about fame and wealth. In the course of high-quality development, the Company strived to foster distinguished employees who yearn for excellence while doing well on their positions. In particular, we carried out a variety of activities to enhance employees’ senses of belonging, pride and responsibility. An array of online and offline skill trainings was launched to improve position-specific skills for employees; employees’ working and career development passions were boosted by the extensive discussion with the theme of “What kind of Liaoning Port Do I Want it to be”. Through mechanism establishment, setting up of stage and strict management, we insisted on creation of model worker (employee) innovation studios, which reaped remarkable results in respect of general technological innovation with 25 out of 79 studios winning the provincial and municipal honors. In the National Occupational Skill Contest in 2022, the representative teams from Dalian-based operation unit and Yingkou-based operation unit made distinguished achievements out of 20 participating teams in the contest, and won the third and sixth place respectively and received the appreciation letter from the provincial department of transport.

# Management Discussion and Analysis

## V. Ecological Development

### (I) Environmental protection

In 2022, Liaoning Port deepened the application of the ecological philosophies of President Xi Jinping, fully implemented the ecological and environmental protection planning under the “14th Five-Year Plan” and facilitated the three-year rectification campaign on ecological and environmental protection in a refined way. We also continued to carry out pollution prevention and control campaign. In particular, we accurately and comprehensively executed as required by the state policies and rules, including Opinions of the Central Committee of the Communist Party of China and the State Council on Deepening the Battle of Pollution Prevention and Control, Action Plan for the Comprehensive Treatment of the Bohai Sea, Implementation Plan for the Comprehensive Governance Campaign in Bohai in Liaoning, Solution for the Control of Volatile Organic Compounds of Liaoning Province and Implementation Plan for Pollution Control Campaign against diesel truck of Liaoning Province, highlighting the precise, scientific and lawful pollution control and better meeting various annual environmental protection metrics.

- Focusing on the fulfillment of key tasks.** Firstly, the quality of the ecological environment reached the best level in the past three years, with various pollutants being discharged upon meeting standards. Secondly, our environmental initiatives were recognised by the competent government departments, being awarded the Advanced Group of Ecological Environment Publicity and Education in Dalian by Dalian Ecological Environment Bureau. Thirdly, we successfully completed the air quality assurance tasks under the “Winter Olympics” campaign. Fourthly, we set up a leading group for energy conservation and environmental protection to guide the ecological and environmental protection efforts across the Company, and developed an environmental protection accountability system and improved the “1+5+N” ecological and environmental protection system. Fifthly, we ramped up efforts in pollutant management upon receiving the pollutant discharge permits and enhanced implementation by key discharging units according to requirements under the permits.
- Anchoring and rectifying hidden hazards concerned.** Firstly, Remediation of sewage outlets saw great results. We completed screening of sewage outlets into the sea and the remediation task under the policy of “One Response Designed for One Specific Outlet”. Secondly, in 2022, we completed the evaluation on standardized management of hazardous waste and clearing of hazardous waste for storage sites. Thirdly, China Merchant Group conducted screening, supervision and aid initiatives on (environmental protection) issues upon audit and rectification, which effectively precluded and addressed various major ecological and environmental violation risks.
- Highlighting three-year campaign and seeking to make breakthrough.** Firstly, milestone results of our three-year dedicated environment campaign were achieved with a total of 25 or 93% listed tasks being completed with 2 remaining tasks being postponed due to pandemic. Secondly, we made the right breakthrough in the pollution control campaign. For blue sky defense war, the Company funded RMB30.86 million to facilitate deep cleaning of bulk cargo yard roads and RMB2.64 million for refitting 50 vehicles in the first pilot batch of non-road mobile machinery. For clear water defense war, we made solid efforts in respect of sewage collection and facility alteration in the port area, operation and maintenance of treatment facilities and discharge management of rain and sewage, and gradual elimination of the phenomenon of black water and red water in the harbor basin. For solid waste treatment campaign, Dandong Port invested RMB2.27 million to build a 700 sq.m. specialised hazardous waste storage house.

# Management Discussion and Analysis

4. **Building around management innovation and highlighting characteristics.** Firstly, we solidly advanced the transportation powerhouse initiated by Liaoning Province. The Dalian Port Groceries Wharf Co., Ltd. and Yingkou Xingang Ore Terminal Co., Ltd. invested approximately RMB8 million in reforming the process-based technology with key technology being awarded the second prize of Science and Technology Award by China Ports & Harbors Association. Secondly, we deepened the reform of oil spill emergency response. We engaged the team from Liaohe Rescue Station of PetroChina to move in harbor area in Fairy Island and the same station leased relevant equipment and supplies to Yingkou Port pursuant to compliance standards, reducing nearly RMB30 million of compliance cost for the Company. Thirdly, as a new creative initiative in the comprehensive governance of Bohai sea, Bayuquan Port Area Sewage Treatment Plant Networking Project was elected as the exemplary water pollution control project at Yingkou.

## *(II) Energy conservation and consumption reduction*

1. **Solidly promoting energy conservation and emission reduction.** Liaoning Port proactively and steadily promoted carbon peak and carbon neutrality and fully ramped up resource conservation and environmental protection to advance green transformation of ports. Currently, the photovoltaic power generation capability ranks among the top ports in the country. Four sets of photovoltaic power generation systems offer sustained electricity supply for the harbor areas of Dalian Bay, Dayao Bay and Changxing Island under Dalian Port and Bayuquan under Yingkou Port. In 2022, the electricity of photovoltaic power generation accumulated to 25.9977 million kWh, an increase of 4.05% year-on-year. The photovoltaic power station delivered positive income and had significant effects of energy conservation and emission reduction.
2. **Promoting the equipment upgrading for purpose of energy conservation.** Liaoning Port increased its investment in upgrading old facilities and acquiring new equipment, and fully used its internal and external resource to gradually adjust the energy consumption structure. The Company continued to increase the proportion of new energy facilities used in the bays and promoted the upgrading and renovation project of electrical facilities of Dalian Port, upgrading the 18 automated LED track intelligent lighting systems, and commenced the operation of LNG trailers in the Bayuquan Port Area. Meanwhile, Liaoning Port continued to proceed with the “switch from oil to electric power” of yard cranes of Dalian Container Terminal, and in 2022, completed hybrid power upgrading of 5 yard cranes. Currently, out of 73 yard cranes of Dalian Container Terminal, there are 60 that are electrically driven, and the upgraded equipment are able to save over 62% fuels. In addition, the Company also purchased 1 full-electric empty container handler and 17 full-electric unmanned trucks to accumulate experience for subsequent promotion of new energy mobile machinery. Bayuquan Port Area completed the upgrade of 18 sets of automated LED track intelligent lighting systems, and through innovative cooperation model, built a gas refueling station within the port area to provide energy supply for 18 self-owned LNG trailers and the outsourced LNG vehicle fleets.



# Management Discussion and Analysis

3. **Digital means empowering the building of green port.** Taking into consideration of practical reform and development circumstances, Liaoning Port made full use of digital means to empower the building of green port. Currently, “Digital Green Port Management Platform” with granted independent intellectual property rights has been put into use, which encompasses multiple control dimension functions, including energy statistical analysis, energy consumption data monitoring, environmental pollution monitoring, carbon emission management and green grade self-evaluation, effectively improving the capability and efficiency of equipment and facility management and energy consumption monitoring.
4. **Facilitating upgrade and transformation of on-shore electrical facilities.** Upon obtaining a thorough understanding of the on-shore electrical facilities at the passenger terminal, and preparing a project capital investment proposal and project feasibility study report, Liaoning Port formally launched the upgrading and transformation of on-shore electrical facilities at Dalian Port. Liaoning Port entered into related on-shore electricity agreements with vessel operators and completed the commissioning of connection on-shore electricity with vessels of passenger and ro-ro ships in Xianglong Island and Jilong Island, with the project inspection and acceptance being completed.

## *(III) Emergency precautions*

In 2022, Liaoning Port continued to ramp up emergency management and improved emergency response and rescue capabilities. Firstly, Yingkou Port area successfully held the 2022 general drill for dangerous goods accident emergency response and port facility security drill of Yingkou Port initiated by the Department of Transport of Liaoning Province; Panjin Port Group Co., Ltd. joined hands with Panjin Transport Bureau to launch the “2022 general drill for emergency plan of Panjin Port Group”. In 2022, various units of Liaoning Port held a total of 6,653 drills with more than 68,000 person-times of participation. Secondly, we investigated and evaluated our emergency resources and capabilities. Dandong Port Group completed the investigation of emergency rescue supplies and equipment, emergency supply warehouses and reserves and on-site response proposals, and conducted the rating of emergency capabilities. Thirdly, we assured production safety in bad weather and special periods, and actively carried out emergency response measures such as early warning and forecasting of severe weather and special inspections. Fourthly, the Company proactively initiated a disaster prevention and control day and offered 42 sessions of offline safety training and education with more than 10,000 person-times of participation.

# Management Discussion and Analysis

## VI. Community Welfare

### (I) Welfare Activities

The Company firmly remembered and fulfilled its social responsibility with a view to contributing positively to social stability and development. We supported the pandemic prevention and control initiatives and participated in emergency rescue and disaster relief, and took the initiative to undertake the responsibility of securing the supply of living products; we actively coordinated and completed the voluntary blood donation initiated by local governments; the Company also helped facilitate rural revitalization efforts under the requirement of local governments; for poverty alleviation through consumption efforts, we supported the poverty relief in impoverished counties in Guizhou; we also participated in caring activities targeted at low-income households actively held by local governments in districts where the Company operates; Through the “call of love and sharing of sunshine” (愛在招手 · 共享陽光) volunteering activity, we arranged volunteers jointly with Wafangdian branch of China Communist Youth League to pay visits to Yangjia County and Paoya County in Wafangdian and poverty-stricken families with children.

### (II) Pandemic prevention and control

Under our scientific and precise pandemic prevention and control, the Company recorded “zero cases in the port area and zero case of employees on duty” in 2022. Firstly, the Company responded to the local Covid-19 outbreak with the principles of scientific response, precise policy execution, swift control before screening, active immobilization and timely move-in-port management. Secondly, quick response and multi-point early warning pattern was adopted to carry out deployment and control before governments’ announcement. In particular, during the outbreak in clusters on 20 August in Dalian, we made arrangement 8 hours earlier, and controlled the flow of staff 2 days earlier than the official announcement, and requested closed-off management, thus fending off the risks arising from the society for the port area early. The third was to conduct risk assessment and seek specialized guidance. According to the timely optimization measures issued by the country, we actively reached out to various authorities governing the industry to coordinate and solve issues affecting the operation efficiency of the ports. Fourthly, we prioritized key initiatives and ensured the solid fulfillment of responsibilities. We prepared a list of responsibilities to clarify respective management boundaries, and set up a supervision mechanism under which nearly a hundred rolling inspections were carried out. Fifthly, we stressed on smart prevention and control and scientific deployment. Leveraging on big data information system, we conducted real-time monitoring and daily tracking. We organized nucleic acid tests for over 1.8 million person-times for the whole year. Sixthly, we did well in communication and cooperation and adequate precautions. We maintained close communication with local pandemic control command centers and disease control departments and prepared sufficient living supplies and anti-pandemic supplies with a total of approximately RMB190 million invested in the anti-pandemic campaign for the year. Seventhly, the Company was quick in response and did well in handling with emergency. There were no Covid-19 cases reported in multiple waves of local outbreaks and during our emergency response to handle with vessels with infection cases.

# Management Discussion and Analysis

## **VII. Prospect**

Development commenced from succession and excellence originated from innovation. With the spirit of “port connects world, and integrity wins people”, Liaoning Port is committed to integrating the social responsibility concept with the corporate development strategy, and to associating social responsibility practice with corporate production and operation, so as to protect the legitimate rights and interests of employees, create value for customers, actively engage in social welfare undertakings, and continue to fulfill its corporate social responsibility, and achieve a quality and sustainable growth.

## **Investment plan**

In 2023, the Company will prudently carry out investment and supporting financing based on the development strategy of making progress while maintaining stability. As at the date of this annual report, the Company has no significant relevant information that needs to be disclosed and brought to the attention of the investing public. In case of any related matters, the Company will make timely compliance disclosure according to the information disclosure requirements of Hong Kong and the PRC.

# Directors' Report

The board of directors hereby presents its report and the audited consolidated financial statements of the Group (the "Auditor's Report") for the year ended 31 December 2022. All references made below to other sections, reports or notes of this annual report form part of this Directors' Report.

## Principal activities and geographical analysis of operations

As at the date of this report, the Group is engaged in the following business segments: (i) oil/liquefied chemicals terminal and related logistics services; (ii) container terminal and related logistics services; (iii) automobile terminal and related logistics and trading services; (iv) bulk and general cargo terminal and related logistics and trading services; (v) bulk grain terminal and related logistics and trading services; (vi) passenger and roll-on, roll-off terminal and related logistics services; and (vii) port value-added and ancillary services.

The principal activities of the Company's subsidiaries are set out in Note VII to the financial statements. Among the subsidiaries listed in Note VII to the financial statements, all subsidiaries of the Company registered in the PRC are limited liability companies.

Details of the analysis of the Group's operating results by business segments for the year ended 31 December 2022 are set out in Note VIII (65) to the financial statements.

## Results and appropriations

The results of the Group for the year ended 31 December 2022 are set out in the consolidated income statement of the Auditor's Report.

In 2022, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,279,734,789.11. To provide better returns for the shareholders, the Board recommended the payment of cash dividend of RMB0.174 (withholding tax included) for every 10 shares for 2022.

Pursuant to the provisions of the Articles of Association of the Company, the annual profit distribution plan of the Company is subject to approval of the Company's shareholders at the general meeting. Accordingly, the aforesaid dividend distribution proposal will be implemented following the approval of the Company's shareholders at annual general meeting for 2022.

## Review of business

Description of the fair review of the Group's business and the analysis using the financial key performance indicators, description of the principal risks and uncertainties facing the Group, future prospects of the Group's business, the environment policy and performance and the important relations statement with employees, customers and suppliers of the Group are set out in this Directors' Report, the part headed "Management's Discussion and Analysis" and the "Environmental, Social and Governance Report" of this annual report.

## Financial highlights for the past five accounting years

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the section headed "Financial Highlights for the Past Five Accounting Years" of this annual report.

## Reserves

Details of the movements in the reserves of the Company and the Group during the year are set out in the consolidated statement of changes in shareholders' equity of the Auditor's Report.

# Directors' Report

## Distributable reserves

As at 31 December 2022, the Company's reserves available for distribution were RMB417,374,945.20, which was calculated in accordance with the generally accepted accounting principles of the People's Republic of China.

## Bank loans and other borrowings

As at 31 December 2022, the total amount of outstanding bank loans and other borrowings of the Group was RMB7,550,282,477.66. Details of the relevant loans are set out in the notes to the financial statements: Note VIII (30) Other payables, Note VIII (31) Non-current liabilities due within one year, Note VIII (33) Long-term borrowings, Note VIII (34) Bonds payable, and Note VIII (36) Long-term payables.

## Group assets pledged

As at 31 December 2022, the Group used part of the monetary funds as the security deposit for project payment guarantee, as the project performance bond, and as the security fund for the purchase of electricity. Specific details are set out in Note VIII (23) to the financial statements.

## Capitalisation of interest

### 2022 fixed assets and construction in progress

Details of the movements in the fixed assets and construction in progress of the Group during the year are set out in the notes to financial statements: Note VIII (14) Fixed assets and Note VIII (15) Construction in progress.

## Investment properties

Details of the investment properties of the Group during the year are set out in Note VIII (13) Investment properties to the financial statements.

## Significant acquisition and disposal of subsidiaries, associates and joint ventures

The Group has no significant acquisition or disposal of subsidiaries, associates and joint ventures during the year.

## Share capital

The share capital structure of the Company as at 31 December 2022 is set out in the table below

Class of shares	Number of shares (shares)	Percentage (%)
A Shares	18,828,349,817.00	78.49
H Shares	5,158,715,999.00	21.51
<b>Total</b>	<b>23,987,065,816.00</b>	<b>100</b>

Details of the movements in share capital of the Company during the year are set out in Note VIII (40) to the financial statements.

# Directors' Report

## Pre-emption rights

There are no provisions for pre-emption rights under the Articles of Association of the Company, nor the laws of the PRC, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## Purchase, sale or redemption of the company's listed securities

During the year ended 31 December 2022, no redemption of the Company's listed securities had been made by the Company. Neither the Company nor any of its subsidiaries had purchased or sold the listed securities of the Company.

## Environmental policies and performance

The Group is committed to actively promoting environmental protection policies and encouraging employees to work green. The subsidiaries of the Company have implemented relevant environmental protection measures to develop new technologies and skills for the promotion of energy saving and emission reduction, in order to minimise the environmental damage caused during the production process.

Internally, the Group encourages its employees to actively protect environment to reduce use of resources and waste production and increase recycling of renewable resources. The subsidiaries of the Company strictly comply with the country's corresponding environmental laws and regulations and there was not any material non-compliance with relevant laws and regulations during the year.

For the Group's specific environmental policies and implementation during the year, please refer to the Environmental, Social and Governance Report in this annual report.

## Directors and supervisors

The directors and supervisors of the Company in incumbency during the reporting period and up to the date of this report are as follows:

### Executive Directors

Mr. Wang Zhixian (*appointed on 18 March 2022*)

Mr. Wei Minghui (*re-appointed on 29 June 2020*)

Dr. Zhang Yi (*appointed on 11 November 2021, and resigned on 24 February 2022*)

### Non-executive Directors

Mr. Zhou Qinghong (*appointed on 11 November 2021*)

Dr. Xu Song (*appointed on 11 November 2021*)

Mr. Yang Bing (*appointed on 11 November 2021*)

Mr. Si Zheng (*appointed on 11 November 2021, and resigned on 6 January 2023*)



# Directors' Report

## Independent Non-executive Directors

Dr. Liu Chunyan (*appointed on 29 June 2020*)

Mr. Law Man Tat (*re-appointed on 29 June 2020*)

Ms. Cheng Chaoying (*appointed on 22 December 2022*)

Mr. Li Zhiwei (*appointed on 29 June 2020, and resigned on 22 December 2022*)

The Company has received from each independent non-executive director an annual confirmation of his/her independence. The Company considers the independent non-executive directors remain independent from the Company.

## Supervisors

Mr. Li Shichen (*appointed on 11 November 2021*)

Mr. Yuan Yi (*appointed on 11 November 2021*)

Ms. Zhang Hong (*re-appointed on 29 June 2020*)

Ms. Ma Yingzi (*appointed on 11 November 2021, and resigned on 9 June 2022*)

Mr. Gao Shicheng (*appointed on 17 June 2022*)

Mr. Wang Zhifeng (*appointed on 29 June 2020, and resigned on 14 November 2022*)

## Directors' and supervisors' service contracts

Each of the directors and supervisors of the Company has a service contract with the Company for a term of no more than three years, which can be terminated by either party by giving three months' prior written notice to the other party.

Save as set forth above, the Company did not enter into a service contract with any director or supervisor which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

## Directors' and supervisors' interests in contracts

Save for the service contract, no contract of significance to the Group in which the Company or any of its subsidiaries, its holding company or any of its subsidiaries was a party and in which a director or a supervisor had a material interest, whether directly or indirectly, subsisted during the year.

## Profiles of Directors, Supervisors and Senior Management

Profiles of the directors, supervisors and senior management of the Company are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" in this annual report.

# Directors' Report

## Interests and short positions in shares, underlying shares and debentures of the Company

As at 31 December 2022, none of the directors, supervisors, senior management and any of their respective associates had any interests and short positions in shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), or as recorded and kept in the Company's register required under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## Directors' and supervisors' rights to acquire shares and debentures

At no time during the year was the Company or any of its subsidiaries, or its holding company or any of its subsidiaries, a party to any arrangement which would enable the directors and supervisors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate. In addition, none of the directors or the supervisors of the Company was granted any right to subscribe for the securities of the Company or had exercised any such right during the year.

## Directors' interests in competing businesses

None of the directors of the Company had any interest in any business which competes or may compete, whether directly or indirectly, with the business of the Company and the Group. At the same time, the Company has received the undertakings and confirmations of the directors that they do not have any interest in any business that may compete with the Company.

## Directors' and supervisors' remuneration

Details of the directors' and supervisors' remuneration are set out in Note XV to the financial statements.

## Five highest paid individuals

As of 31 December 2022, information in respect of the five highest paid individuals of the Group is set out in Note XV (4) to the financial statements.

## Management contracts

The Company did not enter into any contract in respect of the management and administration of the entire or any significant part of the business of the Company nor did any such contract subsist at any time during the year.

## Connected transactions

During the year, the Group entered into the following transactions and arrangements with connected persons as defined in the Listing Rules:

# Directors' Report

## Ordinary continuing connected transactions under the Listing Rules

The summary of the Group's various non-exempt continuing connected transactions during the year 2022

Connected transactions		Connected persons	Annual cap for 2022 (RMB'000)	Actual amount for 2022 (RMB'000)
1. Construction supervision and management services	Provision of construction supervision and management services	Liaoning Port Group	82,000	12,442
	Be provided with construction supervision and management services	Liaoning Port Group	26,000	558
2. Sales of goods and provision of services		Liaoning Port Group	2,070,000	809,726
3. Purchase of goods and receipt of services		Liaoning Port Group	1,010,000	585,965
4. Terminal facilities design and construction services		Liaoning Port Group	400,000	110,984
5. Leases	As a lessee – based on the amount of additional use-of-right assets each year	Liaoning Port Group	1,650,000	1,051,851
	As a lessee – short-term and low value leases	Liaoning Port Group	49,000	21,532
	As a lessor	Liaoning Port Group	226,000	84,983
6. Financial services	Deposit	China Merchants Finance	6,000,000	2,462,367
	Loan		6,000,000	809,535
	Settlement and others		10,000	–

Liaoning Port Group Limited (the “Liaoning Port Group”) is an indirect holding company of the Company and is therefore a connected person of the Company, and Construction Supervision and Management Services Agreement, Sales of Goods and Provision of Services Agreement, Purchase of Goods and Receipt of Services Agreement, Terminal Facilities Design and Construction Services Agreement, Lease Agreement and their respective transactions thereunder have constituted the connected transactions of the Company under Chapter 14A of the Listing Rules. In addition, the Company is a fellow subsidiary of China Merchants Group Finance Co., Ltd. (the “CMG Finance”). Therefore, CMG Finance is a connected person of the Company, and the proposed transactions under Financial Services Agreement constituted the connected transactions of the Company under Chapter 14A of the Listing Rules.

### 1. Construction supervision and management services

The Company entered into the Construction Management and Supervision Services Agreement with Liaoning Port Group on 28 April 2021, pursuant to which, the parties provide each other with construction supervision and management services. The transaction cap and the actual amount of transaction for provision of construction supervision and management services for the year ended 31 December 2022 were RMB82 million and RMB12.442 million respectively, and the transaction cap and the actual amount of transaction for accepting construction supervision and management services were RMB26 million and RMB0.558 million respectively.

# Directors' Report

The key terms and conditions of the Construction Supervision and Management Services Agreement are as follows:

- ① The reasonable charges are made according to the pricing principles stipulated in the agreement for the services provided and the relevant terms and conditions shall be no less favorable than those offered by a third party for such services, which shall surely meet the quality standard required by both parties from time to time. The parties guarantee each other that they will perform their respective obligations under the agreement in accordance with the principles and the provisions under the agreement.
- ② The construction supervision and management services will be priced in accordance with the following principles:
  - (a) Government-prescribed price;
  - (b) Where there is no government-prescribed price, the price to be set by both parties after negotiation with reference to the market price.

## 2. Sales of goods and provision of services

The Company entered into the Sales of Goods and Provision of Services Agreement with Liaoning Port Group on 28 April 2021, pursuant to which, the Group shall supply goods and services to Liaoning Port Group and/or its associates. The transaction cap and the actual amount of transaction for sales of goods and provision of services for the year ended 31 December 2022 were RMB2,070 million and RMB809.726 million respectively. The key terms and conditions of the Sales of Goods and Provision of Services Agreement concerning provision of goods and services are as follows:

- ① Goods and services to be provided by the Group to Liaoning Port Group and/or its associates include:
  - (a) Products: Steam, equipment, accessories, etc.;
  - (b) Services: Supply of electricity and heat, tugboat service, security service, telecommunications and related engineering services, production facilities and equipment maintenance, loading and unloading, port berthing, port security, port storage, tally, shipping and freight forwarding, passenger port operations, berthing charges, mechanical operations, property management and other related or similar services.
- ② The sales of goods and provision of services shall be priced in accordance with the following pricing principles:
  - (a) Government-prescribed price;
  - (b) Where there is no government-prescribed price but a market price, the price is to be set out with reference to the market price.

# Directors' Report

## 3. Purchase of goods and receipt of services

The Company entered into the Purchase of Goods and Receipt of Services Agreement with Liaoning Port Group on 28 April 2021, pursuant to which, the Group shall purchase goods and receive services from Liaoning Port Group and/or its associates. The annual transaction cap and the actual amount of transaction for purchase of goods and receipt of services for the year ended 31 December 2022 were RMB1,010 million and RMB585.965 million, respectively. The key terms and conditions of the Purchase of Goods and Receipt of Services Agreement are as follows:

- ① The products and services to be provided by Liaoning Port Group and/or its related associates to the Group include:
  - (a) Products: network and information office equipment, office supplies, accessories, and software, gasoline and diesel oil;
  - (b) Services: water and heating supplies, production facilities and equipment maintenance, landscaping, commuting, canteen, physical examination, printing and meeting and other related or similar services, port facility security services, cargo port charges, tugboats, machinery operations, use of warehouses, property management, network system maintenance, software development services, training, bidding agency and other related or similar services.
- ② The purchase of goods and receipt of services will be priced in accordance with the following principles:
  - (a) Government-prescribed price;
  - (b) Where there is no government-prescribed price but a market price, the price is to be set out with reference to the market price.

## 4. Terminal facilities design and construction services

On 28 April 2021, the Company entered into the Terminal Facilities Design and Construction Services Agreement with Liaoning Port Group. The transaction cap and the actual amount of transaction for terminal facilities design and construction services for the year ended 31 December 2022 were RMB400 million and RMB110.984 million, respectively. The key terms and conditions of the Terminal Facilities Design and Construction Services Agreement are as follows:

- ① Liaoning Port Group will provide upon the Group's request or promote the third parties which are approved by the Group to provide the services required by the Group. Liaoning Port Group is not the only service provider of the Group.
- ② The services provided by Liaoning Port Group shall meet the quality standard required by the Group from time to time, and shall be on normal commercial terms or more favourable to the Group than those provided to independent third parties.

# Directors' Report

- ③ The terminal facilities design and construction services shall be fair and reasonable and priced in accordance with the following principles:
- (a) Government-prescribed price;
  - (b) Where there is no government-prescribed price, the price will be determined with reference to market price;
  - (c) Where a public tender is required for the project, the price will be determined by the public tender procedure.

## 5. Lease agreement

The Company entered into the Lease Agreement with Liaoning Port Group on 28 April 2021. The cap and the actual amount of leases (based on amount of additional right-of-use assets per year) for the year ended 31 December 2022 were RMB1,650 million and RMB1,051.851 million respectively; and the transaction cap and the actual amount of transaction for leases (short-term and low value leases) for the year ended 31 December 2022 were RMB49 million and RMB21.532 million respectively, and the cap and the actual amount of lease business (as a lessor) for the year ended 31 December 2022 were RMB226 million and RMB84.983 million.

The key terms and conditions of the Lease Agreement concerning leasing out and leasing in are as follows:

- ① The rental within the term shall be determined with reference to the market rate, and the amount and way of payment shall be provided explicitly in each separate agreement by the parties thereto.
- ② During the lease term (including the renewal term), all taxes and fees of the lease subject shall be borne by the lessor; the stamp duty and registration fee paid for the signing of this agreement shall be borne by both parties in accordance with the provisions of national laws and regulations.

## 6. Financial Services

On 28 April 2021, the Company entered into the Financial Services Agreement with China Merchants Finance, pursuant to which China Merchants Finance provides various services to the Group including deposit services, loan services, settlement services, foreign exchange services and other financial services. The maximum daily closing balance of deposits and the maximum daily closing balance of loans for the year ended 31 December 2022 amounted to RMB6 billion and RMB6 billion; the maximum balance of expenses for settlement and other financial services throughout the year did not exceed RMB10 million. The actual daily closing balance of deposits and the actual daily closing balance of loans for the year ended 31 December 2022 amounted to RMB2,462.367 million and RMB809,535; no actual amount for settlement and other financial services incurred.



# Directors' Report

- ① The main terms and conditions of the Financial Services Agreement are as follows:
- (a) Deposit services: including current deposit, term deposit, call deposit and agreement deposit;
  - (b) Credit loan services: subject to the relevant national laws and regulations, China Merchants Finance provided the Group with comprehensive facility services based on the Group's operations and development, including but not limited to fixed asset loans, dedicated loans, working capital loans, bill acceptance and discounting, guarantees, and merger loans;
  - (c) Settlement services: China Merchants Finance opened settlement account for the Group and handled internal transfer settlement and external receipt and payment business under the Group's instructions;
  - (d) Foreign exchange services: China Merchants Finance provided the Group with foreign currency settlement;
  - (e) Other financial services: China Merchants Finance provided the Group with other financial services within the business scope, including but not limited to financial and financing consultancy, credit assurance and related consulting and agency services.
- ② The financial services shall be priced in accordance with the following principles:
- (a) The interest rates for deposit should not be lower than the interest rate prescribed by domestic major commercial banks for comparable deposits in the same period;
  - (b) The loan interest rate shall be no higher than the interest rate the Group obtained from other domestic financial institutions for comparable loans in the same period;
  - (c) Settlement services: the Group was provided with free domestic settlement services, and the crossborder and overseas settlement rates will not be higher than the charges for similar businesses in other domestic and local financial institutions;
  - (d) Foreign exchange services: provides foreign currency settlement and sales services. The relevant exchange rate will not be inferior to the exchange rates adopted by other domestic financial institutions for similar services;
  - (e) Other financial services: the fees charged will not be higher than the fees charged by major financial institutions in China for similar services.

# Directors' Report

Pursuant to paragraph 8 of Appendix 16 to the Listing Rules, the Company confirms that in respect of the Company's continuing connected transactions, it has complied with the disclosure requirements of Chapter 14A of the Listing Rules. The Company has confirmed that the execution and implementation of the specific agreements under the continuing connected transactions set above for the year 2022 has followed the pricing principles of such continuing connected transactions.

Pursuant to Rule 14A.71(6)(a) of the Listing Rules, the Company confirms that in respect of the Company's any connected transactions that are not continuity connected transactions 2022 continuing connected transactions for the year of 2022, the Company's independent non-executive directors have reviewed the continuing connected transactions and confirmed the transactions were (1) entered into in the ordinary and usual course of business of the Group; (2) made on normal commercial terms or better; and (3) conducted according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.71(6)(b) of the Listing Rules, the Board confirms that the Company has engaged its auditors to report on the Company's continuing connected transactions and the auditors have issued a letter containing the findings and conclusions in accordance with Rule 14A.56 of the Listing Rules and confirmed that nothing has come to their attention that causes them to believe that any transactions: (i) have not been approved by the Board; (ii) involving the provision of goods or services by the Company were not conducted, in all material respects, in accordance with the pricing policies of the Company; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the maximum aggregate annual caps.

## Related party transactions

As of 31 December 2022, the Company has entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these related party transactions are disclosed in Note X to the financial statements. Certain of these non-exempt continuing connected transactions in this report are also included in the Note X to the above-mentioned financial statements for disclosure and these non-exempt continuing connected transactions have complied with the requirements of Chapter 14A of the Listing Rules.

## Major customers and suppliers

The largest supplier as a percentage of the Group's purchases	2.46%
The top five suppliers as a percentage of the Group's total purchases	9%
The largest customer as a percentage of the Group's sales	6%
The top five sales customers as a percentage of the Group's total sales	18%

None of the directors, supervisors of the Company or their associates or any shareholder(s) (each of which to the knowledge of the directors owns 5% or more of the Company's share capital) had any interests in the top five customers or suppliers.

# Directors' Report

## Retirement benefit scheme

Details of the Group's retirement benefit scheme are set out in Note VIII (28) Employee benefits payable to the financial statements. The Group is required to make monthly contributions to the retirement benefit scheme based on a specified percentage of the current employee insurance contribution base in order to fund these benefits. In addition, the Group has established a corporate annuity scheme where contributions from employees and the Group to the annuity scheme are based on certain percentages of the salary offered by the Group. As at 31 December 2022, the Group has not forfeited any contributions from the above schemes.

## Permitted indemnity provision

The Company maintained directors' liability insurance to protect them from any loss to which they might be liable arising from their factual or claimed misconduct.

## Substantial shareholders' interests

As at 31 December 2022, to the knowledge of the directors of the Company, the following persons (other than the directors or supervisors) had an interest or short position in the shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Class of shares	Number of shares/ underlying shares held (shares)	Capacity	As % of the relevant class of share capital <sup>(1)</sup>	As % of the total share capital <sup>(2)</sup>
Yingkou Port Group Corporation Limited	A shares	6,916,185,012 (long position)	Beneficial owner	36.73	28.83
Dalian Port Corporation Limited	A shares	5,310,255,162 (long position)	Beneficial owner	28.20	22.14
China Merchants Group Limited	H shares	4,293,248,695 (long position)	Interest of controlled corporations	83.22	17.90

### Notes:

1. Number of shares in the relevant class of share capital: A shares – 18,828,349,817, H shares – 5,158,715,999
2. Total number of share capital: 23,987,065,816
3. According to the Voting Right Entrustment Agreement entered into by Dalian Port Corporation Limited ("PDA Group") and Yingkou Port Group Corporation Limited ("Yingkou Port Group") on 29 March 2021, PDA Group agreed to fully entrust the exercise of shareholders' rights of its equity interests in the Company, other than right to earnings, right of disposition (including share pledge) and share options, to Yingkou Port Group.
4. China Merchants Group Limited held 722,166,000 H shares through its indirect subsidiary, Dalian Port Corporation Limited, 2,714,736,000 H shares through its indirect subsidiary, Team Able International Limited, and 856,346,695 H shares through its indirect subsidiary, Broadford Global Limited.

Save as disclosed above, as at 31 December 2022, to the knowledge of the directors of the Company, no other persons (other than the directors or supervisors) had any interest or short position in the shares of the Company which is required to be disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

# Directors' Report

## Sufficiency of public float

Based on the information publicly available to the Company and to the knowledge of the directors, not less than 25% of the Company's total issued share capital was held by the public as specified in the Listing Rules as at the date of this report.

## Corporate governance

As a listed company on the Hong Kong Stock Exchange and Shanghai Stock Exchange, the Company has strived to maintain a high standard of corporate governance in order to enhance the transparency of the Company's operations and safeguard the interests of all shareholders. Relevant details are set out in the section headed "Corporate Governance Report" in this annual report.

## Auditors

Upon approval at the annual general meeting for 2021, the Company has engaged Ernst & Young Hua Ming LLP (Special General Partnership) as its auditor for the year 2022 who has reviewed the financial statements for the year.

The Company has not changed its auditors in the past three years.

## Other matters

### Implementation of the Non-Competition Agreement

- 1、 On 23 March 2006, the Company and PDA Group entered into the Non-Competition Agreement in preparation of its initial public offering and listing of its H shares on the main board of the Stock Exchange of Hong Kong Limited for the purpose of avoiding the actual and potential competition with the Company or its subsidiaries. In connection with the acquisition of certain port services related business and assets from PDA Group and issuance of A shares on the Shanghai Stock Exchange, a revised non-competition agreement (together with the Non-Competition Agreement, collectively referred to as the "Agreements") was executed on 30 September 2009. Pursuant to the Agreements, PDA Group provided certain non-competition undertakings in favor of the Company and granted right of first refusal and option to the Company in respect of the business of PDA Group and future business opportunities. Under the Agreements, the independent non-executive directors of the Company were granted the right on behalf of the Company to review at least on an annual basis the implementation of the Agreements and determine the exercise of any of the aforesaid right of first refusal or options. During the year, the independent non-executive directors reviewed the implementation of the Agreements and confirmed that Dalian Port Corporation Limited has been in full compliance with the Agreements without any breach of the Agreements.
- 2、 The independent non-executive directors have conducted a review and made necessary enquiries for the year 2022 and confirmed that PDA Group has been in compliance with the provisions of the Non-Competition Agreements and there was no breach on the side of PDA Group.

# Directors' Report

## Fulfillment Of Undertakings

*Undertaking given by parties related to the undertakings including de facto controller of the Company, shareholders, connected parties, purchasers and the Company during or subsisting through the reporting period*

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
Other undertakings	Completion of related party transactions	China Merchant Group	<ol style="list-style-type: none"> <li>China Merchant Group will not, taking advantage of its position as the actual controller, seek any conditions or benefits more favorable than that of an independent third party in business operations, etc. from Liaoning Port for itself and other companies controlled by China Merchant Group that will be prejudicial to the legitimate interests of Liaoning Port and other shareholders.</li> <li>China Merchant Group and other companies controlled by China Merchant Group will minimise and regulate their connected transactions with Liaoning Port; in respect of inevitable connected transactions on the business activities operated by Liaoning Port, China Merchant Group and other companies controlled by China Merchant Group will perform decision-making procedures for the connected transactions in strict accordance with the laws, regulations and regulatory documents as well as Liaoning Port's internal management rules relating to connected transactions, to ensure fair pricing, and perform disclosure obligations in accordance with the laws.</li> </ol>	7 July 2020, effective for a long term.	No	Yes	Nil	Nil

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
			3. The above undertakings will continue in effect during the period of China Merchant Group's control over Liaoning Port. In the event of any losses to Liaoning Port arising from China Merchant Group's failure to fulfill the above undertakings, China Merchant Group will assume the corresponding compensation liabilities.					
Resolve industry competition	China Merchant Group	China Merchants Group Limited (the "Group"), as the actual controller of Liaoning Port Co., Ltd. (the "Liaoning Port"), issued the Non-competition Undertaking of China Merchants Group Limited (the "2020 Undertaking") on 7 July 2020. In the 2020 Undertaking, the Group stated that, in response to the industry competition between Liaoning Port Group Limited (the "Liaoning Port Group") and Liaoning Port, it will use its best endeavours to facilitate resolving such competition in a steady manner through measures, including but not limited to, assets restructuring, business adjustment and entrusted management, before the end of 2022.	From 7 July 2020 to the end of 2025	Yes	Yes	Nil	Nil	



# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
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As of the date of issuance of this Undertaking, the Group has promoted the completion of absorption and merger of Yingkou Port Liability Co., Ltd. by Liaoning Port according to the requirements of the 2020 Undertaking, and procured Liaoning Port Group to inject industry-competitive assets that meet the asset injection conditions into Liaoning Port. As for the industry-competitive assets that have major defects in profitability, asset ownership and other aspects and do not meet the conditions for asset injection, the Group expects that it is difficult to completely resolve the industry competition problem within the deadline agreed in the 2020 Undertaking. However, it has procured Liaoning Port Group and its related subsidiaries to sign entrusted management agreement with Liaoning Port, and standardised industry competition problems for related assets through entrusted management.

In order to promote the performance of industry competition undertaking continuously, the Group undertakes that, under the principles of benefiting the development of Liaoning Port and safeguarding the interests of all shareholders, in particular the minority shareholders, and to the extent permitted by applicable laws and regulations, regulatory documents and related supervisory rules and on the assumption the business profitability meets the basic income requirement for Liaoning Port, it will make its best efforts to properly resolve the substantive industry competition problems between Liaoning Port Group and Liaoning Port by the end of 2025 through asset reorganisation, business adjustment, optimisation of custody management and other means in accordance with the relevant regulations and the requirements of relevant securities supervision and management departments.

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
	Others	China Merchant Group	Letter of undertaking in relation to maintaining the independence of the listed company	7 July 2020, effective for a long term	No	Yes	Nil	Nil
			<ol style="list-style-type: none"> <li>China Merchant Group undertakes that it and Liaoning Port will be mutually independent in terms of assets, personnel, finance, institution and business, and it will not, taking advantage of its position as the actual controller, conduct any acts that prejudice the legitimate rights of Liaoning Port and other shareholders; it and its other subordinated enterprises undertake not to appropriate, in any illegal forms, the financial resources of Liaoning Port and its subordinated enterprises.</li> <li>The above undertaking will continue in effect during the period when China Merchant Group has control over Liaoning Port. In the event of any losses to Liaoning Port arising from China Merchant Group's failure to fulfill the above undertaking, China Merchant Group will assume the corresponding compensation liabilities.</li> </ol>					

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
	Resolve related party transaction	PDA Group	<ol style="list-style-type: none"> <li>Upon completion of the transaction, the company undertakes that it will not, taking its voting rights and significant influence on shareholders of Liaoning Port, seek any conditions or benefits more favorable than that of an independent third party in business operations, etc. from Liaoning Port for itself and other companies controlled by it that will be prejudicial to the legitimate interests of Liaoning Port and other shareholders.</li> <li>The company and other companies controlled by it will minimise and regulate their connected transactions with Liaoning Port; in respect of inevitable connected transactions on the business activities operated by Liaoning Port, the company and other companies controlled by it will perform decision-making procedures for the connected transactions in strict accordance with the laws, regulations and regulatory documents as well as the Liaoning Port's internal management rules relating to connected transactions, to ensure fair pricing, and perform disclosure obligations in accordance with the laws.</li> </ol>	7 July 2020, effective for a long term	No	Yes	Nil	Nil

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
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3. The above undertakings will continue in effect during the period when the company (and/or an entity controlled by the company) is recognised as a related party of Liaoning Port, in accordance with applicable regulations. In the event of any losses to Liaoning Port arising from the company's failure to fulfill the above undertakings, the company will assume the corresponding compensation liabilities.

Resolve industry competition	PDA Group	Upon completion of the transaction, the company will actively take effective measures to avoid engage in business that constitutes horizontal competition with the principal business of Liaoning Port, and ensure that the company and other entities controlled by it strictly abide by laws, regulations, regulatory documents and relevant supervision and management rules and the Articles of Association of Liaoning Port, not to seek improper benefits by advantage of its voting rights and significant influence over shareholders of Liaoning Port, nor harm the legitimate interests of the Liaoning Port and other shareholders.	7 July 2020, effective for a long term	No	Yes	Nil	Nil
<p>The above undertakings will continue in effect during the period when the company or the actual controller of the company has control over Liaoning Port. In the event of any losses to Liaoning Port arising from the company's failure to fulfill the above undertakings, the company will assume the corresponding compensation liabilities.</p>							

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
	Others	PDA Group	Letter of undertaking in relation to maintaining the independence of the listed company	7 July 2020, effective for a long term	No	Yes	Nil	Nil
			<div><div>1.</div><div>The company undertakes that it and Liaoning Port will be mutually independent in terms of assets, personnel, finance, institution and business, and it will not conduct any acts that prejudice the legitimate rights of Liaoning Port and other shareholders; the company and other subordinated enterprises controlled by it undertake not to appropriate, in any illegal forms, the financial resources of Liaoning Port and its subordinated enterprises.</div></div> <div><div>2.</div><div>The above undertaking will continue in effect during the period when the company or the actual controller of the company has control over Liaoning Port. In the event of any losses to Liaoning Port arising from the company's failure to fulfill the above undertaking, the company will assume the corresponding compensation liabilities.</div></div>					
Resolve industry competition	Liaoning Port Group	Liaoning Port Group Limited (formerly known as "Liaoning North East Asia Gang Hang Development Co., Ltd., the "Group"), as an indirect controlling shareholder of Liaoning Port Co., Ltd. (the "Liaoning Port"), issued the Undertaking on Regulating the Industry Competition with Dalian Port (PDA) Company Limited (the "Undertaking") on 24 December 2017. In the Undertaking, the Group stated that it will steadily promote the integration of relevant business to resolve the industry competition problem by the end of 2022.	From 24 December 2017 to the end of 2025	Yes	Yes	Nil	Nil	

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
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As of the date of issuance of this Undertaking, the Group has promoted the completion of absorption and merger of Yingkou Port Liability Co., Ltd. by Liaoning Port according to the requirements of the 2017 Undertaking, and injected the industry-competitive assets that meet the asset injection conditions into Liaoning Port. As for the industry-competitive assets that have major defects in profitability, asset ownership and other aspects and do not meet the conditions for asset injection, the Group expects that it is difficult to completely resolve the industry competition problem within the deadline agreed in the 2017 Undertaking. However, it standardised industry competition problems for related assets through entrusted management by signing entrusted management agreement.

In order to promote the performance of industry competition undertaking continuously, the Group undertakes that, under the principles of benefiting the development of Liaoning Port and safeguarding the interests of all shareholders, in particular the minority shareholders, and to the extent permitted by applicable laws and regulations, regulatory documents and related supervisory rules and on the assumption the business profitability meets the basic income requirement for Liaoning Port, it will make its best efforts to properly resolve the substantive industry competition problems between Liaoning Port Group and Liaoning Port by the end of 2025 through asset reorganisation, business adjustment, optimisation of custody management and other means in accordance with the relevant regulations and the requirements of relevant securities supervision and management departments.



# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
	Resolve related party transaction	Yingkou Port Group	<ol style="list-style-type: none"> <li>Upon completion of the transaction, the company undertakes that it will not taking advantage of its voting rights and significant influence on Liaoning Port, seek any conditions or benefits more favorable than that of an independent third party in business operations, etc. from Liaoning Port for itself and other companies controlled by it that will be prejudicial to the legitimate interests of Liaoning Port and other shareholders.</li> <li>The company and other companies controlled by the Company will minimise and regulate their connected transactions with Liaoning Port; in respect of inevitable connected transactions on the business activities operated by Liaoning Port, the company and other companies controlled by it will perform decision-making procedures for the connected transactions in strict accordance with the laws, regulations and regulatory documents as well as internal management rules of Liaoning Port relating to connected transactions, to ensure fair pricing, and perform disclosure obligations in accordance with the laws.</li> <li>The above undertakings will continue in effect during the period when the company (and/or an entity controlled by it) is recognised as a related party of Liaoning Port in accordance with applicable regulations. In the event of any losses to Liaoning Port arising from the company's failure to fulfill the above undertakings, the company will assume the corresponding compensation liabilities.</li> </ol>	7 July 2020, effective for a long term	No	Yes	Nil	Nil

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
	Resolve industry competition	Yingkou Port Group	<p>Yingkou Port Group Co., Ltd. (the "Group"), as a controlling shareholder of Liaoning Port Co., Ltd. (the "Liaoning Port"), issued the Declarations and Undertakings Relating to the Non-competition (the "Undertaking") on 7 July 2020. In the Undertaking, the Group stated that it will use its best endeavours to facilitate resolving such competition in a steady manner through measures, including but not limited to, assets restructuring, business adjustment and entrusted management, before the end of 2022.</p> <p>As of the date of issuance of this Undertaking, the Group has completed the absorption and merger of Yingkou Port Liability Co., Ltd. according to the requirements of the 2020 Undertaking, and injected the industry-competitive assets that meet the asset injection conditions into Liaoning Port. As for the industry-competitive assets that have major defects in profitability, asset ownership and other aspects and do not meet the conditions for asset injection, the Group expects that it is difficult to completely resolve the industry competition problem within the deadline agreed in the 2020 Undertaking. However, it standardised industry competition problems for related assets through entrusted management by signing entrusted management agreement with Liaoning Port.</p>	From 7 July 2020 to the end of 2025	Yes	Yes	Nil	Nil

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
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In order to promote the performance of industry competition undertaking continuously, the Group undertakes that, under the principles of benefiting the development of Liaoning Port and safeguarding the interests of all shareholders, in particular the minority shareholders, and to the extent permitted by applicable laws and regulations, regulatory documents and related supervisory rules and on the assumption the business profitability meets the basic income requirement for Liaoning Port, it will make its best efforts to properly resolve the substantive industry competition problems between Liaoning Port Group and Liaoning Port by the end of 2025 through asset reorganisation, business adjustment, optimisation of custody management and other means in accordance with the relevant regulations and the requirements of relevant securities supervision and management departments.

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
	Others	Yingkou Port Group	Letter of undertaking in relation to maintaining the independence of the listed company	7 July 2020, effective for a long term	No	Yes	Nil	Nil
			<ol style="list-style-type: none"> <li>The company undertakes that it and Liaoning Port will be mutually independent in terms of assets, personnel, finance, institution and business, and it will not conduct any acts that prejudice the legitimate rights of Liaoning Port and other shareholders; the company and other subordinated enterprises controlled by it undertake not to appropriate, in any illegal forms, the financial resources of Liaoning Port and its subordinated enterprises.</li> <li>The above undertaking will continue in effect during the period when the company or the actual controller of the company has control over Liaoning Port. In the event of any losses to Liaoning Port arising from the company's failure to fulfill the above undertaking, the company will assume the corresponding compensation liabilities.</li> </ol>					

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
	Others	Yingkou Port Group	Statement and Undertaking on Improving the Property Ownership Certificates of Yingkou Port Liability Co., Ltd. and its holding subsidiaries, including sea areas, berths, land, real estate and other assets	9 November 2020, effective for a long term	No	Yes	Nil	Nil
			<ol style="list-style-type: none"> <li>The Company will make every effort to assist, procure and promote Yingkou Port/Liaoning Port and its holding subsidiaries to handle with the ownership certificates in respect of sea areas, berths, land, real estate and other assets.</li> </ol>					

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
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- Save as the results caused by force majeure, laws, policies, government management actions, changes in planned use and other factors that are not caused by Yingkou Port, Liaoning Port and its affiliated holding subsidiaries, upon the completion of the transaction, if Liaoning Port and its holding subsidiaries, due to the sea area use rights, berths, land use rights and real estate assets held by Yingkou Port and its holding subsidiaries prior to the completion of the transaction: (1) the sea area use rights, berths, land use rights and real estate for which the ownership certificates are being processed have not been completed in time; or (2) the relevant sea area use rights, berths, land use rights, real estate ownership certificates or their change registration with Liaoning Port are unable to be processed; or (3) there is a dispute over the ownership of the relevant sea area use rights, berths, land use rights and real estate, or (4) other sea area use rights, berths, land use rights, and real estate are unsatisfied and suffers from actual losses, including but not limited to compensation, fines, expenses, third-party claims, damage to interests, within 180 days after Liaoning Port and its holding subsidiaries determine the actual amount of losses according to law and notify the group, the group will compensate Liaoning Port and its holding subsidiaries in a timely manner and in full in cash.

# Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honour the undertaking	Further plans in the event of failing to timely honour the undertaking
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- Upon the completion of the transaction, if Liaoning Port and its holding subsidiaries suffer from compensation, fines, taxes and other expense in the process of perfecting the legal procedures for relevant defective sea area use rights, berths, land use rights, and real estate involved in the operation of Yingkou Port and its holding subsidiaries before the transaction (being the sea area use rights, berths, land use rights, and real estate held by Yingkou Port and its holding subsidiaries before the completion of the transaction without a complete ownership certificate), within 180 days after Liaoning Port and its holding subsidiaries determine the actual amount of losses according to law and notify the group, the group will compensate Liaoning Port and its holding subsidiaries in a timely manner and in full in cash.

By Order of the Board

Wang Zhixian  
Chairman

Dalian, PRC  
30 March 2023



# Corporate Governance Report

## Introduction

The Company is well aware of the importance of corporate governance, and recognises that maintaining a high standard of corporate governance is in the fundamental interests of the Company and its shareholders. The Company has been striving to improve its corporate governance practices since its establishment. We have adopted the code on corporate governance practices (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as our own code of corporate governance practices. The Company has adopted a series of measures to maintain a high standard of corporate governance.

## A. Corporate Governance Practice

The Board strictly complied with the principles set out in the “CG Code” to establish and operate a corporate governance mechanism and adopted a non-deviation principle of execution of the code provisions so as to ensure that the code provisions are fully executed, while striving to promote the “Best Practices” to the largest extent according to the Company’s actual management. The Board also monitors and reviews the existing corporate governance practices of the Company on a regular basis with the aim of constantly fostering and carrying out a sound standard of corporate governance. During the reporting period, the Company has complied with the code provisions with no deviation from the code.

## B. Directors’ and Supervisors Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct governing the securities transactions by all directors and supervisors of the Company. In order to ensure that the directors and supervisors comply with the Model Code when dealing in the securities of the Company, the Company has made enquiries to the directors and all directors and supervisors have confirmed that they have complied with the requirements under the Model Code during the reporting period.

# Corporate Governance Report

## C. Board of Directors

Striving for the best interests of the Company and its shareholders, the Board assumes the responsibility of leading and controlling the Company as well as promoting the sustainable development of the Company by directing and supervising the Company's affairs.

### 1. Board Composition

During the reporting period and up to the date of this report, the Board comprises:

#### *Executive Directors*

Mr. Wang Zhixian (*appointed on 18 March 2022*)

Mr. Wei Minghui (*re-appointed on 29 June 2020*)

Dr. Zhang Yi (*appointed on 11 November 2021, and resigned on 24 February 2022*)

#### *Non-executive Directors*

Mr. Zhou Qinghong (*appointed on 11 November 2021*)

Dr. Xu Song (*appointed on 11 November 2021*)

Mr. Yang Bing (*appointed on 11 November 2021*)

Mr. Si Zheng (*appointed on 11 November 2021, and resigned on 6 January 2023*)

#### *Independent Non-executive Directors*

Dr. Liu Chunyan (*appointed on 29 June 2020*)

Mr. Law Man Tat (*re-appointed on 29 June 2020*)

Ms. Cheng Chaoying (*appointed on 22 December 2022*)

Mr. Li Zhiwei (*appointed on 29 June 2020, and resigned on 22 December 2022*)

The Company has received from each independent non-executive director an annual confirmation of his or her independence. The Company considers that the independent non-executive directors remain independent from the Company.

Pursuant to the Articles of Association of the Company, each director shall be appointed for a term of three years from the date that his or her appointment comes into effect. During the term of office of a director, if a candidate is appointed to fill the vacancy following the resignation of the director, his or her term of office shall commence from the date of appointment until the date of conclusion of the current session of the Board.

# Corporate Governance Report

The biographies of the directors are set out in the section headed “Profiles of Directors, Supervisors and Senior Management” of this annual report. The executive and non-executive directors of the Company have expertise, extensive experience and skills in management, operation, finance and other port business related areas. They are instrumental in mapping out the Company’s strategy. The independent non-executive directors of the Company are highly qualified professionals with extensive experiences in areas such as accounting, finance, law, risk management, internal control and corporate management.

During the reporting period, the independent non-executive directors of the Company accounted for one third of the number of Board members. All independent non-executive directors have confirmed their independence to the Company during the reporting period as required under Rule 3.13 of the Listing Rules. The Company considers such directors to be independent during their respective tenure in the reporting period.

The Company believes that the board composition is reasonable and adequate for safeguarding the interests of its shareholders and the Company as a whole. Furthermore, the directors are fully aware of their collective and individual responsibilities to the shareholders, and have sufficient time and adequate capacity to perform their duties.

During the reporting period, save for their working relationship with the Company, there were no financial, business, family or other material/relevant relationships among the members of the Board.

## 2. Operation of the Board

Pursuant to the Articles of Association of the Company, the Board is required to hold at least four board meetings each year. The board meetings shall be convened by the Chairman of the Board (the “Chairman”). In order for the directors to have opportunity to attend board meetings. A notice of at least fourteen days shall be given to each director for a regular board meeting. For an extraordinary board meeting, a notice of at least five days shall be given to each director. The notice shall state the time, place and means by which the board meeting will be conducted.

The quorum for a board meeting shall be more than half of members of the Board. The directors may attend the board meeting in person, or appoint another director in writing as his or her proxy to attend the board meeting. The secretary of the Company is responsible for preparing and keeping the minutes of board meetings and ensuring that such minutes are available for inspection by any director.

# Corporate Governance Report

During the reporting period, the Board held a total of 11 meetings. The attendance of the directors at those board meetings is as follows:

Member of the Board	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by his/her proxy	Attendance rate
WANG Zhixian	9	9	0	100%
ZHANG Yi	1	1	0	100%
WEI Minghui	11	11	0	100%
ZHOU Qinghong	11	10	1	100%
SI Zheng	11	8	3	100%
XU Song	11	7	4	100%
YANG Bing	11	7	4	100%
LI Zhiwei	10	10	0	100%
LIU Chunyan	11	11	0	100%
LAW Man Tat	11	11	0	100%
CHENG Chaoying	1	1	0	100%

During the reporting period, the Chairman met with the independent non-executive directors without the presence of other directors.

During the reporting period, the Company convened a total of 3 general meetings. The attendance of directors at those general meetings is as follows:

Member of the Board	Number of meetings in his/her incumbency	Number of attendance	Attendance rate
WANG Zhixian	2	1	50%
ZHANG Yi	0	0	N/A
WEI Minghui	3	3	100%
ZHOU Qinghong	3	2	67%
SI Zheng	3	2	67%
XU Song	3	0	0%
YANG Bing	3	3	100%
LI Zhiwei	3	3	100%
LIU Chunyan	3	3	100%
LAW Man Tat	3	3	100%
CHENG Chaoying	0	0	N/A

# Corporate Governance Report

## 3. Respective Responsibilities of the Board and the Management

The responsibilities of the Board and the management of the Company have been clearly defined in the Articles of Association of the Company, which aims to provide sufficient check-and-balance mechanisms for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business and investment plans, drawing up the Company's basic management system and deciding on the establishment of the Company's internal management structure, determining the Company's other material business and administrative matters, and monitoring the performance of the management.

The Board is also responsible for the preparation of accounts for each financial period to give a true and fair view of the financial status, operating results and cash flows of the Company for that period. In preparing the accounts for the year ended 31 December 2022, the directors have selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and prepared the accounts on an ongoing concern basis in accordance with the PRC Accounting Standards for Business Enterprises.

The management of the Company, under the leadership of the General Manager, is responsible for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management.

The Board is responsible for the following corporate governance functions:

- (a) to develop and review the Company's corporate governance policy and practices and make recommendations;
- (b) to review and monitor the training and continuing professional development of the directors, supervisors and senior management on an ongoing basis;
- (c) to review and monitor the Company's policies and practices in compliance with laws and regulations;
- (d) to review the Company's compliance with the Code and the disclosure in the corporate governance report; and
- (e) to review the effectiveness of the risk management and internal control systems.

The Board has reviewed the policies and practices in accordance with the Code and its own Company CG Code.

In order to ensure the effective operation of the Company, the management is required to submit a monthly management report on the operation of the Company, or submit other quarterly special reports to the Board. The Board, through reviewing such reports, understands the operational conditions of the Company in a timely manner and evaluates and supervises the management. At the same time, the management engages from time to time in formal and informal communications with the directors on the operation and business of the Company and provides sufficient information to the directors in a timely manner to enable the Board to make informed decisions, thus improving the efficiency and scientificness of the decision-making process of the Board.

# Corporate Governance Report

## 4. Nomination, Appointment and Removal of Directors

The Company has formulated a formal and transparent procedure for the appointment of new directors. Nomination and appointment of new directors is first considered by the Nomination and Remuneration Committee whose recommendations will then be put to the Board for consideration. All newly nominated directors are subject to the approval of the shareholders at the general meetings. Removal of members of the Board is subject to the review and approval of the shareholders at the general meetings.

## 5. Continuing Professional Development of Directors

During the reporting period, the directors actively participated in continuous professional development by self-learning, attending seminars and trainings relating to relevant topics to develop and refresh their knowledge and skills, so as to ensure that they can continuously make contributions to the Board with their comprehensive knowledge and skills. The Company is responsible for arranging relevant trainings and providing updates and information in respect of the continuous professional development to help each director better perform in their roles, functions and duties, in line with the Company's development needs.

During the reporting period, the relevant directors of the Company participated in the following continuous professional development:

Directors	Type of training (Note)
<b>Executive directors</b>	
Mr. Wang Zhixian	A/B
Mr. Wei Minghui	A/B
Dr. Zhang Yi	A/B
<b>Non-executive directors</b>	
Mr. Zhou Qinghong	A/B
Mr. Si Zheng	A/B
Dr. Xu Song	A/B
Mr. Yang Bing	A/B
<b>Independent non-executive directors</b>	
Mr. Li Zhiwei	A/B
Dr. Liu Chunyan	A/B
Mr. Law Man Tat	A/B
Ms. CHENG Chaoying	A/B

Notes:

Type of training

A: Attending training courses, including but not limited to regulatory training, seminar, symposium and working conference, etc.

B: Reading related news, newspaper, weekly publications, magazines and related publications.

# Corporate Governance Report

## 6. Board Diversity Policy and Practices

On 26 March 2019, the Board adopted the board diversity policy (the “Board Diversity Policy”) with a view to achieving a sustainable and balanced development of the Company. The Company views the increasing board diversity as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In determining the composition of the Board, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service are taken into account in respect of the diversity of the Board. All Board appointments will be based on meritocracy and candidates will be selected based on objective criteria, having due regard for the benefits of diversity of the Board. The Nomination and Remuneration Committee has adopted the Board Diversity Policy setting out the approach to diversity of members of the Board, which is summarised below: review the Board Diversity Policy, and as appropriate, recommend any revisions of the policy to the Board; review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and disclose the Board Diversity Policy or a summary of such policy in the Corporate Governance Report, in particular, the measurable objectives that it has set for implementing the Board Diversity Policy and the progress on achieving these objectives annually.

As at 31 December 2022, the Company has nine Directors, of which one is female; the Company has ten senior management members, of which two are female (accounting for 20% of the total senior management). As at 31 December 2022, female employees accounted for 17.2% of the Group’s employees and male employees accounted for 82.8%. Despite there being a majority of male employees due to the nature of the Group’s business which requires a high level of physical strength, the Group is committed to maximising employee diversity and considers gender diversity when recruiting employees. The Company will continue to take steps to promote gender diversity at all levels, including but not limited to the Board and senior management levels, and to establish access to the Board for female senior management members and potential successors.

### ***Measurable objectives***

The Company has adopted the following measurable objectives to implement its Board Diversity Policy:

- 1) Independence: the Company has a total of three independent non-executive directors, giving the Board a strong driver of independence. The independent non-executive directors are of sufficient talent and prestige to make their views influential.
- 2) Skills and experience: the skills of the Board members are comparable and meet the needs of the Company’s business development. The directors have diverse financial, legal, academic and management knowledge, together providing the Company with extensive experience in various business areas.



# Corporate Governance Report

- 3) Gender diversity: the Board shall comprise at least one female director.
- 4) Other measurable objectives:
  - (a) Rule 3.10(1): at least one-third of the Board members are independent non-executive directors;
  - (b) Rule 3.10(2): at least three independent non-executive directors on the Board; and
  - (c) Rule 3.10A: at least one of the directors must have appropriate professional qualifications or accounting or related financial management expertise.

The Board has met the measurable objectives in the Board Diversity Policy and has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

## ***Mechanisms to ensure independent opinion***

The Company ensures that independent opinion is introduced to the Board through the following mechanisms:

- a) the Nomination and Remuneration Committee shall review the composition of the Board and the independence of the independent non-executive Directors on an annual basis;
- b) the Company shall receive from each independent non-executive director a confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considered that all the independent non-executive directors remained independent.
- c) in view of the compliance with good corporate governance practices and in order to avoid conflict of interest, directors who are also directors and/or senior management of the controlling shareholder and/or certain subsidiaries of controlling shareholder of the Company shall abstain from voting on relevant board resolutions in relation to transactions with the controlling shareholder and/or associates;
- d) the Chairman of the Board shall meet with the independent non-executive directors at least once a year; and
- e) all Board members may seek independent professional advice (if necessary) in carrying out their duties in accordance with the Company's policies.

The Board reviews annually the mechanism for ensuring that independent opinion is introduced to the Board, whether in relation to the proportion, employment and independence of independent non-executive directors, their contribution and the availability of external independent professional advice.

# Corporate Governance Report

## D. Chairman and General Manager

The posts of Chairman and General Manager of the Company are separate and held by different persons to ensure their respective independence of responsibility, accountability and the balance of power and authority between them. The Chairman plays a crucial role in setting the development strategy of the Company, and is responsible for ensuring that the Board is functioning properly and with well-formulated corporate governance practices and procedures, whilst the General Manager is mainly responsible for the day-to-day management of the Company's operations, including organising the implementation of strategies set by the Board, making day-to-day decisions and coordinating overall business operations. Dr. Zhang Yi has resigned as the chairman of the Board and the executive director of the Company with effect from 24 February 2022 due to his other work commitment. As at 18 March 2022, Mr. Wang Zhixian was elected as the chairman and the executive director of the sixth session of the Board. During the Report period, Mr. Wei Minghui was the General Manager of the Company.

## E. Board Committees

The Board has established the Audit Committee, the Financial Management Committee, the Nomination and Remuneration Committee and the Strategy Development Committee in accordance with the requirements of the Listing Rules.

### Audit Committee

The Audit Committee is a specialised committee subordinated and accountable to the Board. Its main responsibilities are to monitor the Company's internal and external audits and financial reporting procedures, to conduct internal control and risk management, and to maintain sound communications between internal and external audits.

# Corporate Governance Report

During the reporting period, the Audit Committee consists of two independent non-executive directors and one non-executive director, namely:

Ms. CHENG Chaoying (independent non-executive director, appointed as the chairman of the Audit Committee on 22 December 2022)

Mr. ZHOU Qinghong (non-executive director, appointed as a member of the Audit Committee on 11 November 2021)

Mr. LAW Man Tat (independent non-executive director, re-appointed as a member of the Audit Committee on 29 June 2020)

Mr. LI Zhiwei (independent non-executive director, appointed as the chairman of the Audit Committee on 29 June 2020, and resigned as the chairman of the Audit Committee on 22 December 2022)

During the reporting period, the Audit Committee under the Board of the Company actively carried out relevant work and performed its duties in strict accordance with the relevant laws and regulations as well as the relevant provisions of the Articles of Association of the Company and the Terms of Reference of the Audit Committee of the Board. During the reporting period, the Audit Committee held a total of 8 meetings to review the Company's periodic reports, connected transactions, internal control, risk management and the placement and utilisation of proceeds and other related matters, and made proposals to the Board. The terms of reference of the Audit Committee have been disclosed on the websites of the Company and the Stock Exchange.

During the reporting period, the attendance of the members is set out as follows:

Members of the Audit Committee	Number of meetings in his/her incumbency	Number of attendance in person	Attendance rate
Mr. LI Zhiwei	8	8	100%
Mr. LAW Man Tat	8	8	100%
Mr. ZHOU Qinghong	8	8	100%
Ms. CHENG Chaoying	0	0	N/A

During the reporting period, the Audit Committee has, together with the management of the Company and the external auditors, reviewed the interim results for 2022 and annual results for 2021 of the Group and has recommended the approval of these results by the Board. They have also discussed the key risks and the internal control and risk management issues, and reviewed the audit plan, internal control performance and the effectiveness of the internal control system.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 2022.

# Corporate Governance Report

## Financial Management Committee

The Financial Management Committee of the Company, a special committee under the Board, is accountable to the Board and mainly responsible for the supervision and review of the Company's financial operation, investment and financing decisions and business management, providing basis and safeguarding the right decision-making of the Company.

During the reporting period, the Financial Management Committee consists of one executive director and two independent non-executive directors, namely:

Mr. LAW Man Tat (independent non-executive director, appointed as the chairman of the Financial Management Committee on 29 June 2020)

Ms. CHENG Chaoying (independent non-executive director, appointed as a member of the Financial Management Committee on 22 December 2022)

Mr. WEI Minghui (executive director, appointed as a member of the Financial Management Committee on 11 November 2021)

Mr. LI Zhiwei (independent non-executive director, appointed as a member of the Financial Management Committee on 29 June 2020, and resigned as a member of the Financial Management Committee on 22 December 2022)

During the reporting period, the Financial Management Committee under the Board of the Company actively carried out relevant work and performed its duties in strict accordance with the relevant laws and regulations as well as the relevant provisions of the Articles of Association of the Company and the Terms of Reference of the Financial Management Committee of the Board. During the reporting period, the Financial Management Committee held 8 meetings to mainly review the annual profit distribution plan, periodic reports and other related matters, and made proposals to the Board.

During the reporting period, the attendance of the members is set out as follows:

Members of the Financial Management Committee	Number of meetings in his/her incumbency	Number of attendance in person	Attendance rate
Mr. LAW Man Tat	8	8	100%
Mr. WEI Minghui	8	8	100%
Mr. LI Zhiwei	8	8	100%
Ms. CHENG Chaoying	0	0	N/A

# Corporate Governance Report

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company, a special committee under the Board, is accountable to the Board and its main responsibilities are to examine the selection criterion and procedures of directors and managers; investigate and propose the candidates of directors and managers; and study the assessment criterion and remuneration policy for directors and managers, assess the performance of executive directors and approve the terms of executive directors' service contracts, etc.

Shareholder(s) severally or jointly holding more than 3% of the total outstanding issued voting shares of the Company may, by way of a written proposal, put forward to the general meeting about the candidates for directors and supervisors (not being staff representatives). However, the number of candidates proposed shall comply with the provisions of the Articles of Association, and shall not be more than the number to be elected. The aforesaid proposal put forward by shareholders to the Company should be served to the Company at least 10 days before the convening of the general meeting. During the reporting period, all nominated candidates for directors shall be recommended by shareholders and the Board of the Company, which shall submit to the Board for the approval and consideration after the review of the Nomination and Remuneration Committee, and shall be subject to final approval by the general meeting.

The remuneration of directors of the Company will be reviewed by the Nomination and Remuneration Committee and the Board and shall be subject to final approval by the general meeting. In particular, (1) remuneration of directors who concurrently served as senior management shall be determined by the Board under the delegation by the general meeting based on the profitability of the Company and their duties and performance; (2) both of the remunerations of Mr. LI Zhiwei and Dr. LIU Chunyan, as independent non-executive directors, are RMB0.2 million/per year (before tax), and the remuneration of Mr. LAW Man Tat, as an independent non-executive director, is RMB0.25 million/per year (before tax); (3) save as above, no any other remuneration, welfare or bonus shall be paid by the Company to other Directors in connection with their duties as Directors.

During the reporting period, the Nomination and Remuneration Committee consists of one executive director and two independent non-executive directors, namely:

Dr. LIU Chunyan (independent non-executive director, appointed as the chairman of the Nomination and Remuneration Committee on 29 June 2020)

Mr. Wang Zhixian (chairman, executive director, appointed as a member of the Nomination and Remuneration Committee on 18 March 2022)

Ms. CHENG Chaoying (independent non-executive director, appointed as a member of the Nomination and Remuneration Committee on 22 December 2022)

Mr. LI Zhiwei (independent non-executive director, appointed as a member of the Nomination and Remuneration Committee on 29 June 2020, and resigned as a member of the Nomination and Remuneration Committee on 22 December 2022)

Dr. ZHANG Yi (chairman, executive director, appointed as a member of the Nomination and Remuneration Committee on 11 November 2021, and resigned as a member of the Nomination and Remuneration Committee on 24 February 2022)

# Corporate Governance Report

The terms of reference of the Nomination and Remuneration Committee have been disclosed on the websites of the Company and the Stock Exchange.

During the reporting period, the attendance of the members is set out as follows:

<b>Members of the Nomination and Remuneration Committee</b>	<b>Number of meetings in his/her incumbency</b>	<b>Number of attendance in person</b>	<b>Attendance rate</b>
Mr. WANG Zhixian	2	2	100%
Dr. ZHANG Yi	0	0	N/A
Dr. LIU Chunyan	3	3	100%
Mr. LI Zhiwei	3	3	100%
Ms. CHENG Chaoying	0	0	N/A

# Corporate Governance Report

## Strategy Development Committee

The Strategy Development Committee of the Company, a special committee under the Board, is accountable to the Board and its main responsibilities are to conduct research and make recommendations on the Company's long-term strategic development and major investment decision-making; to review and formulate the Company's strategic directions and development plans; to study material market developments and operation strategies; and to review major investments, financing options, capital operation and asset restructuring projects, etc.

During the reporting period, the Strategy Development Committee consists of two executive directors and three non-executive directors, namely:

Mr. WANG Zhixian (chairman, executive director, appointed as the chairman of the Strategy Development Committee on 18 March 2022)

Mr. ZHOU Qinghong (non-executive director, appointed as a member of the Strategy Development Committee on 11 November 2021)

Mr. WEI Minghui (executive director, appointed as a member of the Strategy Development Committee on 11 November 2021)

Dr. XU Song (non-executive director, appointed as a member of the Strategy Development Committee on 11 November 2021)

Dr. ZHANG Yi (chairman, executive director, appointed as the chairman of the Strategy Development Committee on 11 November 2021, and resigned as the chairman of the Strategy Development Committee on 24 February 2022)

Mr. SI Zheng (non-executive director, appointed as a member of the Strategy Development Committee on 11 November 2021, and resigned as a member of the Strategy Development Committee on 6 January 2023)

During the reporting period, the Strategy Development Committee did not convene any meeting.



# Corporate Governance Report

## F. Auditors

During the reporting period, Ernst & Young Hua Ming LLP was appointed as the PRC auditor of the Company for the year 2022 by the shareholders at the 2021 annual general meeting to conduct audit work on the Company's financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises, and to act as the overseas auditor of the Company in compliance with the relevant requirements of the Listing Rules of the Stock Exchange. Ernst & Young Hua Ming LLP was also appointed as the auditor of internal control of the Company for the year 2022 to audit the internal control of the financial statements of the Company and issue an audit report.

During the reporting period, the total fees paid and payable to the auditors of the Group (with the meaning ascribed to it under the Independent Auditor's Report) for audit service in respect of annual financial report were RMB4,620,000 and the fees paid and payable for annual internal control audit were RMB800,000. This remuneration is different from the "Audit fee" under "Administrative expenses" of Note IX (50) to Auditor's Report, due to the fact that item "Audit fee" under "Administrative expenses" also included fees payable to audit service providers other than Ernst & Young Hua Ming LLP for annual audit and other audit management services. During the reporting period, the auditors of the Group (including any entity that is under common control, ownership or management with the auditors, or an entity that would be reasonably concluded by a reasonable and informed third party knowing all relevant information to be part of the domestic or international business of the auditors) did not provide any non-audit services to the Group.

## G. Senior Management's Interests in Shares and Remuneration

During the reporting period, none of the senior management had any interests in the shares of the Company.

Details of remuneration payable to senior management in 2022 are as follows.

Name	Position	Pre-tax remuneration paid by the Company during the reporting period
		(RMB)
WEI Minghui	General manager	1.1425 million
CAO Yingfeng	Executive deputy general manager	1.052 million
TAI Jingang	Vice general manager	0.77 million
GUAN Lihui*	Chief safety officer, Vice general manager	0.2546 million
YIN Kaiyang	Vice general manager	0.77 million
CHEN Liqing*	Vice general manager	0.2478 million
LUO Dongxi	Vice general manager	0.77 million
WANG Ping	Chief financial officer	0.659 million
WANG Huiying	Secretary to the board, joint company secretary	0.595 million
LEE, Kin Yu Arthur	Qualified accountant, joint company secretary	1.3249 million
ZHANG Tie**	Chief safety officer	0.6332 million

\* GUAN Lihui was appointed as the chief safety officer and a vice general manager of the Company since June 2022; CHEN Liqing was appointed as a vice general manager of the Company since June 2022.

\*\* ZHANG Tie resigned as the chief safety officer of the Company since June 2022.

# Corporate Governance Report

## H. Company Secretary

During the reporting period, the joint company secretaries of the Company, Ms. Wang Huiying and Mr. Lee, Kin Yu Arthur, have complied with the requirements on a minimum of 15 hours dedicated for related professional training as set out in Rule 3.29 of the Listing Rules. Ms. Wang Huiying and Mr. Lee Kin Yu, Arthur also actively participated in trainings for learning and updating their professional knowledge about the Listing Rules and corporate governance to continuously improve their professional skills for acting as the joint company secretaries of the Company. On 28 March 2022, the Stock Exchange confirmed that Ms. Wang Huiying is qualified to act as the company secretary of the Company under Rule 3.29 of the Listing Rules.

## I. Risk Management and Internal Control

The Board, the decision-making body for internal control and risk management, is responsible for reviewing the effectiveness of the risk management and internal control systems at least once annually. The risk management and internal control systems are formulated to manage (but not eliminate) the risk of failure to meet business objectives, and to provide reasonable (but not absolute) guarantees for the prevention of material misstatements or losses. The Board has an overall responsibility for assessing and determining the nature and level of the risks that the Company is willing to undertake to achieve its strategic objectives, and to establish and maintain appropriate and effective risk management and internal control systems.

### Risk Management

The Company has established a risk management department to implement different risk management procedures and guidelines and to specify the rights and responsibilities. Based on the improvement of the original internal control management system, the risk management department is responsible for establishing the risk management organisation system, preparing the risk list, conducting risk assessment, establishing risk monitoring and warning, and developing credit and investment risk management policy.

The risk management department has regularly investigated the main business units and functional departments, organised seminars for risk management personnel, identified the relevant risks, and established the risk list. Based on the risk list, the risk management department has comprehensively evaluated the risks by adopting the questionnaire survey method, and has determined the risk levels according to the survey results. For different risk events, the risk management department has organised each entity to formulate its risk response measures and plans separately and monitored the progress of risk management.

The Audit Committee assists the Board in leading the management and supervises their design, implementation and monitoring of risk management and internal control systems to ensure that the Company's resources in accounting, internal audit and financial reporting functions, the qualifications and experience of its employees, the training courses attended by its employees and relevant budgets are adequate.

# Corporate Governance Report

## Internal Control

The Company has set up an appropriate internal control system to deal with related (connected) transactions, internal audit, disclosures and other relevant matters.

The Board of the Company has prepared a self-evaluation report on the internal control issues during the reporting period. After conducting a self-appraisal on the status of internal control of the Company, the Board considers that, during the reporting period, the internal control system of the Company was effective. The Board also requested the management of the Company to further improve the internal control system to enhance the Company's corporate governance standard.

### 1. Internal Audit

The Board has established the Audit Committee as part of the internal control system of the Company. Details of the Audit Committee are set out in section headed "E. Board Committees" of this report.

The Company has also set up an internal audit function to analyse the adequacy and effectiveness of risk management and internal control systems. The Company has appointed qualified persons as its internal auditors to strengthen the internal control of the Company. The role of the internal auditors is to assist the Audit Committee in ensuring the Company to maintain a sound internal control system by reviewing all aspects of the Company's activities and internal controls, conducting regular audits of the operations and procedures of the Company and its subsidiaries. The Company has conducted an internal audit of the Company and its subsidiaries according to its annual work plan for the reporting year.

### 2. Other Internal Control Procedures

The Company has formulated and approved the Connected Transaction Management Measures and approved the relevant internal control procedures to ensure the compliance with the related (connected) transaction requirements under the listing rules of the place where the shares of the Company are listed. Moreover, the Company has also formulated the Information Disclosure Management Rules, the Material Information Reporting Rules and the Inside Information and Insiders Management System which provide the responsibilities and procedures for disclosure and reporting of the significant matters and inside information of the Company to ensure that the information disclosures of the Company are in compliance with the Listing Rules and are therefore true, accurate, timely and complete.

The Company has adopted a governance mechanism which is more stringent and prudent than the CG Code. The Board has also set up a Financial Management Committee in order to prevent the financial management risks of the Company and to further improve its internal controls system. Details of the Financial Management Committee are set out in section headed "E. Board Committees" of this report.

# Corporate Governance Report

In order to effectively avoid any operational risk resulting from misconduct or corruption in the ordinary course of business of the Company and allow the Board to obtain necessary material information about the Company in a timely manner, the Company has also set up an internal control reporting system with a corresponding report channel to ensure smooth communication between the Company and the directors.

To comply with the requirements of the code provisions on risk management and internal control under the Listing Rules, the Board has reviewed the effectiveness of the risk management and internal control system of the Company for the year ended 31 December 2022 through the Audit Committee and with the assistance of the risk management department and internal audit. In addition, the directors have reviewed the work scope and quality of the continuous supervision by the management over the risk management and internal control system. The directors also reviewed the extent and frequency of communication of monitoring results made by the management to the special committee of the Board to facilitate the relevant committee to review the risk management and internal control system of the Company.

With the assistance of the Audit Committee, the Board has assessed the effectiveness of the risk management and internal control systems by reviewing the management reports and internal audit findings, and believes that the Company's risk management and internal control systems for the year ended 31 December 2022 were effective and adequate.

## J. Rights of Shareholders and Shareholder's Communication Policy

The Board and senior management recognise their responsibility to represent the interests of all shareholders and to maximise shareholder value. Communication with shareholders and accountability to shareholders is a high priority of the Company. The Company shall maintain a regular dialogue with its shareholders and review its shareholder's communication policy at least once a year to ensure its effectiveness. Upon review,

The Company has established the Investor Relations Management System. In accordance with the Investor Relations Management System, the Company communicates with investors through multiple channels, platforms and methods. The means of communication include, but are not limited to:

(I) announcements, including periodic reports and temporary announcements; (II) results presentation; (III) general meeting; (IV) analyst meetings; (V) the website of the Company; (VI) one-on-one communication; (VII) telephone inquiries; (VIII) on-site visit; (IX) road shows; (X) mailing materials; (XI) advertisements, leaflets or other promotional materials; (XII) media interviews and coverage; and (XIII) other means satisfying the relevant requirements.

# Corporate Governance Report

During the reporting period, the Company had active and frank communication with its shareholders through various channels and means such as holding shareholders' meetings, results presentation, receiving enquiries from investors and setting up an investor mailbox. Upon review, the Company considered that the mechanism of the Company's shareholder communication policy and its implementation were effective in 2022.

Shareholders can put inquiries or questions to the Board by the e-mail [ir@dlport.cn](mailto:ir@dlport.cn) of the Company and the investor hotline 86-411-87598729. According to the Articles of Association, Shareholders severally or jointly holding 10% or more of the Company's shares shall be entitled to request the Board to convene extraordinary general meetings, provided that such request shall be made in writing. The Board shall, in accordance with provisions of the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within 10 days after receiving such proposal of the same. If the Board agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within 5 days after adopting the relevant resolution of the Board. Any changes to the original request made in the notice shall be subject to prior approval of the shareholders concerned. If the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such proposal, shareholders severally or jointly holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of extraordinary general meeting, provided that such proposal shall be made in writing. If the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of convening the general meeting shall be issued within 5 days after receiving such request. Any changes to the original request made in the notice shall require prior approval of the shareholders concerned. Failure of the Supervisory Committee to issue a notice of general meeting within the stipulated period shall be deemed as the failure of the Supervisory Committee to convene and preside over a general meeting, and shareholders severally or jointly holding 10% or more of the Company's shares for more than 90 consecutive days shall be entitled to convene and preside over the meeting on a unilateral basis. Shareholder(s) severally or jointly holding more than 3% of the total number of the Company's shares shall have the right to propose an ex tempore motion 10 days prior to the general meeting by submitting the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within 2 days after receiving the proposed motion to announce the contents of the ex tempore motion.

The ordinary shareholders of the Company shall have the right to obtain relevant information and documents of the Company in accordance with the provisions of the Articles of Associations of the Company, including the right to obtain a copy of the Articles of Association of the Company subject to payment of relevant costs, and the right to inspect and copy, subject to payment of a reasonable fee, the Company's register of members, minutes of general meetings, and financial reports of the Company.

The Articles of Association of the Company set forth all the rights of shareholders of the Company, including those rights which have been mentioned above. The Company has taken necessary steps to strictly comply with all provisions of the relevant laws, regulations and the Listing Rules to fully protect the rights of the shareholders.

The Company sets out the following contact details for the shareholders to communicate with the Company:

Joint company secretary/secretary to the Board:	Ms. WANG Huiying	(Tel: 86-411-87599899) (Fax: 86-411-87599854)
Joint company secretary/qualified accountant:	Mr. LEE, Kin Yu Arthur	(Tel: 852-53774873) (Fax: 86-411-87599854)

Company website: [www.liaoganggf.cn](http://www.liaoganggf.cn)

Company e-mail: [ir@dlport.cn](mailto:ir@dlport.cn)

# Corporate Governance Report

## Dividend Policy

The Company attaches importance to the investment returns of the investors, and thus the profit distribution policy is maintained at a certain degree of continuity and stability. Provided that the Company's profit and cash flows are sufficient to meet its normal operations and long-term development, the profit distribution for each financial year shall not be less than 40% of the Company's distributable profit of the year, and the profit distribution in form of cash accumulated over the recent three years shall not be less than 30% of the average annual distributable profit achieved over the recent three years.

The Company's distributable profit of the year is calculated based on the net profit of the parent company of the year. The Company's profit over the recent three years, the distributed profit and the pre-distributed profit were all not be less than 40% of the distributable profit of the year. The pay-out ratios from 2020 to 2022 were 96.49%, 40.81% and 40.23%, respectively.

## K. Investor Relations

### 1. Amendments to the Articles of Association of the Company

During the year, the Company's 2021 annual general meeting were held on 29 June 2022 to consider and approve the amendments to the Articles of Association of the Company. For details of the amendments, please refer to the circular regarding profit distribution plan of the Company for the year ended 31 December 2021; appointment of the auditor, proposed amendments to the Articles of Association; proposed amendments to the measures for managing raised fund; and notice of annual general meeting; and the announcement regarding poll results of the annual general meeting held on 29 June 2022. Save as disclosed above, for the year ended 31 December 2022, no other change was made to the Articles of Association of the Company. The Articles of Association of the Company is available on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company.

### 2. Convening of General Meetings

During the reporting period, three general meetings had been convened by the Company in total. The 2022 first extraordinary general meeting was held on 18 March 2022; the 2021 annual general meeting was held on 29 June 2022, and the 2022 second extraordinary general meeting was held on 22 December 2022.

For details of resolutions being considered in the aforesaid meetings and the poll results of the resolutions, please refer to the relevant announcements published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company.

# Profiles of Directors, Supervisors and Senior Management

The profiles of the directors, supervisors and senior management of the Company as at the date of this report are as follows:

## Directors

**Mr. Wang Zhixian (王志賢先生)**, born in 1965, Chinese, served as a manager of Hempel Coatings Ltd. (海虹老人牌塗料公司) sales department, a general manager of China Merchants Holdings (International) Company Limited (招商局國際有限公司) enterprise planning department, a deputy general manager of Shenzhen Mawan Harbor Affairs Co., Ltd. (深圳媽灣港務有限公司), the chairman and the CEO of Ningbo Daxie Merchants International Terminals Limited (寧波大榭招商國際碼頭有限公司), a deputy general manager of China Merchants Holdings (International) Company Limited (招商局國際有限公司), the Secretary of the Party Committee and the chairman of China Nanshan Development (Group) Inc. (中國南山開發(集團)股份有限公司) and a director of China International Marine Containers (Group) Co., Ltd.. Mr. Wang is currently the Secretary of the Party Committee and the CEO of Liaoning Port Group Limited (遼寧港口集團有限公司), a director of China Merchants Port Holdings Co., Ltd. and the chairman and executive director of the Company. Mr. Wang obtained a bachelor's degree of the Major of Polymer Material from Tianjin University, a master's degree of the Major of Polymer Material from Shanghai Jiaotong University and a master's degree of business administration from Peking University Guanghua School of Management.

**Mr. Zhou Qinghong (周擎紅先生)**, born in 1963, Chinese, was the general manager of South China Operations Centre of China Merchants Port, the general manager of She Kou Container Terminals Ltd. (蛇口集裝箱碼頭有限公司), a deputy general manager and a member of the Party Committee of China Merchants Port Holdings Company Limited (招商局港口控股有限公司), a member of the Party Committee and a senior director of China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司), an executive deputy general manager and a member of the Party Committee of Liaoning Port Group Limited (遼寧港口集團有限公司). Mr. Zhou is currently a deputy secretary of the Party Committee, the chief operating officer and the general manager of Liaoning Port Group Limited (遼寧港口集團有限公司), the chairman of Dalian Port Corporation Limited, the chairman of Yingkou Port Group Co., Ltd. and a non-executive director of the Company. Mr. Zhou obtained a bachelor's degree in economics from the department of water transport management of Shanghai Maritime College and a master's degree of engineering in traffic planning and transport management from Shanghai Maritime College.

**Mr. Wei Minghui (魏明暉先生)**, born in 1969, Chinese, was the general manager of Dalian Port (PDA) Company Limited and the general manager of Dalian Port (PDA) Company Limited's Automotive Logistics Division, the general manager and branch secretary of the Party Committee of Dalian Automobile Terminal Co., Ltd., the general manager of Ro-ro Business Division of Liaoning Port Group and the chairman of the Company. He is currently the secretary of the Party Committee and a director of Dalian Port Corporation Limited (大連港集團有限公司) and an executive director and general manager of the Company. Mr. Wei obtained a bachelor's degree in engineering of Transportation Management from Wuhan University of Technology and a master's degree in engineering of transportation planning and management from Dalian Maritime University.



# Profiles of Directors, Supervisors and Senior Management

**Dr. Xu Song (徐頌博士)**, born in 1972, Chinese, was a director, the general manager and a deputy secretary of the Party Committee of Dalian Port Corporation Limited (大連港集團有限公司), the chairman and a non-executive director of Dalian Port (PDA) Company Limited and a deputy general manager and a member of the Party Committee of Liaoning Port Group Limited (遼寧港口集團有限公司). Dr. Xu is currently a deputy secretary of the Party Committee, director, the chief operating officer, the general manager of China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司), the executive director and the general manager of China Merchants Port Holdings Company Limited (招商局港口控股有限公司), the director of Zhanjiang Port (Group) Co., Ltd. (湛江港(集團)股份有限公司) and a non-executive director of the Company. Dr. Xu has obtained a bachelor's degree from Huazhong University of Science and Technology majoring in material management, a master's degree from Dongbei University of Finance and Economics majoring in business administration, a master's degree from Coventry University majoring in international business management and a doctorate degree from Dalian Maritime University majoring in the transportation planning and management.

**Mr. Yang Bing (楊兵先生)**, born in 1970, Chinese, was a deputy director of the planning and development department of Pangang Group Co., Ltd. (攀鋼集團有限公司), a deputy director of Vanadium and Titanium industry office, a director of Panzhihua branch of Anshan Steel Asset Management Centre (鞍鋼資產經營中心), and a deputy general manager and a deputy director of the industrial development department of Pangang Group Co., Ltd. (攀鋼集團有限公司). Mr. Yang is currently the general manager of the industrial development department of Pangang Group Co., Ltd. (攀鋼集團有限公司) and a non-executive director of the Company. Mr. Yang obtained his bachelor's degree of engineering in metal pressure processing from the metallurgical department of East China Metallurgical Institute.

**Dr. Liu Chunyan (劉春彥博士)**, born in 1967, Chinese, is an assistant professor of faculty of law and an instructor of master's degree candidates of civil and commercial law at Tongji University and a part-time attorney and certified lawyer in Beijing Jincheng Tongda & Neal Law Firm. He is an independent non-executive director of the Company. Dr. Liu obtained a bachelor's degree in law from Liaoning Normal University, a master's degree in law from Shanghai Jiao Tong University and a doctorate in management from Tongji University.

**Mr. Law Man Tat (羅文達先生)**, born in 1967 with Chinese (Hong Kong) nationality. Mr. Law served as senior executives within a number of world-renowned corporations, including Arthur Andersen & Co. CPA, The Hong Kong and China Gas Company Limited, Standard Chartered Bank, HSBC, Lloyd's of London, Australia & New Zealand Bank, China Shandong Hi-Speed Financial Group Limited, Union Medical Healthcare and some Hong Kong listed companies, etc. Mr. Law had stationed in Shanghai, China for many years whilst he served as Chief Financial Officer of Lloyd's of London and Australia & New Zealand Bank China respectively. Mr. Law is currently the managing director in Hong Kong region of MiRXES, an international biotechnology company, an independent non-executive director of Shukun (Beijing) Network Technology Co., Ltd. as well as an independent non-executive director of the Company. Mr. Law obtained a bachelor's degree in management accounting from Hong Kong Polytechnic University and an MBA from Hong Kong Baptist University. He also possesses a number of internationally recognised professional qualifications including: Chartered Institute of Management Accountant, CIMA (UK), Chartered Global Management Accountant, AICPA (USA), Associate Member of Chartered Institute of Arbitrators, CI Arb (UK), Certified Information System Auditor, ISACA (USA), Fellow Member of Life Management Institutes, LOMA (USA), Associate of Reinsurance, LOMA (USA) and Associate of Customer Services, LOMA (USA) and a fellow member of the Hong Kong Institute of Directors (FHKIoD).

**Ms. Cheng Chaoying (程超英女士)**, born in 1958, Chinese, was a vice president of China Construction Bank Jilin Branch, a deputy secretary of the Party Committee and vice president of China Construction Bank Dalian Branch. Ms. Cheng is currently the independent non-executive director of the Company. Ms. Cheng Chaoying obtained a bachelor's degree in infrastructure finance and credit from Northeast University of Finance and Economics.

# Profiles of Directors, Supervisors and Senior Management

## Supervisors

**Mr. Li Shichen (李世臣先生)**, born in 1965, Chinese, was the office director of the Party Committee and a vice chairman of the labour union of Sinotrans & Csc Holdings Co., Ltd. (中國外運長航集團有限公司), an organ secretary of the Party Committee of Sinotrans & Csc Holdings Co., Ltd. (中國外運長航集團有限公司), the office director of Sinotrans & Csc Holdings Co., Ltd. (中國外運長航集團有限公司), the general office director of Sinotrans & Csc Holdings Co., Ltd. (中國外運長航集團有限公司), an assistant to the general manager of Sinotrans & Csc Holdings Co., Ltd. (中國外運長航集團有限公司), an assistant to the minister of the transportation and logistics division/headquarters in Beijing of China Merchants Group Limited (招商局集團有限公司). Mr. Li currently serves as a member of the Party Committee and the secretary of the Discipline Inspection Committee of Liaoning Port Group Limited (遼寧港口集團有限公司) and the chairman of the supervisory committee of the Company. Mr. Li obtained a bachelor's degree of arts in philosophy from the department of philosophy of Jilin University and a master's degree of business administration from China Europe International Business School.

**Mr. Yuan Yi (袁毅先生)**, born in 1965, Chinese, was a deputy general manager of Dalian Port Corporation Limited (大連港集團有限公司). He currently serves as the chairman of labor union of Liaoning Port Group, the chairman of labor union of Dalian Port Corporation Limited (大連港集團有限公司) and a supervisor of the Company. Mr. Yuan obtained a bachelor's degree in economic management from the Correspondence College of the Central Party School and a master's degree in business administration from the Party School of Liaoning Provincial Party Committee.

**Ms. Zhang Hong (張弘女士)**, born in 1981, Chinese. Ms. Zhang held various positions, including a legal director of Dalian Port Corporation Limited (大連港集團有限公司), a legal director of the Dalian Port (PDA) Company Limited, a legal manager and a deputy head of the enterprise development department of Dalian Port Corporation Limited (大連港集團有限公司), and a deputy head of the legal department of Liaoning Port Group Limited. Ms. Zhang currently serves as a deputy head of the risk management department/legal compliance department and an employee representative supervisor of the Company. Ms. Zhang obtained a bachelor's degree in law department of Beijing Technology and Business University and a master's degree in transportation planning and management department of Dalian Maritime University, and possesses the qualifications as a corporate lawyer and corporate legal consultant. She is a senior economist.

**Mr. Gao Shicheng (高士成先生)**, born in 1968, Chinese, served as a deputy director of the audit department of Yingkou Port Liability Co., Ltd. (營口港務股份有限公司), and the supervision and management director of the comprehensive business department of Liaoning Port Group Limited (遼寧港口集團有限公司). Mr. Gao currently serves as a deputy director of the risk management department/legal compliance department and an employee representative supervisor of the Company. Mr. Gao graduated from Yingkou Branch of Liaoning Radio and Television University, majoring in financial accounting. He is an accountant.

# Profiles of Directors, Supervisors and Senior Management

## Senior Management

**Mr. Wei Minghui (魏明暉先生)** is currently the general manager of the Company. For biographic details of Mr. Wei, please refer to the section headed “Profiles of Directors, Supervisors and Senior Management – Directors”.

**Mr. Cao Yingfeng (曹應峰先生)**, born in 1968, Chinese, served as a deputy chief economist of Yingkou Port Group, a deputy secretary of the Party committee, the general manager and chairman of the trade union of Suizhong Port Group Co., Ltd. (綏中港集團有限公司), a deputy chief economist and the general manager of the comprehensive business department of Liaoning Port Group Limited (遼寧港口集團有限公司), a deputy secretary of the Party committee and general manager of Yingkou Port Liability Co., Ltd. (營口港務股份有限公司). He is currently the executive deputy general manager of the Company. Mr. Cao received a bachelor's degree in economics on water transportation from Shanghai Maritime University.

**Mr. Tai Jingang (台金剛先生)**, born in 1976, Chinese, was the head of the operation department of Dalian Port (PDA) Company Limited. He is currently a deputy general manager of the Company. Mr. Tai obtained a bachelor's degree in mechanical design and manufacturing from Harbin University of Civil Building & Architecture and a master's degree in mechanical engineering of Dalian University of Technology and is a senior specialist in logistics.

**Mr. Guan Lihui (關利輝先生)**, born in 1971, Chinese, served as a deputy general manager of Yingkou Port Liability Co., Ltd. (營口港務股份有限公司) and a deputy general manager of the bulk and general cargo business department of Liaoning Port Group Limited (遼寧港口集團有限公司). Mr. Guan is currently the chief safety officer and vice general manager of the Company. Mr. Guan Lihui obtained a bachelor's degree in transportation management engineering from Wuhan Jiaotong University of Science and Technology and a master's degree in business administration from Dalian University of Technology.

**Mr. Yin Kaiyang (尹凱陽先生)**, born in 1967, Chinese, was the head of corporate development department of Dalian Port Corporation Limited (大連港集團有限公司). He is currently a deputy general manager of the Company. Mr. Yin obtained a bachelor's degree in arts from the College of Adult Education of Liaoning University and is a senior specialist in logistics.

**Mr. Chen Liqing (陳立慶先生)**, born in 1974, Chinese, served as a deputy general manager of Yingkou Port Liability Co., Ltd. (營口港務股份有限公司) and a deputy general manager of the bulk and general cargo business department of Liaoning Port Group Limited (遼寧港口集團有限公司). From June 2022 to April 2023, Mr. Chen was the vice general manager of the Company. Mr. Chen Liqing graduated from Shanghai Harbour School majoring in ocean shipping tally and obtained his master's degree in business administration from Seoul University of Science and Technology of South Korea. He is a senior logistics engineer.

**Mr. Luo Dongxi (羅東曦先生)**, born in 1965, Chinese, was the general manager of Dalian Port Machinery Co., Ltd. and the head of technical engineering department of Dalian Port Corporation Limited (大連港集團有限公司). He is currently a deputy general manager of the Company. Mr. Luo obtained a bachelor's degree in hydraulic transmission and control from Wuhan Institute of Water Transportation Engineering and is a senior engineer.

# Profiles of Directors, Supervisors and Senior Management

**Ms. Wang Ping (王萍女士)**, born in 1969, Chinese. Ms. Wang held various positions including the accounting manager and the deputy head of the finance department of Dalian Port (PDA) Company Limited, the deputy head of the planning and financing department of Dalian Port Corporation Limited (大連港集團有限公司), the deputy head of the finance department of Dalian Port (PDA) Company Limited, the chief financial officer of Dalian Harbour City Construction Development Company Limited and the chief financial officer of Dalian Port Container Development Company Limited, the deputy chief accountant and the deputy head of the finance department of Dalian Port (PDA) Company Limited. She is currently the chief financial officer of the Company. Ms. Wang obtained a bachelor's degree in transportation management and engineering from the Wuhan University of Water Transportation Engineering. She is a senior accountant and certified accountant.

**Ms. Wang Huiying (王慧穎女士)**, born in 1978, Chinese, was the Securities Affairs Representative and Investor Relations Manager of Dalian Port (PDA) Company Limited, the deputy head of the Listing Division of Dalian Port Corporation Limited (大連港集團有限公司) and deputy head of capital operation department of Dalian Port Corporation Limited (大連港集團有限公司). She is currently the secretary to the Board, a joint company secretary and the head of Board office of the Company. Ms. Wang obtained a bachelor's degree in international business of Auckland Institute of Studies at ST Helens New Zealand, and was confirmed by The Stock Exchange of Hong Kong Limited on 28 March 2022 on her qualification to act as a company secretary under Rule 3.28 of the Listing Rules.

**Mr. Lee, Kin Yu Arthur (李健儒先生)**, born in 1959 with Chinese (Hong Kong) nationality, is a qualified accountant and a joint company secretary of the Company. Mr. Lee has been a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants since 1993. He graduated from the Chinese University of Hong Kong with a bachelor's degree in Arts and the Illinois State University, the U.S. with a master's degree in Science.

# Auditor's Report

Ernst & Young HM (2023) Shen Zi No. 60777447\_E01

To all Shareholders of Liaoning Port Co., Ltd.,

## I. Opinion

We have audited the accompanying financial statements of Liaoning Port Co., Ltd., which comprise the consolidated and company balance sheets as at 31 December 2022, the consolidated and company income statements for the year then ended, the consolidated and company statements of changes in shareholders' equity for the year then ended, the consolidated and company cash flow statements for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial positions of the Company as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

## II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Liaoning Port Co., Ltd. in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## III. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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. Our description of how each of the following matters is handled in the audit is also based on this.

We have fulfilled our responsibilities as set out in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report, including those related to these key audit matters. Accordingly, our audit work includes the implementation of audit procedures designed to address the risk of material misstatement of the financial statements of the assessment. The results of our audit procedures, including the procedures followed in the implementation of the key audit matters below, provide the basis for the overall audit opinion of the financial statements.

# Auditor's Report (continued)

Ernst & Young HM (2023) Shen Zi No. 60777447\_E01

## III. Key Audit Matters (continued)

Key Audit Matter:	How our audit addressed the Key Audit Matter:
<b>Provision for bad debts of accounts receivable</b>	
<p>As of 31 December 2022, the book balance of the accounts receivable in the consolidated financial statements was RMB3,884,015,584.20, and the provision for bad debts was RMB561,052,085.74. The balance of the accounts receivable of the Group is significant. The assessment of bad debt provisions involves complex and significant judgments and estimates by the management. Therefore, we identified provision for bad debts of accounts receivable as a key audit matter for the audit of the year.</p> <p>For the disclosure of the accounts receivable and the provision for bad debts, please refer to Note V.1 Critical judgments and key assumptions and uncertainties in accounting estimates, Note VIII.3 Accounts receivable and Note VIII.6 Other receivables to the financial report.</p>	<p>The audit procedures we performed include:</p> <ul style="list-style-type: none"> <li>• Gained an understanding of and tested the internal control related to provision for bad debts of accounts receivable;</li> <li>• Evaluated whether the management's evaluation basis for credit rating of the counterparty to the receivables was reasonable; checked, on a sample basis, the supporting records such as contracts, bookkeeping vouchers and invoices, and whether the age of the accounts receivables was accurate; and evaluated the basis for the calculation of expected credit losses, including the management's estimation and calculation of expected credit losses in combination with historical loss rates and forward-looking considerations;</li> <li>• For goods in which the Group has a lien, checked such goods on spot and assessed the value thereof, obtained the legal opinion issued by the Group's external legal advisor and reply to the letter of confirmation, and evaluated the management's estimation of the probability, amount and discount rate of possible recovery of relevant receivables in the future, as well as the calculation of expected credit losses on relevant receivables;</li> <li>• Reviewed the disclosure of the receivables and the provision for bad debts in the financial report.</li> </ul>

## III. Key Audit Matters (continued)

Key Audit Matter:	How our audit addressed the Key Audit Matter:
<b>Impairment of long-term equity investments</b>	
<p>As of 31 December 2022, the book balance of long-term equity investments in the consolidated financial statements was RMB3,781,907,942.52, and provision for impairment was RMB8,468,465.03. The management has assessed whether the long-term equity investments have indicators of impairment. If there is any indicator of impairment, the management performs impairment testing by calculating the recoverable amount of long-term equity investments. It is expected that the recoverable amount of long-term equity investments relates to the assessment of fair value of long-term equity investments and forecast of the present value of expected future cash flows of long-term equity investments, as the management needs to make significant judgments and assumptions in the assessment and forecast, especially for the assessment methods and choice of relevant parameters, the investee's future business volume, gross profit margin and discount rate. Therefore, we identified the impairment of long-term equity investments as a key audit matter of the year.</p> <p>For the disclosure of long-term equity investments, please refer to Note V.1 Critical judgments and key assumptions and uncertainties in accounting estimates and Note VIII.11 Long-term equity investments to the financial report.</p>	<p>The audit procedures we performed include:</p> <ul style="list-style-type: none"> <li>Analyzed and assessed the management's judgments on the indicators of impairment of long-term equity investments, and evaluated the important assumptions made and key parameters used by the management when determining the recoverable amount of long-term equity investments, especially the key data and assumptions about the future business volume, gross profit margin and discount rate of the investee in the management's impairment test, as well as fair value assessment methods and key parameters used for assessment, etc.;</li> <li>As assisted by the internal valuer, evaluated the management's impairment test methods, models and key parameters;</li> <li>Reviewed the disclosure of long-term equity investments and impairment of long-term equity investments in the financial report.</li> </ul>

# Auditor's Report (continued)

Ernst & Young HM (2023) Shen Zi No. 60777447\_E01

## IV. Other Information

The management of Liaoning Port Co., Ltd. is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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

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

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

## V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## VI. Auditor's Responsibilities for the Audit of the Financial Statements

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



## VI. Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

# Auditor's Report (continued)

Ernst & Young HM (2023) Shen Zi No. 60777447\_E01

## VI. Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

*Certified Public Accountant:*

**Wang Tianqing**

(Project partner)

Beijing, the People's Republic of China  
30 March 2023

*Certified Public Accountant:*

**Xue Wei**

# Consolidated Balance Sheet

31 December 2022  
In RMB

Item	Note	Balance at the end of the year	Balance at the beginning of the year
<b>Current assets</b>			
Cash at bank and on hand	VIII. 1	5,085,194,083.26	4,682,837,844.76
Including: Deposits with financial institutions		2,228,474,155.26	1,696,167,234.53
Notes receivable	VIII. 2	369,445,570.06	382,699,154.88
Accounts receivable	VIII. 3	2,892,038,334.72	2,484,558,788.25
Receivables financing	VIII. 4	154,213,980.23	40,454,782.00
Advances to suppliers	VIII. 5	50,203,341.38	57,266,286.24
Other receivables	VIII. 6	430,925,163.74	418,964,033.51
Including: Interest receivable		2,689,917.11	1,750,685.21
Dividends receivable		112,343,783.60	153,329,320.58
Inventories	VIII. 7	123,914,279.82	113,803,685.78
Including: Raw material		92,746,393.09	88,523,064.92
Merchandise inventories (finished goods)		5,994,294.05	4,044,357.69
Non-current assets due within one year	VIII. 8	13,250,000.00	25,705,000.00
Other current assets	VIII. 9	363,604,225.68	477,689,360.75
<b>Total current assets</b>		<b>9,482,788,978.89</b>	8,683,978,936.17
<b>Non-current assets</b>			
Long-term receivables	VIII. 10	—	4,706,562.92
Long-term equity investments	VIII. 11	3,773,439,477.49	3,854,128,735.24
Investments in other equity instruments	VIII. 12	156,869,646.60	179,291,854.27
Investment properties	VIII. 13	168,475,898.11	184,436,193.34
Fixed assets	VIII. 14	30,694,317,643.78	31,618,423,562.64
Including: Original cost of fixed assets		53,700,760,612.46	52,932,665,926.64
Accumulated depreciation		22,967,897,856.88	21,275,832,242.96
Provision for impairment of fixed assets		44,992,613.52	44,992,613.52
Construction in progress	VIII. 15	2,247,716,774.84	2,697,449,538.01
Right-of-use assets	VIII. 16	4,975,490,327.00	4,414,466,347.72
Intangible assets	VIII. 17	5,491,066,458.21	5,624,837,547.39
Development expenditure	VIII. 18	12,684,691.00	13,695,980.00
Goodwill	VIII. 19	225,929,504.67	225,929,504.67
Long-term prepaid expenses	VIII. 20	56,672,475.72	48,222,076.27
Deferred income tax assets	VIII. 21	311,387,413.57	237,861,355.01
Other non-current assets	VIII. 22	12,551,780.38	25,821,465.85
<b>Total non-current assets</b>		<b>48,126,602,091.37</b>	49,129,270,723.33
<b>Total assets</b>		<b>57,609,391,070.26</b>	57,813,249,659.50

Notes form an integral part of the financial statements

# Consolidated Balance Sheet (continued)

31 December 2022  
In RMB

Item	Note	Balance at the end of the year	Balance at the beginning of the year
<b>Current liabilities</b>			
Accounts payable	VIII. 25	303,332,013.22	299,243,621.90
Advances from customers	VIII. 26	4,508,721.75	8,310,000.53
Contract liabilities	VIII. 27	294,099,864.46	394,018,044.43
Employee benefits payable	VIII. 28	327,349,498.36	283,539,639.27
Including: Salary payable		278,196,134.72	234,050,564.11
Taxes and surcharges payable	VIII. 29	133,966,866.56	157,612,682.63
Including: Taxes payable excluding surcharges		133,724,982.94	156,935,374.25
Other payables	VIII. 30	922,571,445.46	5,211,704,627.42
Including: Dividends payable		129,642,029.96	109,959,372.43
Non-current liabilities due within one year	VIII. 31	4,477,639,949.68	1,317,029,437.70
Other current liabilities	VIII. 32	14,329,926.71	18,200,512.62
<b>Total current liabilities</b>		<b>6,477,798,286.20</b>	7,689,658,566.50
<b>Non-current liabilities</b>			
Long-term borrowings	VIII. 33	716,000,000.00	1,020,537,454.00
Bonds payable	VIII. 34	2,495,906,235.36	2,486,907,371.14
Lease liabilities	VIII. 35	5,117,114,432.76	4,479,123,277.25
Long-term payables	VIII. 36	17,500,000.00	17,500,000.00
Estimated liabilities	VIII. 37	170,708,538.56	212,308,104.33
Deferred income	VIII. 38	571,197,128.39	503,761,225.92
Deferred income tax liabilities	VIII. 21	259,568,410.54	288,311,027.10
Other non-current liabilities	VIII. 39	41,606,945.81	61,401,012.91
<b>Total non-current liabilities</b>		<b>9,389,601,691.42</b>	9,069,849,472.65
<b>Total liabilities</b>		<b>15,867,399,977.62</b>	16,759,508,039.15

Notes form an integral part of the financial statements

# Consolidated Balance Sheet (continued)

31 December 2022  
In RMB

Item	Note	Balance at the end of the year	Balance at the beginning of the year
<b>Shareholders' equity</b>			
Share capital	VIII. 40	<b>23,987,065,816.00</b>	23,987,065,816.00
Capital surplus	VIII. 41	<b>9,026,991,793.19</b>	9,022,246,406.02
Other comprehensive income	VIII. 42	<b>72,364,171.03</b>	59,093,962.51
Including: Exchange differences on translation of foreign currency financial statements		<b>54,871,006.75</b>	32,922,622.38
Specific reserve	VIII. 43	<b>147,235,048.25</b>	92,693,542.25
Surplus reserve	VIII. 44	<b>1,462,397,659.49</b>	1,346,971,923.09
Including: Statutory reserve		<b>1,461,424,125.12</b>	1,345,998,388.72
Undistributed profits	VIII. 45	<b>3,950,404,277.47</b>	3,437,962,835.75
<b>Total equity attributable to owners of the parent company</b>		<b>38,646,458,765.43</b>	37,946,034,485.62
<b>Minority interests</b>		<b>3,095,532,327.21</b>	3,107,707,134.73
<b>Total shareholders' equity</b>		<b>41,741,991,092.64</b>	41,053,741,620.35
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>57,609,391,070.26</b>	57,813,249,659.50

Notes form an integral part of the financial statements

These financial statements are signed by the following persons:

Legal representative:  
Wang Zhixian

Principal in charge of accounting:  
Wang Ping

Head of accounting department:  
Wang Ping

# Balance Sheet of the Parent Company

31 December 2022  
In RMB

Item	Note	Balance at the end of the year	Balance at the beginning of the year
<b>Current assets</b>			
Cash at bank and on hand		2,444,983,092.18	2,081,978,764.72
Including: Deposits with financial institutions		962,786,707.70	863,351,231.30
Notes receivable		187,740,647.20	252,565,531.85
Accounts receivable	XVI. 1	2,425,928,610.49	1,978,529,104.61
Advances to suppliers		12,197,912.51	9,405,814.73
Other receivables	XVI. 2	3,092,261,447.80	2,623,324,500.83
Including: Dividends receivable		3,019,042,396.43	2,554,243,121.92
Inventories		49,929,215.98	46,701,202.69
Including: Raw materials		42,019,629.12	39,852,795.27
Non-current assets due within one year		1,641,465,670.27	110,223,671.10
Other current assets		3,208,150.46	10,411,440.85
<b>Total current assets</b>		<b>9,857,714,746.89</b>	<b>7,113,140,031.38</b>
<b>Non-current assets</b>			
Investments in other equity instruments		6,304,107.79	21,134,979.42
Long-term receivables	XVI. 3	3,112,465,916.88	1,681,514,831.66
Long-term equity investments	XVI. 4	22,930,744,418.39	23,082,375,022.83
Fixed assets		8,847,379,975.15	9,325,063,258.12
Including: Original cost of fixed assets		16,999,248,593.31	16,880,997,484.67
Accumulated depreciation		8,156,219,641.06	7,560,417,006.31
Construction in progress		1,401,635,883.24	1,406,078,653.47
Right-of-use assets		2,374,031,847.17	2,735,134,057.33
Intangible assets		500,730,018.65	515,672,752.77
Long-term prepaid expenses		42,915,928.82	28,536,201.67
Deferred income tax assets		194,281,373.47	119,345,469.44
Other non-current assets		1,860,000.00	1,860,000.00
<b>Total non-current assets</b>		<b>39,412,349,469.56</b>	<b>38,916,715,226.71</b>
<b>TOTAL ASSETS</b>		<b>49,270,064,216.45</b>	<b>46,029,855,258.09</b>

Notes form an integral part of the financial statements

# Balance Sheet of the Parent Company (continued)

31 December 2022  
In RMB

Item	Balance at the end of the year	Balance at the beginning of the year
<b>Current liabilities</b>		
Accounts payable	26,451,465.92	60,339,205.67
Advances from customers	136,461.52	458,333.00
Contract liabilities	39,834,656.50	74,430,867.97
Employee benefits payable	138,850,506.51	113,435,817.80
Including: Salary payable	132,601,759.23	111,055,352.40
Taxes and surcharges payable	47,588,318.82	15,227,183.51
Including: Taxes payable excluding surcharges	47,588,173.04	15,227,093.08
Other payables	234,117,906.27	223,440,296.96
Non-current liabilities due within one year	4,149,878,725.65	1,197,901,486.87
Other current liabilities	4,776,333.93	7,865,610.81
<b>Total current liabilities</b>	<b>4,641,634,375.12</b>	<b>1,693,098,802.59</b>
<b>Non-current liabilities</b>		
Bonds payable	2,495,906,235.36	2,486,907,371.14
Lease liabilities	2,536,611,597.29	2,853,738,089.22
Long-term payables	40,000,000.00	—
Deferred income	535,516,929.67	459,502,577.60
Other non-current liabilities	41,606,945.81	61,401,012.91
<b>Total non-current liabilities</b>	<b>5,649,641,708.13</b>	<b>5,861,549,050.87</b>
<b>Total liabilities</b>	<b>10,291,276,083.25</b>	<b>7,554,647,853.46</b>
<b>Shareholders' equity</b>		
Share capital	23,987,065,816.00	23,987,065,816.00
Capital surplus	9,871,427,654.58	9,868,775,405.75
Other comprehensive income	3,303,037.72	5,426,191.44
Specific reserve	38,508,910.16	42,063,863.69
Surplus reserve	1,221,578,933.81	1,106,153,197.41
Including: Statutory reserve	1,221,578,933.81	1,106,153,197.41
Undistributed profits	3,856,903,780.93	3,465,722,930.34
<b>Total shareholders' equity</b>	<b>38,978,788,133.20</b>	<b>38,475,207,404.63</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>49,270,064,216.45</b>	<b>46,029,855,258.09</b>

Notes form an integral part of the financial statements

# Consolidated Income Statement

For the year ended 31 December 2022  
In RMB

Item	Note	Amount for the year	Amount for last year
<b>I. Revenue</b>	VIII. 46	<b>11,980,738,429.67</b>	12,347,554,608.01
Less: Cost of sales	VIII. 46	<b>8,883,869,879.05</b>	8,518,330,456.05
Taxes and surcharges	VIII. 47	<b>126,850,750.87</b>	129,281,474.13
Administrative expenses	VIII. 48	<b>827,015,548.80</b>	799,342,392.20
Research and development expenses	VIII. 49	<b>5,687,178.85</b>	9,306,646.62
Financial expenses	VIII. 50	<b>467,437,207.25</b>	526,378,915.07
Including: Interest expenses		<b>542,904,055.94</b>	632,573,123.30
Interest income		<b>94,016,449.47</b>	104,567,205.11
Net exchange loss (net gain represented by "-")		<b>17,654,965.66</b>	-3,101,268.89
Add: Other income	VIII. 51	<b>159,150,828.08</b>	148,959,925.94
Investment income (loss represented by "-")	VIII. 52	<b>196,475,987.01</b>	381,121,868.19
Including: Investment income from associates and joint ventures		<b>182,348,397.40</b>	322,022,018.21
Gains on disposals of assets (loss represented by "-")	VIII. 55	<b>5,051,232.80</b>	144,560,327.91
Credit impairment loss (loss represented by "-")	VIII. 53	<b>-155,909,455.10</b>	-114,702,724.03
Asset impairment loss (loss represented by "-")	VIII. 54	<b>-11,658,563.63</b>	-59,679,538.84
<b>II. Operating profit (loss represented by "-")</b>		<b>1,862,987,894.01</b>	2,865,174,583.11
Add: Non-operating income	VIII. 56	<b>45,420,590.27</b>	32,065,509.49
Less: Non-operating expenses	VIII. 57	<b>15,331,818.93</b>	242,802,412.35
<b>III. Total profit (total loss represented by "-")</b>		<b>1,893,076,665.35</b>	2,654,437,680.25
Less: Income tax expenses	VIII. 58	<b>461,716,445.69</b>	576,241,786.81
<b>IV. Net profit (net loss represented by "-")</b>		<b>1,431,360,219.66</b>	2,078,195,893.44
Including: Net profit of the merged party before merger in business combination under the common control		<b>-</b>	471,795,901.00
(I) Classified by ownership of the equity			
1. Net profit attributable to shareholders of the parent company (net loss represented by "-")		<b>1,279,734,789.11</b>	1,916,076,220.45
2. Gains or losses of minority interests (net loss represented by "-")		<b>151,625,430.55</b>	162,119,672.99
(II) Classified by continuity of operations			
1. Net profit from continuing operations (net loss represented by "-")		<b>1,431,360,219.66</b>	2,078,195,893.44
2. Net profit from discontinued operations (net loss represented by "-")		<b>-</b>	-

Notes form an integral part of the financial statements



# Consolidated Income Statement (continued)

For the year ended 31 December 2022  
In RMB

Item	Note	Amount for the year	Amount for last year
<b>V. Other comprehensive income, net of tax</b>	VIII. 42	<b>15,551,394.62</b>	-25,604,967.94
Other comprehensive income, net of tax, attributable to shareholders of the parent company		<b>14,689,874.52</b>	-25,463,179.82
(I) Other comprehensive income that may not be reclassified to profit or loss		<b>-7,258,509.85</b>	-18,440,050.63
1. Changes in fair value of investments in other equity instruments		<b>-7,258,509.85</b>	-18,440,050.63
(II) Other comprehensive income that will be reclassified to profit or loss		<b>21,948,384.37</b>	-7,023,129.19
1. Exchange differences on translation of foreign currency financial statements		<b>21,948,384.37</b>	-7,023,129.19
Other comprehensive income, net of tax, attributable to minority interests		<b>861,520.10</b>	-141,788.12
<b>VI. Total comprehensive income</b>		<b>1,446,911,614.28</b>	2,052,590,925.50
Attributable to shareholders of the parent company		<b>1,294,424,663.63</b>	1,890,613,040.63
Attributable to minority interests		<b>152,486,950.65</b>	161,977,884.87
<b>VII. Earnings per share:</b>			
Basic earnings per share	VIII. 61	<b>0.05</b>	0.08
Diluted earnings per share	VIII. 61	<b>0.05</b>	0.08

Notes form an integral part of the financial statements

# Income Statement of the Parent Company

For the year ended 31 December 2022  
In RMB

Item	Note	Amount for the year	Amount for last year
<b>I. Revenue</b>	XVI. 5	<b>3,573,458,113.29</b>	3,659,220,987.59
Less: Cost of sales	XVI. 5	<b>2,613,919,020.54</b>	2,608,219,823.82
Taxes and surcharges		<b>36,329,833.61</b>	36,388,027.84
Administrative expenses		<b>395,145,037.09</b>	373,273,525.20
Research and development expenses		<b>24,518.32</b>	42,123.27
Financial expenses		<b>322,705,989.07</b>	360,532,307.80
Including: Interest expenses		<b>355,978,065.04</b>	380,143,362.93
Interest income		<b>34,969,263.69</b>	21,477,885.63
Add: Other income		<b>52,924,474.62</b>	48,968,524.48
Investment income (loss represented by "-")	XVI. 6	<b>1,093,311,011.95</b>	1,624,009,590.51
Including: Investment income from associates and joint ventures		<b>76,967,572.04</b>	198,357,195.51
Gains on disposals of assets (loss represented by "-")		<b>-</b>	-838,263.95
Credit impairment loss (loss represented by "-")		<b>-124,397,309.17</b>	-102,847,613.27
Asset impairment loss (loss represented by "-")		<b>-17,777,533.25</b>	-
<b>II. Operating profit (loss represented by "-")</b>		<b>1,209,394,358.81</b>	1,850,057,417.43
Add: Non-operating income		<b>3,179,220.43</b>	34,031,514.46
Less: Non-operating expenses		<b>9,916,707.41</b>	64,888,043.38
<b>III. Total profit (total loss represented by "-")</b>		<b>1,202,656,871.83</b>	1,819,200,888.51
Less: Income tax expenses		<b>49,819,173.81</b>	55,708,971.53
<b>IV. Net profit (net loss represented by "-")</b>		<b>1,152,837,698.02</b>	1,763,491,916.98
Net profit from continuing operations (net loss represented by "-")		<b>1,152,837,698.02</b>	1,763,491,916.98
Net profit from discontinued operations (net loss represented by "-")		<b>-</b>	-
<b>V. Other comprehensive income, net of tax</b>		<b>-703,487.72</b>	294,910.15
(I) Other comprehensive income that may not be reclassified to profit or loss		<b>-703,487.72</b>	294,910.15
1. Changes in fair value of investments in other equity instruments		<b>-703,487.72</b>	294,910.15
(II) Other comprehensive income that will be reclassified to profit or loss		<b>-</b>	-
<b>VI. Total comprehensive income</b>		<b>1,152,134,210.30</b>	1,763,786,827.13

Notes form an integral part of the financial statements

# Consolidated Cash Flow Statement

For the year ended 31 December 2022  
In RMB

Item	Note	Amount for the year	Amount for last year
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		<b>11,316,499,429.11</b>	11,813,867,848.82
Refund of taxes and surcharges		<b>46,567,569.94</b>	7,824,251.52
Cash received relating to other operating activities	VIII. 62	<b>531,809,497.77</b>	275,857,301.81
<b>Sub-total of cash inflows</b>		<b>11,894,876,496.82</b>	12,097,549,402.15
Cash paid for goods and services		<b>4,365,054,813.08</b>	4,048,714,009.01
Cash paid to and on behalf of employees		<b>2,916,417,505.73</b>	2,971,243,875.26
Payments of taxes and surcharges		<b>882,839,988.06</b>	926,685,581.36
Cash paid relating to other operating activities	VIII. 62	<b>318,259,377.63</b>	327,985,009.04
<b>Sub-total of cash outflows</b>		<b>8,482,571,684.50</b>	8,274,628,474.67
<b>Net cash flows from operating activities</b>	VIII. 62	<b>3,412,304,812.32</b>	3,822,920,927.48
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		<b>22,249,542.50</b>	4,401,289,174.31
Cash received from return on investments		<b>296,862,442.60</b>	274,448,107.97
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>10,431,684.84</b>	9,866,442.59
Cash received relating to other investing activities	VIII. 62	<b>8,323,264.74</b>	63,436,920.00
<b>Sub-total of cash inflows</b>		<b>337,866,934.68</b>	4,749,040,644.87
Cash paid to acquire fixed assets, intangible assets and other long-term assets		<b>3,433,878,164.36</b>	3,824,348,372.46
Cash paid to acquire investments		<b>—</b>	3,500,000,000.00
Cash paid relating to other investing activities	VIII. 62	<b>1,164,778.05</b>	111,425,422.29
<b>Sub-total of cash outflows</b>		<b>3,435,042,942.41</b>	7,435,773,794.75
<b>Net cash flows from investing activities</b>		<b>-3,097,176,007.73</b>	-2,686,733,149.88

Notes form an integral part of the financial statements

# Consolidated Cash Flow Statement (continued)

For the year ended 31 December 2022  
In RMB

Item	Note	Amount for the year	Amount for last year
<b>III. Cash flows from financing activities</b>			
Cash received from investment		—	2,081,810,399.02
Cash received from borrowings		5,086,000,000.00	932,000,000.00
<b>Sub-total of cash inflows</b>		5,086,000,000.00	3,013,810,399.02
Cash repayments of borrowings		2,275,763,298.00	3,582,077,922.00
Cash paid for distribution of dividends or profits or for interest expenses		998,997,857.33	1,566,072,609.32
Cash paid relating to other financing activities	VIII. 62	1,524,775,043.03	1,728,634,122.11
<b>Sub-total of cash outflows</b>		4,799,536,198.36	6,876,784,653.43
<b>Net cash flows from financing activities</b>		286,463,801.64	-3,862,974,254.41
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		10,395,468.70	-4,797,159.65
<b>V. Net increase in cash and cash equivalents</b>		611,988,074.93	-2,731,583,636.46
Add: Cash and cash equivalents at the beginning of the year		4,433,485,423.30	7,165,069,059.76
<b>VI. Cash and cash equivalents at the end of the year</b>	VIII. 63	5,045,473,498.23	4,433,485,423.30

Notes form an integral part of the financial statements

# Cash Flow Statement of the Parent Company

For the year ended 31 December 2022  
In RMB

Item	Note	Amount for the year	Amount for last year
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		<b>3,205,259,715.45</b>	3,285,554,251.41
Refund of taxes and surcharges		<b>28.18</b>	—
Cash received relating to other operating activities		<b>187,252,628.06</b>	66,757,719.60
<b>Sub-total of cash inflows</b>		<b>3,392,512,371.69</b>	3,352,311,971.01
Cash paid for goods and services		<b>1,269,589,208.44</b>	1,218,059,277.09
Cash paid to and on behalf of employees		<b>1,050,758,064.44</b>	1,086,738,304.80
Payments of taxes and surcharges		<b>204,479,956.15</b>	227,796,616.19
Cash paid relating to other operating activities		<b>129,288,477.51</b>	149,862,582.74
<b>Sub-total of cash outflows</b>		<b>2,654,115,706.54</b>	2,682,456,780.82
<b>Net cash flows from operating activities</b>	XVI. 7	<b>738,396,665.15</b>	669,855,190.19
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		<b>14,636,306.77</b>	4,433,415,448.43
Cash received from return on investments		<b>767,690,860.15</b>	391,645,183.17
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>3,046,207.36</b>	2,975,908.24
Cash received relating to other investing activities		<b>40,260,347.00</b>	40,000,000.00
<b>Sub-total of cash inflows</b>		<b>825,633,721.28</b>	4,868,036,539.84
Cash paid to acquire fixed assets, intangible assets and other long-term assets		<b>153,201,253.59</b>	189,930,402.72
Cash paid to acquire investments		<b>—</b>	3,500,000,000.00
Cash paid relating to other investing activities		<b>3,000,000,000.00</b>	1,200,190,347.00
<b>Sub-total of cash outflows</b>		<b>3,153,201,253.59</b>	4,890,120,749.72
<b>Net cash flows from investing activities</b>		<b>-2,327,567,532.31</b>	-22,084,209.88

Notes form an integral part of the financial statements

# Cash Flow Statement of the Parent Company (continued)

For the year ended 31 December 2022  
In RMB

Item	Note	Amount for the year	Amount for last year
<b>III. Cash flows from financing activities:</b>			
Cash received from investment		—	2,081,810,399.02
Cash received from borrowings		4,032,000,000.00	—
<b>Sub-total of cash inflows</b>		<b>4,032,000,000.00</b>	2,081,810,399.02
Cash repayments of borrowings		1,070,000,000.00	2,350,000,000.00
Cash paid for distribution of dividends or profits or for interest expenses		822,376,602.11	978,425,599.30
Cash paid relating to other financing activities		187,257,856.27	209,635,017.82
<b>Sub-total of cash outflows</b>		<b>2,079,634,458.38</b>	3,538,060,617.12
<b>Net cash flows from financing activities</b>		<b>1,952,365,541.62</b>	-1,456,250,218.10
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		—	4.00
<b>V. Net increase in cash and cash equivalents</b>		<b>363,194,674.46</b>	-808,479,233.79
Add: Cash and cash equivalents at the beginning of the year		2,081,788,417.72	2,890,267,651.51
<b>VI. Cash and cash equivalents at the end of the year</b>	XVI. 7	<b>2,444,983,092.18</b>	2,081,788,417.72

Notes form an integral part of the financial statements

For the year ended 31 December 2022  
In RMB

For the year ended 31 December 2022  
In RMB

Notes form an integral part of the financial statements

For the year ended 31 December 2022  
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Notes form an integral part of the financial statements



For the year ended 31 December 2022  
In RMB

For the year ended 31 December 2022  
In RMB

Notes form an integral part of the financial statements

# Consolidated Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2022  
In RMB

Item	Amount for the previous year							
	Attributable to shareholders of the parent company							
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on translation of foreign currency financial statements	Specific reserve	Surplus reserve	Undistributed profits	Sub-total
								Minority interests
								Total shareholders' equity
(III) Accrual and usage of specific reserve								
1. Accrual of specific reserve	-	-	-	-	15,454,575.24	-	-	15,454,575.24
2. Usage of specific reserve	-	-	-	-	93,742,936.88	-	-	93,742,936.88
(IV) Profit distribution	-	-	-	-	-78,288,361.64	-	-	-78,288,361.64
1. Appropriation to surplus reserve	-	-	-	-	-	176,349,191.70	-1,259,273,119.50	-1,082,923,927.80
Including: Statutory reserve	-	-	-	-	-	176,349,191.70	-176,349,191.70	-
2. Appropriation to general risk reserve	-	-	-	-	-	176,349,191.70	-176,349,191.70	-
3. Profit distribution to shareholders	-	-	-	-	-	-	-	-
4. Appropriation to employee bonus and welfare fund	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-
(V) Internal carry-over of shareholders' equity								
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-	-	-	-	-	-	-	-
4. Other comprehensive income carried over to retained earnings	-	-	-	-	-	-	-	-
IV. Closing balance of the year	23,987,065,816.00	9,022,246,406.02	59,083,962.51	32,922,622.38	92,893,542.25	1,346,971,923.09	3,437,982,835.75	37,946,034,485.62
								3,107,707,134.73
								41,053,741,620.35

Notes form an integral part of the financial statements

# Statement of Changes in Shareholders' Equity of the Parent Company

For the year ended 31 December 2022  
In RMB

Item	Amount for the year						Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	
I. Closing balance of last year	23,987,065,816.00	9,868,775,405.75	5,426,191.44	42,063,863.69	1,106,153,197.41	3,465,722,930.34	38,475,207,404.63
Add: Changes of accounting policies	-	-	-	-	-	-	-
Correction of errors in prior periods	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the year	23,987,065,816.00	9,868,775,405.75	5,426,191.44	42,063,863.69	1,106,153,197.41	3,465,722,930.34	38,475,207,404.63
III. Changes for the year (decrease represented by "-")							
(I) Total comprehensive income	-	-	-703,487.72	-	-	1,152,837,698.02	1,152,134,210.30
(II) Capital contribution and withdrawal by shareholders	-	2,652,248.83	-	-	-	-	2,652,248.83
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-
3. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-
4. Others	-	2,652,248.83	-	-	-	-	2,652,248.83
(III) Accrual and usage of specific reserve	-	-	-	-3,554,953.53	-	-	-3,554,953.53
1. Accrual of specific reserve	-	-	-	28,732,530.80	-	-	28,732,530.80
2. Usage of specific reserve	-	-	-	-32,287,484.33	-	-	-32,287,484.33
(IV) Profit distribution	-	-	-	-	115,283,769.80	-762,934,546.83	-647,650,777.03
1. Appropriation to surplus reserve	-	-	-	-	115,283,769.80	-115,283,769.80	-
Including: Statutory reserve	-	-	-	-	115,283,769.80	-115,283,769.80	-
Discretionary reserve	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Profit distribution to shareholders	-	-	-	-	-	-647,650,777.03	-647,650,777.03
4. Others	-	-	-	-	-	-	-
(V) Internal carry-over of shareholders' equity	-	-	-1,419,666.00	-	141,966.60	1,277,699.40	-
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-	-	-	-	-	-	-
4. Other comprehensive income carried over to retained earnings	-	-	-1,419,666.00	-	141,966.60	1,277,699.40	-
IV. Closing balance of the year	23,987,065,816.00	9,871,427,654.58	3,303,037.72	38,508,910.16	1,221,578,933.81	3,856,903,780.93	38,978,788,133.20

Notes form an integral part of the financial statements

# Statement of Changes in Shareholders' Equity of the Parent Company (continued)

For the year ended 31 December 2022  
In RMB

Item	Amount for the previous year						
	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Closing balance of last year	12,894,535,999.00	3,062,007,748.98	5,131,281.29	39,273,350.66	929,804,005.71	2,557,283,088.65	19,488,035,474.29
Add: Changes of accounting policies	-	-	-	-	-	-	-
Correction of errors in prior periods	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the year	12,894,535,999.00	3,062,007,748.98	5,131,281.29	39,273,350.66	929,804,005.71	2,557,283,088.65	19,488,035,474.29
III. Changes for the year (decrease represented by "-")							
(I) Total comprehensive income	-	-	294,910.15	-	-	1,763,491,916.98	1,763,786,827.13
(II) Capital contribution and withdrawal by shareholders	11,092,529,817.00	6,806,767,656.77	-	-	-	-	17,899,297,473.77
1. Ordinary shares contributed by shareholders	11,092,529,817.00	6,804,795,820.86	-	-	-	-	17,897,325,637.86
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-
3. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-
4. Others	-	1,971,835.91	-	-	-	-	1,971,835.91
(III) Accrual and usage of specific reserve	-	-	-	2,790,513.03	-	-	2,790,513.03
1. Accrual of specific reserve	-	-	-	29,616,530.61	-	-	29,616,530.61
2. Usage of specific reserve	-	-	-	-26,826,017.58	-	-	-26,826,017.58
(IV) Profit distribution	-	-	-	-	176,349,191.70	-855,052,075.29	-678,702,883.59
1. Appropriation to surplus reserve	-	-	-	-	176,349,191.70	-176,349,191.70	-
Including: Statutory reserve	-	-	-	-	176,349,191.70	-176,349,191.70	-
Discretionary reserve	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-
3. Profit distribution to shareholders	-	-	-	-	-	-678,702,883.59	-678,702,883.59
4. Others	-	-	-	-	-	-	-
(V) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-	-	-	-	-	-	-
4. Other comprehensive income carried over to retained earnings	-	-	-	-	-	-	-
IV. Closing balance of the year	23,987,065,816.00	9,868,775,405.75	5,426,191.44	42,063,863.69	1,106,153,197.41	3,465,722,930.34	38,475,207,404.63

Notes form an integral part of the financial statements

# Notes to the Financial Statements

For the year ended 31 December 2022  
In RMB

## I. General information

Liaoning Port Co., Ltd. (formerly known as “Dalian Port (PDA) Company Limited” and hereinafter referred to as the “Company”) is a joint stock limited liability company incorporated in Liaoning Province, the People’s Republic of China. It was approved by Dazheng [2005] No. 153 of the People’s Government of Dalian City, Liaoning Province, and was jointly established by Dalian Port Corporation Limited (“PDA Group”), Dalian Rongda Investment Co., Ltd., Dalian Haitai Holdings Co., Ltd., Dalian DETA Holdings Co., Ltd. and Dalian Bonded Zhengtong Co., Ltd. on 16 November 2005. The Company has been approved by the Dalian Administration for Industry and Commerce of Liaoning Province, with the enterprise unified social credit code: 91210200782451606Q. The H shares and RMB ordinary shares (A-share) issued by the Company were listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange on 28 April 2006 and 6 December 2010, respectively. The Company is headquartered in Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, Liaoning Province.

Yingkou Port Liability Co., Ltd. (hereinafter referred to as “Yingkou Port”) is a joint stock company approved by the People’s Government of Liaoning Province (Document Liao Zheng [2000] No. 46), and established by five promoters including, among others, Yingkou Port Authority (later converted into Yingkou Port Group Co., Ltd., hereinafter referred to as “Yingkou Port Group”) on 22 March 2000. Yingkou Port was listed for trading on the Shanghai Stock Exchange on 26 January 2002.

In order to promote the integration of the ports in Liaoning, upon the gratuitous transfer of the equity interests held by Dalian SASAC and Yingkou SASAC in PDA Group and Yingkou Port Group to Liaoning North East Asia Gang Hang Development Co., Ltd. (遼寧東北亞港航發展有限公司) (renamed as “Liaoning Port Group Limited”, hereinafter referred to as “Liaoning Port Group”) in February 2018, respectively, the de facto controller of the Company and Yingkou Port was changed from Dalian SASAC and Yingkou SASAC to Liaoning SASAC, respectively. On 30 September 2019, the de facto controller of Liaoning Port Group was changed from Liaoning SASAC to China Merchants Group Limited (hereinafter referred to as “China Merchants Group”), and therefore the ultimate de facto controller of the Company and Yingkou Port was changed to China Merchants Group.

As considered and approved at the 2020 second extraordinary general meeting, the 2020 first A Shareholders class meeting, the 2020 first H Shareholders class meeting of the Company convened on 25 September 2020, and approved by the Reply on Approval of Dalian Port (PDA) Company Limited’s Merger with Yingkou Port Liability Co., Ltd. by Absorption and Fundraising (Zheng Jian Xu Ke [2020] No. 3690) issued by China Securities Regulatory Commission, the Company has completed the merger by absorption through share swap on 4 February 2021. The Company (or its wholly-own subsidiaries) has inherited and taken over all assets, liabilities, businesses, personnel, contracts and all other rights and obligations of Yingkou Port. On 29 January 2021, upon the approval of Decision on the Cessation of Listing of the Shares of Yingkou Port Liability Co., Ltd. ([2021] No. 3690) by the Shanghai Stock Exchange, Yingkou Port was delisted, and the deregistration of the industrial and commercial registration was completed on 28 September 2022. On 4 February 2021, upon the completion of such merger through share swap, the total share capital of the Company increased from 12,894,535,999 to 22,623,429,453, in which Yingkou Port Group, the parent company of Yingkou Port, has 30.57% equity interests. On 9 February 2021, the 9,728,893,454 A shares newly issued to the original shareholders of Yingkou Port involved in this merger by share swap were listed for trading. In accordance with the Reply by Zheng Jian Xu Ke [2020] No. 3690 to the Fundraising of the Company, the Company had issued 1,363,636,363 RMB ordinary shares (A shares) to eight specific investors including Anshan Iron & Steel Co. Ltd. on 17 November 2021. Total share capital of the Company increased from 22,623,429,453 to 23,987,065,816, in which Yingkou Port Group has 28.83% equity interests.

# Notes to the Financial Statements (continued)

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## I. General information (continued)

According to the Agreement in relation to the Voting Right Entrustment of Liaoning Port Co., Ltd. between Dalian Port Corporation Limited and Yingkou Port Group Corporation Limited entered into by PDA Group and Yingkou Port Group on 29 March 2021, PDA Group agreed to fully entrust the exercise of shareholders' rights of its equity interests in the Company, other than right to earnings, right of disposition (including share pledge) and share options, to Yingkou Port Group, the parent company of the Company was changed from PDA Group to Yingkou Port Group.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage and etc.; providing facilities and services for passenger waiting, embarking and disembarking; tallying and tugging services for vessels sailing on international and domestic lines; towage; port logistics and port information technology consultation services; engaged in crude oil storage in port area (operating with the permit); refined oil products storage (restricted to those applying for bonded qualification and those at port storage facilities); import and export of goods and technology (excluding distribution of imported goods and articles prohibited by relevant laws and administrative regulations; import and export of articles restricted by laws and regulations may only be conducted after obtaining the relevant license) (with capital contribution from foreign parties restricted to less than 25%).

The parent company and ultimate parent company of the Group is Yingkou Port Group and China Merchants Group respectively, both of which were established in the PRC.

The scope of consolidation of the consolidated financial statements is determined on the basis of control. For changes in the current year, see Note VII.

## II. Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises – Basic Standards" promulgated by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations and other relevant regulations subsequently announced and revised (collectively "Accounting Standards for Business Enterprises" or "ASBEs").

The financial statements are presented on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared under the pricing principle of historical cost. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant regulations.

## III. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements are prepared by the Group in compliance with the Accounting Standards for Business Enterprises, and give a true and complete view of the consolidated and parent company's financial positions of the Group as at 31 December 2022 and the consolidated and parent company's operating results and cash flows of the Group for 2022.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company

### 1. Accounting year

The Group adopts the Gregorian calendar year as its accounting year, commencing from 1 January to 31 December each year.

### 2. Recording currency

Renminbi ("RMB") is the currency of the main economic environment where the Company and its domestic subsidiaries operate and is therefore their recording currency. The recording currency of the overseas subsidiaries of the Group is determined based on the main economic environment where they operate, and is converted into RMB when preparing the financial statements. The currency adopted by the Group for the preparation of these financial statements is RMB.

### 3. Book-keeping basis and measurement principle

The Group adopts the accrual basis as the basis of book-keeping in accounting. Except for investments in other equity instruments and receivables financing measured at fair value, historical cost is used as the measurement principle in these financial statements. If the assets are impaired, corresponding provisions for impairment will be made according to relevant regulations.

Under historical cost method, assets were measured at the amount of the cash or cash equivalents paid or the fair value of consideration paid at the time of purchase. Liabilities were measured at the amount of money or assets actually received by assuming a present obligation, or the contract amount of the present obligation assumed, or the amount of cash or cash equivalents expected to be paid for repayment of debts in daily activities.

Fair value refers to the price that can be received when disposing of an asset or that should be paid when transferring a liability in an orderly transaction between the market participants at the measurement date. Whether fair value is observable or estimated on valuation techniques, the fair value measured and disclosed in these financial statements were all determined on such basis.

The Group considers the ability of market participants to put assets into best use for economic benefits or sell the assets to other market participants who are able to put the assets into best use for economic benefits when measuring non-financial assets at fair value.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 3. Book-keeping basis and measurement principle (continued)

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

On each balance sheet date, the Group will reassess the assets and liabilities constantly measured at fair value as recognised in the financial statements to check if the level in which fair value measurement is categorised is changed.

### 4. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

#### 4.1 Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Assets and liabilities that are obtained by the acquirer in a business combination involving entities under common control, including goodwill arising from the acquisition of the acquiree by the ultimate controller, shall be accounted for on the basis of the carrying amounts on the financial statements of the ultimate controller at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) by the acquirer shall be adjusted to share premium under capital reserve and the balance transferred from capital reserve under the former system. If they are not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the business combination are recognised in current profit or loss when incurred.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 4. Business combinations (continued)

#### 4.2 Business combination not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination.

Combination cost refers to the fair value of the assets paid, the liabilities incurred or assumed, and the equity instruments issued by the acquirer to obtain control of the acquiree. The intermediary fees for auditing, legal services, appraisal and consultation, etc. and other related administrative expenses incurred by the acquirer for a business combination are recognised in current profit or loss when incurred.

Acquiree's identifiable assets, liabilities and contingent liabilities, which are qualified for recognition, as obtained by the acquirer in a combination are measured at fair value at the acquisition date.

For the excess of the combination cost over the portion of fair value of acquiree's net identifiable assets obtained in the combination, it is recognised as goodwill as an asset, and initially measured at cost. For those with combination cost lower than the portion of fair value of acquiree's net identifiable assets obtained in the combination, re-verification on the measurement of the fair value of acquiree's all identifiable assets, liabilities and contingent liabilities as well as the combination cost will be first conducted. For those with combination cost still lower than the portion of fair value of acquiree's net identifiable assets obtained in the combination after re-verification, they are recognised in current profit or loss.

### 5. Goodwill

Goodwill arising from a business combination is presented separately in the consolidated financial statements, and measured at the amount of cost less accumulated impairment provision. Goodwill is tested for impairment at least once at the end of every year.

When an impairment test is conducted for goodwill, the test is conducted combined with its related asset group or portfolio of asset group. That is, the carrying value of goodwill is reasonably allocated to the asset group or portfolio of asset group which could be benefited from the synergy of business combination since the purchase date. If the recoverable amount of asset group or portfolio of asset group containing the allocated goodwill is lower than its carrying value, relative impairment loss is recognised. The amount of impairment loss is first written down and allocated to the carrying amount of the goodwill of that asset group or portfolio of asset group, and is then written down to the carrying value of all other types of assets proportionally according to the weighting of the carrying value of all other types of assets other than goodwill within asset group or portfolio of asset group.

The recoverable amount of an asset is the higher of net value of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

An impairment loss on goodwill is recognised in current profit or loss when incurred and shall not be reversed in subsequent accounting periods.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 6. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control. Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if relevant facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, its operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

For a subsidiary acquired through a business combination not involving entities under common control, its operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving entities under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party, and their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

The effects of all intra-group transactions between the Company and its subsidiaries and among subsidiaries on the consolidated financial statements are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the parent company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "gains or losses of minority interests" in the consolidated income statement below the "net profit" line item. The portion of comprehensive income of subsidiaries for the period attributable to minority interests is presented as "total comprehensive income attributable to minority interests" in the consolidated income statement below the total comprehensive income line item.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 6. Consolidated financial statements (continued)

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority shareholders' interests.

Acquisition of minority equity or disposal of certain equity investments in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the equity attributable to owners of the parent company and minority shareholders' interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority shareholders' interests are adjusted and the fair value of the consideration paid/received is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer determines if these transactions are considered to be "a bundled transaction". If yes, each of these transactions is accounted for as a single transaction where control is obtained. If no, these transactions are accounted for as multiple transactions where control is obtained at the acquisition date. In this case, the acquirer remeasures its previously-held equity interests in the acquiree at their fair value on the acquisition date and recognises any differences between such fair value and carrying amounts in profit or loss for the period. Where equity interests in an acquiree held before the acquisition date involve changes in other comprehensive income or changes in other owners' equity under equity method, they are transferred to income for the period that the acquisition date belongs to.

When the Group loses control over a subsidiary due to disposal of certain equity interest investment or other reasons, any retained equity interest is re-measured at its fair value at the date when control is lost. The difference between the sum of the consideration received on disposal of equity interest and the fair value of any retained interest and the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost, and at the same time adjusted against goodwill. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

Where multiple transactions involving disposal of equity investments in a subsidiary until loss of control are considered to be a bundled transaction, each of these multiple transactions is accounted for as a single transaction of disposing of the subsidiary and resulting in loss of control. The difference between the consideration received on each disposal and the corresponding proportion of the subsidiary's net assets calculated on a continuous basis since the acquisition date prior to the loss of control is recognised as other comprehensive income and transferred to profit or loss for the period when the control is eventually lost.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 7. Joint arrangement

Joint arrangement refers to an arrangement jointly controlled by two or more than two participants. The joint arrangement of the Group has the following characteristics: (1) all participants are subject to such arrangement; (2) two or more than two participants have joint control over such arrangement. Any each of the participants is unable to separately control such arrangement, and any participant which has joint control over such arrangement is able to prevent other participants or combination of participants from separately controlling such arrangement.

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

Joint arrangement is classified as joint operation and joint venture. A joint operation is a joint arrangement whereby the parties concerned have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture is a type of joint arrangement whereby the parties concerned have rights to the net assets of the arrangement only.

### 8. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term (which generally refers to a maturity within three months from the date of purchase), 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.

### 9. Financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the financial instrument contract.

Where financial assets are purchased or sold in a regular way, assets to be received and liabilities to be borne therefor are recognised on the date of transaction, or sold assets are derecognised on the date of transaction.

Financial assets and financial liabilities were initially recognised at fair value. For financial assets and financial liabilities measured at fair value through current profit or loss, related transaction expenses are directly recognised in current profit or loss; for other types of financial assets and financial liabilities, related transaction expenses are included in the initial recognition amount. For contract assets, accounts receivable and notes receivable not containing significant financing components or regardless of financing components of contracts less than one year initially recognised based on the Accounting Standards for Business Enterprises No. 14 – Revenue (hereinafter referred to as the “Standard on Revenue”), they are initially measured at transaction price defined based on the Standard on Revenue.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

Effective interest method is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest income or interest expense over the accounting periods.

Effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial asset or a financial liability to the carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Group shall estimate the expected cash flows by considering all contractual terms of the financial assets or financial liabilities (for example, early repayment, extension, call or other similar options) but shall not consider the expected credit losses.

The amortised cost of a financial asset or a financial liability is an accumulatively amortised amount arising from the initially recognised amount of the financial asset or the financial liability deducting repaid principals plus or less amortisation of difference between the initially recognised amount and the amount on maturity date using the effective interest method, and then deducting accumulated provisions for losses (only applicable to financial assets).

#### 9.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group shall measure different types of financial assets at amortised cost, fair value through other comprehensive income or fair value through current profit or loss for subsequent measurement, respectively.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group shall classify the financial asset into a financial asset measured at amortised cost. Such financial assets mainly include cash at bank and on hand, notes receivable, accounts receivable, other receivables, etc.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held within a business model whose objective is to collect contractual cash flows and sell such financial asset, the Group shall classify the financial asset into a financial asset at fair value through other comprehensive income. Accounts receivables and notes receivable at FVTOCI are presented as receivables financing, and other financial assets with a period within one year (inclusive) upon obtaining are presented as other current assets. Such type of financial assets with a period of over one year since obtaining are presented as other debt investments and financial assets due within one year (inclusive) since the balance sheet date are presented as non-current assets due within one year.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

#### 9.1 *Classification, recognition and measurement of financial assets (continued)*

Financial assets at fair value through current profit or loss include financial assets classified as at fair value through current profit or loss and those designated as at fair value through current profit or loss:

- A financial asset which does not satisfy the criteria for a financial asset classified as being measured at amortised cost or a financial asset at fair value through other comprehensive income shall be classified as a financial asset at fair value through current profit or loss;
- At initial recognition, the Group may irrevocably designate a financial asset as measured at fair value through current profit or loss if doing so eliminates or significantly reduces accounting mismatch.

Financial assets at fair value through current profit or loss are presented in financial assets held for trading. Those due over one year (or without any fixed term) and expected to be held for over one year since the balance sheet date are presented in other non-current financial assets.

On initial recognition, the Group may, based on an individual financial asset, irrevocably designate a non-trading equity instrument investment which is not a contingent consideration recognised in business combination not involving entities under common control as financial asset measured at fair value through other comprehensive income. Such financial assets are presented as investments in other equity instruments.

The Group's purpose of holding the financial assets is for trading if one of the following conditions is satisfied:

- The Group's purpose of acquiring the relevant financial assets is primary for recent sale;
- The relevant financial assets are, on initial recognition, a part of the centrally-managed identifiable financial instrument portfolio, and objective evidence indicates that short-term profit model exists in the near future;
- The relevant financial assets are derivative instruments. However, derivatives that meet the definition of financial guarantee contracts and those designated as effective hedging instruments are excluded.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

#### 9.1 *Classification, recognition and measurement of financial assets (continued)*

##### 9.1.1 *Financial assets at amortised cost*

The financial asset at amortised cost is subsequently measured at amortised cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognised in current profit or loss.

The Group recognises interest income on financial assets measured at amortised cost using the effective interest method. The Group calculates and recognises interest income based on the carrying amount of financial assets multiplied by the effective interest rate, except for the following conditions:

- For purchased or originated credit-impaired financial asset, the Group calculates and recognises its interest income based on amortised cost of the financial asset and the effective interest rate through credit adjustment since initial recognition;
- For purchased or originated financial asset without credit impairment incurred but with credit impairment incurred in subsequent periods, the Group calculates and recognises its interest income based on amortised cost of the financial asset and the effective interest rate in subsequent periods. If the financial asset no longer has credit impairment in subsequent periods as a result of an improvement in its credit risk, and this improvement may be linked to an event that occurred after the application of the above regulations, the Group calculates and recognises interest income based on the carrying amount of the financial asset multiplied by the effective interest rate.

##### 9.1.2 *Financial assets at fair value through other comprehensive income*

The impairment loss or gain on a financial asset at fair value through other comprehensive income and interest income from the financial asset calculated using effective interest rate, and exchange gain or loss are included in current profit or loss, and for other financial assets, their changes in fair value are included in other comprehensive income. The amount recorded in profit or loss of each period is equal to the amount recorded in profit or loss of such period assuming the financial asset has been measured at amortised cost. Upon derecognition of the financial asset, all accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to current profit or loss.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

#### 9.1 *Classification, recognition and measurement of financial assets (continued)*

##### 9.1.2 *Financial assets at fair value through other comprehensive income (continued)*

After designating a non-trading equity instrument investment as a financial asset at fair value through other comprehensive income, the changes in fair value of such financial asset are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred from other comprehensive income to retained earnings. During the period that the Group holds these non-trading equity instrument investments, if the Group has established the right of collecting dividends, whose economic benefit will probably flow into the Group, and the amount of the dividends can be reliably measured, then the Group will recognise dividend income in current profit or loss.

##### 9.1.3 *Financial assets at fair value through current profit or loss*

Financial assets at fair value through current profit or loss shall be subsequently measured at fair value. Gains or losses from change in fair value and dividends and interest income related to such financial assets shall be recognised in current profit or loss.

#### 9.2 *Impairment of financial instruments*

The Group shall conduct an impaired accounting treatment and recognise a loss provision on financial assets at amortised cost and contract assets based on expected credit losses.

The Group makes a loss provision equivalent to the amount of expected credit losses throughout the duration period of the contract assets or the receivables arising from transactions adopting the Standard on Revenue and not containing significant financing components or regardless of financing components of contracts less than one year.

For other financial instruments, except for purchased or originated credit-impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of such financial instrument has increased significantly since initial recognition, the Group measures its loss provision equivalent to the amount of expected credit losses throughout the duration period of the financial instrument; if the credit risk of such financial instrument has not increased significantly since initial recognition, the Group measures its loss provision equivalent to the amount of expected credit losses over the next 12 months of the financial instrument. Increase in or reversal of credit loss provision is included in current profit or loss as loss/gain on impairment.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

#### 9.2 Impairment of financial instruments (continued)

The Group assesses the expected credit losses of financial instruments based on internal credit risk rating. The Group considered the credit risk characteristics of different customers and assessed the expected credit losses of receivables based on the credit risk rating. Basis for each rating and corresponding expected credit loss rate are as follows:

Credit rating	Basis for determination of portfolio	Provision percentage %
A	Based on the past experience, customers are able to make repayment within the credit term, and have a good repayment record with an extremely low risk of default upon maturity in foreseeable future.	0 – 0.1
B	Based on the past experience, customers are able to make repayment despite overdue payment.	0.1 – 0.3
C	There are evidences indicating a risk of default by the customers as the risk of their overdue payment has significantly increased.	0.3 – 50
D	There are evidences indicating that the amounts due from customers have been impaired, and evidences indicating that the amounts are unrecoverable in foreseeable future due to serious financial difficulties of the customers.	50 – 100

For the disclosure of the Group's criteria on the significant increase in credit risk, the definition of credit impaired assets, please refer to Note XI. 3(2).

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

Where the Group has made a loss provision equivalent to the amount of expected credit losses throughout the duration period of the financial instrument in the previous accounting period, but at the balance sheet date for the current period, the above financial instrument is no longer a financial instrument whose credit risk has significantly increased since initial recognition, the Group measures the loss provision for the financial instrument equivalent to the amount of expected credit losses over the next 12 months at the balance sheet date for the current period. Relevant reversal of loss provision is included in profit or loss for the current period as gain on impairment.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

#### 9.2 Impairment of financial instruments (continued)

##### 9.2.1 Write-down of financial assets

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. Such write-down constitutes derecognition of relevant financial assets.

#### 9.3 Transfer of financial assets

The Group shall derecognise a financial asset when one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferee; (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, the Group will recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognise a relevant liability accordingly. Relevant liabilities are measured by the Group using the following methods:

- If the transferred financial asset is measured at amortised cost, the carrying amount of relevant liabilities is the carrying amount of continuing involvement in the transferred financial asset less the amortised cost of the rights retained by the Group (if the Group retains rights for the transfer of the financial asset) plus the amortised cost of the obligations undertaken by the Group (if the Group undertakes relevant obligations for the transfer of the financial asset), and the relevant liabilities are not designated as financial liabilities at fair value through current profit or loss;

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

#### 9.3 Transfer of financial assets (continued)

- If the transferred financial asset is measured at fair value, the carrying amount of relevant liabilities is the carrying amount of continuing involvement in the transferred financial asset less the fair value of the rights retained by the Group (if the Group retains rights for the transfer of the financial asset) plus the fair value of the obligations undertaken by the Group (if the Group undertakes relevant obligations for the transfer of the financial asset), and the fair value of the rights and liabilities is measured on a stand-alone basis.

For transfer of a financial asset in its entirety that satisfies the derecognition criteria, as to financial assets classified as at amortised cost, the difference between the carrying amount of the financial asset transferred and the consideration received from the transfer shall be included in profit or loss for the current period. As to non-trading equity instruments designated by the Group as at fair value through other comprehensive income, accumulated gains or losses previously included in other comprehensive income are transferred out from other comprehensive income and included in retained earnings.

For transfer of a part of financial asset that satisfies the derecognition criteria, the carrying amount of the financial asset in its entirety before the transfer is allocated between the part that is derecognised and the part that is continuously recognised, based on the respective fair values of those parts on transfer date. The difference between the sum of the consideration received for the part of the derecognition and the accumulated amount of the fair value changes originally included in other comprehensive income corresponding to the derecognised part and the carrying amount on the date of derecognition for the derecognised part shall be recognised in current profit or loss or retained earnings.

For transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognise the transferred financial asset in its entirety, and recognise the consideration received as a financial liability.

#### 9.4 Classification of financial liabilities and equity instruments

Financial instruments or their constituent parts issued by the Group are classified into financial liabilities or equity instruments on initial recognition on the basis of the substance of the contractual terms and the economic nature but not only its legal form, together with the definition of financial liabilities and equity instruments.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

#### 9.4 Classification of financial liabilities and equity instruments (continued)

##### 9.4.1 Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified into other financial liabilities.

##### 9.4.1.1 Other financial liabilities

The Group shall classify all financial liabilities as subsequently measured at amortised cost, except for financial liabilities that arise when transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and gains or losses arising from derecognition or amortisation are recognised in profit or loss for the period.

When the contractual cash flows are changed due to the modification or renegotiation of the contract made between the Group and the counterparty and the renegotiation or modification does not result in the derecognition of the financial liability that is subsequently measured at amortised cost, the Group shall recalculate the carrying amount of the financial liability and shall recognise related gains or losses in current profit or loss. The carrying amount of the financial liability shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial liability's original effective interest rate. Any costs or fees incurred from modification or renegotiation of the contract adjust the carrying amount of the modified financial liability and are amortised over the remaining term of the modified financial liability.

##### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts that are not designated as financial liabilities at fair value through current profit or loss, or arise when transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured at the higher of the amount of loss provision and the amount initially recognised less cumulative amortisation amount determined based on the relevant requirements under the Standard on Revenue upon initial recognition.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 9. Financial instruments (continued)

#### 9.4 *Classification of financial liabilities and equity instruments (continued)*

##### 9.4.2 *Derecognition of financial liabilities*

The Group derecognises a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (the debtor) and the creditor to replace the original financial liability with a new financial liability with substantially different terms is accounted for as a derecognition of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in current profit or loss.

#### 9.5 *Offsetting financial assets and financial liabilities*

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

### 10. Receivables financing

Bills receivable classified as at FVTOCI with a period of one year (inclusive) since obtaining are presented as receivables financing; those with a period of over one year since obtaining are presented as other debt investments. For the relevant accounting policies, see Note IV. 9.

### 11. Inventories

Inventories of the Group mainly include raw materials, turnover materials, contract performance cost, finished goods, etc. Inventories are initially measured at cost. Cost of inventories comprises costs of purchase and other expenditures incurred in bringing the inventories to their present location and condition.

The actual cost of inventories transferred out is determined by using the weighted average method.

Turnover materials include low value consumables and packing materials, which are amortised by using the separate amortisation method/immediate write-off method.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is lower than the cost of inventories, a provision will be made for decline in value of inventories.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 11. Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The estimates of net realisable value are based on the most reliable evidence available, taking into consideration the purpose for holding inventories and the effects of events subsequent to the balance sheet date.

After provision for decline in value of inventories, if factors that previously resulted in the provision for decline in value of inventories no longer exist, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the provision for the decline in value of inventories, and is recognised in profit or loss for the current period.

The Group adopts a perpetual inventory system.

### 12. Long-term equity investments

#### 12.1 Basis for determining joint control and significant influence

Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control with other parties over the formulation of those policies. When determining whether an investor is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, corporate bonds that are currently convertible and warrants that are currently exercisable) held by the investor and other parties shall be considered.

#### 12.2 Determination of investment cost

For a long-term equity investment acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. For issuing equity securities as consideration for combination, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquirer at the date of combination in the consolidated financial statements of the ultimate controlling party. The aggregate face values of the shares issued are accounted for share capital. The difference between the initial investment cost and the aggregate face values of the shares issued is adjusted to capital reserve. If the capital reserve is insufficient to be written down, any excess is adjusted to retained earnings.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 12. Long-term equity investments (continued)

#### 12.2 Determination of investment cost (continued)

For a long-term equity investment acquired through business combinations not involving entities under common control, the merger cost on the acquisition date shall be taken as the initial investment cost of the long-term equity investment.

The intermediary fees for auditing, legal services, appraisal and consultation, etc. and other related administrative expenses incurred by the combining party or the acquirer for business combination shall be recognised in current profit or loss when incurred.

The initial measurement of the long-term equity investment obtained by means other than the long-term equity investment formed by business combination shall be accounted for at cost. Where additional investment results in significant influence or joint control (but not control) over the investee, the cost of long-term equity investment is the sum of the fair value of the original equity investment determined in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments plus the additional investment cost.

#### 12.3 Subsequent measurement and recognition method for profit or loss

##### 12.3.1 Long-term equity investments accounted for using the cost method

The Company's financial statements adopt the cost method to account for long-term equity investment in subsidiaries. Subsidiaries refer to investees which can be controlled by the Group.

The long-term equity investments accounted for using the cost method are measured at the initial investment cost. Adding or recovering investment adjusts the cost of long-term equity investments. The current investment income is recognised according to the cash dividend or profit declared to be distributed by the investee.

##### 12.3.2 Long-term equity investments accounted for using the equity method

The Group accounts for investments in associates and joint ventures, except for those wholly or partially classified as held-for-sale assets, by using the equity method. Associates refer to invested entities to which the Group can exert a significant influence, and joint ventures are joint arrangements in which the Group has only the right to the net assets of the arrangements.

When equity method is adopted in accounting, if the initial investment cost of long-term equity investment is greater than the share of fair value of the net identifiable assets of the investee at the time of investment, the initial investment cost of long-term equity investment shall not be adjusted; if the initial investment cost is less than the share of fair value of the net identifiable assets of the investee at the time of investment, the difference shall be recorded in current profit or loss, and the long-term equity investment cost shall be adjusted at the same time.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 12. Long-term equity investments (continued)

#### 12.3 Subsequent measurement and recognition method for profit or loss (continued)

##### 12.3.2 Long-term equity investments accounted for using the equity method (continued)

When equity method is adopted in accounting, the investment income and other comprehensive income shall be recognised respectively according to the share of net profit or loss and other comprehensive income realised by the investee, and the carrying amount of long-term equity investment shall be adjusted at the same time; the carrying amount of long-term equity investment shall be reduced accordingly by calculating the portion to be enjoyed according to the profit or cash dividend declared to be distributed by the investee; the carrying amount of long-term equity investment shall be adjusted and included in capital reserve for other changes in the owners' equity of the investee except net profit or loss, other comprehensive income and profit distribution. When recognising the share of the net profit or loss of the investee, the net profit of the investee shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the investee at the time of acquisition. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Group, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting period of the Group. The investment income and other comprehensive income shall be recognised accordingly. For transactions between the Group and associates or joint ventures, if the assets invested or sold do not constitute business, the unrealised gains and losses of internal transactions are offset by the shareholding attributable to the Group. On this basis, the investment gains or losses are recognised. However, the unrealised losses of the internal transactions between the Group and the investee shall not be offset if they belong to the impairment losses of the transferred assets.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the invested entity is reduced to zero. In addition, if the Group has incurred obligations to assume additional losses of the investee, estimated liability is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds its share of losses previously not recognised.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 12. Long-term equity investments (continued)

#### 12.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the carrying amount and the proceeds actually received is recognised in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, with the remaining equity after disposal accounted for still using the equity method, other comprehensive income recognised for those previously accounted for using the equity method is processed under the same accounting basis applied by the acquiree in direct disposal of relevant assets or liabilities, and is carried forward to current profit or loss on a pro-rata basis. Changes in owners' equity of the investee (other than net profits or losses, other comprehensive income, and profit distribution) should be carried forward to current profit or loss on a pro-rata basis. For a long-term equity investment accounted for using the cost method, with the remaining equity after disposal accounted for still using the cost method, other comprehensive income recognised for those accounted for using the equity method or according to the standard on recognition and measurement of financial instruments before obtaining control over the investee is processed under the same accounting basis applied by the acquiree in direct disposal of relevant assets or liabilities, and is carried forward to current profit or loss on a pro-rata basis. Changes in other owners' equity accounted for and recognised under the equity method in the net assets of the investee (other than net profits or losses, other comprehensive income, and profit distribution) should be carried forward to current profit or loss on a pro-rata basis.

In preparing separate financial statements, if control is lost over the investee upon partial disposal of equity investments by the Group, the remaining equity with joint control or significant influence over the investee after disposal shall be accounted for using the equity method, and shall be adjusted as if it has been accounted for using the equity method since it was acquired. The remaining equity without joint control or significant influence over the investee after disposal shall be accounted for according to the standard on recognition and measurement of financial instruments, and the difference between its fair value and carrying amount as at the date of loss of control shall be included in profit or loss for the current period. In respect of other comprehensive income recognised for those accounted for using the equity method or according to the standard on recognition and measurement of financial instruments prior to the acquisition of control over the investee by the Group, it shall be processed under the same accounting basis applied by the acquiree in direct disposal of relevant assets or liabilities when the control is lost over the investee. Changes in other owners' equity recognised for those accounted for using the equity method in the net assets of the investee (other than net profits or losses, other comprehensive income, and profit distribution) should be carried forward to current profit or loss when the control is lost over the investee. In particular, where the remaining equity after disposal is accounted for using the equity method, other comprehensive income and other owners' equity shall be carried forward on a pro-rata basis. Where the remaining equity after disposal is accounted for in accordance with the standard on recognition and measurement of financial instruments, other comprehensive income and other owners' equity shall be fully carried forward.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 12. Long-term equity investments (continued)

#### 12.4 Disposal of long-term equity investments (continued)

If the joint control or significant influence over the investee is lost upon partial disposal of equity investments by the Group, the remaining equity after disposal shall be accounted for in accordance with the standard on recognition and measurement of financial instruments. The difference between its fair value and carrying amount as at the date of loss of joint control or significant influence shall be included in profit or loss for the current period. For other comprehensive income recognised previously for the equity investment accounted for using the equity method, it shall be processed under the same accounting basis applied by the acquiree in direct disposal of relevant assets or liabilities at the time when the equity method was ceased to be used. Changes in owners' equity of the investee (other than net profits or losses, other comprehensive income, and profit distribution) shall be transferred to profit or loss for the current period at the time when the equity method was ceased to be used.

Where multiple transactions involving staged disposal by the Group of equity investments in a subsidiary until loss of control are considered to be a bundled transaction, these multiple transactions are accounted for as a single transaction of disposing of equity investments in the subsidiary and resulting in loss of control. The difference between the consideration received on each disposal and the carrying amount of the long-term equity investment corresponding to the equity disposed of prior to the loss of control is recognised as other comprehensive income and transferred to profit or loss for the period when the control is eventually lost.

### 13. Investment properties

Investment properties, defined as property held by the Group for earning rent or capital appreciation, or both of them, include land use rights that have already been leased out and held for transfer after appreciation, buildings that have already been leased out as well as terminal facilities that have already been leased out, etc.

Investment properties are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and its costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group and its other subsidiaries adopt the cost model for subsequent measurement of investment properties, and such assets are depreciated or amortised using the same policies as buildings, land use rights or terminal facilities.

The net amount of proceeds from sale, transfer, retirement or damage of an investment property after deduction of its carrying amount and related taxes and surcharges is recognised in profit or loss for the current period.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 14. Fixed assets and depreciation

Fixed assets are tangible assets that are held for the production of goods, rendering of services, for rental to others, or for administrative purposes, and have useful lives more than one accounting year. A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost while taking into account the effect of estimated costs of abandoning the asset.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset if it is probable that the associated economic benefits will flow to the Group and its costs can be reliably measured, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures shall be recognised in the profit or loss for the period in which they are incurred.

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for its intended use. The useful life, estimated net residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful life	Estimated net residual value	Annual depreciation rate
Buildings	5 – 30 years	5%	3.17% – 19.00%
Port and terminal facilities	5 – 50 years	5%	1.90% – 19.00%
Automobiles and ships	5 – 25 years	5%	3.80% – 19.00%
Machinery and equipment, furniture, appliances and other equipment	3 – 15 years	5%, 15%	6.33% – 31.67%, 10.63%

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of proceeds on disposal of the asset net of the carrying amount and related taxes and surcharges is recognised in profit or loss for the current period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at financial year-end, and accounts for any change as a change in an accounting estimate.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 15. Construction in progress

Construction in progress is measured at actual cost, which comprises all construction expenditures incurred during the construction period, borrowing costs that are capitalised before the construction gets ready for its intended use and other relevant expenses, etc. Construction in progress is not depreciated, and is transferred to fixed assets, investment properties, intangible assets and long-term prepaid expenses upon readiness for its intended use.

### 16. Intangible assets

#### 16.1 Intangible assets

Intangible assets include land use rights, software, port facility use rights and others.

Intangible assets are measured initially at cost. When an intangible asset with a limited useful life is available for use, its original cost less estimated net residual value and any accumulated impairment losses provided is amortised evenly over its estimated useful life using the straight-line method. The intangible assets with an unlimited useful life are not amortised. The useful lives of the intangible assets are as follows:

Category	Useful life
Land use rights	40 – 50 years
Software	2 – 10 years
Port facility use rights	50 years
Others	10 – 46 years

For an intangible asset with a limited useful life, the Group reviews its useful life and amortisation method at the end of the year and makes adjustment if necessary.

#### 16.2 Research and development expenditure

Expenditure in research phase is included in profit or loss for the period when incurred.

Expenditure in development phase that satisfies the following conditions is recognised as an intangible asset, while that does not satisfy the following conditions is included in the profit or loss for the current period:

- (1) it is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) there is an intention to complete and use or sell the intangible asset;

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 16. Intangible assets (continued)

#### 16.2 Research and development expenditure (continued)

- (3) there is a way for the intangible asset to generate economic benefits, including the evidence of a market for products produced by using the intangible asset or for the intangible asset itself (for intangible assets for internal use, their usefulness shall be proved);
- (4) there is sufficient support of technical, financial and other resources to complete the development of the intangible asset and the ability to use or sell the intangible asset;
- (5) the expenditure attributable to the development phase of the intangible asset can be measured reliably.

If the expenditures incurred in research stage and development stage cannot be distinguished separately, all development expenditures incurred are included in profit or loss for the year.

### 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. Impairment of non-financial assets other than goodwill

The Group assesses at each balance sheet date whether there is any indication that any long-term equity investments, investment properties, fixed assets, construction in progress, right-of-use assets and intangible assets with a limited useful life may be impaired. If there is any indication of the impairment of such asset, its recoverable amount shall be estimated. The intangible assets with an unlimited useful life and those not available for use are tested for impairment yearly, regardless of any indication of impairment.

The recoverable amount should be estimated of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. The recoverable amount of an asset or asset group is determined at the higher of its fair value after deducting the disposal expenses and the present value of its estimated future cash flows.

If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the difference and is recognised in profit or loss for the current period.

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 19. Provisions

The Group recognises an obligation related to a contingency as a provision when the obligation is a present obligation of the Group, and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, and the amount of the obligation can be measured reliably.

At the balance sheet date, a provision is measured at the best estimate of the expenditure required to settle the related present obligation by considering the factors surrounding a contingency, such as the risks, uncertainties and the time value of money. If the effect of time value of money is significant, the best estimate is determined as the amount after discounting the expected future cash outflow.

Where all or some of the expenditures required to settle a provision are expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that the reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provision.

### 20. Employee compensation

Employee compensation refers to all forms of considerations given by the Group in exchange for services rendered by its employees or for the termination of employment. Employee compensation includes short-term employee compensation, post-employment benefits, termination benefits and other long-term employee benefits.

Except compensation paid to employees for termination of employment, the Group recognises the employee compensation payable as liabilities in the accounting period in which services are rendered by the employees.

The Group participates in employee social security systems operated by the government according to the regulations, including basic endowment insurance, medical insurance, housing provident funds and other social security systems, and the relevant expenditure is included, when incurred, in the cost of the relevant assets or profit or loss for the current period.

Short-term employee compensation refers to the employee compensation other than post-employment benefits and termination benefits, which is required to be fully paid by the Group within 12 months after the end of the annual reporting period in which the employees render relevant services. In particular, short-term employee compensation includes staff salaries, bonuses, allowances and subsidies, staff welfare payments, social insurance premiums including medical insurance premiums, work-related injury insurance premiums and maternity insurance premiums, housing provident funds, labour union expenses and staff education expenses, short-term paid leaves, non-monetary welfare and other short-term compensation. During the accounting period in which the employees render services, the Group recognises the short-term employee compensation payable as liabilities and includes the same into relevant asset costs or expenses according to the object which benefits from the services rendered by employees.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 20. Employee compensation (continued)

Post-employment benefits refer to all kinds of remunerations and benefits other than short-term employee compensation and termination benefits that are provided by the Group after the retirement of the employees or termination of employment relation with the enterprise in exchange for services rendered by employees. Post-employment benefits include endowment insurance, annuity, unemployment insurance, early retirement benefits and other post-employment benefits.

The Group categorises post-employment benefit plan as defined contribution plan. Post-employment benefit plan refers to the agreement reached between the Group and its employees on the post-employment benefits, or the rules or measures formulated by the Group for providing post-employment benefits to its employees. Defined contribution plan refers to the post-employment benefit plan under which the Group assumes no obligation of making further payment after depositing fixed amount to independent funds.

Termination benefits are the compensation to employees when the Group terminates the employment relationship with employees before the expiry of the employment contracts or as an offer to encourage employees to accept voluntary redundancy. If the Group provides termination benefits to the employees, the liabilities that arise from termination benefits will be recognised and included in the profit or loss for the period at the earlier of the following dates: (1) when the Group cannot unilaterally withdraw termination benefits for the termination employment plan or the redundancy offer; (2) when the Group recognises the costs or expenses related to the reorganisation involving in payment of termination benefits.

Other long-term employee benefits refer to all employee compensation other than short-term employee compensation, post-employment benefits and termination benefits.

### 21. Revenue recognition

The Group recognises revenue based on the transaction price allocated to a performance obligation under the contract when such performance obligation is satisfied, that is, when the customer has obtained the control over the relevant goods or services. A performance obligation represents the commitment in the contract that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the amount of consideration to which the Group expects to be entitled in exchange of transferring goods or services to a customer, excluding the amount received on behalf of third parties and the amount that the Group expects to return to a customer.

If one of the following conditions is met, a performance obligation which is performed over a certain period of time will be recognised as revenue by the Group based on the progress of the performance within a period of time: (I) the customer obtains and consumes economic benefits provided by the Group's performance as the Group performs; (II) the customer is able to control goods in progress during the Group's performance; (III) goods or services generated during the Group's performance have no alternative use, and the Group is entitled to charge for the accumulated part of the contract that has been performed so far during the whole contract period. Otherwise, the Group will recognise revenue at the point in time when the customer obtains control of the relevant goods or services.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 21. Revenue recognition (continued)

The Group determines progress of performance using the investment method, namely, determines the progress of performance according to the Group's investment for fulfilling its performance obligations. When the progress of performance cannot be reasonably determined and the costs incurred are expected to be compensated, the Group recognises revenue based on the amount of costs incurred till the progress of performance can be reasonably determined.

#### *Contract on rendering of services*

The contract on rendering of services between the Group and the customer generally contains the obligations of port operation services and transportation services. Because the customer will obtain and consume the economic benefits generated by the performance of the Group when the Group performs its obligations, the Group will recognise revenue according to the performance progress by treating the rendering of services as the obligations within a certain period of time, except that the performance progress cannot be reliably determined. When the performance progress cannot be reliably determined based on the investment method, but the cost incurred by the Group is expected to be compensated, the revenue will be recognised according to the amount of the incurred cost, until the performance progress can be reliably determined.

#### *Significant financing component*

If the contract contains significant financing component, the Group will determine the transaction price based on the amount payable by the customer in cash when it obtains control over goods or services, and amortise the difference between the transaction price and the consideration amount committed under the contract determined by using the discount rate for converting the nominal amount of the contract consideration into the cash sale price of the goods or services within the contract period based on the effective interest rate method. The effects of a significant financing component shall not be considered if the Group expects that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

#### *Contract on sales of goods*

The contract on sales of goods between the Group and the customer generally contains the obligation of transferring the relevant goods only. The Group generally recognises the revenue when the relevant goods are delivered and confirmed as accepted by the customer, on the basis of taking full consideration of the following factors: the present right to collect the goods payment, the transfer of the key risk and return in the goods ownership, the transfer of the goods legal ownership, the transfer of the physical asset of the goods, and the acceptance of the goods by the customer.



# Notes to the Financial Statements (continued)

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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 21. Revenue recognition (continued)

#### *Main responsible person/agent*

With respect to logistic service business, if the Group can direct the logistic services provided by the third party on behalf of the Group to the customer and bears the primary responsibility for providing logistic services for the customer, the Group has the right to determine at its discretion the price of service provision. Therefore, the Group is the main responsible person and recognises the revenue based on the total considerations received or receivable. Otherwise, the Group should be the agent and recognise the revenue based on the amount of the commission or handling fee that it is expected to charge, which shall be the net amount of the total considerations received or receivable after deduction of payments due to other relevant parties, or determined based on the established commission amount or proportion.

Contract assets represent the Group's right to collect consideration from the customer which arises from the transfer of goods or services to the customer, and such right depends on factors other than time lapse. For details of accounting policies on impairment of contract assets, see Note IV. 9. The Group separately presents as receivables the right that it owns unconditionally (i.e., depending on the time lapse only) to collect consideration from the customer. Contract liabilities represent the Group's obligation to transfer goods or services to the customer for the consideration received or receivable from the customer.

The amounts of contract assets and contract liabilities under the same contract are presented on a net basis.

If the contract contains two or more performance obligations, the Group allocates, at the contract inception, the transaction price to each single performance obligation based on the relative proportion of stand-alone selling prices of goods or services promised in single performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligations. Stand-alone selling price is a price at which the Group would sell goods or services separately to a customer. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all relevant reasonably acquired information and maximum use of observable inputs.

If the contract contains significant financing component, the Group will determine the transaction price based on the amount payable by the customer in cash when it obtains control over goods or services, and amortise the difference between the transaction price and the consideration amount under the contract within the contract period based on the effective interest rate method. The effects of a significant financing component shall not be considered if the Group expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 21. Revenue recognition (continued)

#### *Main responsible person/agent (continued)*

If the Group receives advance provisions of services from its customer, it first recognises the amount as a liability and then converts it into revenue when it fulfills its relevant performance obligations. When the Group's advances from customers need not be returned and the customer may abandon all or part of its contractual rights, the Group expects to be entitled to the amount related to the contractual rights abandoned by the customer, the amount mentioned above shall be recognised as revenue proportionally in accordance with the mode of exercising the contractual rights by the customer; otherwise, the Group will convert the relevant balance of the above liabilities into revenue only when there is a very low possibility of the customer requesting the performance of the remaining obligations.

#### *Cost of contract acquisition*

If the incremental cost incurred by the Group in order to obtain a contract (i.e. costs that would not occur without a contract) is expected to be recoverable, such cost is recognised as an asset. If the amortisation period of the asset does not exceed one year, such asset is recognised in current profit or loss when incurred. Other expenditures incurred by the Group in order to obtain the contract shall be included in the profit or loss for the period when incurred, except those clearly to be borne by the customers.

#### *Cost of performance of contract*

If the cost incurred by the Group for the performance of the contract does not fall within the scope of other accounting standards for business enterprises other than the Standard on Revenue and meets the following conditions at the same time, it is recognised as an asset: (1) the cost is directly related to a current or expected contract; (2) the cost increases the resources that the Group will use to perform its obligations in the future; (3) the cost is expected to be recovered. The above asset is amortised on the same basis as that used for the recognition of revenue from the goods or services relating to such asset, and is recognised in current profit or loss.

If the carrying amount of the asset related to contractual cost is higher than the difference of the following two items, the Group will make impairment provision for the excess part and recognise it as asset impairment loss: (1) the remaining consideration that the enterprise expects to obtain from the transfer of the goods or services related to the asset; (2) the cost estimated to be incurred for transferring the relevant goods or services.

If there is any change to the factors causing the impairment in the previous periods, and as a result, the difference between (1) minus (2) is higher than the carrying amount of the asset, the asset impairment provision shall be reversed and charged into current profit or loss, provided that the reversed carrying amount of the asset shall not exceed the carrying amount of the asset on the date of reversal under the assumption that the asset impairment provision had not been made.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 22. Government grants

Government grants refer to the Group's free access to monetary and non-monetary assets from the government. Government grants are recognised when the grants can be received and the Group can comply with all attached conditions.

If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount. Government grant measured at its nominal amount is directly recognised in current profit or loss.

Government grants related to assets shall be recorded as deferred income and recognised in current profit or loss by stages on a reasonable and systematic basis over the useful life of the assets. Government grants measured at nominal amount are directly recognised in current profit or loss. If the relevant assets are sold, transferred, retired or destroyed before the end of the useful life, the relevant undistributed deferred income balance shall be recognised in profit or loss in the period in which the assets are disposed.

Government grants related to income that compensate the Group's relevant costs, expenses or losses in future periods are recorded as deferred income and recognised in profit or loss in the period when the relevant costs, expenses or losses are recognised; government grants related to income that compensate the relevant costs, expenses or losses that have been incurred by the Group are recognised in profit or loss directly in current period.

For government grants that include both asset-related and income-related parts, different parts should be distinguished and separately accounted for; for those that are difficult to distinguish, they should be classified as income-related government grants as a whole.

Government grants related to the daily activities of the Group shall be included in other income in accordance with the essence of economic operations. Government grants unrelated to the daily activities of the Group shall be included in the non-operating income.

### 23. Borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, its capitalisation commences when expenditures for the asset have been incurred, borrowing costs have been incurred, and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced; and ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalisation of borrowing costs is suspended during the period in which the acquisition, construction or production of a qualifying asset is interrupted abnormally for a continuous period of more than 3 months until the acquisition, construction or production of the asset is resumed.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 23. Borrowing costs (continued)

The rest borrowing costs are recognised as expenses in the period when incurred.

The actual interest expenses incurred in the current period of specific-purpose borrowings shall be capitalised after deducting the interest income obtained by depositing unused borrowing funds into banks or the investment income obtained from temporary investments; the capitalised amount of general-purpose borrowings is determined based on the weighted average of the excess of the accumulated asset expenses over the asset expenses of specific-purpose borrowings multiplied by the capitalisation rate of the utilised general-purpose borrowings. The capitalisation rate is calculated and determined according to the weighted average interest rate of the general-purpose borrowings. During the capitalisation period, the exchange balance of the foreign currency specific-purpose borrowings shall be fully capitalised; the exchange difference of foreign currency general-purpose borrowings shall be recorded into the current profit or loss.

### 24. Income tax

Income tax expenses include current income tax and deferred income tax.

#### 24.1 Current income tax

At the balance sheet date, the Group measures the current income tax liability (or asset) generated in the current period and previous periods based on the income tax amount expected to be payable (or refundable) according to the tax law.

#### 24.2 Deferred income tax asset and deferred income tax liability

The Group recognises deferred income tax asset and deferred income tax liability with balance sheet liability approach for the difference between the carrying value of certain item of asset and liability and its tax base, and the temporary difference between the carrying value of the item which is not recognised as asset and liability but its tax base can be determined according to the tax law and its tax base.

Relevant deferred income tax is generally recognised for all temporary differences. However, for deductible temporary differences, the Group recognises the relevant deferred income tax asset to the extent that taxable income is likely to be obtained to offset against the deductible temporary differences. In addition, the relevant deferred income tax asset or liability is not recognised for temporary differences related to the initial recognition of goodwill and those related to the initial recognition of the asset or liability arising from transactions that are neither business merger nor affect accounting profits or taxable income (or deductible losses) at the time of occurrence.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 24. Income tax (continued)

#### 24.2 Deferred income tax asset and deferred income tax liability (continued)

For deductible loss and tax credit which can be carried forward to the subsequent years, the Group recognises the resulting deferred income tax asset to the extent that future taxable income is likely to be obtained to offset against the deductible losses and tax credit.

The Group recognises deferred income tax liability arising from taxable temporary differences relating to investments in subsidiaries, affiliates and joint ventures, unless the Group can control the time for the reversal of temporary differences and the temporary differences are likely not to be reversed in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, affiliates and joint ventures, the Group recognises deferred income tax asset only when the temporary differences are likely to be reversed in the foreseeable future and the amount of taxable income used to deduct the temporary differences is likely to be obtained in the future.

The Group will measure on the balance sheet date the deferred income tax asset and deferred income tax liability based on the tax rate applicable to the period in which the asset is expected to be recovered or the liability is expected to be settled according to the tax law.

Except the current income tax and deferred income tax related to transactions and events directly included in other comprehensive income or owners' equity are included in other comprehensive income or owners' equity, and the carrying amount of goodwill is adjusted by deferred income tax resulting from business combination, the other current income tax and deferred income tax expenses or gains are included in current profits or losses.

At the balance sheet date, the carrying amount of deferred income tax asset is reviewed. If it is likely that sufficient taxable income will not be obtained in the future to offset the interests of deferred income tax asset, the carrying amount of deferred income tax asset is written down. When it is possible to obtain sufficient taxable income, the amount written down shall be reversed.

#### 24.3 Offset of income tax

The Group's current income tax asset and current income tax liability will be presented in the net amount after offsetting with each other when the Group has the legal right to settle with net amount, and intends to settle with net amount or acquire assets and discharge liabilities simultaneously.

The Group's deferred income tax asset and deferred income tax liability will be presented in the net amount after offsetting with each other when the Group has the legal right to settle the current income tax asset and current income tax liability with net amount, and the deferred income tax asset and deferred income tax liability are related to the income tax imposed by the same tax authority on the same tax payer, or they are related to different tax payers, but in each subsequent period in which the significant reversal of deferred income tax asset or deferred income tax liability is made, the relevant tax payers intend to settle the current income tax asset and current income tax liability with net amount, or they acquire assets and discharge liabilities simultaneously.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 25. Foreign currency business and translation of foreign currency financial statements

#### 25.1 Foreign currency business

The spot exchange rate on the date of transaction is used to convert foreign currency transactions when they are initially recognised.

At the balance sheet date, foreign currency monetary items are converted into the recording currency at the spot exchange rate on that day, and the exchange difference between the spot exchange rate on that day and the spot exchange rate at the time of initial recognition or at the previous balance sheet date shall be included in the current profit or loss, except for: (1) the exchange differences of foreign currency specific-purpose borrowings that meet the capitalisation conditions shall be capitalised into the cost of related assets during the capitalisation period; (2) in order to avoid foreign exchange risk, the exchange differences of hedging instruments shall be treated according to the hedging accounting method; (3) the exchange differences, arising from changes in carrying amounts of monetary items (other than amortised costs) classified as at fair value through other comprehensive income, shall be included in other comprehensive income.

Where the preparation of consolidated financial statements involves overseas operations, if there is a foreign currency monetary item substantially constituting net investment in overseas operations, the exchange difference resulting from the change of exchange rate shall be included in the "Exchange differences on translation of foreign currency financial statements" item of other comprehensive income; when dealing with overseas operations, it shall be included in the profit or loss for the current period of disposal.

Foreign currency non-monetary items measured at historical cost are still measured at the amount in the recording currency converted at the spot exchange rate on the date of transaction. Foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rate on the date of determination of fair value. The difference between the converted amount in the recording currency and the original amount in the recording currency shall be treated as changes in fair value (including changes in exchange rate), and shall be included in current profit or loss or recognised as other comprehensive income.

#### 25.2 Translation of foreign currency financial statements

In order to prepare the consolidated financial statements, foreign currency financial statements of overseas operations are converted into RMB statements by the following methods: all items of assets and liabilities in the balance sheet are converted at the spot exchange rate at the balance sheet date; owners' equity items are converted at the spot exchange rate on the date of occurrence; all items in the income statement and items reflecting the amount of profit distribution are converted at an exchange rate approximate to the spot exchange rate on the transaction occurrence date; after conversion, the difference between the assets items and the sum of liabilities items and owners' equity items is recognised as other comprehensive income and included in owners' equity.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 25. Foreign currency business and translation of foreign currency financial statements (continued)

#### 25.2 Translation of foreign currency financial statements (continued)

Foreign currency cash flows and cash flows of overseas subsidiaries are converted at the spot exchange rate on the date of cash flow occurrence, and the effect of exchange rate changes on cash and cash equivalents is taken as a regulation item, which is separately shown in the cash flow statement under the "Effect of foreign exchange rate changes on cash and cash equivalents".

The balance at the beginning of the period and the actual number of the previous year are shown in accordance with the amount converted from the financial statements of the previous year.

### 26. Leases

A lease refers to a contract assigning a lessor's right to use an asset to a lessee for a certain period of time for consideration.

At the inception of contract, the Group evaluates whether the contract is a lease or contains a lease. The Group shall not reassess whether a contract is a lease or contains a lease unless there are changes to the contract terms and conditions.

#### 26.1 As lessee

##### 26.1.1 Separation of lease

For a contract that contains one or more lease components and non-lease components at the same time, the Group separates non-lease components from each lease component, and allocates the consideration of the contract on the basis of the relative stand-alone price of each lease component and the aggregate stand-alone prices of the non-lease components.

As a practical expedient, the Group accounts for leases with similar characteristics as a portfolio, provided that the Group can reasonably expect that its effects on the financial statements would not differ materially from those resulting from accounting for each lease within the portfolio on a separate basis.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 26. Leases (continued)

#### 26.1 As lessee (continued)

##### 26.1.2 Right-of-use assets

Except for short-term leases and low-value asset leases, the Group recognises right-of-use assets for leases on the commencement date of lease term. The commencement date of lease term refers to the date from which a leased asset is provided by the lessor for the Group's use.

Right-of-use assets are initially measured at costs. These costs include:

- The amount at which lease liabilities are initially measured;
- Lease payments made at or before the commencement date of lease term, net of the lease incentive amount already enjoyed when there is a lease incentive;
- The initial direct costs incurred by the Group;
- The costs expected to be incurred by the Group for the purpose of demolition and removal of leased assets, recovery of the premises where the leased assets are located or restoration of the leased assets to the condition agreed upon in the lease terms.

If lease liabilities are remeasured after the commencement date of lease term, the carrying amount of right-of-use assets shall be adjusted accordingly.

The Group makes depreciation provisions for the right-of-use assets with reference to the depreciation requirements of the Accounting Standards for Business Enterprises No. 4 – Fixed Assets. If the Group is reasonably certain to obtain ownership of leased assets upon expiry of the lease term, right-of-use assets are depreciated over the remaining useful life of the leased assets. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

The Group determines whether the right-of-use assets are impaired or not and accounts for the impairment under the relevant regulations of the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 26. Leases (continued)

#### 26.1 As lessee (continued)

##### 26.1.3 Lease liabilities

Except for short-term leases and low-value asset leases, the Group initially measures lease liabilities on the commencement date of lease term according to the present value of outstanding lease payments on that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate, or uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Variable lease payments, not included in the measurement of lease liabilities, are recognized as profit or loss when made, except for those that are stipulated to be recognised in related asset costs.

Lease payments refer to the amount paid by the Group to a lessor which is related to the right to use leased assets during the lease term, including:

- Fixed payments and substantially fixed payments (deduction of related lease incentive amount, if any);
- Variable lease payments which depend on an index or a rate;
- The exercise price of an option which the Group reasonably determines that the purchase option is to be exercised;
- The amount payable upon exercising an option to terminate a lease, provided that the exercising of such option by the Group can be reflected over the lease term;
- Estimated amount due based on the residual value of the guarantee provided by the Group.

After the commencement date of lease term, the Group recognises interest expenses on lease liabilities in each period during the lease term by using the fixed periodic interest rate, into current profit or loss or relevant cost of asset. The Group increases the carrying amount of lease liabilities when recognising interests and decreases the carrying amount of lease liabilities when making lease payments.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 26. Leases (continued)

#### 26.1 As lessee (continued)

##### 26.1.3 Lease liabilities (continued)

Upon occurrence of the following cases after the commencement date of the lease term, the Group shall remeasure the lease liabilities and adjust the right-of-use assets correspondingly, and if the book value of the right-of-use assets has been reduced to zero, but the lease liabilities is still subject to a further reduction, the difference shall be included in the current profit or loss:

- In the event of any changes in the lease term or the assessment results of purchase option, the Group shall remeasure lease liabilities according to their present value calculated using the lease payments after the changes and the revised discount rate;
- In the event of any changes in the amounts payable estimated by residual value of the guarantee or the index or ratio used to determine lease payments, the Group shall remeasure lease liabilities according to their present value calculated using the lease payments after the changes and the original discount rate, or the revised discount rate if the change of lease payments is due to a movement in floating interest rate.

##### 26.1.4 Short-term leases and low-value asset leases

For short-term leases of buildings, transportation equipment and others, and low-value asset leases, the Group chooses not to recognise right-of-use assets and lease liabilities. A short-term lease refers to a lease that, at the commencement date, has a lease term of less than 12 months and does not contain a purchase option. A low-value asset lease refers to a lease where a single leased asset has a value of less than RMB50,000 when being a new asset. The Group recognises lease payments on short-term leases and low-value asset leases in current profit or loss or the cost of relevant assets on a straight-line basis or otherwise on a systematic and reasonable basis in each period over the lease term.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 26. Leases (continued)

#### 26.1 As lessee (continued)

##### 26.1.5 Modification of lease

If modification of lease happens and meets the following conditions at the same time, the Group will conduct accounting treatment for the modification of lease as a separate lease:

- The modification of lease expands the scope of lease by increasing the rights of use of one or more leased assets;
- The increased consideration and the stand-alone price for the increase in scope of the lease are commensurate with the amount adjusted in accordance with the circumstance of the contract.

If accounting treatment for the modification of lease as a separate lease is not conducted, the Group shall, on the effective date of modification of lease, reallocate the modified consideration of the contract, and redetermine the lease term and remeasure lease liabilities according to their present value calculated using the lease payments after the modification and the revised discount rate.

If the scope of the lease is narrowed or the lease term is shortened as a result of the lease modification, the Group shall reduce the carrying amount of the right-of-use assets accordingly, and record the relevant gains or losses from partial or complete termination of the lease into the current profit or loss. In case of remeasurement of lease liabilities due to other lease modifications, the Group shall adjust the carrying amount of the right-of-use assets accordingly.

#### 26.2 As a lessor

During each period over the lease term, the Group uses the straight-line method to recognise the lease receipts from an operating lease as rental income, unless other systematic and reasonable methods can better reflect the consumption pattern of economic benefits arising from the use of leased assets. The initial direct costs related to an operating lease incurred by the lessor are capitalised, and are apportioned on the same basis as that used for the recognition of the rental income over the lease term. Such costs are charged to profit or loss for the current period by stages.

##### 26.2.1 Separation of lease

For a contract that contains both lease and non-lease components, the Group shall allocate the consideration of the contract according to the Standard on Revenue in respect of allocation of transaction price, on the basis of their respective standalone prices.

##### 26.2.2 Classification of lease

A lease that transfers substantially all the risks and rewards incidental to the ownership of an asset is a finance lease. All the other leases are operating leases.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## IV. Significant accounting policies and accounting estimates of the Company (continued)

### 26. Leases (continued)

#### 26.2 As a lessor (continued)

##### 26.2.3 Recording operating leasing business as a lessor

The Group recognises lease receipts from an operating lease as rental income on a straight-line basis or otherwise on a systematic and reasonable basis in each period over the lease term. The Group capitalises, when incurred, initial direct costs incurred in relation to an operating lease and apportions such costs on the same basis as that used for the recognition of rental income over the lease term. Such costs will be charged to profit or loss for the current period by stages.

The Group recognises any variable lease receipts relating to an operating lease not included in the lease receipts, in profit or loss for the current period as incurred.

##### 26.2.4 Modification of lease

When an operating lease is modified, the Group accounts for it as a new lease from the effective date of the modification, and accounts for the advanced lease receipts or lease receivables relating to the original lease as receipts of the new lease.

### 27. Production safety funds

Production safety fund is accrued by the Group in accordance with the Administrative Measures for Accrual and Usage of Production Safety Expenses of the Enterprises (Cai Qi [2022] No. 136) jointly issued by the Ministry of Finance and the Ministry of Emergency Management on 13 December 2022, which is charged to the cost of related products or recognised in profit or loss for the current period, and transferred to the specific reserve. As production safety fund accrued is utilised, if it is of expenditure nature, the cost is directly charged against the specific reserve. For the production safety fund used that is formed into a fixed asset, the cost is collected under the "Construction in progress" line item and will be recognised as fixed asset when the safety projects are completed and get ready for their intended use. Meanwhile, the cost of fixed asset is offset against the specific reserve, and accumulated depreciation of the same amount is recognised. For such fixed asset, there will be no further depreciation in the subsequent periods.

### 28. Profit distribution

The cash dividend of the Company will be recognised as liability when approved by the general meeting.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates

In the application of the accounting policies and the accounting estimation as described in Note IV, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from the Group's estimates.

The aforementioned judgments, estimates and assumptions are reviewed by the Group regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

### 1. Critical judgments and key assumptions and uncertainties in accounting estimates

The followings are the critical judgments and key assumptions and uncertainties in accounting estimates at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods:

#### 1.1 *Business model*

The classification of financial assets upon initial recognition depends on the business model of the Group for managing financial assets. When judging business model, the Group considers corporate evaluation and way of reporting performance of financial asset to key management personnel, the risks affecting performance of financial asset and their management and the way in which relevant business management personnel are paid. When evaluating whether to take contractual cash flow as the goal, the Group is required to analyse and judge the reasons, time, frequency and value of the sale of financial assets before the due date.

#### 1.2 *Characteristics of contractual cash flow*

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flow. Judgment should be made on whether the contractual cash flow is only for the payment of the principal and the interest based on the outstanding principal, including the judgment on whether there is any significant difference when compared with the benchmark cash flow during the evaluation on the revision of the time value of money, and the judgment on whether the fair value of the prepayment characteristics is insignificant for the financial assets with prepayment characteristics.

#### 1.3 *Recognition of expected credit loss*

Significant increase in credit risks: In evaluating expected credit loss on financial assets, the Group is required to make a judgment about whether the credit risks of financial assets have increased significantly since acquisition thereof by considering qualitative and quantitative information and combining the forward-looking information.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

### 1. Critical judgments and key assumptions and uncertainties in accounting estimates (continued)

#### 1.3 Recognition of expected credit loss (continued)

Establishment of asset portfolio with similar credit risk characteristics: When expected credit losses are measured on a portfolio basis, financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics of these financial instruments on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the financial instruments. This may result in establishment of a new portfolio or assets moving to an existing portfolio of assets that better reflects the similar credit risk characteristics of that group of assets.

#### 1.4 Determination of performance progress of port operation contracts

The Group determines the performance progress of port operation contracts according to the investment method. In this regard, the Group determines the performance progress according to the proportion of the accumulative actual port operation costs in the total costs, and recognises the revenue accordingly. The accumulative actual costs include the direct cost and indirect cost incurred by the Group during the provision of port operation services to customers.

#### 1.5 Impairment of goodwill

As at 31 December 2022, the carrying amount of goodwill was RMB225,929,504.67. The Group conducts an impairment test on goodwill at least annually. When conducting an impairment test on goodwill, the present value of projected future cash flow of the underlying assets or portfolio of assets incorporating such goodwill will be calculated, and projection of the future cash flow of such assets or portfolio of assets will be made, and a pre-tax interest rate shall be determined which can properly reflect the prevailing time value of currency in the market as well as the specific risks concerning such assets, which all involve judgments made by the management.

#### 1.6 Recognition of deferred income tax

When it is probable that enough taxable income will be available against which the deductible temporary differences and deductible losses are applied in the future periods, deferred income tax assets shall be recognised by the Group for all the deductible temporary differences and deductible losses that have not been used. This requires the management of the Group to use a lot of judgments to estimate the time and amount of the taxable income in the future and determine the amount of the deferred income tax assets that should be recognised according to the tax planning strategy.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

### 1. Critical judgments and key assumptions and uncertainties in accounting estimates (continued)

#### 1.7 *Estimated useful life and estimated residual value of fixed assets and intangible assets*

The Group estimates the useful life and residue value of fixed assets and intangible assets. This estimate is made based on the historical experience of actual useful life and residue value of fixed assets and intangible assets with shared natures and functions, and is subject to material change as a result of technological innovation and severe industry competition. If the estimated useful life and residue value of fixed assets or intangible assets are lower than the estimates previously made, the Group will increase the depreciation/amortisation, or write-off or write-down of fixed assets or intangible assets with backward technologies.

#### 1.8 *Impairment of non-current assets other than financial assets (except for goodwill)*

The Group will judge if non-current assets other than financial assets have any sign of impairment on the balance sheet date, and conduct an impairment test when there is any sign of impairment. In addition, intangible assets with uncertain useful life shall be subject to an annual impairment test. The recoverable amount of an asset or asset group is determined at the higher of the value in use of the asset or asset group and the net amount of its fair value less the disposal expenses. In estimating its value in use, the future cash flow of the asset or asset group will be projected after discounting at a discount rate. The management makes accounting estimates in connection with the use of the asset and estimates future cash flows on a reasonable and well-founded basis, and determines the present value of future cash flows by using a discount rate which reflects the prevailing time value of currency in the market as well as the specific risks concerning such asset.

#### 1.9 *Lease term of lease contracts that are certain to have an option to renew the lease*

A lease term is the period during which the Group has the right to use the leased asset and is irrevocable. Where the Group has an option to renew the lease and reasonably determines to exercise the option, the lease term shall also include the period covered by the option to renew the lease. In assessing whether it is reasonably determined to exercise the option to renew the lease, the Group will consider all relevant facts and circumstances that bring economic benefits to the exercise of the renewal option of the Group, including the expected changes in facts and circumstances from the commencement date of the lease term to the date of exercise of the option. At the commencement date of the lease term, the Group believes that the Group can reasonably determine that it will exercise the option to renew the lease as the leased asset is crucial to its operation and it is hard to obtain appropriate alternative asset. Therefore, the lease term includes the period covered by the option to renew the lease. After the commencement date of the lease term, if material events or changes within the control of the Group occur and affect the Group's ability to reasonably determine whether to exercise the corresponding option to renew the lease, the Group will reassess whether or not to the exercise of the renewal option and amend the lease term according the outcome of reassessment.

# Notes to the Financial Statements (continued)

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## V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

### 1. Critical judgments and key assumptions and uncertainties in accounting estimates (continued)

#### 1.10 Consolidation scope – the Group holding 50% or less equity interests of the investees

The Group believes that even if the Group only holds 50% or less of the equity interests, it has control over Dalian Haijia Automobile Terminal Co., Ltd., Dalian Golden Bay Grain Logistics Co., Ltd., Dalian Harbour ECL Logistics Co., Ltd., Dalian Port Telecommunications Engineering Co., Ltd. and Dalian Container Terminal Co., Ltd.. According to the joint venture contract entered into between the Company and the other shareholders of Dalian Haijia Automobile Terminal Co., Ltd., the other shareholders give consent to the decisions made by the Company on significant financial and operational policies. The Company has de-facto control over Dalian Haijia Automobile Terminal Co., Ltd.. Pursuant to the acting-in-concert agreement signed by and between the Group and another shareholder of each of Dalian Container Terminal Co., Ltd., Dalian Golden Bay Grain Logistics Co., Ltd., Dalian Harbour ECL Logistics Co., Ltd. and Dalian Port Telecommunications Engineering Co., Ltd., such shareholders give consent to the decisions made by the Group on significant financial and operational policies. The Group has de-facto control over the above four companies.

## VI. Taxes

### 1. Major categories of taxes and respective tax rates

Taxes	Basis of calculating tax	Tax rate
Value-added tax (VAT) (Note 1)	Revenues from port handling, sales of goods, transport income, interest income from related party borrowings, project construction, leasing of real estate and labour dispatch services	6%, 13%, 9%, 6%, 9%, 5% and 6%
City maintenance and construction tax	Turnover taxes paid	7%
Educational surcharge	Turnover taxes paid	5%
Property tax	70% of the cost of the property or rental income from the rental of the property	1.2% or 12%
Corporate income tax (Note 2)	Taxable profit	25%

Note 1: Output VAT of the Group's revenues from port handling, sales of goods, transport income, interest income from related party borrowings, project construction, leasing of real estate and labor dispatch services is calculated at a tax rate of 6%, 13%, 9%, 6%, 9%, 5% and 6%, respectively, which is levied after deducting deductible input VAT for the current period.

Note 2: It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group which enjoy tax preferences (see Note VI. 2 for details).



# Notes to the Financial Statements (continued)

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## VI. Taxes (continued)

### 2. Tax preference and approvals

#### *Property tax and land use tax*

According to the Tentative Regulations of the People's Republic of China on Urban Land Use Tax and the Regulations on Land Use Tax Exemption of Port Land of Transport Department (Guo Shui Di [1989] No. 123), certain land used for dock is exempted from land use tax. Accordingly, the lands held by the Group used for dock are exempted from land use tax.

According to the Tentative Regulations of the People's Republic of China on Urban Land Use Tax, the land reclaimed from hill excavating and offshore filling and the reclaimed waste land will be exempted from land use tax for 5 to 10 years starting from the month of use. Accordingly, all lands reclaimed from offshore filling held by the Group were exempted from land use tax for the period.

According to the Tentative Regulations of the People's Republic of China on Urban Land Use Tax and the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of the Preferential Policies for Urban Land Use Tax Regarding the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (Cai Shui [2020] No. 16), from 1 January 2020 to 31 December 2022, the urban land use tax on the lands for bulk commodity storage facilities owned by the logistics enterprises (including for self-use and lease purpose) shall be calculated based on 50% of the applicable tax for the relevant grade of the land. Accordingly, the land use tax on the lands for bulk commodity storage facilities held by the Group is calculated at half of the relevant tax rate.

#### **VAT**

According to the Notice on Policies Related to Deepening Value-Added Tax Reform issued by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Notice No. 39 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019), and the Certain Policies to Promote the Recovery and Development of Distressed Industries in the Service Sector (Fa Gai Cai Jin [2022] No. 271) issued by 14 departments including the National Development and Reform Commission, the Group shall, from 1 April 2019 to 31 December 2022, deduct additional 10% of current deductible input tax from VAT payable.

#### *Corporate income tax*

Dalian Jifa South Coast International Logistics Co., Ltd., a subsidiary of the Group, has obtained on 19 November 2021, the Certificate of High and New Technological Enterprise (Certificate No. GR202121200628) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance and Dalian Municipal Taxation Bureau of the State Administration of Taxation, and the term of validity of the certificate is 3 years. Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, for the year, the income tax rate applicable to the company is 15%.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VI. Taxes (continued)

### 2. Tax preference and approvals (continued)

#### *Corporate income tax (continued)*

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises (Announcement of the Ministry of Finance and the State Administration of Taxation [2019] No. 13), the Announcement on Further Implementation of Preferred Tax Policies for Small and Micro Enterprises (Announcement of the Ministry of Finance and the State Administration of Taxation [2022] No. 13), the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to corporate income tax at 20% tax rate; the portion of annual taxable income over RMB1 million but not exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to corporate income tax at 20% tax rate from 1 January 2019 to 31 December 2024. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Entrepreneurs (Announcement of the Ministry of Finance and the State Administration of Taxation [2021] No. 12), from 1 January 2021 to 31 December 2022, the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million, in addition to the preferential policies stipulated in the Notice on Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises (Announcement of the Ministry of Finance and the State Administration of Taxation [2019] No. 13), the corporate income tax shall be levied by half. The above preferred tax policies were applicable to several subsidiaries of the Group, namely Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd., Qinhuangdao Jigang Shipping Agency Co., Ltd., Dalian Port Haiheng Ship Management Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd., Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd., Dalian Gangrun Gas Co., Ltd. and Caofeidian Port Container Logistics Co., Ltd. for the year.

#### *“Six Taxes and Two Fees” Reduction Policy*

Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation Regarding Further Implementing the “Six Taxes and Two Fees” Reduction and Exemption Policies for Small and Micro Enterprises (Announcement [2022] No. 10 of the Ministry of Finance and the State Administration of Taxation), from 1 January 2022 to 31 December 2024, small-scale taxpayers and small low-profit enterprises of the Group are entitled to a 50% reduction of resource tax, city maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities trading stamp tax), farmland occupation tax, educational surcharge, and local educational surcharge. The above preferred tax policies were applicable for several subsidiaries of the Group, namely Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd., Qinhuangdao Jigang Shipping Agency Co., Ltd., Dalian Jifa Shipping Agency Co., Ltd., Dalian Gangrun Gas Co., Ltd., Dalian Port Haiheng Ship Management Co., Ltd. and Inner Mongolia Lugang Bonded Logistics Park Co., Ltd. for the year.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VII. Business combinations and consolidated financial statements

### 1. Basic information on the subsidiaries included in the scope of consolidated statements during the year

Investee	Place of registration	Major place of business	Nature of business	Registered capital	Shareholding		Voting right	Remark
				(RMB'0,000)	percentage (%)		percentage (%)	
					Direct	Indirect		
Subsidiaries invested by PDA Group by equity injection on the date of incorporation of the Company								
Dalian Port Container Development Co., Ltd.	Dalian	Dalian	Container services	296,411	100	–	100	
Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics")	Dalian	Dalian	Logistics services	117,940	–	100	100	
Dalian Jifa Shipping Agency Co., Ltd.	Dalian	Dalian	Vessel agency	550	–	100	100	
Dalian International Logistics Park Development Co., Ltd.	Dalian	Dalian	Property development	15,000	–	100	100	
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Dalian	Dalian	Transportation	4,923	–	97.36	97.36	
Dalian International Container Services Co., Ltd.	Dalian	Dalian	Logistics services	USD1,440,000	–	55	60	Note 1
Dalian Jifa Port Logistics Co., Ltd. (大連集發港口物流有限公司)	Dalian	Dalian	Loading, unloading and handling	1,200	–	100	100	
Dalian Jifa Shipping Management Co., Ltd.	Dalian	Dalian	Management services	41,500	100	–	100	
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	Dalian	Dalian	Wholesale & agency	1,000	60	–	60	
Subsidiaries acquired through establishment or investment								
Dalian Dilangsirui Caravan Co., Ltd.	Dalian	Dalian	Manufacturing sector	10,000	51	–	51	
Asia Pacific Ports Company Limited	Hong Kong	Hong Kong	Logistics services	HKD75,000,000	100	–	100	
Harbour Full Group Limited	British Virgin Islands	British Virgin Islands	Logistics services	USD50,000	–	100	100	Note 2
Asia Pacific Ports Investment Co., Ltd.	Hong Kong	Hong Kong	Logistics services	HKD1	–	100	100	Note 2
Asia Pacific Ports (Dalian) Co., Ltd.	Dalian	Dalian	Logistics services	USD31,580,000	100	–	100	
Dalian Container Terminal Co., Ltd.	Dalian	Dalian	Terminal services	348,000	–	48.15	55.56	Note 3
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Muling	Muling	Logistics services	4,500	–	91.67	91.67	
Qinhuangdao Jigang Shipping Agency Co., Ltd.	Qinhuangdao	Qinhuangdao	Logistics services	500	–	100	100	
Dalian Port Grain and Oil Trading Co., Ltd.	Dalian	Dalian	Wholesale	2,500	100	–	100	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VII. Business combinations and consolidated financial statements (continued)

### 1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

Investee	Place of registration	Major place of business	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Remark
					Direct	Indirect		
Dalian Haijia Automobile Terminal Co., Ltd.	Dalian	Dalian	Terminal services	40,000	50	–	100	Note 4
Caofeidian Port Container Logistics Co., Ltd.	Tangshan	Tangshan	Vessel agency	50	–	51	51	
Dalian Zhuanghe Gangxing Investment Co., Ltd.	Dalian	Dalian	Property development	8,000	100	–	100	
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Tongliao	Tongliao	Freight services	1,000	–	51	51	
Dalian Gangrun Gas Co., Ltd.	Dalian	Dalian	Sale of fuel gas	1,000	51	–	51	
Dalian Port Lianheng Supply Chain Management Co., Ltd.	Dalian	Dalian	Supply chain management services	2,000	–	51	51	
Dalian Jifa South Coast International Logistics Co., Ltd.	Dalian	Dalian	Terminal services	1,500	–	100	100	
Dalian Dilangsirui Tourism Development Co., Ltd.	Dalian	Dalian	Tourist project development	3,000	–	100	100	
<b>Subsidiaries acquired through business combinations involving enterprises under common control</b>								
Dalian Ocean Shipping Tally Co., Ltd.	Dalian	Dalian	Tallying services	630.14	84	–	84	
Dalian Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision services	1,000	75	–	75	
Dalian Port Telecommunications Engineering Co., Ltd.	Dalian	Dalian	Telecommunication services	1,000	45	–	65	Note 5
Dalian Golden Bay Grain Logistics Co., Ltd.	Dalian	Dalian	Logistics services	9,733	37.50	–	75	Note 5
Dalian Port Power Supply Co., Ltd.	Dalian	Dalian	Engineering services	11,000	100	–	100	
Dalian Changxing Island Economic Zone Wapeng Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision services	10	–	100	100	
Dalian Port Haiheng Ship Management Co., Ltd.	Dalian	Dalian	Service industry	500	100	–	100	
Liaoning Port Holdings (Yingkou) Co., Ltd. (遠港控股(營口)有限公司) ("Yingkou Ltd.")	Yingkou	Yingkou	Terminal services	1,000,000	100	–	100	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VII. Business combinations and consolidated financial statements (continued)

### 1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

Investee	Place of registration	Major place of business	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Remark
					Direct	Indirect		
Yingkou Xingang Ore Terminal Co., Ltd. (營口新港礦石碼頭有限公司) ("Xingang Ore Terminal")	Yingkou	Yingkou	Terminal services	358,006.30	–	88	90.1	Note 6
Yingkou New Century Container Terminal Co., Ltd. (營口新世紀集裝箱碼頭有限公司)	Yingkou	Yingkou	Terminal services	4,000	–	60	60	
Yingkou Port Bulk Cargo Terminal Co., Ltd. (營口港散貨碼頭有限公司)	Yingkou	Yingkou	Terminal services	50,000	100	–	100	
<b>Subsidiaries acquired through business combinations not involving entities under common control</b>								
DCT Logistics Co., Ltd. ("DCT Logistics")	Dalian	Dalian	Logistics services	15,538.70	–	100	100	
Dalian Jiayi Logistics Co., Ltd.	Dalian	Dalian	Freight services	10,000	–	100	100	
Dalian Port Lvshun Harbour Service Co., Ltd.	Dalian	Dalian	Terminal services	35,000	60	–	60	
Liaoning Con-Rail International Logistics Co., Ltd.	Shenyang	Shenyang	Logistics services	1,600	–	100	100	
Dalian Harbour ECL Logistics Co., Ltd.	Dalian	Dalian	Terminal services	USD9,000,000	50	–	75	Note 5

Note 1: Shareholding percentage in subsidiaries is different from voting right percentage. Shareholding percentage is determined based on the share of contribution as stated in the investment agreement, while voting right percentage is determined based on the voting manner of the highest decision-making organization in accordance with the articles of associations of the investee. As a result, there is inconsistency.

Note 2: Asia Pacific Ports Investment Co., Ltd. and Harbour Full Group Limited completed the deregistration procedures in June 2022 and September 2022, respectively.

Note 3: Based on the concerted action agreement signed with another shareholder, the decision made by such shareholder aligns with that of the subsidiary of the Company, Dalian Port Container Development Co., Ltd. The Company, in fact, has the effective control over the subsidiary.

Note 4: Shareholding percentage in subsidiaries is different from voting right percentage. Based on the joint venture contract signed with other shareholders, other shareholders will align with the decision made by the Company in respect of significant operating matters of joint ventures. The Company, in fact, has effective control over the subsidiary.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VII. Business combinations and consolidated financial statements (continued)

### 1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

Note 5: Based on the concerted action agreement signed with some of the other shareholders, the decision made by such shareholders aligns with that of the Company. The Company, in fact, has the effective control over the subsidiary.

Note 6: In October 2021, Yingkou Ltd., a subsidiary of the Company, signed a capital increase agreement with Xingang Ore Terminal, pursuant to which, Yingkou Ltd. subscribed for all proposed increased registered capital of RMB759,407,300 from Xingang Ore Terminal and other shareholders agreed to waive their rights of first refusal. Upon completion of the subscription contribution, the shareholding of Yingkou Ltd. in Xingang Ore Terminal would increase from 88% to 90.1%. As of the date of these financial statements, Yingkou Ltd. has not paid for the subscribed capital contribution. Pursuant to the capital increase agreement, supplemental agreement for joint operation and the articles of association, the voting rights in the resolutions of a general meeting shall be exercised by the shareholders according to their proportion of subscribed capital contributions. All shareholders shall share the Company's profits and risks and losses according to their proportion of actual capital contributions. Therefore, there are circumstances in which the shareholding ratio is different from the voting rights ratio.

### 2. Changes in the scope of consolidation and reasons therefor during the year

#### (1) Companies excluded from the scope of consolidation during the year

Name of enterprise	Place of registration	Nature of business	Total shareholding held by the Group (%)	Total voting right percentage of the Group (%)	Reason for not being a subsidiary
Harbour Full Group Limited	British Virgin Islands	Logistics services	100	100	Note
Asia Pacific Ports Investment Co., Ltd.	Hong Kong	Logistics services	100	100	Note

Note: Asia Pacific Ports Investment Co., Ltd. and Harbour Full Group Limited, the subsidiaries of the Group, completed the deregistration procedures in June 2022 and September 2022, respectively. The deregistration of those companies had no significant impacts on the consolidated and company's financial positions of the Group as at 31 December 2022 and the consolidated and company's operating results and cash flows of the Group in 2022.

# Notes to the Financial Statements (continued)

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## VII. Business combinations and consolidated financial statements (continued)

### 3. Information on major non-wholly-owned subsidiaries

#### (1) Minority shareholders

31 December 2022

No.	Enterprise name	Shareholding percentage of minority shareholders (%)	Profit or loss of the current year attributable to minority shareholders	Dividend paid to minority shareholders for the current year	Accumulated minority interests at the end of the year
1	Dalian Container Terminal Co., Ltd.	51.85	126,325,722.95	102,495,935.99	2,031,166,819.14
2	Dalian Haijia Automobile Terminal Co., Ltd.	50.00	-3,203,444.80	–	205,064,177.33
3	Dalian Port Lvshun Harbour Service Co., Ltd.	40.00	-7,167,676.83	–	132,375,562.94
4	Xingang Ore Terminal	12.00	17,884,775.20	–	493,448,037.70

31 December 2021

No.	Enterprise name	Shareholding percentage of minority shareholders (%)	Profit or loss of the current year attributable to minority shareholders	Dividend paid to minority shareholders for the current year	Accumulated minority interests at the end of the year
1	Dalian Container Terminal Co., Ltd.	51.85	120,783,037.74	146,090,251.91	2,019,922,171.69
2	Dalian Haijia Automobile Terminal Co., Ltd.	50.00	-3,449,985.17	–	208,268,441.00
3	Dalian Port Lvshun Harbour Service Co., Ltd.	40.00	34,429.97	–	139,469,088.93
4	Xingang Ore Terminal	12.00	16,686,711.12	42,185,464.46	485,825,819.92

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VII. Business combinations and consolidated financial statements (continued)

### 3. Information on major non-wholly-owned subsidiaries (continued)

#### (2) Key financial information

Item	Dalian Container Terminal Co., Ltd.	Dalian Haijia Automobile Terminal Co., Ltd.	Dalian Port Lvshun Harbour Service Co., Ltd.	Xingang Ore Terminal
<b>31 December 2022</b>				
Current assets	340,287,849.06	65,864,561.60	55,383,829.81	666,010,053.82
Non-current assets	6,857,402,802.44	305,745,785.25	281,559,786.51	3,668,538,457.81
Total assets	7,197,690,651.50	371,610,346.85	336,943,616.32	4,334,548,511.63
Current liabilities	616,776,777.88	7,376,849.22	7,760,922.96	198,171,127.78
Non-current liabilities	2,841,874,490.40	-	4,254,588.70	24,310,402.99
Total liabilities	3,458,651,268.28	7,376,849.22	12,015,511.66	222,481,530.77
<b>2022</b>				
Revenue	1,274,321,506.70	20,139,505.23	47,707,424.22	632,049,142.27
Net profit (net loss is represented by "-")	220,391,598.00	-7,505,142.06	-17,279,381.09	149,039,793.33
Total comprehensive income	220,391,598.00	-7,505,142.06	-17,279,381.09	149,039,793.33
Net cash flows from operating activities	727,672,659.69	11,667,626.33	1,797,553.80	104,439,714.55



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VII. Business combinations and consolidated financial statements (continued)

### 3. Information on major non-wholly-owned subsidiaries (continued)

#### (2) Key financial information (continued)

Item	Dalian Container Terminal Co., Ltd.	Dalian Haijia Automobile Terminal Co., Ltd.	Dalian Port Lvshun Harbour Service Co., Ltd.	Xingang Ore Terminal
31 December 2021				
Current assets	343,331,166.88	61,563,604.01	60,013,511.18	446,693,839.22
Non-current assets	7,010,321,199.80	318,507,972.60	299,380,856.47	3,815,590,937.12
Total assets	7,353,652,366.68	380,071,576.61	359,394,367.65	4,262,284,776.34
Current liabilities	409,661,662.00	8,331,299.18	12,630,284.77	110,357,911.40
Non-current liabilities	3,203,384,858.48	–	4,626,974.23	103,378,365.61
Total liabilities	3,613,046,520.48	8,331,299.18	17,257,259.00	213,736,277.01
2021				
Revenue	1,274,438,108.66	20,975,330.08	59,949,102.41	606,197,690.79
Net profit (net loss is represented by “-”)	208,081,888.00	-7,998,220.14	675,730.18	139,055,926.00
Total comprehensive income	208,081,888.00	-7,998,220.14	675,730.18	139,055,926.00
Net cash flows from operating activities	721,329,181.19	4,978,663.48	21,582,622.05	148,131,095.97

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements

### 1. Cash at bank and on hand

Item	31 December 2022			31 December 2021		
	Amount in original currency	Conversion rate	Amount in RMB	Amount in original currency	Conversion rate	Amount in RMB
<b>Cash on hand</b>	-	-	30,138.17	-	-	24,152.18
Of which: RMB	30,138.17	1.0000	30,138.17	24,152.18	1.0000	24,152.18
<b>Cash at bank</b>	-	-	5,085,163,945.09	-	-	4,466,705,892.18
Of which: RMB	4,987,514,540.05	1.0000	4,987,514,540.05	4,375,735,649.37	1.0000	4,375,735,649.37
USD	13,971,160.31	6.9646	97,303,543.10	14,154,763.81	6.3674	90,129,043.08
HKD	383,947.09	0.8933	342,979.94	1,028,384.85	0.8165	839,676.23
Japanese Yen	55,000.00	0.0524	2,882.00	27,500.00	0.0554	1,523.50
<b>Other cash balances</b>	-	-	-	-	-	216,107,800.40
Of which: RMB	-	-	-	216,107,800.40	1.0000	216,107,800.40
<b>Total</b>	-	-	5,085,194,083.26	-	-	4,682,837,844.76
Of which: Interest receivable from bank deposits	-	-	17,824,910.06	-	-	8,953,749.99
Total amount restricted usage due to reasons including pledges, charges or lock up (Note VIII. 23)	-	-	21,895,674.97	-	-	240,398,671.47

As at 31 December 2022, the use rights of the Group's cash at bank and on hand of RMB21,895,674.97 (31 December 2021: RMB240,398,671.47) were restricted.

Interest income earned on current deposits is calculated by using the current deposit interest rate. The terms of short-term time deposits vary from seven days to six months depending on the cash requirements of the Group, and earn interests at the respective bank time deposit rates.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 2. Notes receivable

#### (1) Classification of notes receivable

Type	31 December 2022	31 December 2021
Bank acceptance notes	369,445,570.06	382,699,154.88
Less: Provision for bad debts on notes receivable (Note)	—	—
<b>Total</b>	<b>369,445,570.06</b>	<b>382,699,154.88</b>

Note: The Group believes that the credit rating of the acceptor of bank acceptance notes it held is relatively high and there is no significant credit risk, and hence no credit loss provision has been made.

#### (2) As at 31 December 2022, the Group had no pledged notes receivable (31 December 2021: Nil).

#### (3) The Group's notes receivable which have been endorsed or discounted but not mature yet as at the balance sheet date are as follows:

Type	31 December 2022		31 December 2021	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	18,150,230.58	500,000.00	118,249,731.60	433,700.00

#### (4) As at 31 December 2022, there were no discounted notes or notes that were recognised as accounts receivable due to the drawer's liability to perform (31 December 2021: Nil).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 3. Accounts receivable

#### (1) Overall situation of accounts receivable

Type	31 December 2022	31 December 2021
Accounts receivable	3,346,144,470.15	2,815,897,612.48
Less: Credit loss provision	454,106,135.43	331,338,824.23
<b>Total</b>	<b>2,892,038,334.72</b>	2,484,558,788.25

#### (2) The overall aging of accounts receivable

Item	31 December 2022			31 December 2021		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,220,103,223.75	36.46	98,438,130.16	1,267,897,767.45	45.02	72,227,407.29
1 to 2 years (including 2 years)	627,872,887.05	18.76	89,007,912.33	654,370,784.28	23.24	73,979,986.37
2 to 3 years (including 3 years)	643,391,636.87	19.23	92,910,580.35	675,178,206.36	23.98	79,265,171.14
Over 3 years	854,776,722.48	25.55	173,749,512.59	218,450,854.39	7.76	105,866,259.43
<b>Total</b>	<b>3,346,144,470.15</b>	<b>100.00</b>	<b>454,106,135.43</b>	2,815,897,612.48	100.00	331,338,824.23

#### (3) The movements of provision for bad debts of accounts receivable are as follows:

Item	Balance as at the beginning of the year	Provision for the year	Disposal of subsidiaries in the year	Recovery or reversal during the year	Write-off during the year	Balance as at the end of the year
2022	331,338,824.23	158,005,683.65	-	-35,082,051.53	-156,320.92	454,106,135.43
2021	235,148,773.11	115,061,903.76	-547,602.64	-18,324,250.00	-	331,338,824.23

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 3. Accounts receivable (continued)

#### (4) Significant credit loss provision recovered or reversed during the year

Name of entity	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining the original credit loss provision	Accumulated amount of credit loss provision before recovery or reversal	Recovered or reversed amount
Shenyang Oriental Steel Co., Ltd.	–	Payment recovery	Expected credit losses	32,959,804.09	32,682,051.53

#### (5) The accounts receivable that were actually written off during the reporting period

Name of entity	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether incurred due to related transaction
Xilin Iron and Steel Group Acheng Iron and Steel Co., Ltd. (西林鋼鐵集團阿城鋼鐵有限公司)	Logistics service fee	152,982.03	Bankruptcy and reorganization of the debtor	Considered and approved by the Board	No
Heilongjiang Xigang International Trading Co., Ltd. (黑龍江西鋼國際貿易有限公司)	Logistics service fee	3,338.89	Deregistration of the debtor	Considered and approved by the Board	No
<b>Total</b>		<b>156,320.92</b>			

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 3. Accounts receivable (continued)

#### (6) Details of accounts receivable of which provision for bad debts is made are as follows:

As at 31 December 2022, details of the Group's accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
A	598,534,421.07	0.00%-0.10%	62,943.12
B	34,790,860.33	0.10%-0.30%	49,362.33
C	2,638,348,746.63	0.30%-50.00%	382,978,832.00
D	74,470,442.12	50.00%-100.00%	71,014,997.98
<b>Total</b>	<b>3,346,144,470.15</b>		<b>454,106,135.43</b>

As at 31 December 2021, details of the Group's accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
A	642,641,030.12	0.00%-0.10%	72,110.87
B	25,605,127.86	0.10%-0.30%	63,945.25
C	2,052,997,992.34	0.30%-50.00%	236,623,611.02
D	94,653,462.16	50.00%-100.00%	94,579,157.09
<b>Total</b>	<b>2,815,897,612.48</b>		<b>331,338,824.23</b>

#### (7) As at 31 December 2022, no significant amounts due from shareholders who held more than 5% (inclusive) of the voting rights of the Group (31 December 2021: Nil).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 3. Accounts receivable (continued)

(8) The top five entities by the amounts of accounts receivable as at 31 December 2022 were summarised as below

Name of entity	Relationship with the Company	Amount	Aging	Credit loss provision	Proportion to the total accounts receivable (%)
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司) (Note)	Client	2,623,568,742.00	Within 1 year, 1-2 years, 2-3 years, 3-4 years and 4-5 years	381,052,467.02	78.41
Dalian Municipal Bureau of Finance	Client	50,406,142.04	Within 1 year, 1-2 years	9,940.56	1.51
Dalian Automobile Terminal Co., Ltd.	Related party	45,682,164.44	Within 1 year, 1-2 years	5,749.88	1.37
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	Related party	31,501,089.83	Within 1 year	3,318.70	0.94
Maersk (China) Shipping Company Ltd. (馬士基(中國)航運有限公司)	Client	29,753,318.50	Within 1 year	4,988.02	0.89
<b>Total</b>		<b>2,780,911,456.81</b>		<b>381,076,464.18</b>	<b>83.12</b>

Note: As at 31 December 2022, the book balance of the Group's secured accounts receivable amounted to RMB2,623,568,742.00 (31 December 2021: RMB2,019,280,004.00), which was mainly the Group's warehousing costs due from Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司). Based on the relevant agreement signed by the Group and Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司), this company shall not transfer its goods equivalent to such accounts receivable stored in the Group until the outstanding amount is settled.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 4. Receivables financing

#### (1) Classification of receivables financing

Type	31 December 2022	31 December 2021
Bank acceptance notes measured at fair value	154,213,980.23	40,454,782.00

(2) As at 31 December 2022, the Group has no receivables financing pledged (31 December 2021: Nil).

(3) As at 31 December 2022, the Group's receivables financing which have been endorsed or discounted but not mature yet as at the balance sheet date are as follows:

Type	31 December 2022		31 December 2021	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	165,581,952.09	–	288,398,660.07	8,253,435.95

### 5. Prepayments

#### (1) An aging analysis of prepayments is as follows:

Item	31 December 2022			31 December 2021		
	Carrying amount		Provision for impairment	Carrying amount		Provision for impairment
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year (including 1 year)	49,904,698.15	99.40	–	55,274,104.67	96.52	–
1 to 2 years (including 2 years)	158,405.33	0.32	–	1,193,166.84	2.08	–
2 to 3 years (including 3 years)	38,328.90	0.08	–	749,444.00	1.31	–
Over 3 years	101,909.00	0.20	–	49,570.73	0.09	–
<b>Total</b>	<b>50,203,341.38</b>	<b>100.00</b>	<b>–</b>	<b>57,266,286.24</b>	<b>100.00</b>	<b>–</b>

As at 31 December 2022, the Group has no significant prepayments aged over 1 year (31 December 2021: Nil).



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 5. Prepayments (continued)

#### (2) Five largest prepayments by debtor at the end of the year

Name of entity	Relationship with the Company	Amount	Aging	Proportion to the total prepayments (%)	Reasons for unsettlement
State Grid Liaoning Electric Power Co., Ltd.	Third party	9,538,085.91	Within 1 year	19.00	The condition for settlement is unsatisfied
China Railway Shenyang Group Co., Ltd.	Third party	6,704,894.05	Within 1 year	13.36	The condition for settlement is unsatisfied
China Railway Harbin Bureau Group Co., Ltd.	Third party	5,806,634.13	Within 1 year	11.57	The condition for settlement is unsatisfied
Yingkou Bayuquan District Yinggang Thermal Co., Ltd. (營口市鮫魚圈區營港熱力有限公司)	Third party	2,764,196.99	Within 1 year	5.51	The condition for settlement is unsatisfied
China Railway Tielong Container Logistics Co., Ltd.	Third party	2,300,000.00	Within 1 year	4.58	The condition for settlement is unsatisfied
<b>Total</b>		<b>27,113,811.08</b>		<b>54.02</b>	

### 6. Other receivables

Type	31 December 2022	31 December 2021
Interest receivable	2,689,917.11	1,750,685.21
Dividends receivable	112,343,783.60	153,329,320.58
Other receivables	315,891,463.03	263,884,027.72
<b>Total</b>	<b>430,925,163.74</b>	<b>418,964,033.51</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (1) Interest receivable

##### 1) Classification of interest receivable

Type	31 December 2022	31 December 2021
Borrowings from related parties	3,323,273.19	1,803,884.62
Less: Credit loss provision	633,356.08	53,199.41
<b>Total</b>	<b>2,689,917.11</b>	<b>1,750,685.21</b>

As at 31 December 2022, the Group has no significant amount of overdue interest (31 December 2021: Nil).

##### 2) Provision for credit loss of interest receivable

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	53,199.41	-	-	53,199.41
Opening balance during the year:				
— Transfer into stage II	-53,199.41	53,199.41	-	-
Provision for the year	-	580,156.67	-	580,156.67
Closing balance	-	633,356.08	-	633,356.08

In 2022, the provision for bad debts was RMB580,156.67 (2021: RMB53,199.41), and no received or reversed provision for bad debts (2021: Nil).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (2) Dividends receivable

##### 1) Presentation of dividends receivable

Investee	31 December 2022	31 December 2021
Dalian Port Yidu Cold Chain Co., Ltd.	72,617,796.35	88,189,824.35
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23
Dalian Port Logistic Network Co., Ltd.	10,000,000.00	13,295,232.49
Dalian Automobile Terminal Co., Ltd.	11,200,000.00	11,200,000.00
Dalian Singamas International Container Co., Ltd.	5,467,472.88	8,350,187.78
Dalian Port Logistics Technology Co., Ltd.	7,000,000.00	10,000,000.00
China United Tally (Dalian) Co., Ltd.	1,112,267.52	1,112,267.52
Dalian Dagang Container Terminal Co., Ltd.	943,125.50	637,328.53
Dalian Port Design and Research Institute Co., Ltd.	—	696,000.00
<b>Total</b>	<b>130,848,201.48</b>	155,988,379.90
Less: Credit loss provision	18,504,417.88	2,659,059.32
<b>Book value</b>	<b>112,343,783.60</b>	153,329,320.58

##### 2) Material dividends receivable aged over 1 year

Investee	31 December 2022	31 December 2021	Reasons for unrecovery	Closing balance of credit loss provision
Dalian Port Yidu Cold Chain Co., Ltd.	72,617,796.35	88,189,824.35	Delay of payment	5,813,055.91
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23	Delay of payment	11,253,769.62
Dalian Port Logistics Technology Co., Ltd.	7,000,000.00	10,000,000.00	Delay of payment	382,401.02
Dalian Port Logistics Network Co., Ltd.	10,000,000.00	—	Delay of payment	555,994.20
Dalian Singamas International Container Co., Ltd.	5,467,472.88	8,350,187.78	Delay of payment	460,029.00
<b>Total</b>	<b>117,592,808.46</b>	129,047,551.36		18,465,249.75

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (2) Dividends receivable (continued)

##### 3) Movements in provision for credit losses on dividends receivable

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	2,659,059.32	–	–	2,659,059.32
Opening balance during the year:				
– Transfer into stage II	-6,752.26	6,752.26	–	–
Provision for the year	4,598,341.20	11,247,017.36	–	15,845,358.56
Closing balance	7,250,648.26	11,253,769.62	–	18,504,417.88

In 2022, the provision for bad debts was RMB15,845,358.56 (2021: RMB2,659,059.32), and no received or reversed provision for bad debts (2021: Nil).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables

##### 1) Other receivables by nature

Amount by nature	31 December 2022	31 December 2021
Government subsidies receivable	140,177,900.52	89,578,655.40
Receivables from income of entrusted management services	86,437,627.26	85,232,416.60
Receivables from project payment and guarantee deposit	32,459,217.00	31,943,816.99
Settlement to be transferred	25,639,033.71	17,897,611.31
Borrowings from related parties	23,000,000.00	23,000,000.00
Advances receivable	22,775,660.35	24,290,086.79
Receivables from deposit and security deposit	20,477,252.74	19,905,803.84
Public infrastructure maintenance expenses	8,170,749.02	7,128,371.74
Port miscellaneous expenses	2,969,906.20	10,140,671.00
Others	41,592,292.58	39,542,169.09
<b>Subtotal</b>	<b>403,699,639.38</b>	348,659,602.76
Less: Credit loss provision	87,808,176.35	84,775,575.04
<b>Total</b>	<b>315,891,463.03</b>	263,884,027.72

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables (continued)

##### 2) Aging analysis

Item	31 December 2022			31 December 2021		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	168,690,521.19	41.78	2,408,923.56	161,254,527.10	46.25	1,708,531.97
1 to 2 years (including 2 years)	74,436,286.64	18.44	2,272,329.33	36,011,047.76	10.33	1,477,163.87
2 to 3 years (including 3 years)	20,370,093.77	5.05	1,882,655.25	33,579,609.74	9.63	2,498,966.08
Over 3 years	140,202,737.78	34.73	81,244,268.21	117,814,418.16	33.79	79,090,913.12
<b>Total</b>	<b>403,699,639.38</b>	<b>100.00</b>	<b>87,808,176.35</b>	<b>348,659,602.76</b>	<b>100.00</b>	<b>84,775,575.04</b>

3) Details of other receivables of which provision for bad debts is made according to the portfolio of credit risk rating are as follows:

#### 31 December 2022

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
A	233,917,699.58	0.00%-0.10%	34,459.06	—
B	46,907,081.02	0.05%-0.30%	1,910,093.64	—
C	67,639,859.50	0.30%-50.00%	—	32,441,244.01
D	55,234,999.28	50.00%-100.00%	—	53,422,379.64
<b>Total</b>	<b>403,699,639.38</b>		<b>1,944,552.70</b>	<b>85,863,623.65</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables (continued)

- 3) Details of other receivables of which provision for bad debts is made according to the portfolio of credit risk rating are as follows: (continued)

31 December 2021

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
A	195,218,551.80	0.00%-0.10%	28,591.00	–
B	31,163,873.75	0.10%-0.30%	24,603.87	–
C	69,343,889.11	0.30%-50.00%	–	33,411,438.46
D	52,933,288.10	50.00%-100.00%	–	51,310,941.71
<b>Total</b>	<b>348,659,602.76</b>		<b>53,194.87</b>	<b>84,722,380.17</b>

- 4) Movements in the provision for bad debts of expected credit losses over the next 12 months and the entire duration are as follows:

31 December 2022

Provision for credit loss	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	53,194.87	33,411,438.46	51,310,941.71	84,775,575.04
Opening balance during the year:				
– Transfer into stage II	-12,164.41	12,164.41	–	–
– Transfer into stage III	-70.20	-1,880,785.41	1,880,855.61	–
Provision for the year	1,903,592.44	898,426.55	1,559,485.51	4,361,504.50
Reversal during the year	–	–	-255,256.00	-255,256.00
Write-off during the year	–	–	-1,073,647.19	-1,073,647.19
Closing balance	1,944,552.70	32,441,244.01	53,422,379.64	87,808,176.35

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables (continued)

- 4) *Movements in the provision for bad debts of expected credit losses over the next 12 months and the entire duration are as follows: (continued)*

31 December 2021

Provision for credit loss	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	78,358.79	34,111,476.83	35,886,200.37	70,076,035.99
Opening balance during the year:				
— Transfer into stage II	-814.57	814.57	—	—
— Transfer into stage III	—	-6,544,829.18	6,544,829.18	—
Provision for the year	533,461.12	5,843,976.24	8,879,912.16	15,257,349.52
Disposal of subsidiaries during the year	-557,810.47	—	—	-557,810.47
Closing balance	53,194.87	33,411,438.46	51,310,941.71	84,775,575.04

In 2022, the provision for bad debts was RMB4,361,504.50 (2021: RMB15,257,349.52), the provision for bad debts recovered or reversed was RMB255,256.00 (2021: Nil), and the provision for bad debts written off was RMB1,073,647.19 (2021: Nil).



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables (continued)

##### 5) Other receivables that were actually written off during the reporting period

Name of entity	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether incurred due to related transaction
Dalian Shipbuilding Industry Group Steel Co., Ltd. (大連船舶重工集團鋼業有限公司)	Supervision fee	1,052,977.75	Deregistration of the debtor	Considered and approved by the Board	No
Xilin Iron and Steel Group Acheng Iron and Steel Co., Ltd. (西林鋼鐵集團阿城鋼鐵有限公司)	Legal costs	10,715.44	Bankruptcy and reorganization of the debtor	Considered and approved by the Board	No
Heilongjiang Xigang International Trading Co., Ltd. (黑龍江西鋼國際貿易有限公司)	Legal costs	9,954.00	Deregistration of the debtor	Considered and approved by the Board	No
<b>Total</b>		<b>1,073,647.19</b>			

##### 6) Debts of shareholders holding 5% or more shares of the Company with voting rights

Name of entity	31 December 2022		31 December 2021	
	Outstanding amount	Provision for credit losses	Outstanding amount	Provision for credit losses
PDA Group	<b>4,348,201.03</b>	<b>51,835.54</b>	1,773,920.80	19,950.24

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables (continued)

##### 7) Other receivables of the top five debtors by closing balances

31 December 2022

Name of entity	Relationship with the Group	Amount	Aging	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Dalian Shipping and Logistics Development Service Center (大連市航運和物流發展服務中心)	Government agency	104,470,383.44	Within 1 year, 1-2 years	25.88	15,453.02	Receivables from government grants
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	82,471,892.27	Within 1 year, 1-2 years, 3-4 years and 4-5 years	20.43	30,156,476.79	Receivables from income of entrusted management services
China Merchants Gangrong Big Data Co., Ltd. ("China Merchants Gangrong")	Related party	25,639,033.71	Within 1 year	6.35	2,554.37	Settlement to be transferred
Dalian Vanguard International Logistics Co., Ltd.	Related party	23,000,000.00	3-4 years	5.70	1,877,616.22	Borrowings from related parties
People's Government of Horqin District, Tongliao	Government agency	19,901,925.08	1-2 years and 2-3 years	4.93	5,325.99	Receivables from government grants
<b>Total</b>		<b>255,483,234.50</b>		<b>63.29</b>	<b>32,057,426.39</b>	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables (continued)

##### 7) Other receivables of the top five debtors by closing balances (continued)

31 December 2021

Name of entity	Relationship with the Group	Amount	Aging	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	86,278,685.21	Within 1 year, 1-2 years, 2-3 years and 3-4 years	24.75	30,041,937.15	Receivables from income of entrusted management services
Dalian Shipping and Logistics Development Service Center (大連市航運和物流發展服務中心)	Government agency	50,059,802.61	Within 1 year	14.36	5,005.98	Receivables from government grants
Dalian Vanguard International Logistics Co., Ltd.	Related party	23,000,000.00	2-3 years	6.60	11,500.00	Borrowings from related parties
People's Government of Horqin District, Tongliao	Government agency	21,551,660.79	Within 1 year, 1-2 years and 2-3 years	6.18	3,475.75	Receivables from government grants
China Merchants Gangrong	Related party	17,897,611.31	Within 1 year	5.13	1,789.76	Settlement to be transferred
<b>Total</b>		<b>198,787,759.92</b>		<b>57.02</b>	<b>30,063,708.64</b>	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables (continued)

##### 8) The receivables from government grants

As at 31 December 2022, the receivables from government grants were as follows:

Name of entity	Government grants	Amount	Aging	Basis
Dalian Jiye Logistics Co., Ltd.	Subsidy to China –Europe Railway Lines	104,470,383.44	Within 1 year and 1-2 years	Opinions on the Support Policy of Dalian China – Europe Railway Lines and Administrative Measures for the Special Funds of Dalian China – Europe Railway Lines
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	19,901,925.08	1-2 years and 2-3 years	Reply of Horqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	12,359,192.00	4-5 years and above 5 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and meeting minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	3,446,400.00	4-5 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
<b>Total</b>		<b>140,177,900.52</b>		

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (3) Other receivables (continued)

##### 8) The receivables from government grants (continued)

As at 31 December 2021, the receivables from government grants were as follows:

Name of entity	Government grants	Amount	Aging	Basis
Dalian Jiye Logistics Co., Ltd.	Subsidy to China –Europe Railway Lines	50,059,802.61	Within 1 year	Opinions on the Support Policy of Dalian China – Europe Railway Lines and Administrative Measures for the Special Funds of Dalian China – Europe Railway Lines
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	21,551,660.79	Within 1 year, 1-2 years and 2-3 years	Reply of Horqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	12,359,192.00	3-4 years, 4-5 years and above 5 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and meeting minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	4,446,400.00	3-4 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
Yingkou Ltd.	Subsidy for inspection warehousing	1,161,600.00	Within 1 year	Notice on Appropriating the Pilot Funds for Exempting Foreign Trade Enterprises from Storage Cost for Lifting and Shifting
<b>Total</b>		<b>89,578,655.40</b>		

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 7. Inventories

#### (1) Classification of inventories

Item	31 December 2022			31 December 2021		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	94,189,095.07	1,442,701.98	92,746,393.09	97,769,561.70	9,246,496.78	88,523,064.92
Merchandise inventories (finished goods)	8,692,167.69	2,697,873.64	5,994,294.05	4,044,357.69	–	4,044,357.69
Turnover materials	14,171,877.83	18,014.10	14,153,863.73	12,230,371.35	–	12,230,371.35
Contract performance cost	10,315,427.88	–	10,315,427.88	8,279,690.75	–	8,279,690.75
Others	704,301.07	–	704,301.07	726,201.07	–	726,201.07
<b>Total</b>	<b>128,072,869.54</b>	<b>4,158,589.72</b>	<b>123,914,279.82</b>	<b>123,050,182.56</b>	<b>9,246,496.78</b>	<b>113,803,685.78</b>

The information on the amortisation of contract performance cost in the balance of inventories is as follows:

#### 31 December 2022

Item	Opening balance	Increase in the year	Amortisation in the year	Other decrease	Closing balance
Project construction	8,279,690.75	47,148,161.87	45,112,424.74	–	10,315,427.88

#### 31 December 2021

Item	Opening balance	Increase in the year	Amortisation in the year	Other decrease	Closing balance
Project construction	–	47,681,511.72	39,401,820.97	–	8,279,690.75

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 7. Inventories (continued)

#### (2) Provision for decline in the value of inventories

Item	31 December 2021	Increase in the year		Decrease in the year		31 December 2022
		Provision	Others	Reversal or write-off	Others	
Raw materials	9,246,496.78	-	-	7,803,794.80	-	1,442,701.98
Merchandise inventories (finished goods)	-	2,697,873.64	-	-	-	2,697,873.64
Turnover materials	-	18,014.10	-	-	-	18,014.10
<b>Total</b>	9,246,496.78	2,715,887.74	-	7,803,794.80	-	4,158,589.72

### 8. Non-current assets due within one year

Item	31 December 2022	31 December 2021
Long-term receivables due within one year	26,500,000.00	26,500,000.00
Less: Provision for impairment	13,250,000.00	795,000.00
<b>Total</b>	13,250,000.00	25,705,000.00

### 9. Other current assets

Item	31 December 2022	31 December 2021
Input VAT to be deducted	351,022,418.50	448,884,178.02
Input VAT to be certified	9,552,033.29	23,183,088.35
Prepaid income tax	3,029,773.89	5,433,991.46
Prepaid expenses	-	188,102.92
<b>Sub-total</b>	363,604,225.68	477,689,360.75
Less: Provision for impairment	-	-
<b>Total</b>	363,604,225.68	477,689,360.75

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 10. Long-term receivables

Item	31 December 2022			31 December 2021		
	Book value	Credit loss provision	Carrying amount	Book value	Credit loss provision	Carrying amount
Loans due from joint ventures and associates	26,500,000.00	13,250,000.00	13,250,000.00	31,207,503.67	795,940.75	30,411,562.92
Less: Long-term receivables due within one year (Note VIII.8)	26,500,000.00	13,250,000.00	13,250,000.00	26,500,000.00	795,000.00	25,705,000.00
Long-term receivables due after one year	-	-	-	4,707,503.67	940.75	4,706,562.92

For 2022, no credit loss provision was provided (2021: Nil), and the provision for bad debts received or reversed amounted to RMB940.75 (2021: RMB4,537.98).

### 11. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	Opening balance	Increase in the year	Decrease in the year	Other increase (decrease)	Closing balance
Investment in joint ventures	2,048,774,044.14	-	-3,113,242.82	-24,323,908.58	2,021,336,892.74
Investment in associates	1,813,823,156.13	-	-5,652,442.02	-47,599,664.33	1,760,571,049.78
<b>Sub-total</b>	3,862,597,200.27	-	-8,765,684.84	-71,923,572.91	3,781,907,942.52
Less: Provision for impairment of long-term equity investments	8,468,465.03	-	-	-	8,468,465.03
<b>Total</b>	3,854,128,735.24	-	-8,765,684.84	-71,923,572.91	3,773,439,477.49



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (2) Breakdown of long-term equity investments

31 December 2022

Investee	Movements for the year										Balance of provision for impairment at the end of the year
	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Investment gains or losses recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment	
<b>Joint ventures</b>											
Dalian Port Tongji Shipping Agency Co., Ltd.	1,311,300.00	1,271,654.19	-	-	-1,321,560.85	59,906.66	-	-	-	-	-
VTM Terminals Dalian Co., Ltd.	86,676,185.37	184,193,475.87	-	-	-	17,557,029.02	-	-	-10,000,000.00	-	191,750,504.89
Dalian Port PetroChina International Terminal Co., Ltd.	125,000,000.00	236,277,638.10	-	-	-	24,478,698.55	-	-	-35,000,000.00	-	225,756,336.65
Dalian United International Shipping Agency Co., Ltd.	2,175,192.85	16,155,463.15	-	-	-	5,262,134.21	-	-	-4,570,000.00	-	16,847,597.36
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	32,574,640.50	-	-	-	1,346,713.67	-	151,991.22	-	-	34,073,345.39
Dalian Port Yida Cold Chain Co., Ltd.	260,500,000.00	361,994,703.39	-	-	-	36,790,000.00	-	856,126.40	-	-	401,640,829.79
China United Italy Dalian Co., Ltd.	5,103,200.33	1,480,827.06	-	-	-	510,701.15	-	-11,952.53	-	-	1,979,575.68
China Oil Dock Management (Dalian) Co., Ltd.	16,301,068.34	23,381,453.02	-	-	-	8,477,000.00	-	-	-10,708,406.15	-	21,150,046.87
Dalian Dagan Container Terminal Co., Ltd. (Note 1)	5,796,464.21	7,274,281.19	-	-	-	943,328.38	-	-1,823.04	-943,125.50	-	7,272,661.03
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	15,334,583.11	-	-	-	-	-	-	-	-	15,334,583.11
China United International Rail Containers (Dalian) Co., Ltd.	214,000,000.00	171,758,464.77	-	-	-	3,536,247.69	-	-	-	-	175,294,712.46
Dalian Changyong Island Port Co., Ltd.	248,000,000.00	135,695,325.76	-	-	-	-18,284,276.47	-	414,931.74	-	-	117,829,681.03
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	4,000,000.00	24,176,763.89	-	-	-	3,777,657.39	-	128,046.85	-18,137,096.54	-	9,947,569.59
Dalian Changyong Island Port Investment and Development Co., Ltd.	463,147,800.00	358,302,444.62	-	-	-	-15,412,806.70	-	1,269,903.67	-	-	344,159,739.59
Dalian Shunde Jia Supply Chain Management Co., Ltd.	10,000,000.00	-	-	-	-	-	-	-	-	-	8,468,465.03
Ha'ou International Logistics Co., Ltd.	23,000,000.00	27,921,773.46	-	-	-	748,216.87	-	-	-	-	28,669,990.33
Odjel Changyong Terminals (Dalian) Co., Ltd.	14,627,723.47	7,902,231.45	-	-	-	-82,638.16	-	-	-	-	7,819,393.29
Weifang Wanda Container Service Co., Ltd. (Note 2)	1,500,000.00	1,727,412.70	-	-	-	113,417.81	-	-	-	-	1,840,830.51
Dalian Port Xiangyu Grain Logistics Co., Ltd.	49,980,000.00	33,846,263.81	-	-	-	2,801,021.54	-	-	-	-	36,647,305.35
China Shipping Gang Lan Co., Ltd.	90,000,000.00	91,630,080.58	-	-	-	-12,968,679.50	-	-	-	-	78,661,401.08
Dalian New Silk Road International Logistics Co., Ltd. (Note 3)	2,000,000.00	1,767,020.51	-	-	-	14,661.46	-	-	-	-	-
Yingkou Container Terminals Company Limited	16,458,690.85	73,732,915.13	-	-	-	20,379,754.69	-	1,113,594.47	-33,050,394.27	-	62,175,870.02
Sinogran Yingkou Storage and Transportation Co., Ltd. (中儲糧港口儲運有限公司)	192,118,114.69	231,600,142.85	-	-	-	2,116,310.84	-	-	-	-	233,716,453.69
<b>Sub-total</b>	1,889,699,740.11	2,040,305,579.11	-	-	-3,113,242.82	84,164,297.10	-	3,520,816.78	-112,409,024.46	-	2,012,668,427.71
											8,468,465.03

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (2) Breakdown of long-term equity investments (continued)

31 December 2022 (continued)

Investee	Movements for the year										Balance of provision for impairment at the end of the year
	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Investment gains or losses recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment	
<b>Associates</b>											
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,288,520.00	46,826,027.11	-	-	-	22,314,719.43	-	-	-9,720,584.95	-	59,422,161.59
Dalian Wafang Port Engineering Testing Co., Ltd.	2,000,000.00	3,139,580.96	-	-	-	29,673.32	-	-	-	-	3,169,254.28
Dalian Pujie Storage Facility Co., Ltd.	239,636,434.98	98,639,098.54	-	-	-	-1,981,514.34	-	-	-	-	96,657,584.20
Taicang Xinggang Tug Co., Ltd.	6,233,613.00	11,300,772.42	-	-	-	3,290,991.16	-	50,401.14	-6,130,105.40	-	8,512,059.32
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網重大建設天然氣有限公司)	520,000,000.00	698,113,647.84	-	-	-	35,414,388.42	-	742,673.95	-101,645,136.17	-	632,625,530.04
Dalian North Oil Petroleum Logistics Co., Ltd.	60,000,000.00	75,261,880.21	-	-	-	3,441,970.68	-	-20,292.21	-9,800,000.00	-	69,063,561.68
Sino Rai Bohai Train Ferry Co., Ltd.	274,500,288.56	232,488,589.17	-	-	-	-14,321,484.03	-	-	-	-	218,167,105.14
CDC International Logistics Co., Ltd.	90,000,000.00	124,563,359.86	-	-	-	1,548,620.33	-	-	-	-	126,112,180.19
Dalian Shenyang Railway Bureau	5,600,000.00	5,963,569.22	-	-	-5,652,442.02	-251,127.20	-	-	-60,000.00	-	-
Yuangang Logistics Co., Ltd.	152,503,640.00	180,379,539.87	-	-	-	14,341,214.57	-	78,447.22	-11,200,000.00	-	183,599,201.66
Dalian Automobile Terminal Co., Ltd.	43,729,517.84	43,456,007.93	-	-	-	222,548.45	-	-26,750.71	-	-	43,651,805.67
Dalian Singamas International Container Co., Ltd.	600,000.00	645,899.47	-	-	-	23,500.00	-	-	-	-	669,399.47
Liaoning Electronic Port Co., Ltd.	66,576,800.00	88,888,922.80	-	-	-	22,469,408.53	-	-	-	-	111,358,341.33
China Merchants International Technology Company Limited (招商局國際科技有限公司)	213,224,500.00	203,954,250.73	-	-	-	11,641,050.98	-	-	-8,262,505.50	-	207,342,795.21
Angang Yingkou Port Co., Ltd.	1,694,893,312.38	1,613,823,156.13	-	-	-5,652,442.02	96,164,100.30	-	824,568.39	-146,888,333.02	-	1,780,571,048.78
<b>Sub-total</b>											
	3,584,793,052.49	3,854,125,735.24	-	-	-8,765,684.84	182,348,397.40	-	4,745,387.17	-259,017,357.48	-	3,773,439,477.49
<b>Total</b>											8,488,465.03

Note 1: In May 2022, Dalian Dagang China Shipping Container Terminal Co., Ltd., a joint venture of the Group, was renamed as Dalian Dagang Container Terminal Co., Ltd. (大連大港集裝箱碼頭有限公司).

Note 2: In October 2022, Weifang Senda Container Service Co., Ltd., a joint venture of the Group, was renamed as Weifang Weida Container Service Co., Ltd. (濰坊濰大集裝箱服務有限公司).

Note 3: In July 2022, Dalian Port New Silk Road International Logistics Co., Ltd., a joint venture of the Group, was renamed as Dalian New Silk Road International Logistics Co., Ltd. (大連新絲路國際物流有限公司).

# Notes to the Financial Statements (continued)

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## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (2) Breakdown of long-term equity investments (continued)

31 December 2021

Investee	Movements for the year										Closing balance	Balance of provision for impairment at the end of the year
	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Investment gains or losses recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment		
Joint ventures												
Dalian Port Tongli Shipping Agency Co., Ltd.	1,311,300.00	1,101,914.01	-	-	-	169,740.18	-	-	-	-	-	1,271,654.19
VTM Terminals Dalian Co., Ltd.	86,878,165.37	168,159,960.71	-	-	-	26,033,515.16	-	-	-10,000,000.00	-	-	164,193,475.87
Dalian Port PetroChina International Terminal Co., Ltd.	125,000,000.00	236,830,040.06	-	-	-	29,447,596.04	-	-	-30,000,000.00	-	-	236,277,638.10
Dalian United International Shipping Agency Co., Ltd.	2,175,192.85	15,789,101.15	-	-	-	5,016,382.00	-	-	-4,650,000.00	-	-	16,155,483.15
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	31,306,730.37	-	-	-	1,150,561.86	-	117,348.27	-	-	-	32,574,640.50
Dalian Port Yida Cold Chain Co., Ltd.	260,500,000.00	316,307,215.82	-	-	-	45,814,684.66	-	-127,197.09	-	-	-	361,994,703.39
China United Railway (Dalian) Co., Ltd.	5,103,200.33	3,906,906.83	-	-	-	-1,359,472.88	-	45,660.63	-1,112,267.52	-	-	1,480,827.06
China Oil Dock Management (Dalian) Co., Ltd.	16,301,068.34	30,477,086.78	-	-	-	10,708,406.14	-	-	-17,804,039.90	-	-344,670.36	23,381,453.02
Liaoning Electronic Port Co., Ltd.	5,400,000.00	5,928,170.11	-	-	-5,335,999.75	-247,500.00	-	-	-	-	-	-
Dalian Dagang Container Terminal Co., Ltd.	5,798,464.21	7,289,659.66	-	-	-	637,465.63	-	-15,515.57	-637,326.53	-	-	7,274,281.19
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	16,390,677.72	-	-	-	-1,056,094.61	-	-	-	-	-	15,334,583.11
China United International Rail Containers (Dalian) Co., Ltd.	214,000,000.00	170,545,652.78	-	-	-	1,212,811.99	-	-	-	-	-	171,758,464.77
Dalian Changyong Island Port Co., Ltd.	248,000,000.00	134,440,061.48	-	-	-	859,351.83	-	399,912.45	-	-	-	135,699,325.76
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	4,000,000.00	16,136,619.57	-	-	-	8,002,396.29	-	37,758.03	-	-	-	24,178,763.89
Odriel Dalian Port Consulting Co., Ltd.	3,000,000.00	1,326,593.72	-	-	-1,302,758.86	-23,834.86	-	-	-	-	-	-
Dalian Changyong Island Port Investment and Development Co., Ltd.	463,147,800.00	365,188,464.66	-	-	-	-7,395,118.81	-	509,098.77	-	-	-	358,302,444.62
Dalian Shunde Jia Supply Chain Management Co., Ltd.	10,000,000.00	8,752,317.01	-	-	-	-283,851.98	-	-	-	8,468,465.03	-	-
H&ou International Logistics Co., Ltd.	23,000,000.00	22,233,627.75	-	-	-	5,688,145.71	-	-	-	-	-	27,921,773.46
Odriel Changyong Terminals (Dalian) Co., Ltd.	14,627,723.47	7,985,145.40	-	-	-	-82,913.95	-	-	-	-	-	7,902,231.45
Weilang Weida Container Service Co., Ltd.	1,500,000.00	2,515,396.08	-	-	-	51,961.77	-	-	-839,945.15	-	-	1,727,412.70
Dalian Port Xiangyu Grain Logistics Co., Ltd.	49,980,000.00	35,815,332.61	-	-	-	-1,969,048.80	-	-	-	-	-	33,846,283.81
China Shipping Gang Lan Co., Ltd.	90,000,000.00	93,454,339.62	-	-	-	-1,524,259.04	-	-	-	-	-	91,930,080.58
Dalian New Silk Road International Logistics Co., Ltd.	2,000,000.00	2,125,922.95	-	-	-	-358,902.44	-	-	-	-	-	1,767,020.51
Yingkou Container Terminals Company Limited	16,458,690.85	81,331,494.44	-	-	-	33,047,375.22	-	246,493.23	-40,892,450.76	-	-	73,732,915.13
Singnan Yingkou Storage and Transportation Co., Ltd. (中融豐港口储运有限公司)	192,118,114.69	230,808,022.85	-	-	-	792,120.00	-	-	-	-	-	231,600,142.85
Sub-total	1,988,299,740.11	2,006,148,454.14	-	-	-6,638,738.61	154,331,492.11	-	1,213,558.72	-105,936,031.86	8,468,465.03	-344,670.36	2,040,305,579.11
												8,468,465.03

# Notes to the Financial Statements (continued)

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## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (2) Breakdown of long-term equity investments (continued)

31 December 2021 (continued)

	Movements for the year											Balance of provision for impairment at the end of the year	
	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Investment gains or losses recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment	Others		Closing balance
<b>Associates</b>													
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,288,520.00	39,564,912.51	-	-	-	-	11,037,670.12	-	625,444.48	-4,400,000.00	-	-	46,828,027.11
Dalian Wanning Port Engineering Testing Co., Ltd.	2,000,000.00	3,979,643.96	-	-	-	-	-840,063.00	-	-	-	-	-	3,139,580.96
Dalian Fuj Storage Facility Co., Ltd.	239,636,434.98	103,728,192.79	-	-	-	-	-4,889,094.25	-	-	-	-	-	98,839,098.54
Taizang Xinggang Tug Co., Ltd.	6,233,613.00	12,891,717.99	-	-	-	-	4,619,048.43	-	-	-5,999,994.00	-	-	11,300,772.42
National Pipe Network Group Dalian	520,000,000.00	672,600,617.82	-	-	-	-	112,587,384.97	-	171,503.78	-87,246,058.73	-	-	688,113,647.84
Liquefied Natural Gas Co., Ltd.			-	-	-	-		-			-	-	
Dalian North Oil Petroleum Logistics Co., Ltd.	60,000,000.00	77,461,259.24	-	-	-	-	5,808,038.54	-	-7,457.57	-8,000,000.00	-	-	75,261,880.21
Sino Rail Bohai Train Ferry Co., Ltd.	274,500,288.56	241,523,908.68	-	-	-	-	-9,035,319.51	-	-	-	-	-	232,488,589.17
CDC International Logistics Co., Ltd.	90,000,000.00	122,342,691.02	-	-	-	-	2,220,668.94	-	-	-	-	-	124,563,359.86
Dalian Shenyang Railway Bureau	5,600,000.00	5,990,920.69	-	-	-	-	2,648.53	-	-	-	-	-	5,993,569.22
Yuangang Logistics Co., Ltd.	152,503,640.00	178,005,556.61	-	-	-	-	13,384,087.92	-	189,915.34	-11,200,000.00	-	-	180,379,539.87
Dalian Automobile Terminal Co., Ltd.	43,729,517.84	43,257,166.09	-	-	-	-	181,913.60	-	16,928.24	-	-	-	43,456,007.93
Dalian Singsamas International Container Co., Ltd.	600,000.00	-	-	-	-	-	301,229.11	-	-	-	-	-	645,899.47
Liaoning Electronic Port Co., Ltd.			-	-	-	-		-			-	-	
China Merchants International Technology Company Limited (招商局 藍藤 科技 有限公司)	66,576,800.00	-	-	66,576,800.00	-	-	22,312,132.80	-	-	-	-	-	88,888,932.80
Angang Yingkou Port Co., Ltd.	213,224,500.00	193,954,250.73	-	-	-	-	10,000,000.00	-	-	-	-	-	203,954,250.73
<b>Sub-total</b>	1,694,893,312.38	1,695,060,878.13	-	66,576,800.00	-	167,690,326.10	-	996,334.27	-116,846,052.73	-	344,670.36	1,813,823,156.13	-
<b>Total</b>	3,593,193,052.49	3,701,209,332.27	-	66,576,800.00	-6,638,758.61	322,022,018.21	-	2,209,892.99	-222,782,084.59	8,469,465.03	-	3,854,128,735.24	8,468,465.03

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

(3) *Change in provision for impairment of long-term equity investment is as follows:*

2022

Item	Balance as at the beginning of the year	Increase in the year	Decrease in the year	Balance as at the end of the year
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	8,468,465.03	-	-	8,468,465.03

2021

Item	Balance as at the beginning of the year	Increase in the year	Decrease in the year	Balance as at the end of the year
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	-	8,468,465.03	-	8,468,465.03

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (4) Investment in joint ventures

Name of investee	Place of registration	Nature of business	Registered capital (RMB0'000)	Shareholding percentage (%)		Voting right percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Port Tongli Shipping Agency Co., Ltd. (Note 1)	Dalian	Domestic freight and shipping agency	60	50	–	50	Equity method
VTTI Terminals Dalian Co., Ltd.	Dalian	Construction and operation of storage tank harbor	USD28,000,000	50	–	50	Equity method
Dalian Port PetroChina International Terminal Co., Ltd.	Dalian	Oil product harbor, loading and discharging, advisory services	25,000	50	–	50	Equity method
Dalian United International Shipping Agency Co., Ltd.	Dalian	Shipping agency, shipment technical advisory services	500	–	50	50	Equity method
Dalian Vanguard International Logistics Co., Ltd.	Dalian	Storage of international containers	7,400	–	50	50	Equity method
Dalian Port Yidu Cold Chain Co., Ltd. (Note 2)	Dalian	Agency of trade warehousing and freight	52,100	–	46.64	50	Equity method
China United Tally (Dalian) Co., Ltd.	Dalian	Ship tally and others	280	50	–	50	Equity method
China Oil Dock Management (Dalian) Co., Ltd.	Dalian	Oil product dock services	1,000	49	–	49	Equity method
Dalian Dagang Container Terminal Co., Ltd. (Note 3)	Dalian	Container dock services	1,000	–	57	57	Equity method
Dalian Jilong Logistics Co., Ltd.	Dalian	Logistics storage	7,000	–	30	30	Equity method
China United International Rail Containers (Dalian) Co., Ltd.	Dalian	International container services	53,500	–	40	40	Equity method
Odfjell Changxing Terminals (Dalian) Co., Ltd.	Dalian	Development and construction of dock and harbor warehousing facilities	5,000	40	–	40	Equity method
Dalian Changxing Island Port Co., Ltd.	Dalian	Port services	62,000	40	–	40	Equity method
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Dalian	Bulk cargo logistics	1,000	40	–	40	Equity method

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (4) Investment in joint ventures (continued)

Name of investee	Place of registration	Nature of business	Registered capital (RMB0'000)	Shareholding percentage (%)		Voting right percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Changxing Island Port Investment and Development Co., Ltd.	Dalian	Development and construction of dock facilities	95,000	46.58	–	46.58	Equity method
China Shipping Gang Lian Co., Ltd.	Dalian	Shipping services for Hong Kong	30,000	30	–	30	Equity method
Dalian New Silk Road International Logistics Co., Ltd. (Note 4)	Dalian	Domestic and international freight forwarding service	1,000	–	40	40	Equity method
Dalian Shunde Jifa Supply Chain Management Co., Ltd.		Import and export of goods & technology	5,000	–	20	20	Equity method
Ha'ou International Logistics Co., Ltd.	Harbin	International freight agency	10,000	–	23	23	Equity method
Dalian Port Xiangyu Grain Logistics Co., Ltd. (Note 3)	Dalian	Freight agency	9,800	51	–	51	Equity method
Weifang Weida Container Service Co., Ltd.	Weifang	Loading and discharging and storage	500	–	50	50	Equity method
Yingkou Container Terminals Company Limited	Yingkou	Loading and discharging of containers	800	–	50	50	Equity method
Sinograin Yingkou Storage and Transportation Co., Ltd.	Yingkou	Grain and oil storage and processing	39,315.24	–	48.3	48.3	Equity method

Note 1: In November 2022, Dalian Port Tongli Shipping Agency Co., Ltd., a joint venture of the Group, has completed the deregistration procedures with the administration for industry and commerce.

Note 2: Under the investment contract, the shareholder, China Development Fund Co., Ltd. ("China Development Fund"), obtains fixed income each year and does not participate in the Company's decision-making, and thus Jifa Logistics recognises the investment income at 50% of the net profit of Dalian Port Yidu Cold Chain Co., Ltd., net of the income of China Development Fund.

Note 3: In accordance with the Company's Articles of Association, all significant events are jointly decided by investors, and thus it is a joint venture under common control of the Group and other investors.

Note 4: In April 2022, Jifa Logistics, a subsidiary of the Group, transferred its 40% equity interests in Dalian New Silk Road International Logistics Co., Ltd. to a third party at the consideration of the assessed value. Upon completion of the transaction, the Group no longer holds any interest in Dalian New Silk Road International Logistics Co., Ltd..

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (5) Key financial information of important joint ventures

31 December 2022

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	VTTI Terminals Dalian Co., Ltd.	Dalian Changxing Island Port Co., Ltd.	Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧 營口儲運有限 責任公司)
Current assets	323,978,885.81	113,045,553.52	428,919,008.82	50,682,907.40	113,939,146.96	64,393,302.65	416,629,020.92
Including: Cash and cash equivalents	20,572,667.44	77,130,003.58	11,802,867.86	50,609,895.19	89,809,980.35	3,955,784.67	4,257,143.37
Non-current assets	4,191,625,843.15	348,779,027.09	731,023,965.01	406,084,432.68	385,312,548.58	1,828,707,786.24	1,857,920,792.99
Total assets	4,515,604,728.96	461,824,580.61	1,159,942,973.83	456,767,340.08	499,251,695.54	1,893,101,088.89	2,274,549,813.91
Current liabilities	175,517,016.18	23,587,799.46	263,206,890.82	5,254,666.78	50,488,080.13	713,775,477.71	185,036,882.09
Non-current liabilities	3,601,230,392.92	-	93,454,423.43	-	65,262,605.63	884,751,408.60	1,605,627,934.53
Total liabilities	3,776,747,409.10	23,587,799.46	356,661,314.25	5,254,666.78	115,750,685.76	1,598,526,886.31	1,790,664,816.62
Net assets	738,857,319.86	438,236,781.15	803,281,659.58	451,512,673.30	383,501,009.78	294,574,202.58	483,884,997.29
Share of net assets based on shareholding percentage	344,159,739.59	175,294,712.46	401,640,829.79	225,756,336.65	191,750,504.89	117,829,681.03	233,716,453.69
Carrying amount of investment in joint ventures	344,159,739.59	175,294,712.46	401,640,829.79	225,756,336.65	191,750,504.89	117,829,681.03	233,716,453.69



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (5) Key financial information of important joint ventures (continued)

2022

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	VTTI Terminals Dalian Co., Ltd.	Dalian Changxing Island Port Co., Ltd.	Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧 營口儲運有限 責任公司)
Revenue	466,642,372.32	98,830,668.59	409,011,873.09	86,904,761.89	105,493,172.40	175,410,031.92	82,228,669.44
Financial expenses	221,244,639.40	-1,221,883.98	5,424,101.79	-821,617.05	-878,297.50	101,587,090.02	8,607,989.14
Income tax expenses	-	-	12,610,240.54	16,325,956.09	11,111,156.18	-	-
Net profit (net loss represented by "-")	-33,088,468.66	8,840,619.23	77,580,000.00	48,957,397.10	35,114,058.04	-45,711,441.18	4,381,595.94
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-33,088,468.66	8,840,619.23	77,580,000.00	48,957,397.10	35,114,058.04	-45,711,441.18	4,381,595.94
Dividends received from joint ventures in the year	-	-	15,572,028.00	35,000,000.00	10,000,000.00	-	-

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (5) Key financial information of important joint ventures (continued)

31 December 2021

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	VTI Terminals Dalian Co., Ltd.	Dalian Changxing Island Port Co., Ltd.	Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧 營口儲運有限 責任公司)
Current assets	307,301,586.88	81,435,626.84	426,165,143.08	56,377,608.01	81,288,769.04	69,437,741.69	1,872,422,516.30
Including: Cash and cash equivalents	13,219,204.47	46,150,275.04	5,062,515.44	56,297,359.01	59,936,127.27	6,792,944.72	6,065,485.81
Non-current assets	4,356,496,771.19	359,134,357.02	706,031,118.59	421,716,536.86	383,567,875.31	1,882,668,196.05	431,765,345.69
Total assets	4,663,798,358.07	440,569,983.86	1,132,196,261.67	478,094,144.87	464,856,644.35	1,952,105,937.74	2,304,187,861.99
Current liabilities	162,879,430.53	11,173,821.93	308,347,624.42	5,538,868.67	30,501,059.30	641,980,862.77	1,655,183,324.37
Non-current liabilities	3,731,699,424.27	–	99,859,230.47	–	65,968,633.31	970,876,760.57	169,501,136.27
Total liabilities	3,894,578,854.80	11,173,821.93	408,206,854.89	5,538,868.67	96,469,692.61	1,612,857,623.34	1,824,684,460.64
Net assets	769,219,503.27	429,396,161.93	723,989,406.78	472,555,276.20	368,386,951.74	339,248,314.40	479,503,401.35
Share of net assets based on shareholding percentage	358,302,444.62	171,758,464.77	361,994,703.39	236,277,638.10	184,193,475.87	135,699,325.76	231,600,142.85
Carrying amount of investment in joint ventures	358,302,444.62	171,758,464.77	361,994,703.39	236,277,638.10	184,193,475.87	135,699,325.76	231,600,142.85

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (5) Key financial information of important joint ventures (continued)

2021

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	VTTI Terminals Dalian Co., Ltd.	Dalian Changxing Island Port Co., Ltd.	Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧 營口儲運有限 責任公司)
Revenue	480,692,409.78	73,627,020.69	383,162,754.99	104,285,714.30	122,188,878.39	228,058,286.98	172,084,308.85
Financial expenses	234,317,050.89	-880,877.75	4,983,020.01	-897,854.61	-723,072.35	98,826,752.99	9,317,851.77
Income tax expenses	-	-	6,168,580.32	19,576,129.35	15,920,569.56	-	-
Net profit (net loss represented by "-")	-15,876,167.48	3,032,029.98	91,629,369.32	58,895,196.08	52,067,030.32	2,148,379.58	1,640,000.00
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-15,876,167.48	3,032,029.98	91,629,369.32	58,895,196.08	52,067,030.32	2,148,379.58	1,640,000.00
Dividends received from joint ventures in the year	-	-	-	30,000,000.00	10,000,000.00	-	-

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (6) Investment in associates

Name of investee	Place of registration	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Puji Storage Facility Co., Ltd.	Dalian	Other storage services	USD80,000,000	–	40	40	Equity method
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Dalian	Crude oil tank leasing services	10,000	20	–	20	Equity method
Taichang Xinggang Tug Co., Ltd.	Suzhou	Vessel tugging services	1,349.5	42.86	–	42.86	Equity method
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司)	Dalian	LNG related services	260,000	20	–	20	Equity method
Dalian North Oil Petroleum Logistics Co., Ltd.	Dalian	Oil product storage and transportation related services	30,000	20	–	20	Equity method
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Dalian	Engineering testing	500	–	40	40	Equity method
Sino Rail Bohai Train Ferry Co., Ltd.	Yantai	Ferry transportation	120,000	17.5	–	17.5	Equity method
CDC International Logistics Co., Ltd.	Wuhu	International freight agency	30,000	30	–	30	Equity method
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd. (Note)	Dalian	Domestic and international freight agency	2,800	–	20	20	Equity method
Dalian Automobile Terminal Co., Ltd.	Dalian	Domestic and international import and export, loading and discharging and storage services	40,000	32	–	32	Equity method
Dalian Singamas International Container Co., Ltd.	Dalian	Container services	USD13,250,000	–	43.63	43.63	Equity method
Liaoning Electronic Port Co., Ltd.	Dalian	Computer system services, data processing, etc.	1,200	–	5	5	Equity method
China Merchants International Technology Company Limited (招商局國際科技有限公司)	Dalian	Computer system services, data processing, etc.	8,784.8	–	35.64	35.64	Equity method
Angang Yingkou Port Co., Ltd.	Yingkou	Port engineering construction, loading, unloading and handling	80,154.58	–	20	20	Equity method

Note: In December 2022, Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd., an associate of the Group, has completed the de-registration procedures with the administration for industry and commerce.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (7) Key financial information of important associates

31 December 2022

Item	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集 團大連液化 天然氣有限公司)	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Angang Yingkou Port Co., Ltd.
Current assets	1,344,967,157.16	792,451,352.80	195,179,970.50	14,080,873.12	153,398,256.54	683,493,438.15
Non-current assets	1,919,625,264.11	552,341,188.77	1,415,738,567.41	387,267,425.20	546,472,781.21	413,479,438.92
Total assets	3,264,592,421.27	1,344,792,541.57	1,610,918,537.91	401,348,298.32	699,871,037.75	1,096,972,877.07
Current liabilities	100,221,946.01	642,521,483.80	62,270,532.34	7,991,831.43	133,791,089.59	60,258,901.02
Non-current liabilities	1,242,575.07	196,831,041.89	301,978,833.34	96,000,000.00	-	-
Total liabilities	101,464,521.08	839,352,525.69	364,249,365.68	103,991,831.43	133,791,089.59	60,258,901.02
Minority interests	-	85,066,081.91	-	-	-	-
Equity attributable to shareholders of the parent company	3,163,127,900.19	420,373,933.97	1,246,669,172.23	297,356,466.89	566,079,948.16	1,036,713,976.05
Share of net assets based on shareholding percentage	632,625,580.04	126,112,180.19	218,167,105.14	118,942,586.76	181,145,583.41	207,342,795.21
Adjustments	-	-	-	-22,085,002.56	2,453,618.25	-
Carrying amount of investment in associates	632,625,580.04	126,112,180.19	218,167,105.14	96,857,584.20	183,599,201.66	207,342,795.21

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (7) Key financial information of important associates (continued)

2022

Item	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集 團大連液化 天然氣有限公司)	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Angang Yingkou Port Co., Ltd.
Revenue	571,119,060.81	1,365,679,529.87	491,486,997.87	45,526,392.57	193,838,322.20	339,123,068.90
Financial expenses	81,013.91	24,078,535.99	10,703,360.85	6,064,877.99	-1,299,330.54	-15,918,655.11
Income tax expenses	62,207,957.07	3,028,846.92	4,290,563.26	-	15,573,282.48	21,009,706.66
Net profit (net loss represented by "-")	177,071,942.10	5,162,734.43	-81,837,051.60	-4,953,785.85	44,816,295.53	58,205,254.90
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	177,071,942.10	5,162,734.43	-81,837,051.60	-4,953,785.85	44,816,295.53	58,205,254.90
Dividends received from associates in the year	101,645,136.17	-	-	-	11,200,000.00	8,252,506.50

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (7) Key financial information of important associates (continued)

31 December 2021

Item	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集 團大連液化 天然氣有限公司)	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Angang Yingkou Port Co., Ltd.
Current assets	1,638,336,304.72	692,081,269.93	232,811,713.08	16,315,497.35	107,767,298.97	606,915,149.67
Non-current assets	2,108,471,862.70	579,188,127.88	1,526,127,744.06	417,443,097.39	525,973,224.82	453,449,235.01
Total assets	3,746,808,167.42	1,271,269,397.81	1,758,939,457.14	433,758,594.74	633,740,523.79	1,060,364,384.68
Current liabilities	256,239,928.22	540,441,054.89	151,956,606.35	16,544,540.61	77,722,018.73	40,593,131.03
Non-current liabilities	–	315,617,143.39	252,126,280.33	113,050,000.00	–	–
Total liabilities	256,239,928.22	856,058,198.28	404,082,886.68	129,594,540.61	77,722,018.73	40,593,131.03
Minority interests	–	–	26,350,346.63	–	–	–
Equity attributable to shareholders of the parent company	3,490,568,239.20	415,211,199.53	1,328,506,223.83	304,164,054.13	556,018,505.06	1,019,771,253.65
Share of net assets based on shareholding percentage	698,113,647.84	124,563,359.86	232,488,589.17	121,665,621.65	177,925,921.62	203,954,250.73
Adjustments	–	–	–	-22,826,523.11	2,453,618.25	–
Carrying amount of investment in associates	698,113,647.84	124,563,359.86	232,488,589.17	98,839,098.54	180,379,539.87	203,954,250.73

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (7) Key financial information of important associates (continued)

2021

Item	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集 團大連液化 天然氣有限公司)	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Angang Yingkou Port Co., Ltd.
Revenue	1,149,290,152.29	1,140,581,227.88	416,076,078.04	41,326,426.62	206,718,669.86	315,400,067.70
Financial expenses	134,124.56	23,300,597.06	12,396,044.77	7,521,354.87	-944,010.56	-16,260,073.42
Income tax expenses	189,208,042.63	1.11	2,175,565.68	-	15,125,969.64	26,885,052.28
Net profit (net loss represented by "-")	562,937,924.85	7,402,229.47	-51,630,397.20	-12,222,735.63	41,825,212.25	50,000,000.00
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	562,937,924.85	7,402,229.47	-51,630,397.20	-12,222,735.63	41,825,212.25	50,000,000.00
Dividends received from associates in the year	87,246,058.73	-	-	-	11,200,000.00	-



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 11. Long-term equity investments (continued)

#### (8) Summary information of other unimportant joint ventures and associates

Item	31 December 2022	31 December 2021
<b>Joint ventures:</b>		
Aggregate carrying amount of investments	<b>322,720,169.61</b>	360,479,383.75
Aggregate amount of the following items calculated in the Group's equity proportion		
Net profit	<b>31,383,196.17</b>	57,566,529.24
Other comprehensive income	—	—
Total comprehensive income	<b>31,383,196.17</b>	57,566,529.24
<b>Associates:</b>		
Aggregate carrying amount of investments	<b>295,866,603.34</b>	275,484,670.12
Aggregate amount of the following items calculated in the Group's equity proportion		
Net profit	<b>51,541,624.37</b>	43,422,618.13
Other comprehensive income	—	—
Total comprehensive income	<b>51,541,624.37</b>	43,422,618.13

### 12. Investments in other equity instruments

Item	Changes in fair value accumulated in other comprehensive income	31 December 2022	31 December 2021	Dividend income	Reason for being designated as investments in other equity instruments
Jinzhou New Age Container Terminal Co., Ltd.	35,821,151.91	<b>88,664,785.91</b>	98,529,830.29	9,374,935.25	Non-trading equity instrument and will not be sold in foreseeable future
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	-15,307,528.35	<b>44,692,471.65</b>	43,783,766.12	—	
Dalian Port Design and Research Institute Co., Ltd.	6,128,966.58	<b>6,763,566.58</b>	2,168,792.72	—	
Da-In Ferry Co., Ltd.	4,404,050.29	<b>6,304,107.79</b>	10,157,900.53	—	
Fujian Ninglian Port Co., Ltd.	—	—	10,977,078.89	—	
Dalian Xin Beiliang Co., Ltd.	-5,739,685.33	<b>10,444,714.67</b>	13,674,485.72	2,194,152.42	
<b>Total</b>	25,306,955.10	<b>156,869,646.60</b>	179,291,854.27	11,569,087.67	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 12. Investments in other equity instruments (continued)

(1) The Group's investments in other equity instruments derecognised during the year are as follows:

Item	Reason for disposal	Fair value at derecognition	Cumulative gains/losses
Fujian Ninglian Port Co., Ltd. (Note)	Equity transfer	13,419,666.00	1,419,666.00
<b>Total</b>	—	13,419,666.00	1,419,666.00

Note: In August 2022, the Group disposed of this other equity instrument investment and transferred other comprehensive income totaling RMB1,419,666.00 to retained earnings (2021: Nil).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 13. Investment properties

*Investment properties measured at cost*

2022

Item	Buildings	Land use rights	Terminal facilities	Total
<b>I. Original value</b>				
Opening	182,714,220.80	49,038,994.53	100,893,640.92	332,646,856.25
Transfer from fixed assets	5,563,657.80	–	–	5,563,657.80
Transfer to intangible assets	–	18,696.17	–	18,696.17
Closing	188,277,878.60	49,020,298.36	100,893,640.92	338,191,817.88
<b>II. Accumulated depreciation and accumulated amortisation</b>				
Opening	80,169,181.19	14,446,696.55	53,594,785.17	148,210,662.91
Provision for the year	7,270,379.44	1,090,750.72	7,886,432.35	16,247,562.51
Transfer from fixed assets	5,264,071.00	–	–	5,264,071.00
Transfer to intangible assets	–	6,376.65	–	6,376.65
Closing	92,703,631.63	15,531,070.62	61,481,217.52	169,715,919.77
<b>III. Provision for impairment</b>				
Opening	–	–	–	–
Closing	–	–	–	–
<b>IV. Net amount</b>				
Opening	102,545,039.61	34,592,297.98	47,298,855.75	184,436,193.34
Closing	95,574,246.97	33,489,227.74	39,412,423.40	168,475,898.11

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 13. Investment properties (continued)

#### *Investment properties measured at cost (continued)*

2021

Item	Buildings	Land use rights	Terminal facilities	Total
<b>I. Original value</b>				
Opening	182,714,220.80	33,546,415.49	100,893,640.92	317,154,277.21
Transfer from intangible assets	–	15,492,579.04	–	15,492,579.04
Closing	182,714,220.80	49,038,994.53	100,893,640.92	332,646,856.25
<b>II. Accumulated depreciation and accumulated amortisation</b>				
Opening	57,183,306.60	8,572,494.11	48,671,162.47	114,426,963.18
Provision for the year	22,985,874.59	724,434.35	4,923,622.70	28,633,931.64
Transfer from intangible assets	–	5,149,768.09	–	5,149,768.09
Closing	80,169,181.19	14,446,696.55	53,594,785.17	148,210,662.91
<b>III. Provision for impairment</b>				
Opening	–	–	–	–
Closing	–	–	–	–
<b>IV. Net amount</b>				
Opening	125,530,914.20	24,973,921.38	52,222,478.45	202,727,314.03
Closing	102,545,039.61	34,592,297.98	47,298,855.75	184,436,193.34

### 14. Fixed assets

Item	31 December 2022	31 December 2021
Fixed assets	30,687,870,142.06	31,611,841,070.16
Disposal of fixed assets	6,447,501.72	6,582,492.48
<b>Total</b>	<b>30,694,317,643.78</b>	31,618,423,562.64

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 14. Fixed assets (continued)

#### (1) Fixed assets

##### 1) Breakdown of fixed assets

2022

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
<b>I. Original book value</b>					
Opening balance	3,491,142,211.13	33,754,209,044.88	4,230,348,895.26	11,456,965,775.37	52,932,665,926.64
Purchase	2,160,036.92	5,267,371.27	8,658,512.23	91,968,609.45	108,054,529.87
Transfer from construction in progress	19,205,728.03	423,774,963.75	14,918,440.95	363,846,545.11	821,745,677.84
Disposal or obsolescence	-	1,160.00	107,648,945.67	48,491,758.42	156,141,864.09
Transfer to investment properties	5,563,657.80	-	-	-	5,563,657.80
Closing balance	3,506,944,318.28	34,183,250,219.90	4,146,276,902.77	11,864,289,171.51	53,700,760,612.46
<b>II. Accumulated depreciation</b>					
Opening balance	1,087,207,078.18	10,478,143,767.16	2,226,625,737.91	7,483,855,659.71	21,275,832,242.96
Provision	162,050,736.38	939,316,826.62	183,679,523.68	560,155,410.30	1,845,202,496.98
Disposal or obsolescence	-	1,122.88	101,779,627.97	46,092,061.21	147,872,812.06
Transfer to investment properties	5,264,071.00	-	-	-	5,264,071.00
Closing balance	1,243,993,743.56	11,417,459,470.90	2,308,525,633.62	7,997,919,008.80	22,967,897,856.88

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements - continued

### 14. Fixed assets (continued)

#### (1) Fixed assets (continued)

##### 1) Breakdown of fixed assets (continued)

#### 2022 (continued)

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
<b>III. Provision for impairment</b>					
Opening balance	-	44,992,613.52	-	-	44,992,613.52
Closing balance	-	44,992,613.52	-	-	44,992,613.52
<b>IV. Carrying amount</b>					
Opening balance	2,403,935,132.95	23,231,072,664.20	2,003,723,157.35	3,973,110,115.66	31,611,841,070.16
Closing balance	2,262,950,574.72	22,720,798,135.48	1,837,751,269.15	3,866,370,162.71	30,687,870,142.06
Pledged net assets at the end of year	-	-	-	-	-

Note: Some of the assets of DCT Logistics, a subsidiary of the Company, were seized, frozen and detained by the major warehousing client due to its involvement in lawsuits. As at 31 December 2022, its fixed assets with a carrying amount of RMB60,935,935.77 were seized (31 December 2021: RMB34,591,936.86). Please refer to Note VIII. 23 and Note XII.1.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 14. Fixed assets (continued)

#### (1) Fixed assets (continued)

##### 1) Breakdown of fixed assets (continued)

2021

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
<b>I. Original book value</b>					
Opening balance	3,431,970,729.98	29,904,778,932.10	4,220,610,819.31	10,893,884,586.47	48,451,245,067.86
Increase in change of scope of combination	-	-	-	-	-
Purchase	54,454,019.60	3,133,341,474.39	17,572,255.06	631,465,123.78	3,836,832,872.83
Transfer from construction in progress	5,803,046.85	832,126,579.52	14,693,386.78	78,109,893.63	930,732,906.78
Disposal or obsolescence	391,021.00	3,649,477.88	20,544,391.53	117,822,013.34	142,406,903.75
Decrease in change of scope of combination	694,564.30	458,919.75	1,983,174.36	28,671,815.17	31,808,473.58
Transfer to construction in progress	-	111,929,543.50	-	-	111,929,543.50
Closing balance	3,491,142,211.13	33,754,209,044.88	4,230,348,895.26	11,456,965,775.37	52,932,665,926.64
<b>II. Accumulated depreciation</b>					
Opening balance	938,464,921.83	9,443,225,974.30	2,063,338,901.56	7,055,840,492.25	19,500,870,289.94
Provision	149,107,707.61	890,988,024.68	184,483,129.78	554,287,634.11	1,778,866,496.18
Transfer from construction in progress	-	193,513,471.25	-	-	193,513,471.25
Disposal or obsolescence	155,768.16	1,823,089.94	19,782,473.04	104,269,858.30	126,031,189.44
Decrease in change of scope of combination	209,783.10	75,536.90	1,413,820.39	22,002,608.35	23,701,748.74
Transfer to construction in progress	-	47,685,076.23	-	-	47,685,076.23
Closing balance	1,087,207,078.18	10,478,143,767.16	2,226,625,737.91	7,483,855,659.71	21,275,832,242.96

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements - continued

### 14. Fixed assets (continued)

#### (1) Fixed assets (continued)

##### 1) Breakdown of fixed assets (continued)

2021 (continued)

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
<b>III. Provision for impairment</b>					
Opening balance	-	-	-	-	-
Provision (Note)	-	44,992,613.52	-	-	44,992,613.52
Decrease in change of scope of combination	-	-	-	-	-
Closing balance	-	44,992,613.52	-	-	44,992,613.52
<b>IV. Carrying amount</b>					
Opening	2,493,505,808.15	20,461,552,957.80	2,157,271,917.75	3,838,044,094.22	28,950,374,777.92
Closing	2,403,935,132.95	23,231,072,664.20	2,003,723,157.35	3,973,110,115.66	31,611,841,070.16
Pledged net assets at the end of year	-	-	-	-	-

Note: Heilongjiang Suimu Logistics Co., Ltd., a subsidiary of the Group, suspended part of its business operation in 2021 and provided for impairment of fixed assets of RMB44,992,613.52 based on the estimated recoverable amount of its assets.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 14. Fixed assets (continued)

#### (1) Fixed assets (continued)

##### 2) Fixed assets leased out under operating leases

2022

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
<b>I. Original book value</b>					
Opening balance	10,474,788.54	1,419,329,338.57	1,069,857,795.91	513,762,717.52	3,013,424,640.54
Increase in the year	1,340,053.51	2,234,756.22	55,778,913.82	54,697,877.45	114,051,601.00
Decrease in the year	1,591,298.57	4,787,160.51	26,645,332.21	20,044,249.87	53,068,041.16
Closing balance	10,223,543.48	1,416,776,934.28	1,098,991,377.52	548,416,345.10	3,074,408,200.38
<b>II. Accumulated depreciation</b>					
Opening balance	4,228,457.36	693,933,797.68	456,874,197.73	382,309,456.02	1,537,345,908.79
Increase in the year	911,040.92	29,223,064.08	85,863,226.78	54,256,305.92	170,253,637.70
Decrease in the year	698,727.14	1,774,876.78	23,235,247.67	17,719,259.90	43,428,111.49
Closing balance	4,440,771.14	721,381,984.98	519,502,176.84	418,846,502.04	1,664,171,435.00
<b>III. Carrying amount</b>					
Opening	6,246,331.18	725,395,540.89	612,983,598.18	131,453,261.50	1,476,078,731.75
Closing	5,782,772.34	695,394,949.30	579,489,200.68	129,569,843.06	1,410,236,765.38

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 14. Fixed assets (continued)

#### (1) Fixed assets (continued)

##### 2) Fixed assets leased out under operating leases (continued)

2021

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
<b>I. Original book value</b>					
Opening balance	14,903,961.39	1,443,480,885.23	1,071,074,475.99	510,197,841.12	3,039,657,163.73
Increase in the year	1,652,227.48	33,890,958.12	19,842,992.41	23,343,194.02	78,729,372.03
Decrease in the year	6,081,400.33	58,042,504.78	21,059,672.49	19,778,317.62	104,961,895.22
Closing balance	10,474,788.54	1,419,329,338.57	1,069,857,795.91	513,762,717.52	3,013,424,640.54
<b>II. Accumulated depreciation</b>					
Opening balance	4,546,082.61	648,552,963.84	434,423,560.02	351,769,663.38	1,439,292,269.85
Increase in the year	1,110,671.00	57,458,640.29	37,447,984.38	48,303,369.95	144,320,665.62
Decrease in the year	1,428,296.25	12,077,806.45	14,997,346.67	17,763,577.31	46,267,026.68
Closing balance	4,228,457.36	693,933,797.68	456,874,197.73	382,309,456.02	1,537,345,908.79
<b>III. Carrying amount</b>					
Opening	10,357,878.78	794,927,921.39	636,650,915.97	158,428,177.74	1,600,364,893.88
Closing	6,246,331.18	725,395,540.89	612,983,598.18	131,453,261.50	1,476,078,731.75

##### 3) Fixed assets pending certificates of ownership

Item	31 December 2022 Carrying amount	31 December 2021 Carrying amount
Buildings	867,187,834.70	918,257,983.67

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 14. Fixed assets (continued)

#### (1) Fixed assets (continued)

##### 4) Others

Item	Amount
1. Original value of fixed assets fully depreciated in the year but still in use	5,473,657,531.48
2. Original value of fixed assets not in use at the end of the year	–
3. Disposal and retirement of fixed assets in the year	
(1) Original value of fixed assets disposed and retired in the year	156,141,864.09
(2) Net value of fixed assets disposed and retired in the year	8,269,052.03
(3) Gains and losses from disposal and retirement of fixed assets in the year	1,635,827.37

#### (2) Disposal of fixed assets

Item	31 December 2022	31 December 2021
Port and terminal facilities	163,986.76	164,816.00
Automobiles and ships	1,130,866.83	1,464,424.79
Machinery, furniture, appliances and other equipment	5,152,648.13	4,953,251.69
<b>Total</b>	<b>6,447,501.72</b>	6,582,492.48

### 15. Construction in progress

#### (1) Construction in progress

Item	31 December 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Dayao Bay No. 13-16 Berths in Phase II	722,465,600.62	–	722,465,600.62	722,465,600.62	–	722,465,600.62
No. 19-21 Berths Construction in Progress	519,858,654.93	–	519,858,654.93	520,158,654.93	–	520,158,654.93
Xingang No. 18-21 Berths	351,516,342.18	–	351,516,342.18	351,516,342.18	–	351,516,342.18
Dayao Bay North Shore Automotive Logistics Centre	148,898,592.13	–	148,898,592.13	148,898,592.13	–	148,898,592.13
Renovation of No. 59-60 Berths	–	–	–	559,801,158.70	–	559,801,158.70
Others	513,920,260.87	8,942,675.89	504,977,584.98	394,609,189.45	–	394,609,189.45
<b>Total</b>	<b>2,256,659,450.73</b>	<b>8,942,675.89</b>	<b>2,247,716,774.84</b>	2,697,449,538.01	–	2,697,449,538.01

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 15. Construction in progress (continued)

#### (2) Book balance and changes of construction in progress at the end of the period

2022

Item	Budget	Opening balance	Additions in the year	Transferred to fixed assets, intangible assets, investment properties and long-term prepaid expenses	Impact of change in scope of combination	Provision for impairment	Closing balance	% of investment to budget	Progress of construction (%)	Accumulative amount of capitalized interests	Including: Interests capitalized in current year	Capitalisation rate (%)	Source of funds
Dayao Bay No. 13-16 Berths in Phase II	3,783,000,000.00	722,465,600.62	-	-	-	-	722,465,600.62	93	93	237,311,095.64	-	-	Self-owned funds, loans from financial institutions and other sources
No. 19-21 Berths Construction in Progress	2,515,822,200.00	520,138,654.93	590,000.00	890,000.00	-	-	519,868,654.93	21	21	70,396,661.32	-	-	Self-owned funds and loans from financial institutions
Xingang No. 18-21 Berths	413,770,000.00	351,516,342.18	-	-	-	-	351,516,342.18	86	86	83,522,029.54	-	-	Loans from financial institutions
Dayao Bay North Shore Automotive Logistics Centre	450,000,000.00	146,898,592.13	-	-	-	-	146,898,592.13	33	33	8,054,440.28	-	-	Self-owned funds and loans from financial institutions
Renovation of No. 59-60 Berths	1,201,126,300.00	559,801,136.70	124,630,745.67	684,431,904.37	-	-	-	100	100	-	-	-	Self-owned funds
Others	1,225,769,810.65	394,609,188.45	284,163,704.71	164,852,633.29	-	8,942,675.89	504,977,584.98	-	-	6,090,158.98	-	-	-
<b>Total</b>	<b>9,589,488,310.65</b>	<b>2,697,449,538.01</b>	<b>409,384,450.38</b>	<b>850,174,537.66</b>	<b>-</b>	<b>8,942,675.89</b>	<b>2,247,716,774.84</b>			<b>405,374,385.76</b>	<b>-</b>	<b>-</b>	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 15. Construction in progress (continued)

#### (2) Book balance and changes of construction in progress at the end of the period (continued)

2021

Item	Budget	Opening balance	Additions in the year	Transferred to fixed assets, intangible assets, investment properties and long-term prepaid expenses	Impact of change in scope of combination	Other decreases	Closing balance	% of investment to budget	Progress of construction (%)	Accumulative amount of capitalized interests	Including: Interests capitalized in current year	Capitalisation rate (%)	Source of funds
Dayao Bay No. 13-16 Berths in Phase II	3,783,000,000.00	722,441,503.06	24,097.56	-	-	-	722,465,600.62	93	93	237,311,095.64	-	-	Self-owned funds, loans from financial institutions and other sources
No.19-21 Berths Construction in Progress	2,515,823,200.00	520,158,654.93	-	-	-	-	520,158,654.93	21	21	70,396,661.32	-	-	Self-owned funds and loans from financial institutions
Xingang No. 18-21 Berths	413,770,000.00	351,516,342.18	-	-	-	-	351,516,342.18	86	86	83,522,029.54	-	-	Loans from financial institutions and other sources
Dayao Bay North Shore Automotive Logistics Centre	450,000,000.00	148,898,592.13	-	-	-	-	148,898,592.13	33	33	8,054,440.28	-	-	Self-owned funds and loans from financial institutions
Renovation of No. 59-60 Berths	1,201,126,300.00	733,515,641.21	414,973,864.93	588,688,347.44	-	-	559,801,158.70	47	47	-	-	-	Self-owned funds
Others	1,012,045,819.94	172,118,380.74	376,534,688.85	153,043,880.14	-	-	394,609,189.45	-	-	6,090,158.98	-	-	
<b>Total</b>	<b>9,375,765,319.94</b>	<b>2,648,649,114.25</b>	<b>790,532,651.34</b>	<b>741,732,227.58</b>	<b>-</b>	<b>-</b>	<b>2,697,449,538.01</b>			<b>405,374,395.76</b>	<b>-</b>		

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 16. Right-of-use assets

2022

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Others	Total
<b>I. Original value</b>						
Opening balance	143,108,934.98	3,376,922,803.94	4,536,482.08	-	1,384,685,719.38	4,909,253,940.38
Increase in the year	13,585,664.24	1,031,802,091.61	848,826.89	2,120,525.96	271,050,993.77	1,319,408,102.47
Decrease in the year	10,020,794.94	550,375,235.71	1,618,138.87	-	9,163,116.90	571,177,286.42
Closing balance	146,673,804.28	3,858,349,659.84	3,767,170.10	2,120,525.96	1,646,573,596.25	5,657,484,756.43
<b>II. Accumulated depreciation</b>						
Opening balance	34,258,297.75	291,772,006.11	1,328,239.77	-	167,429,049.03	494,787,592.66
Increase in the year	18,199,547.26	166,290,017.65	661,438.06	462,423.72	59,702,573.69	245,316,000.38
Decrease in the year	2,945,758.77	51,365,686.56	1,155,222.72	-	2,642,495.56	58,109,163.61
Closing balance	49,512,086.24	406,696,337.20	834,455.11	462,423.72	224,489,127.16	681,994,429.43
<b>III. Provision for impairment</b>						
Opening balance	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>IV. Net amount</b>						
Opening balance	108,850,637.23	3,085,150,797.83	3,208,242.31	-	1,217,256,670.35	4,414,466,347.72
Closing balance	97,161,718.04	3,451,653,322.64	2,932,714.99	1,658,102.24	1,422,084,469.09	4,975,490,327.00

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 16. Right-of-use assets (continued)

2021

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Others	Total
<b>I. Original value</b>						
Opening balance	138,228,953.70	5,137,393,887.58	4,567,750.68	90,153.22	1,818,628,126.37	7,098,908,871.55
Increase in the year	10,050,309.77	914,685,302.44	2,691,402.98	–	71,892,889.95	999,319,905.14
Decrease in the year	4,780,497.72	2,675,156,386.08	2,722,671.58	90,153.22	505,835,296.94	3,188,585,005.54
Decrease in change of scope of combination	-389,830.77	–	–	–	–	-389,830.77
Closing balance	143,108,934.98	3,376,922,803.94	4,536,482.08	–	1,384,685,719.38	4,909,253,940.38
<b>II. Accumulated depreciation</b>						
Opening balance	16,911,552.25	374,171,727.08	1,472,792.20	5,634.58	180,230,686.72	572,792,392.83
Increase in the year	19,603,166.65	245,819,441.98	648,524.26	4,695.50	58,173,251.42	324,249,079.81
Decrease in the year	2,126,477.47	328,219,162.95	793,076.69	10,330.08	70,974,889.11	402,123,936.30
Decrease in change of scope of combination	-129,943.68	–	–	–	–	-129,943.68
Closing balance	34,258,297.75	291,772,006.11	1,328,239.77	–	167,429,049.03	494,787,592.66
<b>III. Provision for impairment</b>						
Opening balance	–	–	–	–	–	–
Closing balance	–	–	–	–	–	–
<b>IV. Net amount</b>						
Opening balance	121,317,401.45	4,763,222,160.50	3,094,958.48	84,518.64	1,638,397,439.65	6,526,116,478.72
Closing balance	108,850,637.23	3,085,150,797.83	3,208,242.31	–	1,217,256,670.35	4,414,466,347.72

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 17. Intangible assets

2022

Item	Land use rights	Software	Port facility use rights	Others	Total
<b>I. Original book value</b>					
1. Opening balance	6,056,618,578.86	294,843,892.55	407,216,152.62	66,086,080.90	6,824,764,704.93
2. Increase in the year					
(1) Additions	-	4,570,364.13	-	-	4,570,364.13
(2) Transfer from construction in progress	-	28,428,859.82	-	-	28,428,859.82
(3) Transfer from investment properties	18,696.17	-	-	-	18,696.17
(4) Transfer from development expenditure	-	14,780,000.00	-	-	14,780,000.00
3. Decrease in the year					
(1) Disposal	-	-	-	-	-
(2) Decrease in change of scope of combination	-	-	-	-	-
(3) Transfer to investment properties	-	-	-	-	-
(4) Other decreases	2,000,000.00	-	-	-	2,000,000.00
4. Closing balance	6,054,637,275.03	342,623,116.50	407,216,152.62	66,086,080.90	6,870,562,625.05
<b>II. Accumulated amortisation</b>					
1. Opening balance	790,854,401.08	201,913,413.01	142,258,277.30	64,901,066.15	1,199,927,157.54
2. Increase in the year					
(1) Provision	149,987,855.23	18,796,280.59	9,593,482.08	1,185,014.75	179,562,632.65
(2) Increase in change of scope of combination	-	-	-	-	-
(3) Transfer from investment properties	6,376.65	-	-	-	6,376.65
3. Decrease in the year					
(1) Disposal	-	-	-	-	-
(2) Decrease in change of scope of combination	-	-	-	-	-
(3) Transfer to investment properties	-	-	-	-	-
4. Closing balance	940,848,632.96	220,709,693.60	151,851,759.38	66,086,080.90	1,379,496,166.84
<b>III. Provision for impairment</b>					
1. Opening balance	-	-	-	-	-
2. Increase in the year	-	-	-	-	-
3. Decrease in the year	-	-	-	-	-
4. Closing balance	-	-	-	-	-
<b>IV. Carrying amount</b>					
1. Closing balance	5,113,788,642.07	121,913,422.90	255,364,393.24	-	5,491,066,458.21
2. Opening balance	5,265,764,177.78	92,930,479.54	264,957,875.32	1,185,014.75	5,624,837,547.39
Pledged net assets at the end of the year	-	-	-	-	-

Note: Some of the assets of DCT Logistics, a subsidiary of the Company, were seized, frozen and detained by the major warehousing client due to its involvement in lawsuits. As at 31 December 2022, its intangible assets with a carrying amount of RMB21,675,825.44 were seized (31 December 2021: RMB22,410,394.75). Please refer to Note VIII. 23 and Note XII.1.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 17. Intangible assets (continued)

2021

Item	Land use rights	Software	Port facility use rights	Others	Total
<b>I. Original book value</b>					
1. Opening balance	3,653,002,938.01	362,211,777.26	407,216,152.62	66,086,080.90	4,488,516,948.79
2. Increase in the year					
(1) Additions	2,431,716,339.89	6,942,051.40	–	–	2,438,658,391.29
(2) Transfer from construction in progress	–	4,512,792.05	–	–	4,512,792.05
(3) Increase in change of scope of combination	–	–	–	–	–
(4) Other increases	–	–	–	–	–
3. Decrease in the year					
(1) Disposal	–	255,207.54	–	–	255,207.54
(2) Decrease in change of scope of combination	–	78,567,520.62	–	–	78,567,520.62
(3) Transfer to investment properties	15,492,579.04	–	–	–	15,492,579.04
(4) Other decreases	12,608,120.00	–	–	–	12,608,120.00
4. Closing balance	6,056,618,578.86	294,843,892.55	407,216,152.62	66,086,080.90	6,824,764,704.93
<b>II. Accumulated amortisation</b>					
1. Opening balance	700,793,615.20	262,174,126.95	132,937,908.48	61,984,809.95	1,157,890,460.58
2. Increase in the year					
(1) Provision	95,210,553.97	17,685,424.80	9,320,368.82	2,916,256.20	125,132,603.79
(2) Increase in change of scope of combination	–	–	–	–	–
(3) Other increases	–	–	–	–	–
3. Decrease in the year					
(1) Disposal	–	210,867.99	–	–	210,867.99
(2) Decrease in change of scope of combination	–	77,735,270.75	–	–	77,735,270.75
(3) Transfer to investment properties	5,149,768.09	–	–	–	5,149,768.09
4. Closing balance	790,854,401.08	201,913,413.01	142,258,277.30	64,901,066.15	1,199,927,157.54
<b>III. Provision for impairment</b>					
1. Opening balance	–	–	–	–	–
2. Increase in the year	–	–	–	–	–
3. Decrease in the year	–	–	–	–	–
4. Closing balance	–	–	–	–	–
<b>IV. Carrying amount</b>					
1. Closing balance	5,265,764,177.78	92,930,479.54	264,957,875.32	1,185,014.75	5,624,837,547.39
2. Opening balance	2,952,209,322.81	100,037,650.31	274,278,244.14	4,101,270.95	3,330,626,488.21
Pledged net assets at the end of the year	–	–	–	–	–

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 17. Intangible assets (continued)

The Group's management believes that no provision for impairment of intangible assets is required at the balance sheet date.

As at 31 December 2022, the intangible assets for which the certificate of title had not been obtained are as follows:

Item	31 December 2022 Carrying amount	31 December 2021 Carrying amount
Land use rights	3,407,469.74	3,580,730.90

### 18. Development expenditure

2022

Item	Increase in the year				Decrease in the year			Affected amount of translation of foreign currency financial statements	Closing balance
	Opening balance	Impact of change in scope of combination	Internal development expenditure	Others	Transfer to intangible assets	Included in current profit or loss	Others		
Research and development of smart terminal	13,695,980.00	-	-	13,768,711.00	14,780,000.00	-	-	-	12,684,691.00
Others	-	-	3,832,415.04	1,854,763.81	-	5,687,178.85	-	-	-
<b>Total</b>	<b>13,695,980.00</b>	<b>-</b>	<b>3,832,415.04</b>	<b>15,623,474.81</b>	<b>14,780,000.00</b>	<b>5,687,178.85</b>	<b>-</b>	<b>-</b>	<b>12,684,691.00</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 18. Development expenditure (continued)

2021

Item	Opening balance	Impact of change in scope of combination	Increase in the year		Decrease in the year		Affected amount of translation of foreign currency financial statements	Closing balance
			Internal development expenditure	Others	Transfer to intangible assets	Included in current profit or loss	Others	
Research and development of smart terminal	-	-	-	16,285,732.44	-	2,589,752.44	-	13,695,980.00
Others	-	-	5,785,148.27	931,745.91	-	6,716,894.18	-	-
<b>Total</b>	-	-	5,785,148.27	17,217,478.35	-	9,306,646.62	-	13,695,980.00

The proportion of development expenditure in current year to the total research and development expenditure of the year was 70.77% (2021: 70.80%). The total intangible assets generated from the Company's internal research and development of the year were RMB14,780,000.00 (2021: Nil).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 19. Goodwill

(1) The breakdown of goodwill is as follows:

2022

Investee	Source	Opening balance	Increase in the year	Decrease in the year	Closing balance
Liaoning Con-Rail International logistics Co., Ltd.	Corporate combination	4,398,401.85	-	-	4,398,401.85
Dalian Jiye Logistics Co., Ltd.	Corporate combination	2,397,589.82	-	-	2,397,589.82
DCT Logistics	Corporate combination	6,218,460.29	-	-	6,218,460.29
Yingkou Ltd.	Corporate combination	219,133,513.00	-	-	219,133,513.00
Coal business, barge business and hydropower business in Yingkou Port Group	Business combination	97,144,359.35	-	-	97,144,359.35
<b>Total</b>		<b>329,292,324.31</b>	<b>-</b>	<b>-</b>	<b>329,292,324.31</b>
Provision for impairment of goodwill		103,362,819.64	-	-	103,362,819.64
<b>Total net goodwill</b>		<b>225,929,504.67</b>	<b>-</b>	<b>-</b>	<b>225,929,504.67</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 19. Goodwill (continued)

(1) The breakdown of goodwill is as follows: (continued)

2021

Investee	Source	Opening balance	Increase in the year	Decrease in the year	Closing balance
Liaoning Con-Rail International logistics Co., Ltd.	Corporate combination	4,398,401.85	-	-	4,398,401.85
Dalian Jiye Logistics Co., Ltd.	Corporate combination	2,397,589.82	-	-	2,397,589.82
DCT Logistics	Corporate combination	6,218,460.29	-	-	6,218,460.29
Dalian Port Logistic Network Co., Ltd. (Note 1)	Corporate combination	7,419,238.63	-	7,419,238.63	-
Yingkou Ltd. (Note 2)	Corporate combination	219,133,513.00	-	-	219,133,513.00
Coal business, barge business and hydropower business in Yingkou Port Group (Note 3)	Business combination	97,144,359.35	-	-	97,144,359.35
<b>Total</b>		<b>336,711,562.94</b>	<b>-</b>	<b>7,419,238.63</b>	<b>329,292,324.31</b>
Provision for impairment of goodwill		97,144,359.35	6,218,460.29	-	103,362,819.64
<b>Total net goodwill</b>		<b>239,567,203.59</b>	<b>-6,218,460.29</b>	<b>7,419,238.63</b>	<b>225,929,504.67</b>

Note 1: Dalian Port Logistic Network Co., Ltd. ceased to be included into the scope of combination of the Group since 9 February 2021, and goodwill in connection thereof of RMB7,419,238.63 was written off accordingly.

Note 2: In 2021, the Company's merger by absorption through share swap constitutes a business combination under common control, and relevant assets and liabilities of Yingkou Port were included in the Group's consolidated financial statements at the carrying amount of China Merchants Group, its ultimate controller, and the comparative financial statements were retrospectively adjusted, which includes in particular the goodwill that should be allocated to Yingkou Port when the ultimate controller, China Merchants Group, acquired Liaoning Port Group from a third party, of RMB219,133,513.00.

Note 3: In 2021, Yingkou Ltd., a wholly-owned subsidiary of the Company, acquired the assets related to coal business, barge business and hydropower business from Yingkou Port Group in current year, which constitutes a business combination under the common control, and assets and liabilities in connection with these businesses were included in the Group's consolidated financial statements at the carrying amount of China Merchants Group, its ultimate controller, and the comparative financial statements were retrospectively adjusted, which includes in particular the goodwill that should be allocated to these businesses when the ultimate controller, China Merchants Group, acquired Liaoning Port Group from a third party, of RMB97,144,359.35. Based on the result of the testing on goodwill impairment, full impairment provision was made on such goodwill as at 31 December 2020.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 19. Goodwill (continued)

(2) Details of provision for impairment of goodwill are as follows:

#### 2022

Item	Opening balance	Provision for the year	Decrease for the year	Closing balance
DCT Logistics	6,218,460.29	–	–	6,218,460.29
Coal business, barge business and hydropower business in Yingkou Port Group	97,144,359.35	–	–	97,144,359.35
<b>Total</b>	<b>103,362,819.64</b>	<b>–</b>	<b>–</b>	<b>103,362,819.64</b>

#### 2021

Item	Opening balance	Provision for the year	Decrease for the year	Closing balance
DCT Logistics	–	6,218,460.29	–	6,218,460.29
Coal business, barge business and hydropower business in Yingkou Port Group	97,144,359.35	–	–	97,144,359.35
<b>Total</b>	<b>97,144,359.35</b>	<b>6,218,460.29</b>	<b>–</b>	<b>103,362,819.64</b>

As at 31 December 2022, the measurement basis for the recoverable amount of the above asset group is as follows:

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 19. Goodwill (continued)

(2) Details of provision for impairment of goodwill are as follows: (continued)

The recoverable amount of the asset group (Liaoning Con-Rail International Logistics Co., Ltd., Dalian Jiye Logistics Co., Ltd. and Yingkou Ltd.) was determined according to the present value of expected future cash flows of the asset group. The expected future cash flows were based on financial budgets covering a five-year period approved by management. Cash flows beyond the five-year period are estimated on the basis of fixed growth rate (as described in the table below), and calculated using cash flows expectation method. The main assumptions for the recoverable amount for such asset groups are as follows:

	<b>Liaoning Con- Rail International Logistics Co., Ltd.</b>	<b>Dalian Jiye Logistics Co., Ltd.</b>	<b>Yingkou Ltd.</b>
Discount rate	13%	15%	9%
Growth rate	3%	3%	3%

The discount rates adopted above are before-tax discount rates which reflect the specific risk related to the relevant asset group. The growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term. The key assumptions made in determining cash flow projections also include budgetary gross margins, which are determined based on past experience and forecast on market developments by the management.

After testing, the management of the Group believes that any reasonable change in the above assumptions will not result in the book value of each asset group that generates goodwill to be higher than its recoverable amount, so there is no need to make provision for impairment of goodwill.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 20. Long-term prepaid expenses

The long-term prepaid expenses are listed as follows by item:

#### 2022

Item	Opening balance	Increase in the year	Amortisation in the year	Other decrease	Closing balance
Public facilities in a bonded port	4,357,760.91	-	726,293.76	-	3,631,467.15
Decoration	2,458,876.29	1,405,544.55	856,292.78	33,865.49	2,974,262.57
Site development expenses	6,346,195.07	-	1,620,305.04	-	4,725,890.03
Environmental reconstruction expenses	17,092,087.46	-	1,197,833.40	-	15,894,254.06
Reconstruction of No. 6 bridge	3,435,154.78	-	3,435,154.78	-	-
Berth dredging costs	9,759,778.73	819,676.99	2,570,185.57	-	8,009,270.15
Asset maintenance costs	43,465.13	19,463,133.54	1,645,771.42	-	17,860,827.25
Others	4,728,757.90	134,654.87	1,286,908.26	-	3,576,504.51
<b>Total</b>	<b>48,222,076.27</b>	<b>21,823,009.95</b>	<b>13,338,745.01</b>	<b>33,865.49</b>	<b>56,672,475.72</b>

#### 2021

Item	Opening balance	Increase in the year	Amortisation in the year	Impact of change in scope of combination	Closing balance
Public facilities in a bonded port	5,985,469.72	-	1,627,708.81	-	4,357,760.91
Decoration	1,782,610.83	1,474,568.97	641,040.28	-157,263.23	2,458,876.29
Site development expenses	7,966,500.11	-	1,620,305.04	-	6,346,195.07
Environmental reconstruction expenses	18,289,920.86	-	1,197,833.40	-	17,092,087.46
Reconstruction of No. 6 bridge	9,308,563.30	-	5,873,408.52	-	3,435,154.78
Berth dredging costs	9,829,559.99	2,198,578.74	2,268,360.00	-	9,759,778.73
Others	9,101,109.43	634,273.01	4,963,159.41	-	4,772,223.03
<b>Total</b>	<b>62,263,734.24</b>	<b>4,307,420.72</b>	<b>18,191,815.46</b>	<b>-157,263.23</b>	<b>48,222,076.27</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 21. Deferred income tax

#### (1) Deferred income tax assets before offsetting

Item	31 December 2022		31 December 2021	
	Deferred income tax assets	Deductible temporary differences and deductible losses	Deferred income tax assets	Deductible temporary differences and deductible losses
Unrealised profit of intra-group transaction	164,384,805.64	657,539,222.56	178,393,205.55	713,572,822.20
Depreciation of fixed assets	372,781,303.59	1,491,125,214.36	378,497,228.86	1,513,988,915.44
Provision for asset impairments	140,766,436.11	563,065,744.44	96,503,798.42	386,015,193.68
Estimated liabilities	–	–	14,661,066.96	58,644,267.84
Changes in fair value of other equity instrument investments	1,434,921.33	5,739,685.32	627,478.57	2,509,914.28
Right-of-use assets/Lease liabilities	76,761,501.43	307,046,005.72	56,071,198.49	224,284,793.96
Adjustment to fair value of corporate/business combined assets	82,144,049.12	328,576,196.48	86,071,634.95	344,286,539.80
Deferred income	34,879,991.78	139,519,967.12	9,254,935.90	37,019,743.60
<b>Total</b>	<b>873,153,009.00</b>	<b>3,492,612,036.00</b>	<b>820,080,547.70</b>	<b>3,280,322,190.80</b>

#### 1) Deductible temporary differences and deductible losses that are not recognised as deferred income tax assets

Item	31 December 2022	31 December 2021
Deductible losses	509,447,641.49	481,831,189.98
Deductible temporary differences	295,197,155.35	295,261,972.14
<b>Total</b>	<b>804,644,796.84</b>	<b>777,093,162.12</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 21. Deferred income tax (continued)

#### (1) Deferred income tax assets before offsetting (continued)

2) Deductible losses that are not recognised as deferred income tax assets will expire in the following years

Year	31 December 2022	31 December 2021
2022	–	90,263,106.25
2023	87,692,813.88	123,471,539.21
2024	103,323,341.42	107,673,033.34
2025	89,261,314.43	89,268,092.36
2026	67,822,768.74	71,155,418.82
2027	161,347,403.02	–
<b>Total</b>	<b>509,447,641.49</b>	<b>481,831,189.98</b>

#### (2) Deferred income tax liabilities before offsetting

Item	31 December 2022		31 December 2021	
	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences
Adjustment to fair value of corporate/business combined assets	694,719,927.60	2,778,879,710.40	735,859,052.59	2,943,436,210.36
Depreciation of fixed assets	72,915,151.64	291,660,606.56	78,451,506.74	313,806,026.96
Changes in fair value of investments in other equity instruments	7,761,660.10	31,046,640.42	9,559,769.26	38,239,077.05
Realisation of business combination in stages	37,891,003.77	151,564,015.08	37,891,003.77	151,564,015.08
Others	8,046,262.86	32,185,051.42	8,768,887.43	35,075,549.72
<b>Total</b>	<b>821,334,005.97</b>	<b>3,285,336,023.88</b>	<b>870,530,219.79</b>	<b>3,482,120,879.17</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 21. Deferred income tax (continued)

#### (3) Deferred income tax assets or liabilities presented at net amount after offsetting

Item	31 December 2022		31 December 2021	
	Offset amount of deferred income tax assets and liabilities at the end of the year	Remaining deferred income tax assets or liabilities after offset at the end of the year	Offset amount of deferred income tax assets and liabilities at the end of the year	Remaining deferred income tax assets or liabilities after offset at the end of the year
Deferred income tax assets	-561,765,595.43	311,387,413.57	-582,219,192.69	237,861,355.01
Deferred income tax liabilities	-561,765,595.43	259,568,410.54	-582,219,192.69	288,311,027.10

### 22. Other non-current assets

Item	31 December 2022	31 December 2021
Guarantee payment for land bidding	1,860,000.00	1,860,000.00
Input VAT to be deducted	1,903,411.65	13,838,491.15
Construction prepayments	8,788,368.73	10,122,974.70
<b>Total</b>	<b>12,551,780.38</b>	25,821,465.85

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 23. Assets with restricted ownership or use right

Item	31 December 2022	31 December 2021
Cash at bank and on hand (Note 1)	21,895,674.97	240,398,671.47
Fixed assets (Note 2)	60,935,935.77	34,591,936.86
Intangible assets (Note 3)	21,675,825.44	22,410,394.75
<b>Total</b>	<b>104,507,436.18</b>	297,401,003.08

Note 1: At at 31 December 2022, a bank deposit of RMB2,853,716.05 (31 December 2021: RMB4,060,076.35) was pledged as the Group's project performance guarantee.

At at 31 December 2022, a bank deposit of RMB755,102.00 (31 December 2021: Nil) was pledged as the Group's project quality guarantee.

At at 31 December 2022, no bank deposit was pledged as the guarantee for purchase of electricity (31 December 2021: RMB2,000,000.00).

At at 31 December 2022, no bank deposit was pledged as collateral for the Group's guarantee (31 December 2021: RMB216,107,800.40).

At at 31 December 2022, bank deposits of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB18,286,856.92 (31 December 2021: RMB18,230,794.72) were frozen by the court due to litigation. See note XII.1 for details.

Note 2: At at 31 December 2022, fixed assets of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB60,935,935.77 (31 December 2021: RMB34,591,936.86) were compulsorily preserved by the court due to litigation. See note XII. 1 for details.

Note 3: At at 31 December 2022, intangible assets of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB21,675,825.44 (31 December 2021: RMB22,410,394.75) were compulsorily preserved by the court due to litigation. See note XII. 1 for details.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 24. Provision for asset impairments and provision for credit loss

31 December 2022

Item	Opening balance	Impact of change in scope of combination	Provision in the year	Reversal in the year	Write-off during the year	Write-off in the year	Closing balance
Provision for bad debts	419,622,598.75	-	191,247,703.38	-35,338,248.28	-1,229,968.11	-	574,302,085.74
Provision for decline in value of inventories	9,246,496.78	-	2,715,887.74	-	-	-7,803,794.80	4,158,589.72
Provision for impairment of long-term equity investment	8,468,465.03	-	-	-	-	-	8,468,465.03
Provision for impairment of fixed assets	44,992,613.52	-	-	-	-	-	44,992,613.52
Provision for impairment of construction in progress	-	-	8,942,675.89	-	-	-	8,942,675.89
Provision for impairment of goodwill	103,362,819.64	-	-	-	-	-	103,362,819.64
<b>Total</b>	<b>585,692,993.72</b>	<b>-</b>	<b>202,906,267.01</b>	<b>-35,338,248.28</b>	<b>-1,229,968.11</b>	<b>-7,803,794.80</b>	<b>744,227,249.54</b>

31 December 2021

Item	Opening balance	Impact of change in scope of combination	Provision in the year	Reversal in the year	Write-off in the year	Closing balance
Provision for bad debts	306,025,287.83	-1,105,413.11	133,031,512.01	-18,328,787.98	-	419,622,598.75
Provision for decline in value of inventories	9,247,116.06	-	-	-	-619.28	9,246,496.78
Provision for impairment of long-term equity investment	-	-	8,468,465.03	-	-	8,468,465.03
Provision for impairment of fixed assets	-	-	44,992,613.52	-	-	44,992,613.52
Provision for impairment of goodwill	97,144,359.35	-	6,218,460.29	-	-	103,362,819.64
<b>Total</b>	<b>412,416,763.24</b>	<b>-1,105,413.11</b>	<b>192,711,050.85</b>	<b>-18,328,787.98</b>	<b>-619.28</b>	<b>585,692,993.72</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 25. Accounts payable

#### (1) Breakdown of accounts payable

Aging	31 December 2022		31 December 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	273,580,612.87	90.19	266,927,636.69	89.20
1 to 2 years (including 2 years)	6,613,219.77	2.18	3,838,076.28	1.28
2 to 3 years (including 3 years)	2,518,117.57	0.83	1,103,354.68	0.37
Over 3 years	20,620,063.01	6.80	27,374,554.25	9.15
<b>Total</b>	<b>303,332,013.22</b>	<b>100.00</b>	<b>299,243,621.90</b>	<b>100.00</b>

#### (2) Significant accounts payable aged over 1 year

Name of entity	Amount owed	Aging	Reason for unsettlement
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司)	8,000,000.00	Above 3 years	Not yet settled
<b>Total</b>	<b>8,000,000.00</b>		

#### (3) Amount by nature

Nature	31 December 2022	31 December 2021
Vessel rental and shipping freight	176,567,794.11	153,941,213.41
Payment for purchase of goods	9,794,052.98	7,114,150.69
Payment for purchase of supplementary materials	116,970,166.13	138,188,257.80
<b>Total</b>	<b>303,332,013.22</b>	<b>299,243,621.90</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 26. Advances from customers

#### (1) Breakdown of aging of advances from customers

Aging	31 December 2022		31 December 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	4,508,721.75	100.00	8,310,000.53	100.00
<b>Total</b>	<b>4,508,721.75</b>	<b>100.00</b>	<b>8,310,000.53</b>	<b>100.00</b>

As at 31 December 2022, the Group had no significant advances from customers aged over one year.

#### (2) Nature of advances from customers

Nature	Closing balance	Opening balance
Rental fees	4,508,721.75	8,310,000.53

### 27. Contract liabilities

#### (1) Contract liabilities

Item	31 December 2022	31 December 2021
Miscellaneous expenses	259,761,974.35	356,248,731.08
Freight	23,741,208.71	22,750,876.88
Others	10,596,681.40	15,018,436.47
<b>Total</b>	<b>294,099,864.46</b>	<b>394,018,044.43</b>

#### (2) Revenue recognised in the current year and included in the opening carrying amount of contract liabilities

Revenue recognised in the current year and included in the opening carrying amount of contract liabilities amounted to RMB386,207,570.30, including RMB349,456,567.23 from miscellaneous expenses, RMB22,425,867.06 from freight and contract income of RMB14,325,136.01 generated from other contracts.

#### (3) Qualitative and quantitative analysis on relevant contract liabilities

Contract liabilities mainly represent payments received by the Group for providing port operations services to customers. The payment shall be collected in accordance with the payment time agreed in the contract. The Group recognises contract revenue based on the progress of contract performance, and contract liabilities will be recognised as revenue after the Group has fulfilled its performance obligations. The decrease in contract liabilities at the end of the year of RMB99,918,179.97 was mainly due to the decrease in advances from customers arising from the decrease in business volume of bulk and general cargo terminal and relevant logistics services at the end of the year.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 28. Employee benefits payable

#### (1) Classification of employee benefits payable

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
I. Short-term benefits	280,438,308.02	2,698,872,896.54	2,655,573,663.13	323,737,541.43
II. Post-employment benefits – defined contribution plan	3,101,331.25	261,308,754.28	260,818,128.60	3,591,956.93
III. Termination benefits	–	45,714.00	25,714.00	20,000.00
<b>Total</b>	<b>283,539,639.27</b>	<b>2,960,227,364.82</b>	<b>2,916,417,505.73</b>	<b>327,349,498.36</b>

#### (2) Short-term employee benefits

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
I. Wages and salaries, bonus, allowances and subsidies	234,050,564.11	1,453,440,656.20	1,409,295,085.59	278,196,134.72
II. Staff welfare	–	99,052,711.69	99,052,711.69	–
III. Social insurance contributions	7,229,171.64	130,345,190.41	127,853,761.75	9,720,600.30
Including: Medical insurance	7,142,980.80	107,215,656.39	104,725,409.04	9,633,228.15
Work injury insurance	30,270.28	12,502,316.30	12,501,134.99	31,451.59
Maternity insurance	55,920.56	8,768,054.63	8,768,054.63	55,920.56
Others	–	1,859,163.09	1,859,163.09	–
IV. Housing funds	5,367,765.00	164,797,066.96	169,556,385.96	608,446.00
V. Labour union funds and employee education funds	4,096,360.80	31,509,704.82	31,766,584.63	3,839,480.99
VI. Labour costs	10,738,366.91	786,964,560.42	787,326,102.31	10,376,825.02
VII. Other short-term employee benefits	18,956,079.56	32,763,006.04	30,723,031.20	20,996,054.40
<b>Total</b>	<b>280,438,308.02</b>	<b>2,698,872,896.54</b>	<b>2,655,573,663.13</b>	<b>323,737,541.43</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 28. Employee benefits payable (continued)

#### (3) Defined contribution plans

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
I. Basic pensions	603,133.04	218,461,183.51	218,437,309.99	627,006.56
II. Unemployment insurance	31,748.27	6,840,678.29	6,839,681.31	32,745.25
III. Payment of annuity	2,466,449.94	36,006,892.48	35,541,137.30	2,932,205.12
<b>Total</b>	<b>3,101,331.25</b>	<b>261,308,754.28</b>	<b>260,818,128.60</b>	<b>3,591,956.93</b>

### 29. Taxes payable

Item	31 December 2021	Provision in the year	Tax paid in the year	31 December 2022
VAT	19,955,713.89	173,914,993.50	182,641,800.43	11,228,906.96
Corporate income tax	101,987,593.93	561,379,568.89	562,288,144.25	101,079,018.57
City maintenance and construction tax	891,808.58	11,870,368.12	12,480,054.09	282,122.61
Individual income tax	4,790,472.61	29,562,391.52	30,615,857.01	3,737,007.12
Educational surcharge	677,308.38	8,484,662.06	8,920,086.82	241,883.62
Other tax payable	29,309,785.24	112,484,888.72	124,396,746.28	17,397,927.68
<b>Total</b>	<b>157,612,682.63</b>	<b>897,696,872.81</b>	<b>921,342,688.88</b>	<b>133,966,866.56</b>

### 30. Other payables

Item	31 December 2022	31 December 2021
Interest payable	—	—
Dividends payable	129,642,029.96	109,959,372.43
Other payables	792,929,415.50	5,101,745,254.99
<b>Total</b>	<b>922,571,445.46</b>	<b>5,211,704,627.42</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 30. Other payables (continued)

#### (1) Dividends payable

Item	Name of entity	31 December 2022	31 December 2021
Dividends of ordinary shares	United States Sankyo Holdings Limited	2,704,681.98	935,490.12
	NYK Bulk & Projects Carriers Ltd.	2,163,745.59	748,392.10
	Nippon Yusen Kabushiki Kaisha	14,341,983.23	13,540,928.86
	Singapore Dalian Port Investment Pte. Ltd.	54,436,724.71	51,396,226.34
	COSCO SHIPPING Ports (Dalian) Limited	9,107,682.79	8,598,984.02
	COSCO SHIPPING Ports Development Co., Ltd.	7,663,015.86	7,235,007.25
	China Shipping Terminal Development Co., Ltd.	23,009,984.79	21,724,789.52
	Anshan Iron & Steel Co. Ltd.	10,434,656.79	–
	Dalian Bonded Zhengtong Co., Ltd.	5,779,554.22	5,779,554.22
<b>Total</b>		<b>129,642,029.96</b>	<b>109,959,372.43</b>

As at 31 December 2022, the balance of dividends payable aged over 1 year amounted to RMB5,779,554.22, which are dividends payable to be paid.

#### (2) Other payables

##### 1) Other payables presented by nature

Item	31 December 2022	31 December 2021
Project expenses and guarantee deposit	291,177,799.63	320,667,434.62
Land compensation	7,500,000.00	7,500,000.00
Deposit and security deposit	113,607,724.15	84,051,731.32
Freight	6,072,329.18	5,780,651.87
Late fee	4,979,198.95	48,829,620.29
Last payment for assets acquisition (Note)	139,144,304.85	4,429,144,304.85
Others	230,448,058.74	205,771,512.04
<b>Total</b>	<b>792,929,415.50</b>	<b>5,101,745,254.99</b>

Note: In 2021, Yingkou Ltd., a wholly-owned subsidiary of the Company, acquired related business and assets from Yingkou Port Group at the transaction consideration of RMB8,953,252,324.87 (inclusive of tax). In accordance with the transaction agreement, Yingkou Ltd. had made the first instalment of transaction amount totalling RMB4,524,108,020.02 to Yingkou Port Group on 14 December 2021 and the price paid in the year was RMB4,290,000,000.00. As of 31 December 2022, the outstanding amount was RMB139,144,304.85.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 30. Other payables (continued)

#### (2) Other payables (continued)

##### 2) Aging analysis of other payables

Aging	31 December 2022		31 December 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	369,304,706.89	46.57	4,925,423,546.71	96.54
1 to 2 years (including 2 years)	258,477,998.21	32.60	28,685,225.08	0.56
2 to 3 years (including 3 years)	22,393,880.65	2.83	72,734,675.50	1.43
Over 3 years	142,752,829.75	18.00	74,901,807.70	1.47
<b>Total</b>	<b>792,929,415.50</b>	<b>100.00</b>	<b>5,101,745,254.99</b>	<b>100.00</b>

##### 3) Important other payables aged over one year

Name of entity	Amount owed	Aging	Reasons for non-repayment
Yingkou Port Group	210,206,371.31	1-2 years	The condition for payment is unsatisfied
Ocean Harvest Container Co., Ltd.	49,022,558.11	Over 3 years	The condition for payment is unsatisfied
Muling Economic Development District Infrastructure Construction and Investment Co., Ltd.* (穆稜經濟開發區基礎設施建設投資有限公司)	14,006,954.00	Over 3 years	The condition for payment is unsatisfied
E-Shipping Global Supply Chain Management (Shenzhen) Co., Ltd.	11,930,000.00	1-2 years	The condition for payment is unsatisfied
Dalian Beiliang Enterprise Group Co., Ltd.	7,500,000.00	Over 3 years	The condition for payment is unsatisfied
<b>Total</b>	<b>292,665,883.42</b>		

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 31. Non-current liabilities due within one year

Item	31 December 2022	31 December 2021
Long-term borrowings due within one year	205,891,700.00	13,346,515.48
Including: Credit borrowings	205,891,700.00	13,346,515.48
Long-term payables due within one year	–	7,570,000.00
Lease liabilities due within one year	155,872,007.38	140,945,888.73
Bonds payable due within one year	4,115,876,242.30	1,155,167,033.49
<b>Total</b>	<b>4,477,639,949.68</b>	<b>1,317,029,437.70</b>

### 32. Other current liabilities

Item	31 December 2022	31 December 2021
Output VAT on pending	14,329,926.71	18,200,512.62
<b>Total</b>	<b>14,329,926.71</b>	<b>18,200,512.62</b>

### 33. Long-term borrowings

Type of borrowings	31 December 2022	31 December 2021
Credit borrowings	921,891,700.00	1,033,883,969.48
Less: Long-term borrowings due within one year (Note VIII. 31)	205,891,700.00	13,346,515.48
<b>Total</b>	<b>716,000,000.00</b>	<b>1,020,537,454.00</b>

On 31 December 2022, the annual interest rate of the above borrowings was 2.85% – 3.2% (31 December 2021: 3% – 4.57%).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 33. Long-term borrowings (continued)

The top five long-term borrowings by amount at the end of the year:

Lender	Commence date of borrowing	Termination date of borrowing	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	Statutory currency	Foreign currency	Statutory currency
China Merchants Group Finance Co., Ltd.	3 November 2022	2 November 2028	RMB	5-year LPR-1.10%	-	593,000,000.00	-	-
China Merchants Group Finance Co., Ltd.	19 September 2022	18 September 2028	RMB	5-year LPR-1.10%	-	123,000,000.00	-	-

The maturity date of long-term borrowings is analysed as follows:

Item	31 December 2022	31 December 2021
Expired within 1 year (including 1 year)	205,891,700.00	13,346,515.48
Expired within 2 years (including 2 years)	150,000,000.00	221,555,044.00
Expired within 3 to 5 years (including 3 years and 5 years)	510,000,000.00	604,784,810.00
Over 5 years	56,000,000.00	194,197,600.00
<b>Total</b>	<b>921,891,700.00</b>	<b>1,033,883,969.48</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 34. Bonds payable

Item	31 December 2022	31 December 2021
Corporate bonds	<b>2,495,906,235.36</b>	2,486,907,371.14

#### (1) Change in bonds payable

Name of bonds	Par value	Date of issuance	Duration	Issue size	Opening balance	Issuance in the year	Accrued interests at par value	Amortisation of premium/discount	Repayment in the year	Closing balance
Corporate bonds (Note 1)	100.00	26 April 2017	5 years	1,070,000,000.00	1,104,592,376.35	-	16,322,630.22	444,993.43	1,121,360,000.00	-
Medium-term notes (Note 2)	100.00	3 August 2018	5 years	2,500,000,000.00	2,537,482,028.28	-	122,906,665.74	6,849,434.65	122,250,000.00	2,544,988,128.67
Corporate bonds (Note 3)	100.00	18 April 2022	1+1 years	1,500,000,000.00	-	1,496,208,286.15	28,084,931.53	2,649,005.55	-	1,526,942,223.23
Corporate bonds (Note 3)	100.00	18 April 2022	3 years	500,000,000.00	-	498,652,762.05	11,003,424.65	303,774.03	-	509,959,960.73
Corporate bonds (Note 3)	100.00	25 May 2022	2 years	2,000,000,000.00	-	1,995,660,000.00	32,942,465.75	1,289,699.28	-	2,029,892,165.03
<b>Total</b>					<b>3,642,074,404.63</b>	<b>3,990,521,048.20</b>	<b>211,260,117.89</b>	<b>11,536,906.94</b>	<b>1,243,610,000.00</b>	<b>6,611,782,477.66</b>
Less: Bonds payable due within one year					<u>1,155,167,033.49</u>					<u>4,115,876,242.30</u>
<b>Bonds payable due after one year</b>					<u><b>2,486,907,371.14</b></u>					<u><b>2,495,906,235.36</b></u>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 34. Bonds payable (continued)

#### (1) Change in bonds payable (continued)

Note 1: As approved by the Document Zheng Jian Xu Ke [2016] No. 3075 issued by China Securities Regulatory Commission, the Company issued corporate bonds on 26 April 2017. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 4.80%, which is payable every year. The related issuance expense amounts to RMB6,360,413.25. The Company has repaid the above-mentioned bonds on 27 April 2022.

Note 2: According to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2018] MTN360) issued by National Association of Financial Market Institutional Investors on 25 June 2018, the Company issued medium-term notes on 3 August 2018. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 4.89%, which is payable every year. The relevant issuance expense amounted to RMB38,056,000.00.

Note 3: As approved by the Document Zheng Jian Xu Ke [2022] No. 658 issued by China Securities Regulatory Commission, the Company is approved to publicly issue corporate bonds with a total amount of not more than RMB8 billion (including) to professional investors. The bonds are issued in tranches. On 18 April 2022, the Company issued the first tranche of corporate bonds of RMB2 billion in aggregate, of which: the corporate bonds with par value of RMB1.5 billion is issued for a term of two years, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the first anniversary, and the interest is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 2.68%, which is payable every year. The relevant issuance expense amounted to RMB3,791,713.85; while the corporate bonds with a par value of RMB500 million is issued for a term of 3 years, and the interest is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 3.15%, which is payable every year. The relevant issuance expense amounted to RMB1,347,237.95. The Company issued the second tranche of corporate bonds at par value of RMB2 billion for a term of 2 years on 25 May 2022, and the interest is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 2.70%, which is payable every year. The relevant issuance expense amounted to RMB4,340,000.00.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 35. Lease liabilities

#### (1) Lease liabilities

Item	31 December 2022	31 December 2021
Lease payment	9,811,322,560.95	8,737,298,312.64
Unrecognised finance costs	4,538,336,120.81	4,117,229,146.66
Less: Lease liabilities due within one year (Note VIII. 31)	155,872,007.38	140,945,888.73
<b>Lease liabilities due after one year</b>	<b>5,117,114,432.76</b>	<b>4,479,123,277.25</b>

#### (2) Term of lease payment

Item	31 December 2022	31 December 2021
The first anniversary after the balance sheet date	428,070,797.60	514,495,379.44
The second anniversary after the balance sheet date	406,471,811.75	512,290,951.00
The third anniversary after the balance sheet date	404,889,497.22	511,409,796.77
Years thereafter	8,571,890,454.38	7,199,102,185.43
<b>Total</b>	<b>9,811,322,560.95</b>	<b>8,737,298,312.64</b>

### 36. Long-term payables

Item	31 December 2022	31 December 2021
Bond underwriting fee	—	7,500,000.00
Equity repurchase (Note)	17,500,000.00	17,500,000.00
Borrowings from related parties	—	70,000.00
<b>Total</b>	<b>17,500,000.00</b>	<b>25,070,000.00</b>
Less: Long-term payables due within one year	—	7,570,000.00
<b>Long-term payables due after one year</b>	<b>17,500,000.00</b>	<b>17,500,000.00</b>

Note: China Development Fund made capital contribution of RMB35,000,000.00 to Dalian Port Yidu Cold Chain Co., Ltd., a joint venture of Jifa Logistics, a subsidiary of the Group. After the capital increase, the shareholding ratio of Jifa Logistics decreased from 50% to 46.64%. According to the investment contract, Jifa Logistics has the obligation to unconditionally repurchase the shares held by the China Development Fund before the capital increase since 10 December 2030. The Group recognised the long-term payable according to the repurchase obligation.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 36. Long-term payables (continued)

The maturity date of long-term payable is analysed as follows:

Item	31 December 2022	31 December 2021
Due within 1 year (including 1 year)	–	7,570,000.00
Due within 2 years (including 2 years)	–	–
Due within 3 to 5 years (including 3 years and 5 years)	–	–
Over 5 years	17,500,000.00	17,500,000.00
<b>Total</b>	<b>17,500,000.00</b>	<b>25,070,000.00</b>

### 37. Estimated liabilities

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
Pending litigation (Note)	212,308,104.33	–	41,599,565.77	170,708,538.56

Note: DCT Logistics, a subsidiary of the Group, provided for provisions of RMB179,547,885.91 for pending litigations as at 31 December 2021. Due to the enforcement of the frozen monetary funds by the court, the provision was reduced by RMB8,839,347.35 during the year. See Note XII.1 for details.

On 19 August 2015, Kunlun International Trading Limited (昆侖國際貿易有限公司) (hereinafter referred to as “Kunlun International”) filed a lawsuit with Dalian Maritime Court against Yingkou Port on the rejection of its application for delivery of goods, requesting Yingkou Port to compensate for a loss of RMB285.60 million and accrued interest. On 28 December 2018, Dalian Maritime Court issued the first instance judgment titled (2015) Da Hai Shang Chu Zi No. 517 ((2015)大海商初字第 517 號), ruling that Yingkou Port shall pay Kunlun International short delivery losses of RMB50.4557 million, and the interest thereon at the loan interest rate set by the People’s Bank of China for the same period from 20 August 2015 to the date of actual payment. The court ruled that Yingkou Port shall pay Kunlun International a net compensation of RMB32.7602 million after taking into full account of the storage fees and other fees of RMB25.8840 million payable to Yingkou Port by Kunlun International. Yingkou Port made provisions for estimated liabilities of RMB32,760,218.42 as at 31 December 2018 based on the above ruling. Both Yingkou Port and Kunlun International refused to accept the judgment and Kunlun International filed a second instance to the Higher People’s Court of Liaoning Province in January 2019. The Higher People’s Court of Liaoning Province issued a civil ruling ((2019) Liao Min Zhong No. 685 ((2019)遼民終 685 號)) on 6 November 2019, ruling that: the civil judgment titled (2015) Da Hai Shang Chu Zi No. 517 ((2015)大海商初字第 517 號) issued by Dalian Maritime Court be revoked; the case be remanded to Dalian Maritime Court. Kunlun International filed with Dalian Maritime Court for a review of the ruling. On 7 September 2020, Dalian Maritime Court issued a civil ruling (the first (2020) Liao 72 Min Chu No. 27 ((2020)遼 72 民初 27 號之一)), rejecting Kunlun International’s request for a review. On 10 June 2021, Dalian Maritime Court issued a civil ruling ((2020) Liao 72 Min Chu No. 27 ((2020)遼 72 民初 27 號)), rejecting all of the claims of Kunlun International. Kunlun International refused to accept the ruling, and filed a second instance to the Higher People’s Court of Liaoning Province in June 2021. On 18 March 2022, the Higher People’s Court of Liaoning Province issued a civil ruling ((2021) Liao Min Zhong No. 2583 ((2021)遼民終 2583 號)), rejecting all of the claims of Kunlun International and upholding the original judgment, and the judgment is final. The Group reversed a provision for estimated liabilities of RMB32,760,218.42 during the year based on the above judgment.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 38. Deferred income

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
Government grants	503,761,225.92	112,000,000.00	44,564,097.53	<b>571,197,128.39</b>

Items involved in government grants are as follows:

Item	Opening balance	Increase in the year	Included in other income in the year	Included in non-operating income in the year	Closing balance	Related to assets/income
Relocation compensation	310,697,906.54	–	25,330,148.46	–	<b>285,367,758.08</b>	Related to assets
Production safety	24,540,160.79	–	1,271,978.56	–	<b>23,268,182.23</b>	Related to assets
Sea-rail combined transport subsidies	7,277,454.36	–	1,364,522.76	–	<b>5,912,931.60</b>	Related to assets
Transport junction passenger station project	97,831,504.00	100,000,000.00	5,884,100.72	–	<b>191,947,403.28</b>	Related to assets
Operation subsidies	8,250,000.00	–	–	–	<b>8,250,000.00</b>	Related to assets
Energy conservation and emission reduction special fund	6,788,362.09	–	939,466.64	258,299.14	<b>5,590,596.31</b>	Related to assets
Equipment reconstruction subsidies	44,334,472.18	12,000,000.00	8,800,884.64	–	<b>47,533,587.54</b>	Related to assets
Others	4,041,365.96	–	714,696.61	–	<b>3,326,669.35</b>	Related to assets
<b>Total</b>	<b>503,761,225.92</b>	<b>112,000,000.00</b>	<b>44,305,798.39</b>	<b>258,299.14</b>	<b>571,197,128.39</b>	–

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 39. Other non-current liabilities

Item	31 December 2021	Increase in the year	Decrease in the year	31 December 2022
All-in charges for cargo handling	75,129,012.91	–	20,652,067.10	<b>54,476,945.81</b>
Less: All-in charges for cargo handling due within one year	13,728,000.00			<b>12,870,000.00</b>
Other non-current liabilities due after one year	61,401,012.91			<b>41,606,945.81</b>

On 18 January 2013, the Company entered into a cooperation agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd. Chinatex Grains and Oils (Heilongjiang) Co., Ltd. paid in advance the all-in charges for full-service logistics including distribution services and port operations to the Company with an amount of RMB112 million. The first year to the seventh year represents the interest-bearing deduction period for the prepaid all-in charges for full-service logistics of the contract, the interest rate was with reference to the People's Bank of China Loan Rate and the eighth year to the tenth year represents the preferential period. On 1 June 2016, the Company signed a supplementary agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd., and the cooperation period was extended for three years, that is, the first year to the seventh year represents the interest-bearing deduction period for the prepaid all-in charges for full-service logistics. The eighth year to the tenth year represents the non-interest-bearing deduction period, and the eleventh year to the thirteenth year represents the preferential period.

### 40. Share capital

Item	Opening balance		Increase in the year	Decrease in the year	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
RMB-denominated ordinary shares	18,828,349,817.00	78.49	–	–	<b>18,828,349,817.00</b>	<b>78.49</b>
Foreign shares listed overseas (Note)	5,158,715,999.00	21.51	–	–	<b>5,158,715,999.00</b>	<b>21.51</b>
<b>Total</b>	<b>23,987,065,816.00</b>	<b>100.00</b>	<b>–</b>	<b>–</b>	<b>23,987,065,816.00</b>	<b>100.00</b>

Note: As at 31 December 2022, 722,166,000 shares of foreign shares overseas listed were held by PDA Group through HKSCC Nominees Limited (31 December 2021: 722,166,000 shares).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 41. Capital surplus

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
<b>2022</b>				
Capital premium	8,827,459,539.57	-	-	8,827,459,539.57
Including: Ordinary shares invested by shareholders	8,827,459,539.57	-	-	8,827,459,539.57
Other capital surplus	194,786,866.45	4,745,387.17	-	199,532,253.62
Including: Other changes in owners' equity after deducting net profit or loss, profit distribution, change in other comprehensive income of investees under equity method (Note 1)	22,030,441.66	4,745,387.17	-	26,775,828.83
Others	172,756,424.79	-	-	172,756,424.79
<b>Total</b>	<b>9,022,246,406.02</b>	<b>4,745,387.17</b>	<b>-</b>	<b>9,026,991,793.19</b>
<b>2021</b>				
Capital premium	17,844,155,512.30	717,440,063.56	9,734,136,036.29	8,827,459,539.57
Including: Ordinary shares invested by shareholders (Note 2)	17,844,155,512.30	717,440,063.56	9,734,136,036.29	8,827,459,539.57
Other capital surplus	2,382,204,786.13	2,209,892.99	2,189,627,812.67	194,786,866.45
Including: Other changes in owners' equity after deducting net profit or loss, profit distribution, change in other comprehensive income of investees under equity method (Note 1)	19,820,548.67	2,209,892.99	-	22,030,441.66
Others (Note 3)	2,362,384,237.46	-	2,189,627,812.67	172,756,424.79
<b>Total</b>	<b>20,226,360,298.43</b>	<b>719,649,956.55</b>	<b>11,923,763,848.96</b>	<b>9,022,246,406.02</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 41. Capital surplus (continued)

Note 1: The joint ventures and associates invested by the Group made appropriation to special reserves this year, resulting in an increase in the Group's capital reserve of RMB4,745,387.17 (2021: RMB2,209,892.99).

Note 2: In 2021, the Company merged with Yingkou Port by absorption through share swap, constituting a business combination under the common control and retrospectively adjusted the comparative financial statements. On 4 February 2021, the combination day, the Company had issued 9,728,893,454 RMB ordinary shares to the former shareholders of Yingkou Port and paid RMB5,242,582.29 of stamp duty, resulting in a decrease of RMB9,734,136,036.29 in capital reserves. In order to raise fund, the Company had issued 1,363,636,363 RMB ordinary shares to eight specific investors including Anshan Iron & Steel Co. Ltd., and net value of the fund raised was RMB2,082,149,999.02 after deducting the issuance and underwriting expenses. The stamp duty paid was RMB1,073,572.46, and the increases in share capitals and capital reserves were RMB1,363,636,363.00 and RMB717,440,063.56, respectively.

Note 3: In 2021, a subsidiary of the Company, acquired the assets related to coal business, barge business and hydropower business from Yingkou Port Group, constituting a business combination under the common control and retrospectively adjusted the related items in comparative consolidated financial statements. On 14 December 2021, the combination day, Yingkou Ltd. paid relevant transaction consideration totalling RMB2,341,776,759.19 to Yingkou Port Group. There was an increase of RMB152,148,946.52 in capital surplus due to deferred taxes arising from the changes of tax bases of such assets on the combination day, which resulted in a decrease in capital surplus of RMB2,189,627,812.67 in total.

### 42. Other comprehensive income

Cumulative balance of other comprehensive income attributable to the parent company in the consolidated balance sheet is as follows:

#### 31 December 2022

	Opening balance	Increase or decrease	Closing balance
Changes in fair value of other equity instrument investments	26,171,340.13	-8,678,175.85	17,493,164.28
Differences on translation of foreign currency financial statements	32,922,622.38	21,948,384.37	54,871,006.75
<b>Total</b>	<b>59,093,962.51</b>	<b>13,270,208.52</b>	<b>72,364,171.03</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 42. Other comprehensive income (continued)

31 December 2021

	Opening balance	Increase or decrease	Closing balance
Changes in fair value of other equity instrument investments	44,611,390.76	-18,440,050.63	26,171,340.13
Differences on translation of foreign currency financial statements	39,945,751.57	-7,023,129.19	32,922,622.38
<b>Total</b>	<b>84,557,142.33</b>	<b>-25,463,179.82</b>	<b>59,093,962.51</b>

The current amount of other comprehensive income in the consolidated income statement:

2022

Item	Amount incurred before tax	Less: Previously included in other comprehensive income, transferred to current profit and loss	Less: Previously included in other comprehensive income, transferred to current retained earnings	Less: Income tax	Attributable to shareholders of the parent company	Attributable to minority shareholders
Changes in fair value of other equity instrument investments	-9,002,541.67	-	1,419,666.00	-2,605,551.92	-8,678,175.85	861,520.10
Differences on translation of foreign currency financial statements	21,948,384.37	-	-	-	21,948,384.37	-
<b>Total</b>	<b>12,945,842.70</b>	<b>-</b>	<b>1,419,666.00</b>	<b>-2,605,551.92</b>	<b>13,270,208.52</b>	<b>861,520.10</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 42. Other comprehensive income (continued)

2021

	Amount incurred before tax	Less: Previously included in other comprehensive income, transferred to current profit and loss	Less: Previously included in other comprehensive income, transferred to current retained earnings	Less: Income tax	Attributable to shareholders of the parent company	Attributable to minority shareholders
Changes in fair value of other equity instrument investments	-24,775,785.00	-	-	-6,193,946.25	-18,440,050.63	-141,788.12
Differences on translation of foreign currency financial statements	-7,023,129.19	-	-	-	-7,023,129.19	-
<b>Total</b>	<b>-31,798,914.19</b>	<b>-</b>	<b>-</b>	<b>-6,193,946.25</b>	<b>-25,463,179.82</b>	<b>-141,788.12</b>

### 43. Special reserves

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
<b>31 December 2022</b>				
Safety production fee	92,693,542.25	141,974,044.17	87,432,538.17	147,235,048.25
<b>31 December 2021</b>				
Safety production fee	77,238,967.01	93,742,936.88	78,288,361.64	92,693,542.25

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 44. Surplus reserve

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
<b>31 December 2022</b>				
Statutory surplus reserve	1,345,998,388.72	115,425,736.40	–	1,461,424,125.12
Reserve fund	353,065.88	–	–	353,065.88
Discretionary surplus reserve	620,468.49	–	–	620,468.49
<b>Total</b>	<b>1,346,971,923.09</b>	<b>115,425,736.40</b>	<b>–</b>	<b>1,462,397,659.49</b>
<b>31 December 2021</b>				
Statutory surplus reserve	1,169,649,197.02	176,349,191.70	–	1,345,998,388.72
Reserve fund	353,065.88	–	–	353,065.88
Discretionary surplus reserve	620,468.49	–	–	620,468.49
<b>Total</b>	<b>1,170,622,731.39</b>	<b>176,349,191.70</b>	<b>–</b>	<b>1,346,971,923.09</b>

In accordance with the Company Law of the PRC and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital.

After the Company makes appropriation to the statutory surplus reserve, it can make appropriation to the discretionary surplus reserve. The discretionary surplus reserve can be used to make up for the loss in previous years or increase the paid-in capital after approval.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 45. Undistributed profits

Item	31 December 2022	31 December 2021
<b>Undistributed profit at the end of last year before adjustment</b>	<b>3,437,962,835.75</b>	2,387,731,786.23
Total amount of undistributed profit at the beginning of the year after adjustment (Notes 1&3)	—	393,427,948.57
Undistributed profit at the beginning of the year after adjustment	<b>3,437,962,835.75</b>	2,781,159,734.80
<b>Increase in the year</b>	<b>1,281,012,488.51</b>	1,916,076,220.45
Among which: Net profit attributable to the parent company in the year	<b>1,279,734,789.11</b>	1,916,076,220.45
Other comprehensive income carried over to retained earnings (Note VIII.12)	<b>1,277,699.40</b>	—
<b>Decrease in the year</b>	<b>768,571,046.79</b>	1,259,273,119.50
Among which: Appropriation to statutory surplus reserve in the year	<b>115,283,769.80</b>	176,349,191.70
Distribution of profits (Note 2)	<b>647,650,777.03</b>	678,702,883.59
Appropriation to employees' bonus and welfare fund in subsidiaries	<b>5,636,499.96</b>	5,123,909.13
Other (Note 3)	—	399,097,135.08
<b>Closing balance in the year</b>	<b>3,950,404,277.47</b>	3,437,962,835.75

Note 1: In 2021, the Company merged with Yingkou Port by absorption through share swap, constituting a business combination under the common control. The retrospectively adjustment of the related items in comparative consolidated financial statements found the total increase in undistributed profits on 1 January 2021 was RMB692,934,749.52.

Note 2: According to the resolution of the Board of Directors held on 29 March 2022 of the Company, the profit distribution for 2021 is calculated based on the number of ordinary shares outstanding 23,987,065,816 shares, and a cash dividend of RMB0.27 (including tax) is distributed to all shareholders for every 10 shares. Cash dividends of RMB647,650,777.03 were distributed. The above dividend distribution plan has been approved by the Company's shareholders meeting held on 29 June 2022.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 45. Undistributed profits (continued)

Note 3: In 2021, Yingkou Ltd., a subsidiary of the Company, acquired the assets related to coal business, barge business and hydropower business from Yingkou Port Group, constituting a business combination under the common control and retrospectively adjusted the related items in comparative consolidated financial statements. The undistributed profit on 1 January 2021 decreased by RMB299,506,800.95. In 2021, such business units submitted profits of RMB399,097,135.08 to their former owner Yingkou Port Group.

### 46. Revenue and cost

Item	2022		2021	
	Revenue	Cost	Revenue	Cost
Principal operations	11,545,257,742.30	8,475,674,923.80	11,881,383,284.89	8,077,067,297.50
Other operations	435,480,687.37	408,194,955.25	466,171,323.12	441,263,158.55
<b>Total</b>	<b>11,980,738,429.67</b>	<b>8,883,869,879.05</b>	12,347,554,608.01	8,518,330,456.05

Revenue is as follows:

Item	2022	2021
Revenue arising from the contracts with the customers	11,762,993,841.09	12,122,414,522.05
Leasing income	217,744,588.58	225,140,085.96
<b>Total</b>	<b>11,980,738,429.67</b>	12,347,554,608.01

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 46. Revenue and cost (continued)

The composition of the revenue is as follows:

2022

Major operating region	Commodity	Labour services or services	Others	Total
Within China	153,093,959.58	11,404,384,595.95	423,259,874.14	11,980,738,429.67
<b>Total</b>	<b>153,093,959.58</b>	<b>11,404,384,595.95</b>	<b>423,259,874.14</b>	<b>11,980,738,429.67</b>

Principal business segment	Commodity	Labour services or services	Others	Total
Container terminal and related logistics services	1,710,807.55	3,627,913,288.25	107,066,942.68	3,736,691,038.48
Oil/liquefied chemicals terminal and related logistics services	24,200,820.95	1,580,849,091.23	42,107,178.60	1,647,157,090.78
Bulk and general cargo terminal and related logistics services	1,982,064.94	4,392,500,517.10	11,030,617.33	4,405,513,199.37
Bulk grain terminal and related logistics services	–	654,594,596.09	18,645,060.00	673,239,656.09
Passenger and roll-on/roll-off terminal and related logistics services	1,224,968.68	137,885,007.51	10,528,935.79	149,638,911.98
Port value-added and ancillary services	123,975,297.46	911,561,114.74	129,810,092.91	1,165,346,505.11
Automobile terminal and related logistics services	–	53,831,727.36	5,872,496.59	59,704,223.95
Others	–	45,249,253.67	98,198,550.24	143,447,803.91
<b>Total</b>	<b>153,093,959.58</b>	<b>11,404,384,595.95</b>	<b>423,259,874.14</b>	<b>11,980,738,429.67</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 46. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2022 (continued)

Reporting segment	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	30,677,557.00	-	-	30,677,557.00
Revenue from electricity supply services	122,416,402.58	-	-	122,416,402.58
Recognised over a certain period				
Revenue from logistics services	-	827,998,018.45	-	827,998,018.45
Revenue from project construction and inspection services	-	106,671,564.02	-	106,671,564.02
Revenue from transportation	-	1,195,309,339.32	-	1,195,309,339.32
Revenue from port operation services	-	8,880,912,289.21	-	8,880,912,289.21
Revenue from port management services	-	340,719,420.53	-	340,719,420.53
Revenue from tallying services	-	52,773,964.42	-	52,773,964.42
Others	-	-	205,515,285.56	205,515,285.56
Others				
Revenue from leasing services	-	-	217,744,588.58	217,744,588.58
<b>Total</b>	<b>153,093,959.58</b>	<b>11,404,384,595.95</b>	<b>423,259,874.14</b>	<b>11,980,738,429.67</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 46. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2021

Major operating region	Commodity	Labour services or services	Others	Total
Within China	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01
<b>Total</b>	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01

Principal business segment	Commodity	Labour services or services	Others	Total
Container terminal and related logistics services	920,203.69	3,586,249,938.27	126,376,827.36	3,713,546,969.32
Oil/liquefied chemicals terminal and related logistics services	27,229,543.36	1,677,227,892.45	45,924,674.26	1,750,382,110.07
Bulk and general cargo terminal and related logistics services	600,115.66	4,701,119,929.74	36,467,699.97	4,738,187,745.37
Bulk grain terminal and related logistics services	–	529,282,588.48	9,658,017.79	538,940,606.27
Passenger and roll-on/roll-off terminal and related logistics services	1,537,114.31	135,168,072.81	10,810,626.40	147,515,813.52
Port value-added and ancillary services	140,821,610.12	963,090,281.62	119,233,897.35	1,223,145,789.09
Automobile terminal and related logistics services	–	56,107,698.89	3,271,931.22	59,379,630.11
Others	–	52,105,005.90	124,350,938.36	176,455,944.26
<b>Total</b>	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 46. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2021 (continued)

Reporting segment	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	34,199,124.29	–	–	34,199,124.29
Revenue from electricity supply services	136,909,462.85	–	–	136,909,462.85
Recognised over a certain period				
Revenue from logistics services	–	634,639,553.37	–	634,639,553.37
Revenue from project construction and inspection services	–	125,357,114.44	–	125,357,114.44
Revenue from transportation	–	1,251,368,537.72	–	1,251,368,537.72
Revenue from port operation services	–	9,247,244,053.32	–	9,247,244,053.32
Revenue from port management services	–	383,907,664.89	–	383,907,664.89
Revenue from tallying services	–	53,942,760.66	–	53,942,760.66
Revenue from information services	–	3,891,723.76	–	3,891,723.76
Others	–	–	250,954,526.75	250,954,526.75
Others				
Revenue from leasing services	–	–	225,140,085.96	225,140,085.96
<b>Total</b>	<b>171,108,587.14</b>	<b>11,700,351,408.16</b>	<b>476,094,612.71</b>	<b>12,347,554,608.01</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 46. Revenue and cost (continued)

The information on performance obligations of the Group is as follows:

#### *Sales of goods*

Performance obligations are satisfied when delivering goods to customers. For old customers, the contract price is usually due and payable within 30 to 90 days after the goods are delivered; for new customers, prepayment is usually required.

#### *Port operation services*

Performance obligations are satisfied within the time frame of service provision. For old customers, the customer usually pays the contract price after the operation is completed and upon confirmed by the customer; for new customers, prepayment is usually required.

#### *Transportation and logistics services*

Performance obligations are satisfied within the time frame of service provision. For old customers, the customer usually pays the contract price after the logistics service is completed and upon confirmed by the customer; for new customers, prepayment is usually required.

#### *Engineering construction and supervision services*

Performance obligations are satisfied within the time frame when the service is provided, and the contract price is usually paid within 30 days after the settlement of each project node. Under general circumstance, the customer retains a certain percentage of guarantee deposit, which is usually paid after the expiration of the warranty period.

The transaction price allocated to the unfulfilled (or partially unfulfilled) performance obligations at the end of the year and the estimated time for recognition as revenue are:

Item	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
2022	373,622,802.37	67,073,399.21	35,973,139.82	12,635,834.97	489,305,176.37
2021	464,717,261.63	13,343,692.99	11,440,000.00	37,091,012.91	526,591,967.53

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 47. Taxes and surcharges

Item	2022	2021
Land use tax	64,653,591.11	41,205,240.86
Property tax	25,108,421.10	23,701,403.51
City maintenance and construction tax	11,870,368.12	16,043,705.27
Educational surcharge	8,484,662.06	11,468,803.42
Environmental protection tax	9,512,519.99	9,506,432.76
Stamp duty	4,353,322.47	23,711,639.70
Vehicle and vessel use tax	2,863,722.79	2,806,117.68
Others	4,143.23	838,130.93
<b>Total</b>	<b>126,850,750.87</b>	129,281,474.13

### 48. Administrative expenses

Item	2022	2021
Payroll	591,265,799.78	535,427,741.79
Labour cost	26,006,047.49	26,302,029.26
Depreciation and amortisation	40,685,865.51	52,604,752.07
Business entertainment expense	14,017,053.24	15,141,826.60
Office charges	8,354,607.87	8,922,827.74
Agency engagement expenses	22,233,786.79	31,423,938.81
Including: Audit fee	5,607,155.27	5,818,371.68
Property insurance premium	6,048,696.89	5,969,946.99
Water, power and other energy consumption cost	2,751,253.11	2,973,401.20
Telephone charges and internet access charges	41,658,619.55	41,133,724.75
Vehicle expenses	14,611,470.02	14,438,714.34
Others	59,382,348.55	65,003,488.65
<b>Total</b>	<b>827,015,548.80</b>	799,342,392.20

### 49. Research and development expenses

Item	2022	2021
Payroll	4,427,611.73	8,162,286.34
Depreciation and amortisation	89,199.75	212,614.37
Others	1,170,367.37	931,745.91
<b>Total</b>	<b>5,687,178.85</b>	9,306,646.62



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 50. Financial expenses

Item	2022	2021
Interest expenses	<b>542,904,055.94</b>	632,573,123.30
Including: Bank and other borrowings	<b>46,467,064.59</b>	52,321,814.16
Interest of bonds	<b>222,797,024.83</b>	232,013,212.71
Interest expenses of lease liabilities	<b>273,639,966.52</b>	348,238,096.43
Less: Interest income	<b>94,016,449.47</b>	104,567,205.11
Net foreign exchange losses ("-" for net gain)	<b>17,654,965.66</b>	-3,101,268.89
Others	<b>894,635.12</b>	1,474,265.77
<b>Total</b>	<b>467,437,207.25</b>	526,378,915.07

### 51. Other income

Item	2022	2021
Government subsidies related to daily activities	<b>107,636,998.79</b>	111,098,221.73
Refund of commission for paying individual income tax	<b>836,945.20</b>	1,428,968.11
Additional deduction of VAT	<b>50,676,884.09</b>	36,432,736.10
<b>Total</b>	<b>159,150,828.08</b>	148,959,925.94

Government subsidies related to daily activities are as follows:

Item	2022	2021	Related to assets/income
Relocation compensation	<b>25,330,148.46</b>	25,903,836.39	Related to assets
Production safety	<b>1,271,978.56</b>	1,271,978.56	Related to assets
Energy conservation and emission reduction special fund	<b>939,466.64</b>	939,966.24	Related to assets
Equipment reconstruction subsidies	<b>8,800,884.64</b>	8,676,663.82	Related to assets
Sea-rail combined transport subsidies	<b>1,364,522.76</b>	2,829,452.91	Related to assets
Transport junction passenger station project	<b>5,884,100.72</b>	4,773,910.88	Related to assets
Others related to assets	<b>714,696.61</b>	638,844.69	Related to assets
Operation subsidies	<b>58,072,591.13</b>	65,273,786.29	Related to income
Stable position subsidies	<b>3,903,983.57</b>	570,213.07	Related to income
Container subsidies	<b>33,310.00</b>	69,860.00	Related to income
Others related to income	<b>1,321,315.70</b>	149,708.88	Related to income
<b>Total</b>	<b>107,636,998.79</b>	111,098,221.73	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 52. Investment income

Item	2022	2021
Investment income from long-term equity investments under the equity method	182,348,397.40	322,022,018.21
Investment income from disposal of subsidiaries	—	19,639,517.15
Investment income from disposal of long-term equity investments	64,191.66	15,589.45
Dividend income from other investments on hand in equity instruments	11,569,087.67	10,502,840.09
Investment income from disposal of held-for-trading financial assets	—	25,965,850.49
Others	2,494,310.28	2,976,052.80
<b>Total</b>	<b>196,475,987.01</b>	<b>381,121,868.19</b>

There were no major restrictions on the repatriation of investment income.

### 53. Credit impairment losses

Item	2022	2021
Impairment losses on accounts receivable	-122,923,632.12	-96,737,653.76
Impairment losses on other receivables	-20,531,763.73	-17,969,608.25
Impairment losses on non-current assets due within one year	-12,455,000.00	-795,000.00
Impairment losses on long-term receivables	940.75	799,537.98
<b>Total</b>	<b>-155,909,455.10</b>	<b>-114,702,724.03</b>

### 54. Impairment losses on assets

Item	2022	2021
Impairment losses on inventories	-2,715,887.74	—
Impairment loss on long-term equity investments	—	-8,468,465.03
Impairment losses on fixed assets	—	-44,992,613.52
Impairment losses on construction in progress	-8,942,675.89	—
Impairment losses on goodwill	—	-6,218,460.29
<b>Total</b>	<b>-11,658,563.63</b>	<b>-59,679,538.84</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 55. Gain on disposal of assets

Item	2022	2021	Amount recognized as non-recurring profit or loss
Gain on disposal of non-current assets	<b>5,051,232.80</b>	144,560,327.91	5,051,232.80
Including: Gain on disposal of fixed assets	<b>3,287,591.03</b>	3,448,479.65	3,287,591.03
Gain on disposal of right-of-use assets	<b>1,763,641.77</b>	141,111,848.26	1,763,641.77

### 56. Non-operating income

Item	2022	2021	Amount recognized as non-recurring profit or loss
Government grants	<b>258,299.14</b>	258,299.14	258,299.14
Income from demolition compensation	–	11,670,135.87	–
Insurance claims	<b>137,145.44</b>	258,200.86	137,145.44
Forfeiture and penalty income	<b>1,241,597.67</b>	9,486,004.47	1,241,597.67
Amount requiring no payment	<b>5,443,025.92</b>	–	5,443,025.92
Revenues from disposal of waste and old materials	<b>3,654,074.67</b>	7,387,186.76	3,654,074.67
Reversal of estimated liabilities (Note VIII.37)	<b>32,760,218.42</b>	–	32,760,218.42
Others	<b>1,926,229.01</b>	3,005,682.39	1,926,229.01
<b>Total</b>	<b>45,420,590.27</b>	32,065,509.49	45,420,590.27

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 56. Non-operating income (continued)

Details of government grants not related to daily activities are as follows:

Item	2022	2021
Energy conservation and emission reduction special fund	258,299.14	258,299.14
<b>Total</b>	<b>258,299.14</b>	258,299.14

### 57. Non-operating expenses

Item	2022	2021	Amount recognized as non-recurring profit or loss
Losses on obsolescence of fixed assets	5,305,838.33	12,891,563.62	5,305,838.33
Late fee	9,291,943.52	46,449,148.03	9,291,943.52
Estimated compensation of pending lawsuits	—	179,547,885.91	—
Others	734,037.08	3,913,814.79	734,037.08
<b>Total</b>	<b>15,331,818.93</b>	242,802,412.35	15,331,818.93

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 58. Income tax expenses

#### (1) Income tax expenses

Item	2022	2021
Current income tax	561,379,568.89	605,086,915.48
Deferred income tax adjustment	-99,663,123.20	-28,845,128.67
<b>Total</b>	<b>461,716,445.69</b>	576,241,786.81

#### (2) The reconciliation of the accounting profit to the income tax expenses

Item	2022	2021
Accounting profit	1,893,076,665.35	2,654,437,680.25
Income tax expense at the rate of 25% (last year: 25%)	473,269,166.34	663,609,420.06
Tax impact of expenses not deductible for tax purposes	17,692,383.54	6,703,683.00
Tax impact of income not subject to tax	-54,811,908.38	-169,098,365.77
Tax impact of unrecognised deductible losses and deductible temporary differences	42,708,236.57	83,048,640.42
Tax impact of utilisation of unrecognized deductible losses and deductible temporary differences in previous years	-14,952,788.62	-8,767,420.69
Effect of different tax rates applicable to subsidiaries in other regions	-4,805,403.46	-2,723,286.32
Supplement (refund) tax charges of the former year	3,342,338.54	4,511,783.93
Others	-725,578.84	-1,042,667.82
<b>Income tax expenses</b>	<b>461,716,445.69</b>	576,241,786.81

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 59. Classification of expenses by nature

The operating costs, administrative expenses and research and development expenses classified in the Group's profits classified by nature are as follows:

Item	2022	2021
Cost of goods sold	<b>115,640,477.14</b>	97,003,741.14
Labor cost	<b>2,960,227,364.82</b>	2,935,634,527.60
Depreciation and amortisation	<b>2,299,667,437.53</b>	2,275,073,926.88
Logistics services costs	<b>627,207,468.06</b>	578,739,281.33
Machinery usage expenses	<b>642,540,653.23</b>	700,187,852.94
Out-sourced operation expenses	<b>597,508,202.02</b>	557,690,555.59
Fuel expenses	<b>394,844,338.98</b>	242,027,989.82
Repair charges	<b>268,836,248.38</b>	245,556,759.13
Materials expenses	<b>219,015,982.83</b>	224,151,300.02
Electricity expenses	<b>199,173,478.48</b>	182,108,437.23
Cost for tank leasing	<b>191,108,489.69</b>	191,108,490.49
Rentals	<b>161,706,422.37</b>	109,802,100.06
Production safety fund	<b>153,446,408.11</b>	113,143,517.93
Railway usage fees and weighing fees	<b>123,058,738.03</b>	106,660,896.12
IT expenses	<b>77,675,914.48</b>	73,410,107.69
Commuting cost	<b>39,235,252.00</b>	37,684,374.49
Agency engagement expenses	<b>22,233,786.79</b>	31,423,938.81
Insurance expenses	<b>39,057,166.51</b>	30,539,066.00
Office expenses	<b>21,101,129.00</b>	18,280,902.49
Property management expenses	<b>17,276,195.51</b>	15,851,962.79
Water expenses	<b>11,618,391.97</b>	14,997,536.43
Business entertainment expenses	<b>14,017,053.24</b>	15,141,826.60
Travel expenses	<b>5,695,464.16</b>	8,287,405.86
Other expenses	<b>514,680,543.37</b>	522,472,997.43
<b>Total</b>	<b>9,716,572,606.70</b>	9,326,979,494.87

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 60. Lease

#### (1) Lessor of operating leases

Item	2022	2021
I. Income		
Leasing income	<b>217,744,588.58</b>	225,140,085.96
II. Undiscounted lease receipts that will be received each year of five consecutive fiscal years after the balance sheet date		
The first year	<b>109,038,081.85</b>	83,626,072.61
The second year	<b>31,700,312.90</b>	33,511,879.65
The third year	<b>20,973,833.89</b>	27,155,550.23
The fourth year	<b>14,245,479.14</b>	13,650,680.09
The fifth year	<b>—</b>	467,200.00

- 1) The Group leases part of buildings for a lease term of 0.5-30 years, forming an operating lease. According to the lease contract, the rental is required to be adjusted every year according to the market rental situation. The Group also leases part of vessels, storage facilities, machinery and equipment, land use rights, etc., for a lease term of 1-30 years, forming an operating lease.
- 2) The Group is of the view that there was no improper use of lease assets, and the unguaranteed balance of such asset will not expose significant risks to the Group.
- 3) Income for the year relating to operating leases amounted to RMB217,744,588.58 (2021: RMB225,140,085.96); there was no income related to variable lease payments that were not included in the lease receipts.

#### (2) Lessee of leases

Item	2022	2021
Interest expenses of lease liabilities	<b>273,639,966.52</b>	348,238,096.43
Short-term lease expenses included in current profit or loss	<b>161,701,537.41</b>	109,780,372.15
Low-value asset lease expenses	<b>4,884.96</b>	21,727.91
Total cash outflows related to lease	<b>551,284,254.22</b>	631,548,527.46

Fixed assets under operating lease include buildings and land use rights, warehouse, vehicles, port and terminal facilities and other equipment leased from related parties and third parties by the Group. The Group has the option to renew or terminate the lease. The lease term includes the period covered by an option to renew the lease.

Please refer to Note VIII. 16 for details of right-of-use assets; refer to Note IV. 26 for details of short-term leases and low-value asset leases using simplified treatment; and refer to Note VIII. 35 for details of lease liabilities.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 61. Earnings per share ("EPS")

The basic EPS is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

The calculation of the basic EPS is as follows:

Item	2022	2021
<b>Earnings</b>		
Net profit for the year attributable to ordinary shareholders of the parent company		
Continuing operation	1,279,734,789.11	1,916,076,220.45
<b>Shares</b>		
Weighted average number of ordinary shares in issue	23,987,065,816.00	22,850,702,180.17
<b>Basic earnings per share</b>	0.05	0.08

As at 31 December 2022 and 31 December 2021, there were no dilutive potential ordinary shares in issue.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 62. Items of the consolidated statement of cash flows

#### (1) Other cash received/paid relating to operating/investing/financing activities

Item	2022	2021
<b>Other cash received relating to operating activities</b>		
Bank deposit interest income received	85,145,289.40	128,597,346.91
Government grants received	125,568,900.48	19,135,690.20
Cash received from restricted cash with financial institutions	218,107,800.40	—
Deposits and margins received	80,888,309.86	81,836,836.99
Others	22,099,197.63	46,287,427.71
<b>Total</b>	<b>531,809,497.77</b>	<b>275,857,301.81</b>
<b>Other cash paid relating to operating activities</b>		
Payment of operating cost, administrative expenses and other daily expenses	182,443,339.97	193,528,499.21
Payment of deposits and margins	52,439,722.42	75,645,642.85
Payment of restricted cash with financial institutions	8,895,409.55	18,230,794.72
Others	74,480,905.69	40,580,072.26
<b>Total</b>	<b>318,259,377.63</b>	<b>327,985,009.04</b>
<b>Other cash received relating to investing activities</b>		
Cash received from restricted cash with financial institutions	1,616,036.35	828,800.00
Borrowings from related parties	4,700,000.00	50,000,000.00
Returned land premium received	2,000,000.00	12,608,120.00
Others	7,228.39	—
<b>Total</b>	<b>8,323,264.74</b>	<b>63,436,920.00</b>
<b>Other cash paid relating to investing activities</b>		
Payment of restricted cash with financial institutions	1,164,778.05	1,602,347.00
Disposal of cash and cash equivalents held by the subsidiaries	—	109,823,075.29
<b>Total</b>	<b>1,164,778.05</b>	<b>111,425,422.29</b>
<b>Other cash paid relating to financing activities</b>		
Consideration of business combinations under common control	1,126,368,259.38	1,193,478,207.87
Lease payment paid	389,577,831.85	521,746,427.40
Bonds issuance expense paid	8,828,951.80	7,500,000.00
Shares issuance expense paid	—	5,909,486.84
<b>Total</b>	<b>1,524,775,043.03</b>	<b>1,728,634,122.11</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 62. Items of the consolidated statement of cash flows (continued)

#### (2) Supplementary information to the statement of cash flows

Item	2022	2021
1.Reconciliation of net profit to cash flows from operating activities		
Net profit	1,431,360,219.66	2,078,195,893.44
Add: Provision for credit impairments	155,909,455.10	114,702,724.03
Provision for asset impairments	11,658,563.63	59,679,538.84
Depreciation of fixed assets	1,845,202,496.98	1,778,866,496.18
Depreciation of investment properties	16,247,562.51	28,633,931.64
Amortisation of intangible assets	179,562,632.65	125,132,603.79
Provision for depreciation of right-of-use assets	245,316,000.38	324,249,079.81
Amortisation of long-term prepaid expenses	13,338,745.01	18,191,815.46
Amortisation of deferred income	-44,564,097.53	-45,292,952.63
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gain)	-5,051,232.80	-144,560,327.91
Losses on obsolescence of fixed assets ("-" for gain)	5,305,838.33	12,891,563.62
Financial expenses ("-" for gain)	554,457,726.81	629,471,854.41
Losses on investment ("-" for gain)	-196,475,987.01	-381,121,868.19
Decrease in deferred income tax assets ("-" for increase)	-72,718,615.80	-7,949,946.46
Increase in deferred income tax liabilities ("-" for decrease)	-26,944,507.40	-20,895,182.21
Decrease in inventories ("-" for increase)	-12,826,481.78	-7,404,256.92
Increase in special reserve ("-" for decrease)	54,794,412.94	16,209,641.25
Decrease in operating receivables ("-" for increase)	-791,489,201.03	-1,216,661,285.18
Increase in operating payables ("-" for decrease)	49,221,281.67	460,581,604.51
<b>Net cash flows from operating activities</b>	<b>3,412,304,812.32</b>	<b>3,822,920,927.48</b>
2.Major non-cash transactions of investing activities and financing activities:		
Acquisition of assets and businesses paid by bills	190,000,000.00	179,826,643.55
Acquisition of assets paid by bills	207,711,776.38	140,045,301.69
Lease liabilities repaid by bills	40,381,952.09	82,632,592.94
3.Net changes in cash and cash equivalents:		
Cash at the end of the year	5,045,473,498.23	4,433,485,423.30
Less: Cash at the beginning of the year	4,433,485,423.30	7,165,069,059.76
<b>Net increase in cash and cash equivalents</b>	<b>611,988,074.93</b>	<b>-2,731,583,636.46</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 63. Cash and cash equivalents

Item	2022	2021
<b>Cash and cash equivalents</b>	<b>5,045,473,498.23</b>	4,433,485,423.30
Including: Cash on hand	<b>30,138.17</b>	24,152.18
Bank deposits that can be readily drawn on demand	<b>5,045,443,360.06</b>	4,433,461,271.12
Other cash balances that can be readily drawn on demand	—	—

### 64. Monetary items denominated in foreign currencies

Item	Balance of foreign currency at the end of the year	Exchange rate	Equivalent RMB balance at the end of the year
Cash at bank and on hand			
Including: USD	13,971,160.31	6.9646	97,303,543.10
JPY	55,000.00	0.0524	2,882.00
HKD	383,947.09	0.8933	342,979.94
Accounts receivable			
Including: USD	1,070,303.21	6.9646	7,454,233.74
JPY	632,431.00	0.0524	33,139.38
KRW	23,160,000.00	0.0055	127,380.00
Other receivables			
Including: USD	1,336,328.76	6.9646	9,306,995.28
Accounts payable			
Including: USD	3,542,904.39	6.9646	24,674,911.91
Other payables			
Including: USD	7,242,588.91	6.9646	50,441,734.72

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 65. Segment information

#### *Operating segments*

For management purposes, the Group is organised into business units based on its products and services and has seven reportable segments as follows:

(1)	Oil/liquefied chemicals terminal and related logistics services	loading and discharging, storage and transshipment of oil products and liquefied chemicals, port management services;
(2)	Container terminal and related logistics services	loading and discharging, storage and transshipment of containers, leasing of terminals and various container logistics services and sales of properties;
(3)	Bulk and general cargo terminal and related logistics services	loading and discharging of ore, general cargo and provision of related logistics services;
(4)	Bulk grain terminal and related logistics services	loading and discharging of grains and provision of related logistics services;
(5)	Passenger and roll-on, roll-off terminal and related logistics services	passenger transportation, general cargo roll-on and roll-off and provision of related logistics services;
(6)	Port value-added and ancillary services	tallying, tugging, transportation, power supply, information technology and construction services;
(7)	Automobile terminal and related logistics services	loading and discharging of automobile and provision of related logistics services.

Management monitors the results of the Group's each of the business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for certain revenue and expenses attributable to headquarters. Segment assets and liabilities exclude certain assets and liabilities attributable to headquarters of the Company as these assets and liabilities are managed by the Group.

The above reporting segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the above reportable segments.

Inter-segment revenue is eliminated on consolidation. Inter-segment sales and purchases are conducted in accordance with the terms mutually agreed between the parties.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 65. Segment information (continued)

#### Reportable segment information

2022

Item	Oil/liquefied chemicals terminal and related logistics services RMB'000	Container terminal and related logistics services RMB'000	Bulk and general cargo terminal and related logistics services RMB'000	Bulk grain terminal and related logistics services RMB'000	Passenger and roll-on/ roll-off terminal and related logistics services RMB'000	Port value- added and ancillary services RMB'000	Automobile terminal and related logistics services RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
<b>Revenue</b>										
Revenue from external customers	1,647,157	3,736,691	4,405,513	673,240	149,639	1,165,346	59,704	143,448	-	11,980,738
Inter-segment revenue	1,127	1,599	166,628	2,608	110	784,555	-	279,719	-1,236,346	-
<b>Total revenue of segment</b>	<b>1,648,284</b>	<b>3,738,290</b>	<b>4,572,141</b>	<b>675,848</b>	<b>149,749</b>	<b>1,949,901</b>	<b>59,704</b>	<b>423,167</b>	<b>-1,236,346</b>	<b>11,980,738</b>
Cost of sales	1,097,773	2,687,122	3,181,443	537,787	161,669	1,014,279	50,306	153,491	-	8,883,870
Taxes and surcharges	21,337	21,334	46,331	3,001	3,275	5,661	2,556	23,356	-	126,851
Administrative expenses	45,846	177,757	102,262	38,627	30,336	149,187	14,336	268,665	-	827,016
Research and development expenses	-	4,281	-	-	-	1,382	-	24	-	5,687
Financial expenses	89,863	34,682	113,863	2,223	-480	10,815	-2,848	219,319	-	467,437
Asset impairment losses	-	-	-	-	-	-	-11,659	-	-	-11,659
Credit impairment losses	-168,481	-22,994	38,099	660	-303	557	-7	-3,440	-	-155,909
Investment income	97,682	102,212	-14,507	7,111	-27,290	15,496	15,890	-118	-	196,476
Including: Investment income from associates and joint ventures	96,248	91,594	-14,507	4,917	-27,290	15,496	15,890	-	-	182,348
Gains on disposals of assets	-	3,642	152	-	-	35	-	1,222	-	5,051
Other income	31,258	70,565	4,680	964	7,517	3,948	1,657	38,563	-	159,152
<b>Operating profit</b>	<b>352,797</b>	<b>964,940</b>	<b>990,038</b>	<b>100,337</b>	<b>-65,237</b>	<b>4,058</b>	<b>1,235</b>	<b>-485,180</b>	<b>-</b>	<b>1,862,988</b>
Non-operating income	37	946	6,705	371	359	2,992	-	34,011	-	45,421
Non-operating expenses	8	697	9,571	17	8	1,226	16	3,789	-	15,332
<b>Total profit</b>	<b>352,826</b>	<b>965,189</b>	<b>987,172</b>	<b>100,691</b>	<b>-64,886</b>	<b>5,824</b>	<b>1,219</b>	<b>-454,958</b>	<b>-</b>	<b>1,893,077</b>
Income tax	65,358	222,876	297,019	20,431	-5,051	1,067	292	-140,275	-	461,717
Net profit	287,468	742,313	690,153	80,260	-59,835	4,757	927	-314,683	-	1,431,360
<b>Total assets</b>	<b>10,368,913</b>	<b>12,209,474</b>	<b>18,904,960</b>	<b>2,718,379</b>	<b>1,446,573</b>	<b>3,433,403</b>	<b>863,824</b>	<b>11,069,014</b>	<b>-3,405,149</b>	<b>57,609,391</b>
<b>Total liabilities</b>	<b>2,044,585</b>	<b>3,763,233</b>	<b>3,669,297</b>	<b>268,140</b>	<b>245,915</b>	<b>531,636</b>	<b>11,567</b>	<b>8,738,176</b>	<b>-3,405,149</b>	<b>15,867,400</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 65. Segment information (continued)

#### Reportable segment information (continued)

2022 (continued)

Item	Oil/liquefied chemicals terminal and related logistics services RMB'000	Container terminal and related logistics services RMB'000	Bulk and general cargo terminal and related logistics services RMB'000	Bulk grain terminal and related logistics services RMB'000	Passenger and roll-on/ roll-off terminal and related logistics services RMB'000	Port value- added and ancillary services RMB'000	Automobile terminal and related logistics services RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Supplementary information										
Depreciation and amortization expenses	352,638	518,944	754,972	140,980	52,777	276,847	13,728	188,781	-	2,299,667
Long-term equity investments in associates and joint ventures	1,551,768	995,018	127,777	270,364	297,128	221,673	309,711	-	-	3,773,439
Capital expenditures (i)	72,639	303,770	37,223	39,936	7,190	9,845	1,378	71,851	-	543,832

- (i) Capital expenditures include the capital expenditures of fixed assets, construction in progress, intangible assets, long-term prepaid expenses and investment properties.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## VIII. Notes to items of the consolidated financial statements (continued)

### 65. Segment information (continued)

#### Reportable segment information (continued)

2021

Item	Oil/liquefied chemicals terminal and related logistics services	Container terminal and related logistics services	Bulk and general cargo terminal and related logistics services	Bulk grain terminal and related logistics services	Passenger and roll-on/ roll-off terminal and related logistics services	Port value- added and ancillary services	Automobile terminal and related logistics services	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>										
Revenue from external customers	1,750,382	3,713,547	4,738,188	538,941	147,516	1,223,146	59,380	176,455	-	12,347,555
Inter-segment revenue	1,337	5,260	18,701	4,491	269	884,108	-	331,311	-1,245,477	-
<b>Total revenue of segment</b>	<b>1,751,719</b>	<b>3,718,807</b>	<b>4,756,889</b>	<b>543,432</b>	<b>147,785</b>	<b>2,107,254</b>	<b>59,380</b>	<b>507,766</b>	<b>-1,245,477</b>	<b>12,347,555</b>
Cost of sales	1,114,301	2,526,483	3,196,291	463,130	154,449	883,284	47,198	133,194	-	8,518,330
Taxes and surcharges	21,655	20,862	27,051	2,339	3,262	5,183	2,536	46,393	-	129,281
Administrative expenses	52,462	187,120	116,239	39,135	31,477	151,961	16,673	204,275	-	799,342
Research and development expenses	-	5,736	-	-	-	3,528	-	43	-	9,307
Financial expenses	90,907	51,150	143,385	747	-88	15,833	-1,459	225,904	-	526,379
Asset impairment losses	-	-59,680	-	-	-	-	-	-	-	-59,680
Credit impairment losses	-116,237	-12,463	19,629	-1	44	2,401	-4	-8,072	-	-114,703
Investment income	188,306	120,395	19,148	-1,177	-10,560	23,438	15,605	25,967	-	381,122
Including: Investment income from associates and joint ventures	188,291	108,528	8,862	-1,177	-10,560	12,473	15,605	-	-	322,022
Gains on disposals of assets	10,643	36	133,237	-	-	201	-	443	-	144,560
Other income	32,464	70,198	5,608	807	6,107	3,751	239	29,786	-	148,960
<b>Operating profit</b>	<b>586,233</b>	<b>1,040,682</b>	<b>1,432,844</b>	<b>33,219</b>	<b>-45,993</b>	<b>193,148</b>	<b>10,272</b>	<b>-385,230</b>	<b>-</b>	<b>2,865,175</b>
Non-operating income	166	2,073	4,609	9,536	27	14,629	2	1,023	-	32,065
Non-operating expenses	12	180,142	47,301	-573	5	2,886	23	13,006	-	242,802
<b>Total profit</b>	<b>586,387</b>	<b>862,613</b>	<b>1,390,152</b>	<b>43,328</b>	<b>-45,971</b>	<b>204,891</b>	<b>10,251</b>	<b>-397,213</b>	<b>-</b>	<b>2,654,438</b>
Income tax	115,013	241,368	378,617	15,022	-10,234	9,417	935	-173,896	-	576,242
Net profit	471,374	621,245	1,011,535	28,306	-35,737	195,474	9,316	-223,317	-	2,078,196
<b>Total assets</b>	<b>10,493,039</b>	<b>12,647,106</b>	<b>18,132,113</b>	<b>2,791,406</b>	<b>1,507,782</b>	<b>3,686,142</b>	<b>869,743</b>	<b>11,210,254</b>	<b>-3,524,335</b>	<b>57,813,250</b>
<b>Total liabilities</b>	<b>2,383,737</b>	<b>3,931,931</b>	<b>4,338,050</b>	<b>273,527</b>	<b>42,490</b>	<b>620,629</b>	<b>18,777</b>	<b>8,674,702</b>	<b>-3,524,335</b>	<b>16,759,508</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## VIII. Notes to items of the consolidated financial statements (continued)

### 65. Segment information (continued)

#### Reportable segment information (continued)

2021 (continued)

Item	Oil/liquefied chemicals terminal and related logistics services RMB'000	Container terminal and related logistics services RMB'000	Bulk and general cargo terminal and related logistics services RMB'000	Bulk grain terminal and related logistics services RMB'000	Passenger and roll-on/ roll-off terminal and related logistics services RMB'000	Port value- added and ancillary services RMB'000	Automobile terminal and related logistics services RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Supplementary information										
Depreciation and amortization expenses	381,735	551,712	645,388	137,537	53,946	200,989	13,745	290,022	-	2,275,074
Long-term equity investments in associates and joint ventures	1,631,532	947,389	159,878	265,446	324,419	220,521	304,944	-	-	3,854,129
Capital expenditures (i)	65,578	59,503	5,671,795	31,846	8,160	14,272	2,755	1,152,178	-	7,006,087

(i) Capital expenditures include the capital expenditures of fixed assets, construction in progress, intangible assets, long-term prepaid expenses and investment properties.

## IX. Interests in other entities

- Interests in subsidiaries are discussed in Note VII. 1.
- Interests in joint ventures and associates are discussed in Note VIII. 11.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## X. Relationships and transactions with related parties

### 1. Related parties with controlling relationship

Name of related parties	Relationships with related parties
China Merchants Group	Ultimate controlling party
Liaoning Port Group	Indirect controlling shareholder
PDA Group	Indirect controlling shareholder
Yingkou Port Group	Parent company

### 2. For related information of subsidiaries, please refer to Note VII. 1.

### 3. For related information of joint ventures and associates, please refer to Note VIII. 11.

### 4. Main related parties that transacted with the Group but without controlling relationship:

Name of related parties	Relationships with related parties
Beijing Yinggang Yaou International Supply Chain Management Co., Ltd. (北京營港亞歐國際供應鏈管理有限公司) (Note 1)	Subsidiary of the parent
Faku Yinggang Logistics Co., Ltd. (法庫營港物流有限公司)	Subsidiary of the parent
Liaoning Ganghang Modern Supply Chain Co., Ltd. (遼寧港航現代供應鏈有限公司) (Note 1)	Subsidiary of the parent
Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司)	Subsidiary of the parent
Liaoning Gangwan Financial Holding Group Co., Ltd. (遼寧港灣金融控股集團有限公司)	Subsidiary of the parent
Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧薈源光伏有限公司)	Subsidiary of the parent
Liaoning New Silk Road International Logistics Co., Ltd. (遼寧新絲路國際物流有限公司) (Note 1)	Subsidiary of the parent
Panjin Port Group Co., Ltd. (盤錦港集團有限公司)	Subsidiary of the parent
Suizhong Port Group Co., Ltd. (綏中港集團有限公司)	Subsidiary of the parent
Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	Subsidiary of the parent
Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司)	Subsidiary of the parent
Yingkou Port Real Estate Development Co., Ltd. (營口港房地產開發有限責任公司)	Subsidiary of the parent
Yingkou Gangfeng Hotel Co., Ltd. (營口港豐大酒店有限公司) (Note 1)	Subsidiary of the parent
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Subsidiary of the parent
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Subsidiary of the parent

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## X. Relationships and transactions with related parties (continued)

### 4. Main related parties that transacted with the Group but without controlling relationship: (continued)

Name of related parties	Relationships with related parties
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Subsidiary of the parent
Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd. (營口港務集團保稅貨物儲運有限公司)	Subsidiary of the parent
Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司) (Note 1)	Subsidiary of the parent
Yingkou Port Fairy Island Pier Co., Ltd. (營口港仙人島碼頭有限公司)	Subsidiary of the parent
Yingkou Port Hospital	Subsidiary of the parent
Shenyang Yinggang Lugang Service Co., Ltd. (瀋陽營港陸港服務有限公司)	Subsidiary of the parent
Yingkou Port Zhanqian Real Estate Development and Construction Co., Ltd. (營口港站前房地產開發建設有限公司)	Subsidiary of the parent
Panjin Port Logistics Development Co., Ltd. (盤錦港物流發展有限公司)	Subsidiary of the parent
Yingkou Ocean Shipping Tally Co., Ltd.	Subsidiary of the parent
Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司)	Subsidiary of the parent
Yingkou Wanheng Building Materials Inspection & Testing Co., Ltd. (營口萬衡建材檢測有限公司) (Note 1)	Subsidiary of the parent
China Merchants Gangrong	Subsidiary of the parent
Liaoning Gangfeng Logistics Co., Ltd. (遼寧港豐物流有限公司) (Note 1)	Subsidiary of the parent
Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	Joint venture of the parent
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	Joint venture of the parent
Jilin Inland Port Logistics Co., Ltd. (Note 2)	Joint venture of the parent
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Joint venture of the parent
Yingkou Port Gaizhou Logistics Co., Ltd.	Joint venture of the parent
Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司)	Joint venture of the parent
Yingkou Gangjun Logistics Co., Ltd. (營口港駿物流有限公司)	Joint venture of the parent
Yingkou Gangyue Sugar Storage Co., Ltd. (營口港悅食糖儲備有限公司)	Joint venture of the parent
Yingkou Economic and Technological Development Zone Yugang Logistics Co., Ltd. (營口經濟技術開發區裕港物流有限公司)	Joint venture of the parent
Yingkou Duty Free Foreign Supply Port Service Company Limited (營口中免對外供應港口服務有限責任公司)	Joint venture of the parent

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## X. Relationships and transactions with related parties (continued)

### 4. Main related parties that transacted with the Group but without controlling relationship: (continued)

Name of related parties	Relationships with related parties
Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	Joint venture of the parent
Yingkou Ocean Shipping Agency Co., Ltd.	Joint venture of the parent
Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司)	Joint venture of the parent
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧瀋哈紅運物流有限公司)	Associate of the parent
Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	Associate of the parent
Yingkou Haihui Shipping Agency Co., Ltd. (營口海惠船務代理有限公司) (Note 2)	Associate of the parent
Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司)	Associate of the parent
Yingkou Xintonghe Logistics Co., Ltd. (營口新通合物流有限公司)	Associate of the parent
Yingkou Vessel Fuel Supply Co., Ltd. (營口船舶燃料供應有限公司)	Associate of the parent
Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司)	Associate of the parent
Yingkou Zhonglian Tally Co., Ltd. (營口中聯理貨有限公司)	Associate of the parent
Panjin Port Runbang International Logistics Co., Ltd. (盤錦港潤邦國際物流有限公司)	Associate of the parent
Yingkou Wanying Logistics Co., Ltd. (Note 3)	Associate of the parent
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Controlled by the same ultimate party
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Controlled by the same ultimate party
Dalian Port Security Services Co., Ltd.	Controlled by the same ultimate party
Dalian Port North Shore Container Terminal Co., Ltd.	Controlled by the same ultimate party
Dalian Port North Shore Automobile Terminal Co., Ltd.	Controlled by the same ultimate party
Dalian Port North Shore Investment and Development Co., Ltd.	Controlled by the same ultimate party
Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司)	Controlled by the same ultimate party
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Controlled by the same ultimate party
Dalian Portsoft Technology Co., Ltd.	Controlled by the same ultimate party
Dalian Portsoft Network Co., Ltd.	Controlled by the same ultimate party
Dalian Port Petroleum & Chemical Co., Ltd.	Controlled by the same ultimate party
Dalian Gangtai Insurance Brokers Co., Ltd.	Controlled by the same ultimate party
Dalian Port Investment and Financing Holding Group Co., Ltd.	Controlled by the same ultimate party
Dalian Port Wantong Logistics Co., Ltd.	Controlled by the same ultimate party
Dalian Port Hospital	Controlled by the same ultimate party

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 4. Main related parties that transacted with the Group but without controlling relationship: (continued)

Name of related parties	Relationships with related parties
Dalian Port Real Estate Co., Ltd.	Controlled by the same ultimate party
Dalian International Shipping Center Building Co., Ltd. (大連國際航運中心大廈有限公司)	Controlled by the same ultimate party
Dalian Harbour City Construction Development Co., Ltd. (Note 1)	Controlled by the same ultimate party
Dalian Harbour Building Co., Ltd.	Controlled by the same ultimate party
Dalian Hongyu Building Co., Ltd.	Controlled by the same ultimate party
Dalian United King Port Auto Trade Co., Ltd.	Controlled by the same ultimate party
Dalian Port Logistics Technology Co., Ltd.	Controlled by the same ultimate party
Dalian Port Logistics Network Co., Ltd.	Controlled by the same ultimate party
Dalian Taiping Bay Port Company Limited	Controlled by the same ultimate party
Dalian Taiping Bay Investment & Development Co., Ltd.	Controlled by the same ultimate party
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Controlled by the same ultimate party
Dalian Wanfeng Properties Co., Ltd.	Controlled by the same ultimate party
Dalian Wantong Ronghai Shipping Co., Ltd.	Controlled by the same ultimate party
Dalian Yongde Property Management Co., Ltd.	Controlled by the same ultimate party
Dalian Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party
Dandong Port Group Co., Ltd.	Controlled by the same ultimate party
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate party
Jinzhou Liaoxi PDA Properties Co., Ltd.	Controlled by the same ultimate party
China Marine Shipping Agency Liaoning Co., Ltd.	Controlled by the same ultimate party
Ocean Harvest Container Co., Ltd.	Controlled by the same ultimate party
Shenzhen Haiqin Engineering Supervision & Management Company Limited	Controlled by the same ultimate party
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Controlled by the same ultimate party
Shenzhen Merchants Ro-Ro Transportation Co., Ltd.	Controlled by the same ultimate party
Shenzhen China Merchants Property Management Co., Ltd.	Controlled by the same ultimate party
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	Controlled by the same ultimate party
Yingkou Gangxin Technology Co., Ltd.	Controlled by the same ultimate party
Yingkou Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party
China Merchants Group Finance Co., Ltd.	Controlled by the same ultimate party
China Merchants Food (China) Co., Limited	Controlled by the same ultimate party
China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平灣開發投資有限公司)	Controlled by the same ultimate party
China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司)	Controlled by the same ultimate party

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 4. Main related parties that transacted with the Group but without controlling relationship: (continued)

Name of related parties	Relationships with related parties
China Merchants Logistics Group (Tianjin) Co., Ltd. (招商局物流集團(天津)有限公司)	Controlled by the same ultimate party
China Merchants Great Stone Trade Logistics Co., Ltd.	Controlled by the same ultimate party
China Merchants Chongqing Highway Engineering Testing Center Co., Ltd.	Controlled by the same ultimate party
China Merchants Securities Co., Ltd.	Controlled by the same ultimate party
China Communications Import & Export Co., Ltd.	Controlled by the same ultimate party
Sinotrans Northeastern Co., Ltd.	Controlled by the same ultimate party
Sinotrans Liaoning Company Limited (中國外運遼寧有限公司)	Controlled by the same ultimate party
Sinotrans Sunny Express Co., Ltd.	Controlled by the same ultimate party
Dalian Taiping Bay Construction Engineering Co., Ltd.	Controlled by the same ultimate party
China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司)	Controlled by the same ultimate party
Chongqing Fire Safety Technology Research Service Co., Ltd. (重慶消防安全技術研究服務有限責任公司)	Controlled by the same ultimate party
AVIC Property Management Co., Ltd. (中航物業管理有限公司)	Controlled by the same ultimate party
Sinotrans (Tangshan) Logistics Co., Ltd. (中外運(唐山)物流有限公司)	Controlled by the same ultimate party
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate party
China Merchants Health Industry (Qichun) Co., Ltd. (招商局健康產業(蕪春)有限公司)	Controlled by the same ultimate party
Dalian Port Huitong Occupational Training School	Controlled by the same ultimate party
Shantou China Merchants Port Group Co., Ltd.	Controlled by the same ultimate party
Dalian Creative Industry Project Development Co., Ltd.	Joint venture of the company controlled by the same ultimate party
Dalian Port Machinery Co., Ltd.	Joint venture of the company controlled by the same ultimate party
Dalian Jingda International Freight Forwarding Co., Ltd.	Joint venture of the company controlled by the same ultimate party
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the company controlled by the same ultimate party
Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	Joint venture of the company controlled by the same ultimate party
Quanzhou Ansheng Shipping Co., Ltd. (泉州安盛船務有限公司)	Joint venture of the company controlled by the same ultimate party
Dalian Beiyin Qiche Logistics Information Consulting Co., Ltd. (大連北銀汽車物流信息諮詢有限公司)	Associate of the company controlled by the same ultimate party

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 4. Main related parties that transacted with the Group but without controlling relationship: (continued)

Name of related parties	Relationships with related parties
Dalian Port Machinery and Electric Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Design and Research Institute Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Rixing Boiler Installation Co., Ltd. (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Port Landscape Engineering Co., Ltd. (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Port Industrial Co., Ltd. (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Port Industrial Co., Ltd. (Xingang Gas Station) (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Port Tongda Media Co., Ltd. (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Harbour Engineering Co., Ltd. (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Port Property Management Co., Ltd. (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Port Xingang Construction Engineering Co., Ltd. (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Gangxin Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Life Raft Inspection Co., Ltd. (Note 2)	Associate of the company controlled by the same ultimate party
Dalian Wanpeng Foundation Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian CITIC Harbour Investment Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Equipment Finance Lease Co., Ltd.	Associate of the company controlled by the same ultimate party
Ganghe (Shanghai) Economic and Trade Co., Ltd.	Associate of the company controlled by the same ultimate party
Jinzhou Port Co., Ltd.	Associate of the company controlled by the same ultimate party

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 4. Main related parties that transacted with the Group but without controlling relationship: (continued)

Name of related parties	Relationships with related parties
Liaoning Sinotrans Constant Transportation Service Co., Ltd.	Associate of the company controlled by the same ultimate party
Xingyun Digital Clustering (Beijing) Technology Co., Ltd.	Associate of the company controlled by the same ultimate party
China Merchants Bank Co., Ltd.	Associate of the company controlled by the same ultimate party
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Gangming Port Automobile Inspection Co., Ltd.	Associate of the company controlled by the same ultimate party

Note 1: Beijing Yinggang Yaou International Supply Chain Management Co., Ltd., Yingkou Wanheng Building Materials Inspection & Testing Co., Ltd. and Dalian Harbour City Construction Development Co., Ltd. completed the deregistration procedures in 2021; Liaoning New Silk Road International Logistics Co., Ltd., Liaoning Ganghang Modern Supply Chain Co., Ltd., Yingkou Port Group Construction and Installation Engineering Co., Ltd., Liaoning Gangfeng Logistics Co., Ltd. and Yingkou Gangfeng Hotel Co., Ltd. completed the deregistration procedures in 2022.

Note 2: In 2022, Yingkou Port Group transferred its equity interests in Jilin Inland Port Logistics Co., Ltd. and Yingkou Haihui Shipping Agency Co., Ltd. to a third party; PDA Group transferred its equity interests in Dalian Life Raft Inspection Co., Ltd., Dalian Port Industrial Co., Ltd. and Dalian Harbour Engineering Co., Ltd. to a third party in 2022. As of 31 December 2022, Jilin Inland Port Logistics Co., Ltd., Dalian Life Raft Inspection Co., Ltd., Dalian Port Industrial Co., Ltd. and its subsidiaries (Dalian Port Rixing Boiler Installation Co., Ltd., Dalian Port Landscape Engineering Co., Ltd., Dalian Port Industrial Co., Ltd. (Xingang Gas Station), Dalian Port Tongda Media Co., Ltd., Dalian Port Property Management Co., Ltd. and Dalian Port Xingang Construction Engineering Co., Ltd.), Dalian Harbour Engineering Co., Ltd. and Yingkou Haihui Shipping Agency Co., Ltd. were not affiliated with the Group.

Note 3: In April 2022, Yingkou COSCO Shipping Container Service Co., Ltd. (營口中遠海運集裝箱服務有限公司) was renamed as Yingkou Wanying Logistics Co., Ltd..



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows:

#### (1) Revenue and Expenses

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Yingkou Port Group	Parent company	Revenue	Comprehensive services	Agreement	5,975,952.25	7,372,879.51
PDA Group	Indirect controlling shareholder	Revenue	Comprehensive services	Agreement	16,284,725.09	15,085,690.02
Liaoning Port Group	Indirect controlling shareholder	Revenue	Comprehensive services	Agreement	3,993,063.71	3,887,148.88
Yingkou Port Fairy Island Pier Co., Ltd. (營口港仙人島碼頭有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	18,994,454.74	21,493,555.84
Panjin Port Group Co., Ltd. (盤錦港集團有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	5,682,672.45	1,225,193.71
Suizhong Port Group Co., Ltd. (綏中港集團有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	3,571,535.03	2,337,205.83
Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd. (營口港務集團保稅貨物儲運有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	1,436,382.38	1,562,738.42
Yingkou Gangfeng Hotel Co., Ltd. (營口港豐大酒店有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	406,065.10	721,778.00
Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	324,061.52	957,498.49
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	317,518.40	684,237.09
Yingkou Ocean Shipping Tally Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	200,436.19	96,067.19
Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	176,787.89	784,145.63
China Merchants Gangrong	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	141,404.79	163,060.60
Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	121,842.30	372,125.66
Yingkou Port Hospital	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	55,540.99	51,705.62



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	44,793.21	18,068.48
Yingkou Port Real Estate Development Co., Ltd. (營口港房地產開發有限責任公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	26,799.19	20,218.90
Liaoning Gangwan Financial Holding Group Co., Ltd. (遼寧港灣金融控股集團有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	7,963.43	3,424.78
Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	7,461.17	–
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	5,831.70	11,298.22
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	3,943.39	–
Shenyang Yinggang Lugang Service Co., Ltd. (瀋陽營港陸港服務有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	247.79	–
Liaoning Ganghang Modern Supply Chain Co., Ltd. (遼寧港航現代供應鏈有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	90.57	–
Beijing Yinggang Yaou International Supply Chain Management Co., Ltd. (北京營港亞歐國際供應鏈管理有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	–	632,461.72
Liaoning New Silk Road International Logistics Co., Ltd. (遼寧新絲路國際物流有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	–	359,783.10
Yingkou Port Zhanqian Real Estate Development and Construction Co., Ltd. (營口港站前房地產開發建設有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	–	1,168.14
Yingkou Wanheng Building Materials Inspection & Testing Co., Ltd. (營口萬衡建材檢測有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	–	3,413.17

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Panjin Port Logistics Development Co., Ltd. (盤錦港物流發展有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	823.01
China Oil Dock Management (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	48,144,817.20	58,046,158.78
Dalian Port Yidu Cold Chain Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	35,263,194.59	50,760,480.96
Dalian United International Shipping Agency Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	25,960,341.52	11,501,679.35
VTI Terminals Dalian Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	10,254,986.02	6,387,664.85
Dalian Changxing Island Port Investment and Development Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	16,330,060.03	20,576,248.61
Dalian Changxing Island Port Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	6,730,230.28	6,914,884.66
China United International Rail Containers (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	2,096,251.11	1,710,900.45
Yingkou Container Terminals Company Limited	Joint venture	Revenue	Comprehensive services	Agreement	6,532,855.41	6,840,923.33
Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司)	Joint venture	Revenue	Comprehensive services	Agreement	3,798,458.58	5,417,208.18
Dalian Dagang Container Terminal Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	3,466,840.35	1,370,507.92
Dalian Vanguard International Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,751,669.32	1,668,410.78
China Shipping Gang Lian Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,139,351.22	1,143,099.50
China United Tally (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	851,359.81	795,550.49
Weifang Weida Container Service Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	969,300.50	912,558.54
Dalian Port PetroChina International Terminal Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	674,155.91	705,744.88
Ha'ou International Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	471,698.11	471,698.11
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	405,882.73	580,495.04
Dalian Jilong Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	101,330.83	212,146.41
Dalian Port Tongli Shipping Agency Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	47,338.61	142,154.37
Dalian Port Xiangyu Grain Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	6,851.27	9,149.40

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian New Silk Road International Logistics Co., Ltd. (大連新絲路國際物流有限公司)	Joint venture	Revenue	Comprehensive services	Agreement	-	4,741,047.55
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	-	2,209,945.74
Dalian Automobile Terminal Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	103,235,521.39	71,453,884.44
Taicang Xinggang Tug Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	10,378,969.85	14,062,512.30
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	9,363,119.64	9,172,077.73
Angang Yingkou Port Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	8,820,000.00	9,867,924.49
Dalian North Oil Petroleum Logistics Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	2,015,871.27	2,195,394.85
Dalian Puji Storage Facility Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	1,732,652.47	1,497,634.12
Dalian Singamas International Container Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	1,525,422.71	1,537,508.95
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司)	Associate	Revenue	Comprehensive services	Agreement	632,005.69	549,460.01
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	183,983.49	3,100,160.42
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	31,796.48	30,957.04
Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	10,519,735.00	3,685,335.73
Jilin Inland Port Logistics Co., Ltd.	Joint venture of the parent	Revenue	Comprehensive services	Agreement	254,726.51	1,402,491.51
Yingkou Ocean Shipping Agency Co., Ltd.	Joint venture of the parent	Revenue	Comprehensive services	Agreement	196,093.76	104,351.29
Yingkou Gangyue Sugar Storage Co., Ltd. (營口港悅食糖儲備有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	110,618.79	122,159.51
Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	75,002.51	107,708.43

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	39,120.25	48,005.01
Yingkou Port Gaizhou Logistics Co., Ltd.	Joint venture of the parent	Revenue	Comprehensive services	Agreement	20,000.00	20,000.00
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	10,139.31	12,548.08
Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	9,153.78	12,643.66
Yingkou Duty Free Foreign Supply Port Service Company Limited (營口中免對外供應港口服務有限責任公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	1,912.31	3,338.88
Yingkou Economic and Technological Development Zone Yugang Logistics Co., Ltd. (營口經濟技術開發區裕港物流有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	-	12,472.66
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧瀋哈紅運物流有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	779,029.07	896,611.00
Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	375,558.75	865,237.49
Yingkou Haihui Shipping Agency Co., Ltd. (營口海德船務代理有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	273,239.08	405,471.91
Yingkou Wanying Logistics Co., Ltd. (營口萬贏物流有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	173,886.17	246,080.11
Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	139,074.23	124,309.46
China United Tally (Dalian) Co., Ltd.	Associate of the parent	Revenue	Comprehensive services	Agreement	15,708.91	20,062.68
Yingkou Vessel Fuel Supply Co., Ltd. (營口船舶燃料供應有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	-	16,518.87
Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	-	292.04

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
China Marine Shipping Agency Liaoning Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	47,998,879.89	42,980,029.42
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	36,783,874.09	32,861,436.07
Dalian Port Wantong Logistics Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	32,233,480.22	82,042,513.62
Dandong Port Group Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	8,815,991.59	6,355,299.15
Dalian Port Petroleum & Chemical Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,694,383.55	4,250,995.27
Shenzhen Merchants Ro-Ro Transportation Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,545,718.86	2,282,787.27
Dalian Port Hospital	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,539,112.60	1,976,417.93
Dalian Hongyu Building Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,005,479.72	1,174,485.04
Dalian Port Logistics Network Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,852,588.84	131,750.09
China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平洋灣開發投資有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,813,553.36	119,056.59
Yingkou Gangxin Technology Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,275,629.24	477,746.63
Jinzhou Liaoxi PDA Properties Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,200,500.00	–
Dalian Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	966,018.58	719,809.48
Dalian Port North Shore Investment and Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	894,748.69	1,314,221.53

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Wanfeng Properties Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	800,631.25	1,495,079.83
Dalian Harbour Building Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	759,176.61	727,850.56
Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	582,156.77	633,318.08
Dalian Port Logistics Technology Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	338,407.61	370,526.10
Dalian Taiping Bay Port Company Limited	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	499,056.60	101,797.84
Dalian Portsoft Technology Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	404,104.70	321,706.91
Dalian Port North Shore Automobile Terminal Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	153,390.65	164,254.99
Dalian Portsoft Network Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	100,363.68	27,473.35
China Communications Import & Export Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	131,841.66	132,814.25
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	104,625.47	-
Dalian Wantong Ronghai Shipping Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	24,145.37	18,494.62
Dalian Taiping Bay Investment & Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	71,698.10	210,689.61
Dalian Port Security Services Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	53,977.61	49,352.56
Dalian Port Real Estate Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	38,248.95	38,600.31
Dalian Port North Shore Container Terminal Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	33,962.28	30,226.44

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
China Merchants Group Finance Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	28,155.04	55,061.21
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	20,623.24	20,637.92
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	20,619.68	14,281.04
Dalian Port Investment and Financing Holding Group Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	17,297.25	19,884.41
Dalian United King Port Auto Trade Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	9,547.16	48,606.82
Dalian International Shipping Center Building Co., Ltd. (大連國際航運中心大廈有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	4,700.94	5,036.71
Yingkou Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,495.63	–
China Merchants Chongqing Highway Engineering Testing Center Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,879.00	–
Sinotrans (Tangshan) Logistics Co., Ltd. (中外運(唐山)物流有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,733.54	324,531.79
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,317.23	1,375.94
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	–	415,978.62
Sinotrans Liaoning Company Limited (中國外運遼寧有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	–	113,462.32
Dalian Yongde Property Management Co., Ltd. (大連永德物業管理有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	–	76,086.00
Sinotrans Northeastern Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	–	27,140.19

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Sinotrans Sunny Express Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	3,475.47
Dalian Taiping Bay Construction Engineering Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	2,839.62
Dalian Harbour City Construction Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	1,144.95
China Merchants Port Group Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	849.45
Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	130,418,801.22	118,370,898.51
Dalian Port Machinery Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	825,323.84	733,625.36
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	158,224.45	170,970.66
Dalian Jingda International Freight Forwarding Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	5,660.37	-
Quanzhou Ansheng Shipping Co., Ltd. (泉州安盛船務有限公司)	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,912.62	-
Dalian Creative Industry Project Development Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	38,893.86
Ganghe (Shanghai) Economic and Trade Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	1,106,897.17



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Port Design and Research Institute Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	6,539,520.22	11,156,265.04
Dalian Port Industrial Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,365,050.38	1,984,316.12
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	861,819.56	1,787,696.73
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	500,799.40	1,090,386.73
Jinzhou Port Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	303,000.00	–
Dalian Harbour Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	217,513.42	857,539.48
Dalian Port Property Management Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	81,338.69	106,355.26
Dalian Port Machinery and Electric Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	63,056.62	196,294.61
Dalian Gangxin Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	42,945.65	15,884.42
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	33,720.16	53,749.27

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Port Landscape Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	26,396.02	49,588.23
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	22,387.45	40,760.90
Dalian Gangming Port Automobile Inspection Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,996.33	3,178.90
Dalian Port Industrial Co., Ltd. (Xingang Gas Station)	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	833.94	937.61
Dalian Port Tongda Media Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	816.50	911.91
Dalian Beiyin Qiche Logistics Information Consulting Co., Ltd. (大連北銀汽車物流信息諮詢有限公司)	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	595.41	588.08
Dalian CITIC Harbour Investment Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	1,065,512.01
<b>Total</b>					<b>661,986,715.60</b>	<b>683,507,877.44</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Yingkou Port Group	Parent company	Expenses	Comprehensive services	Agreement	92,846,999.25	134,700,805.76
PDA Group	Indirect controlling shareholder	Expenses	Comprehensive services	Agreement	35,904,831.24	32,302,061.77
Liaoning Port Group	Indirect controlling shareholder	Expenses	Comprehensive services	Agreement	73,509.43	84,513.80
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	14,920,228.71	16,043,278.64
Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	8,251,299.80	50,839.73
Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧蒼源光伏有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	6,394,818.13	6,263,837.15
Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	4,859,460.41	4,542,252.20
Yingkou Port Hospital	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	4,649,299.00	3,787,545.00
Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	1,931,734.49	3,857,607.04
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	1,289,411.78	2,918,711.77
Faku Yinggang Logistics Co., Ltd. (法庫營港物流有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	696,226.40	602,696.24
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	562,212.25	4,542,405.60
Panjin Port Group Co., Ltd. (盤錦港集團有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	443,898.37	—
Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	—	656,988.68
Yingkou Gangfeng Hotel Co., Ltd. (營口港豐大酒店有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	—	478,805.24

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Changxing Island Port Investment and Development Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	191,108,489.69	191,108,490.49
China United International Rail Containers (Dalian) Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	25,304,166.22	25,410,934.23
Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司)	Joint venture	Expenses	Comprehensive services	Agreement	15,230,857.55	23,908,831.90
China Oil Dock Management (Dalian) Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	7,302,074.25	14,169,025.67
Weifang Weida Container Service Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	6,958,064.08	5,850,325.43
China United Tally (Dalian) Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	2,934,485.84	2,213,455.29
Dalian Port Tongli Shipping Agency Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	213,237.25	751,722.12
Dalian Changxing Island Port Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	153,258.48	201,180.97
Dalian United International Shipping Agency Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	21,600.00	168,133.71
Yingkou Container Terminals Company Limited	Joint venture	Expenses	Comprehensive services	Agreement	3,922.47	-
Dalian Automobile Terminal Co., Ltd.	Associate	Expenses	Comprehensive services	Agreement	907,686.78	1,238,358.30
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Associate	Expenses	Comprehensive services	Agreement	260,900.07	418,463.29
Dalian Singamas International Container Co., Ltd.	Associate	Expenses	Comprehensive services	Agreement	200,917.43	964,438.90
Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	6,729,624.59	6,980,502.81
Yingkou Gangyue Sugar Storage Co., Ltd. (營口港悅食糖儲備有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	2,221,448.42	4,090,524.67
Yingkou Ocean Shipping Agency Co., Ltd.	Joint venture of the parent	Expenses	Comprehensive services	Agreement	878,365.81	1,184,371.27
Yingkou Port Gaizhou Logistics Co., Ltd.	Joint venture of the parent	Expenses	Comprehensive services	Agreement	633,007.75	-
Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	404,615.09	2,040,172.06
Yingkou Gangjun Logistics Co., Ltd. (營口港駿物流有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	-	3,548,666.42

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	-	2,379,552.56
Jilin Inland Port Logistics Co., Ltd.	Joint venture of the parent	Expenses	Comprehensive services	Agreement	-	3,469.43
Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	114,042,707.16	76,112,483.87
Yingkou Hui Feng Logistics Co., Ltd. (營口匯豐物流有限公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	53,471,450.46	28,363,037.58
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧濱哈紅運物流有限公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	29,901,304.73	10,479,344.63
Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	97,647.79	-
Yingkou Vessel Fuel Supply Co., Ltd. (營口船舶燃料供應有限公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	-	24,113.58
Yingkou Gangxin Technology Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	37,806,470.90	25,930,494.34
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	23,257,631.15	23,881,837.23
Dalian Port Logistics Network Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	18,850,493.69	16,381,556.71
Dalian Port Logistics Technology Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	15,230,107.94	19,947,765.98
Dalian Port Security Services Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	9,567,881.01	8,585,933.23
Dalian Port Hospital	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	6,828,175.16	6,071,938.32
Dalian Portsoft Technology Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	6,564,865.32	7,054,984.09
Dalian Portsoft Network Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	5,539,654.42	4,551,785.55

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Hongyu Building Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	5,143,061.47	4,715,214.10
Dalian Harbour Building Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,909,525.29	1,940,248.79
AVIC Property Management Co., Ltd. (中航物業管理有限公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,509,433.96	188,679.25
Shenzhen China Merchants Property Management Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,477,945.65	–
Dandong Port Group Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,276,228.25	6,345,933.31
Shenzhen Haiqin Engineering Supervision & Management Company Limited	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,023,586.60	1,524,089.17
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	884,221.26	1,026,658.39
China Merchants Food (China) Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	690,590.00	466,400.81
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	551,414.19	2,012,657.66
Dalian Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	327,782.06	–
China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	280,404.02	88,842.46
Chongqing Fire Safety Technology Research Service Co., Ltd. (重慶消防安全技術研究服務有限責任公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	141,700.00	–
China Marine Shipping Agency Liaoning Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	50,559.55	97,974.82
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	–	857.14

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
China Communications Import & Export Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	11,998.36	99,322.84
Dalian Port North Shore Investment and Development Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	11,009.17	–
Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,651.36	1,651.36
China Merchants Securities Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	–	1,500,000.00
China Merchants Health Industry (Qichun) Co., Ltd. (招商局健康產業(蕪春)有限公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	–	209,982.30
Dalian Port Huitong Occupational Training School	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	–	26,300.99
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	83,383,589.98	65,799,339.13
Dalian Port Machinery Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	13,609,602.32	18,705,021.80
Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	11,255,183.36	8,837,652.67
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	44,240,603.07	33,995,081.67
Dalian Port Industrial Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	31,802,512.63	33,974,943.61
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	11,667,625.71	952,911.96

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year
Dalian Port Machinery and Electric Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	11,591,012.32	6,101,507.85
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	6,119,156.80	7,820,299.09
Dalian Port Landscape Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	2,037,917.93	2,324,555.60
Dalian Port Property Management Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,417,202.37	1,035,394.04
Dalian Port Design and Research Institute Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	296,375.51	12,264.15
Jinzhou Port Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	229,811.32	—
Dalian Harbour Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	32,833.29	1,460,380.36
Xingyun Digital Clustering (Beijing) Technology Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	16,473.62	22,803.42
Dalian Life Raft Inspection Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	—	124,693.11
<b>Total</b>					<b>988,440,052.18</b>	<b>926,259,905.10</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (1) Revenue and Expenses (continued)

Note 1: Comprehensive services include loading and discharging, storage, agency, tallying, information, containers ancillary services, equipment and technology maintenance, water and electricity supply and other services.

Note 2: On 28 April 2021, the Group convened the third meeting of the sixth session of the Board in 2021, at which the Proposal on Consideration of the Caps for the Ordinary Continuing Related Transactions for 2021-2023 and Signing of the Framework Agreements on Continuing Related Transactions was considered and passed, and the Group was approved to enter into various framework agreements on continuing related transactions and set the annual caps for the related transactions under each of the framework agreements with Liaoning Port Group (including China Merchant Group and related subsidiaries) and other related parties. The approved caps for related transactions on purchase of goods and receipt of services, and caps for related transactions on provision of construction supervision and supervision services between the Group and Liaoning Port Group (including China Merchant Group and related subsidiaries) were RMB1,320,000,000.00 and RMB26,000,000.00 respectively, and none of the related transactions between the Group and such companies exceeded the caps for the related transactions during the year.

#### (2) Balances of major claims and debts

Items	Name of related parties	31 December 2022	31 December 2021
Interest receivable	Dalian Changxing Island Port Co., Ltd.	3,292,702.31	1,773,313.76
Interest receivable	Dalian Vanguard International Logistics Co., Ltd.	30,570.88	30,570.86
<b>Total</b>		<b>3,323,273.19</b>	1,803,884.62
Contract liabilities	Yingkou Ocean Shipping Agency Co., Ltd.	2,908,129.79	1,536,313.26
Contract liabilities	Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧瀋哈紅運物流有限公司)	1,677,564.08	2,149,425.08
Contract liabilities	Yingkou Hui Feng Logistics Co., Ltd. (營口匯豐物流有限公司)	1,575,387.29	2,701,019.15
Contract liabilities	Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	1,306,597.03	756,710.80
Contract liabilities	Sinotrans Northeastern Co., Ltd.	1,060,190.71	2,142,930.37
Contract liabilities	Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	469,152.04	1,318,654.50
Contract liabilities	Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd.	447,238.67	—
Contract liabilities	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd.	357,904.49	363,128.05

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Contract liabilities	PDA Group	190,550.46	338,186.06
Contract liabilities	Dalian Sinotrans Logistics Co., Ltd.	131,939.61	131,939.61
Contract liabilities	Dalian United International Shipping Agency Co., Ltd.	109,089.10	—
Contract liabilities	Panjin Port Runbang International Logistics Co., Ltd. (盤錦港潤邦國際物流有限公司)	66,461.32	505,200.00
Contract liabilities	Dalian Port Wantong Logistics Co., Ltd.	58,546.36	51,547.17
Contract liabilities	China United International Rail Containers (Dalian) Co., Ltd.	51,547.17	50,868.24
Contract liabilities	Dalian Singamas International Container Co., Ltd.	50,868.24	50,000.00
Contract liabilities	China Marine Shipping Agency Liaoning Co., Ltd.	50,000.00	32,656.17
Contract liabilities	Ganghe (Shanghai) Economic and Trade Co., Ltd.	25,178.30	19,611.36
Contract liabilities	Dalian Wanpeng Port Engineering Testing Co., Ltd.	19,611.36	19,453.21
Contract liabilities	Dalian Puji Storage Facility Co., Ltd.	5,417.17	4,322.94
Contract liabilities	VTTI Terminals Dalian Co., Ltd.	2,809.91	—
Contract liabilities	Yingkou Port Group	2,683.20	—
Contract liabilities	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	2,161.47	—
Contract liabilities	Yingkou Zhonglian Tally Co., Ltd. (營口中聯理貨有 限公司)	2,000.00	1,519.36
Contract liabilities	Yingkou Xintonghe Logistics Co., Ltd. (營口新通合物 流有限公司)	1,519.36	2.70
Contract liabilities	Sinotrans Liaoning Company Limited (中國外運遼寧 有限公司)	318.00	—
Contract liabilities	Beidahuang Logistics Co., Ltd. (北大荒物流股份有 限公司)	2.70	—
Contract liabilities	COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	0.01	368,943.61
Contract liabilities	Yingkou COSCO Shipping Agency Co., Ltd. (營口中 遠海運船務代理有限公司)	—	1,882,558.33
Contract liabilities	Dalian Port Industrial Co., Ltd.	—	181,312.83
Contract liabilities	Dalian Harbour Engineering Co., Ltd.	—	25,178.30
Contract liabilities	Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	—	21,020.28
Contract liabilities	Dalian Port Landscape Engineering Co., Ltd.	—	16,553.24
Contract liabilities	Dalian Port Rixing Boiler Installation Co., Ltd.	—	10,451.89
Contract liabilities	Yingkou Haihui Shipping Agency Co., Ltd. (營口海惠 船務代理有限公司)	—	4,611.50

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Contract liabilities	Dalian Port Property Management Co., Ltd.	–	4,061.76
Contract liabilities	Dalian Port Xingang Construction Engineering Co., Ltd.	–	2,809.91
<b>Total</b>		<b>10,572,867.84</b>	14,690,989.68
Prepayments	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	<b>1,316,000.00</b>	1,300,000.00
Prepayments	China United International Rail Containers (Dalian) Co., Ltd.	<b>278,819.93</b>	1,211,063.55
Prepayments	Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	<b>75,150.93</b>	–
Prepayments	China Marine Shipping Agency Liaoning Co., Ltd.	<b>70,469.00</b>	–
Prepayments	Dalian Port Machinery Co., Ltd.	<b>36,669.00</b>	624,669.00
Prepayments	Yingkou Gangxin Technology Co., Ltd.	<b>30,643.00</b>	30,643.00
Prepayments	Dalian Port Logistics Network Co., Ltd.	<b>10,037.00</b>	10,348.00
Prepayments	Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	<b>8,100.00</b>	8,100.00
Prepayments	Ha'ou International Logistics Co., Ltd.	<b>670.00</b>	–
Prepayments	Dalian Harbour Engineering Co., Ltd.	–	930,000.00
Prepayments	Hoi Tung (Shanghai) Company Limited	–	912,000.00
Prepayments	Dalian Gangtai Insurance Brokers Co., Ltd.	–	200,000.00
Prepayments	Dalian United International Shipping Agency Co., Ltd.	–	157,832.20
Prepayments	Dalian Port Industrial Co., Ltd.	–	112,547.06
Prepayments	Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	–	104,320.00
Prepayments	Dandong Port Group Co., Ltd.	–	86,209.88
<b>Total</b>		<b>1,826,558.86</b>	5,687,732.69
Accounts receivable	Dalian Automobile Terminal Co., Ltd.	<b>45,682,164.44</b>	19,468,964.14
Accounts receivable	Huaneng Yingkou Port Co., Ltd. (華能營口港務有限公司)	<b>31,501,089.83</b>	28,525,610.93
Accounts receivable	Dalian Port Yidu Cold Chain Co., Ltd.	<b>25,246,223.33</b>	28,974,971.90
Accounts receivable	Dalian Port Bulk Cargo Logistics Center Co., Ltd.	<b>19,217,391.50</b>	39,012,215.00
Accounts receivable	Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	<b>15,931,524.64</b>	14,395,240.89

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Accounts receivable	Dalian Changxing Island Port Co., Ltd.	12,842,571.67	8,633,667.45
Accounts receivable	Dalian Port Design and Research Institute Co., Ltd.	5,891,801.09	8,380,939.19
Accounts receivable	Dalian Creative Industry Project Development Co., Ltd.	5,336,904.90	5,336,904.90
Accounts receivable	Yingkou Gangjun Logistics Co., Ltd. (營口港駿物流有限公司)	2,800,000.00	2,800,000.00
Accounts receivable	China Marine Shipping Agency Liaoning Co., Ltd.	2,765,997.95	1,289,286.15
Accounts receivable	Dalian Vanguard International Logistics Co., Ltd.	2,240,000.00	1,264,189.00
Accounts receivable	Dalian Shunde Jifa Supply Chain Management Co., Ltd.	2,138,812.21	2,138,812.21
Accounts receivable	China Oil Dock Management (Dalian) Co., Ltd.	1,719,016.00	1,308,000.00
Accounts receivable	China Merchants Gangrong	1,641,816.90	553,094.00
Accounts receivable	Sinotrans Container Lines Co., Ltd.	1,537,442.00	2,512,518.60
Accounts receivable	Yingkou Port Fairy Island Pier Co., Ltd. (營口港仙人島碼頭有限公司)	1,250,760.76	—
Accounts receivable	Sinotrans Northeastern Co., Ltd.	808,829.16	216,247.00
Accounts receivable	Dalian United International Shipping Agency Co., Ltd.	770,030.20	625,019.77
Accounts receivable	Dalian Port Wantong Logistics Co., Ltd.	755,617.00	2,783.00
Accounts receivable	Yingkou Container Terminals Company Limited	721,291.62	—
Accounts receivable	Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司)	452,480.94	525,583.33
Accounts receivable	Yingkou Port Group	410,748.20	—
Accounts receivable	VTI Terminals Dalian Co., Ltd.	387,804.72	—
Accounts receivable	Dalian Jilong Logistics Co., Ltd.	272,115.23	157,611.37
Accounts receivable	Yingkou Ocean Shipping Agency Co., Ltd.	261,459.03	8,548,224.58
Accounts receivable	PDA Group	254,710.66	133,251.24
Accounts receivable	Shenzhen Merchants Ro-Ro Transportation Co., Ltd.	195,285.00	—
Accounts receivable	Dalian PetroChina International Warehousing and Transportation Co., Ltd.	137,100.00	—
Accounts receivable	Dalian Singamas International Container Co., Ltd.	104,011.00	—
Accounts receivable	Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司)	66,086.79	196,800.00
Accounts receivable	China United International Rail Containers (Dalian) Co., Ltd.	50,000.00	7,871.00

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Accounts receivable	Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	39,100.65	—
Accounts receivable	Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	28,837.62	—
Accounts receivable	Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd.	15,989.04	—
Accounts receivable	Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司)	14,378.45	374,731.80
Accounts receivable	Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	12,188.30	—
Accounts receivable	Yingkou Ocean Shipping Tally Co., Ltd.	5,977.29	—
Accounts receivable	Weifang Weida Container Service Co., Ltd.	5,250.00	47,790.00
Accounts receivable	Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	5,101.33	—
Accounts receivable	Yingkou Port Hospital	3,846.12	—
Accounts receivable	Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司)	3,373.69	—
Accounts receivable	Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司)	2,751.98	—
Accounts receivable	Dalian Gangxin Construction Engineering Co., Ltd.	1,770.75	11,112.27
Accounts receivable	Yingkou Port Real Estate Development Co., Ltd. (營口港房地產開發有限責任公司)	1,352.36	—
Accounts receivable	Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧瀋哈紅運物流有限公司)	670.01	—
Accounts receivable	Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司)	9.70	—
Accounts receivable	Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	—	211,495.68
Accounts receivable	Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	—	116,652.50
Accounts receivable	Dalian CITIC Harbour Investment Co., Ltd.	—	99,577.00
Accounts receivable	Dalian Port Property Management Co., Ltd.	—	28,389.17
Accounts receivable	Dalian Port North Shore Automobile Terminal Co., Ltd.	—	23,471.56

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Accounts receivable	China Merchants Logistics Group (Tianjin) Co., Ltd. (招商局物流集團(天津)有限公司)	–	17,070.00
Accounts receivable	China Merchants Great Stone Trade Logistics Co., Ltd.	–	12,285.00
Accounts receivable	Dalian Harbour Engineering Co., Ltd.	–	9,756.30
<b>Total</b>		<b>183,531,684.06</b>	175,960,136.93
Other receivables	Dalian Changxing Island Port Investment and Development Co., Ltd.	<b>82,471,892.27</b>	86,278,685.21
Other receivables	China Merchants Gangrong	<b>25,639,033.71</b>	17,897,611.31
Other receivables	Dalian Vanguard International Logistics Co., Ltd.	<b>23,000,000.00</b>	23,000,000.00
Other receivables	Dalian Changxing Island Port Co., Ltd.	<b>16,888,469.49</b>	13,841,105.77
Other receivables	PDA Group	<b>4,348,201.03</b>	1,773,920.80
Other receivables	Liaoning Port Group	<b>4,013,021.20</b>	2,025.00
Other receivables	Dalian Port Design and Research Institute Co., Ltd.	<b>2,202,885.69</b>	2,865,398.84
Other receivables	Dalian Port Machinery Co., Ltd.	<b>1,908,542.85</b>	1,718,262.00
Other receivables	China Marine Shipping Agency Liaoning Co., Ltd.	<b>1,331,711.40</b>	1,198,552.00
Other receivables	Jinzhou Liaoxi PDA Properties Co., Ltd.	<b>1,272,530.00</b>	–
Other receivables	Dalian Port Yidu Cold Chain Co., Ltd.	<b>1,135,688.58</b>	6,681,642.61
Other receivables	Dalian Automobile Terminal Co., Ltd.	<b>951,378.99</b>	360,268.83
Other receivables	Dalian Port Machinery and Electric Co., Ltd.	<b>801,586.75</b>	987,372.53
Other receivables	Dandong Port Group Co., Ltd.	<b>707,172.94</b>	1,052,467.50
Other receivables	Dalian United International Shipping Agency Co., Ltd.	<b>492,767.20</b>	334,318.36
Other receivables	Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	<b>489,421.20</b>	7,963.20
Other receivables	Dalian Port Bulk Cargo Logistics Center Co., Ltd.	<b>320,000.00</b>	320,000.00
Other receivables	VTTI Terminals Dalian Co., Ltd.	<b>283,852.61</b>	5,000.00
Other receivables	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	<b>233,201.68</b>	110,000.00
Other receivables	China Communications Import & Export Co., Ltd.	<b>180,000.00</b>	–
Other receivables	Dalian Port North Shore Automobile Terminal Co., Ltd.	<b>165,563.00</b>	165,563.00
Other receivables	Dalian Sinotrans Logistics Co., Ltd.	<b>80,000.00</b>	180,000.00
Other receivables	Dalian Port Logistics Technology Co., Ltd.	<b>65,320.31</b>	65,320.31

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Other receivables	Sinotrans Container Lines Co., Ltd.	46,235.40	48,572.00
Other receivables	Dalian Port North Shore Investment and Development Co., Ltd.	39,863.55	293,617.10
Other receivables	Dalian North Oil Petroleum Logistics Co., Ltd.	28,800.00	408,800.00
Other receivables	Dalian Port Petroleum & Chemical Co., Ltd.	22,421.00	18,222.32
Other receivables	Dalian Jilong Logistics Co., Ltd.	20,000.00	20,000.00
Other receivables	Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司)	20,000.00	—
Other receivables	Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	16,187.00	470,656.00
Other receivables	Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司)	14,997.57	55,951.45
Other receivables	Dalian Taiping Bay Port Company Limited	8,783.65	8,783.65
Other receivables	Dalian Port PetroChina International Terminal Co., Ltd.	8,236.08	5,511.08
Other receivables	Shantou China Merchants Port Group Co., Ltd.	5,000.00	—
Other receivables	Dalian CITIC Harbour Investment Co., Ltd.	4,424.40	4,424.40
Other receivables	Dalian Yongde Property Management Co., Ltd. (大連永德物業管理有限公司)	4,146.69	82,933.74
Other receivables	China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平灣開發投資有限公司)	1,346.00	25,200.00
Other receivables	Dalian Gangxin Construction Engineering Co., Ltd.	340.95	2,734.01
Other receivables	China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司)	—	2,906,537.39
Other receivables	Dalian Harbour Engineering Co., Ltd.	—	161,472.84
Other receivables	Yingkou Ocean Shipping Agency Co., Ltd.	—	123,216.48
Other receivables	Dalian Wanfeng Properties Co., Ltd.	—	68,647.95
Other receivables	Dalian Taiping Bay Investment & Development Co., Ltd.	—	44,880.00
Other receivables	Dalian Port Xingang Construction Engineering Co., Ltd.	—	12,000.00
<b>Total</b>		<b>169,223,023.19</b>	<b>163,607,637.68</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Long-term receivables	Dalian Puji Storage Facility Co., Ltd.	–	4,707,503.67
<b>Total</b>		<b>–</b>	<b>4,707,503.67</b>
Non-current assets due within one year	Dalian Changxing Island Port Co., Ltd.	<b>26,500,000.00</b>	26,500,000.00
<b>Total</b>		<b>26,500,000.00</b>	<b>26,500,000.00</b>
Advances from customers	China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司)	<b>1,093,615.75</b>	–
Advances from customers	Dalian Automobile Terminal Co., Ltd.	–	150,793.64
<b>Total</b>		<b>1,093,615.75</b>	<b>150,793.64</b>
Accounts payable	Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司)	<b>9,173,148.21</b>	6,001,947.63
Accounts payable	Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	<b>6,488,145.77</b>	4,291,577.99
Accounts payable	Dalian Port Logistics Technology Co., Ltd.	<b>2,040,697.00</b>	1,087,180.00
Accounts payable	Weifang Weida Container Service Co., Ltd.	<b>1,386,375.88</b>	948,937.66
Accounts payable	Dalian Port Machinery Co., Ltd.	<b>990,470.00</b>	4,622,367.00
Accounts payable	Dalian Port Wantong Logistics Co., Ltd.	<b>833,000.00</b>	960,000.00
Accounts payable	Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司)	<b>570,809.70</b>	270,703.80
Accounts payable	Dalian Port Logistics Network Co., Ltd.	<b>570,530.42</b>	240,000.60
Accounts payable	China United Tally (Dalian) Co., Ltd.	<b>529,128.55</b>	–
Accounts payable	Yingkou Port Gaizhou Logistics Co., Ltd.	<b>516,436.91</b>	3,619,771.39
Accounts payable	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	<b>449,191.26</b>	1,369,330.46
Accounts payable	Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧薈源光伏有限公司)	<b>330,000.00</b>	–
Accounts payable	Dalian Singamas International Container Co., Ltd.	<b>292,000.00</b>	72,353.88
Accounts payable	Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	<b>287,555.98</b>	1,183,908.78



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Accounts payable	Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	190,030.00	—
Accounts payable	China Oil Dock Management (Dalian) Co., Ltd.	160,801.34	—
Accounts payable	Yingkou Gangxin Technology Co., Ltd.	118,388.00	21,450.00
Accounts payable	PDA Group	117,133.79	182,033.79
Accounts payable	Yingkou Ocean Shipping Agency Co., Ltd.	112,287.75	115,042.85
Accounts payable	Dandong Port Group Co., Ltd.	48,419.12	397,922.40
Accounts payable	Dalian Portsoft Technology Co., Ltd.	42,500.00	56,400.00
Accounts payable	Xingyun Digital Clustering (Beijing) Technology Co., Ltd.	16,838.82	4,179.28
Accounts payable	Panjin Port Group Co., Ltd. (盤錦港集團有限公司)	15,401.32	—
Accounts payable	Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	11,880.00	19,040.00
Accounts payable	Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司)	8,948.73	—
Accounts payable	Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司)	7,650.00	—
Accounts payable	Dalian Jilong Logistics Co., Ltd.	7,375.47	7,375.47
Accounts payable	Jinzhou Port Co., Ltd.	4,200.00	—
Accounts payable	Dalian Portsoft Network Co., Ltd.	3,600.00	28,470.00
Accounts payable	Dalian Port Machinery and Electric Co., Ltd.	—	6,109,782.26
Accounts payable	Angang Yingkou Port Co., Ltd.	—	5,417,391.95
Accounts payable	Dalian Port Xingang Construction Engineering Co., Ltd.	—	3,966,724.97
Accounts payable	Dalian Harbour Engineering Co., Ltd.	—	2,650,744.65
Accounts payable	Yingkou Port Engineering Design and Research Institute Co., Ltd.	—	1,543,622.00
Accounts payable	China United International Rail Containers (Dalian) Co., Ltd.	—	1,224,234.25
Accounts payable	Dalian Port Rixing Boiler Installation Co., Ltd.	—	949,716.55
Accounts payable	Dalian Port Design and Research Institute Co., Ltd.	—	318,000.00
Accounts payable	Dalian Port Industrial Co., Ltd.	—	158,000.00
Accounts payable	Dalian Automobile Terminal Co., Ltd.	—	102,897.32
Accounts payable	Jilin Inland Port Logistics Co., Ltd.	—	2,450.00

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Accounts payable	Dalian United International Shipping Agency Co., Ltd.	–	420.00
Accounts payable	Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	–	23.20
<b>Total</b>		<b>25,322,944.02</b>	47,944,000.13
Other payables	Yingkou Port Group	<b>210,206,371.31</b>	4,500,206,371.31
Other payables	Ocean Harvest Container Co., Ltd.	<b>49,022,558.11</b>	44,818,975.46
Other payables	Dalian Port Machinery and Electric Co., Ltd.	<b>19,092,666.29</b>	13,956,205.39
Other payables	Dalian Port Machinery Co., Ltd.	<b>4,269,665.81</b>	2,676,545.32
Other payables	Dalian Port Logistics Technology Co., Ltd.	<b>2,274,933.00</b>	1,345,755.00
Other payables	Dalian Port Logistic Network Co., Ltd.	<b>2,267,860.57</b>	1,520,350.00
Other payables	Yingkou Gangxin Technology Co., Ltd.	<b>2,212,658.75</b>	866,333.78
Other payables	Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司)	<b>2,151,200.00</b>	1,070,700.00
Other payables	China Merchants International Technology Company Limited (招商局國際科技有限公司)	<b>1,888,040.00</b>	–
Other payables	China United International Rail Containers (Dalian) Co., Ltd.	<b>1,353,000.75</b>	43,603.77
Other payables	Hoi Tung (Shanghai) Company Limited	<b>1,162,300.00</b>	484,000.00
Other payables	Dalian Port Yidu Cold Chain Co., Ltd.	<b>1,109,480.00</b>	1,109,480.00
Other payables	PDA Group	<b>1,043,494.50</b>	1,460,446.88
Other payables	Dalian Portsoft Technology Co., Ltd.	<b>925,555.40</b>	1,237,507.89
Other payables	Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	<b>800,000.00</b>	800,000.00
Other payables	Dalian United International Shipping Agency Co., Ltd.	<b>777,063.66</b>	21,192,179.44
Other payables	Shenzhen Haiqin Engineering Supervision & Management Company Limited	<b>600,000.00</b>	100,000.00
Other payables	Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司)	<b>522,000.00</b>	–
Other payables	Dalian Portsoft Network Co., Ltd.	<b>456,305.15</b>	812,617.56
Other payables	Dandong Port Group Co., Ltd.	<b>431,603.80</b>	337,366.00
Other payables	Liaoning Sinotrans Constant Transportation Service Co., Ltd.	<b>281,481.00</b>	–
Other payables	China United Tally (Dalian) Co., Ltd.	<b>207,172.64</b>	6,400.00

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Other payables	Dalian Sinotrans Logistics Co., Ltd.	158,000.00	465,700.00
Other payables	Yingkou Port Engineering Design and Research Institute Co., Ltd.	142,648.68	1,614,224.00
Other payables	Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司)	115,319.70	30,078.20
Other payables	Dalian Port Design and Research Institute Co., Ltd.	107,178.40	390,280.55
Other payables	Dalian CITIC Harbour Investment Co., Ltd.	100,000.00	100,000.00
Other payables	Liaoning Shenhua Hongyun Logistics Co., Ltd. (遼寧瀋 哈紅運物流有限公司)	100,000.00	15,000.00
Other payables	Dalian Singamas International Container Co., Ltd.	53,157.92	700.00
Other payables	China Marine Shipping Agency Liaoning Co., Ltd.	37,000.00	101,000.00
Other payables	Xingyun Digital Clustering (Beijing) Technology Co., Ltd.	36,315.05	21,261.55
Other payables	Dalian Changxing Island Port Co., Ltd.	35,000.00	70,000.00
Other payables	Dalian Wanpeng Foundation Engineering Co., Ltd.	30,000.03	50,000.43
Other payables	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	21,200.00	30,200.00
Other payables	Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙 有限公司)	20,000.00	30,000.00
Other payables	Yingkou Port Gaizhou Logistics Co., Ltd.	20,000.00	20,000.00
Other payables	Sinotrans Northeastern Co., Ltd.	20,000.00	20,000.00
Other payables	Yingkou COSCO Shipping Agency Co., Ltd. (營口中 遠海運船務代理有限公司)	20,000.00	10,000.00
Other payables	Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有 限公司)	17,400.01	17,400.01
Other payables	Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	16,200.00	—
Other payables	Yingkou Ocean Shipping Agency Co., Ltd.	10,000.00	10,000.00
Other payables	Yingkou Gangyue Sugar Storage Co., Ltd. (營口港悅 食糖儲備有限公司)	10,000.00	—
Other payables	Dalian Jingda International Freight Forwarding Co., Ltd.	5,000.00	45,000.00
Other payables	Dalian Creative Industry Project Development Co., Ltd.	5,000.00	5,000.00
Other payables	Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船 舶燃料供應有限責任公司)	3,000.00	10,000.00
Other payables	Yingkou Duty Free Foreign Supply Port Service Company Limited (營口中免對外供應港口服務有限 責任公司)	1,000.00	2,000.00

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Other payables	Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	1,000.00	—
Other payables	Dalian Port Hospital	810.00	—
Other payables	China Merchants Bank Co., Ltd.	20.00	—
Other payables	Dalian Harbour Engineering Co., Ltd.	—	15,441,872.92
Other payables	Dalian Port Rixing Boiler Installation Co., Ltd.	—	8,818,093.76
Other payables	Dalian Port Xingang Construction Engineering Co., Ltd.	—	2,474,400.25
Other payables	Yingkou Port Engineering Supervision Consulting Co., Ltd.	—	562,164.00
Other payables	Dalian Port Landscape Engineering Co., Ltd.	—	456,154.00
Other payables	Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司)	—	136,028.72
Other payables	Dalian Port Industrial Co., Ltd.	—	55,424.55
Other payables	Yingkou Haihui Shipping Agency Co., Ltd. (營口海德船務代理有限公司)	—	10,000.00
Other payables	Yingkou Ocean Shipping Tally Co., Ltd.	—	6,000.00
Other payables	Dalian Automobile Terminal Co., Ltd.	—	3,200.00
Other payables	Dalian Hongyu Building Co., Ltd.	—	1,104.11
Other payables	Dalian Port Wantong Logistics Co., Ltd.	—	1,000.00
<b>Total</b>		<b>304,140,660.53</b>	4,625,068,124.85
Long-term borrowings	China Merchants Group Finance Co., Ltd.	716,000,000.00	—
<b>Total</b>		<b>716,000,000.00</b>	—
Lease liabilities	Yingkou Port Group	2,412,284,624.45	1,418,566,463.50
Lease liabilities	Dalian Port PetroChina International Terminal Co., Ltd.	1,399,005,520.11	1,696,574,986.13
Lease liabilities	PDA Group	1,194,268,218.79	1,215,162,623.44
Lease liabilities	Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	33,153,770.73	41,633,879.21

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2022	31 December 2021
Lease liabilities	Dalian Harbour Building Co., Ltd.	17,951,267.51	18,911,500.49
Lease liabilities	Dalian Automobile Terminal Co., Ltd.	861,595.12	706,156.58
Lease liabilities	Dalian Changxing Island Port Co., Ltd.	–	22,911.67
<b>Total</b>		<b>5,057,524,996.71</b>	4,391,578,521.02
Long-term borrowings due within one year	China Merchants Group Finance Co., Ltd.	85,787,200.00	–
<b>Total</b>		<b>85,787,200.00</b>	–
Long-term payables due within one year	China Merchants Bank Co., Ltd.	–	4,500,000.00
<b>Total</b>		<b>–</b>	4,500,000.00
Lease liabilities due within one year	Yingkou Port Group	95,058,001.63	77,425,194.67
Lease liabilities due within one year	PDA Group	21,037,431.12	20,051,065.26
Lease liabilities due within one year	Dalian Port PetroChina International Terminal Co., Ltd.	14,806,968.19	16,880,450.19
Lease liabilities due within one year	Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	1,373,279.35	1,412,465.49
Lease liabilities due within one year	Dalian Harbour Building Co., Ltd.	948,724.75	901,315.66
Lease liabilities due within one year	Dalian Changxing Island Port Co., Ltd.	22,911.67	21,872.74
Lease liabilities due within one year	Dalian Automobile Terminal Co., Ltd.	19,119.91	14,635.20
Lease liabilities due within one year	Dalian Equipment Finance Lease Co., Ltd.	–	1,027,826.32
<b>Total</b>		<b>133,266,436.62</b>	117,734,825.53

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (2) Balances of major claims and debts (continued)

Except for non-current liabilities due within one year, long-term borrowings, lease liabilities, other non-current assets due within one year and long-term receivables, other amounts due to and due from related parties were interest free, unsecured and with no fixed maturity date.

#### (3) Leasing with related parties

The Group as the lessor

Name of lessee	Type of the leased assets	Pricing method and decision-making procedure of related transactions	Leasing income recognised in the current year	Leasing income recognised in the previous year
Yingkou Container Terminals Company Limited	Berth and stock yard/Buildings/Equipment	Agreement	75,939,842.73	90,389,833.06
China Oil Dock Management (Dalian) Co., Ltd.	Berth and stock yard	Agreement	14,260,000.00	14,260,000.00
China United International Rail Containers (Dalian) Co., Ltd.	Warehouse/Equipment	Agreement	4,569,337.06	4,786,479.87
Dalian Port Petroleum & Chemical Co., Ltd.	Berth/Storage	Agreement	4,289,915.96	—
Dalian Port Yidu Cold Chain Co., Ltd.	Yard cranes/Stock yard	Agreement	3,952,501.15	4,062,587.35
Dalian Sinotrans Logistics Co., Ltd.	Stock yard/Buildings	Agreement	1,809,523.82	1,809,523.80
Yingkou Port Group	Equipment/Buildings	Agreement	1,551,191.60	1,443,227.00
Dalian Dagang Container Terminal Co., Ltd.	Equipment	Agreement	1,398,147.38	1,655,028.09
Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司)	Buildings	Agreement	898,223.80	1,146,036.19
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧瀋哈紅運物流有限公司)	Equipment	Agreement	895,915.42	966,368.22
Dalian Port Industrial Co., Ltd.	Buildings/Automobile	Agreement	670,027.17	710,024.41
Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	Port and terminal facilities	Agreement	602,400.00	602,400.00
Liaoning Harbour Engineering Technology Co., Ltd.	Vessels	Agreement	357,539.69	921,106.01

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (3) Leasing with related parties (continued)

The Group as the lessor (continued)

Name of lessee	Type of the leased assets	Pricing method and decision-making procedure of related transactions	Leasing income recognised in the current year	Leasing income recognised in the previous year
Dalian North Oil Petroleum Logistics Co., Ltd.	Oil pipe and tank	Agreement	211,904.76	222,500.00
China United Tally (Dalian) Co., Ltd.	Buildings/Vehicles	Agreement	203,886.83	102,193.08
Dalian Port Logistics Technology Co., Ltd.	Automobile	Agreement	165,600.00	82,800.00
Dalian Port Wantong Logistics Co., Ltd.	Stock yard	Agreement	143,314.29	107,485.71
Dalian Wantong Ronghai Shipping Co., Ltd.	Buildings	Agreement	65,714.29	65,714.29
Dalian Portsoft Network Co., Ltd.	Buildings	Agreement	47,619.05	–
PDA Group	Buildings	Agreement	5,714.29	–
China Marine Shipping Agency Liaoning Co., Ltd.	Shipping	Agreement	4,976.19	–
Jilin Inland Port Logistics Co., Ltd.	Buildings	Agreement	–	242,201.83
Dalian CITIC Harbour Investment Co., Ltd.	Buildings	Agreement	–	21,551.72
<b>Total</b>			<b>112,043,295.48</b>	<b>123,597,060.63</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (3) Leasing with related parties (continued)

The Group as the lessee

2022

Name of lessor	Type of the leased assets	Rental charges for short-term leases and low-value asset leases processed on a simplified basis	Variable lease payments excluded in the measurement of lease liabilities	Rentals paid	Assume interest expenses on lease liabilities	Increased right-of-use assets
Dalian Port Wantong Logistics Co., Ltd.	Vessels	8,846,017.68	-	8,846,017.68	-	-
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	Equipment	5,619,469.02	-	5,619,469.02	-	-
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	Buildings	4,585,078.20	-	4,585,078.20	-	-
Dalian Port Industrial Co., Ltd.	Automobile	4,272,508.76	-	4,272,508.76	-	-
Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	Terminal facilities	3,379,491.32	-	3,379,491.32	-	-
Yingkou Port Group	Stock yard/ Automobile/Land/ Terminal facilities	750,256.62	-	221,162,709.74	129,920,777.31	1,051,851,226.21
PDA Group	Buildings/Land/Berth	682,651.66	-	83,543,987.99	62,678,789.07	-
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Stock yard	642,200.23	-	642,200.23	-	-
Dalian Hongyu Building Co., Ltd.	Buildings	306,043.88	-	306,043.88	-	-
Dalian Harbour Building Co., Ltd.	Buildings	45,551.04	-	1,962,702.95	1,004,328.02	-
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Buildings	30,857.14	-	30,857.14	-	-
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Buildings/Parking lot	24,017.01	-	3,732,081.53	2,183,936.50	-
Dalian Port PetroChina International Terminal Co., Ltd.	Terminal facilities	-	-	86,904,761.89	72,837,719.95	-
Dalian Equipment Finance Lease Co., Ltd.	Storage racks	-	-	1,041,902.64	14,076.32	-
Dalian Automobile Terminal Co., Ltd.	Buildings	-	-	60,237.12	41,984.24	178,176.13
Dalian Changxing Island Port Co., Ltd.	Buildings	-	-	24,000.00	2,127.26	-
<b>Total</b>		<b>29,184,142.56</b>	<b>-</b>	<b>426,114,050.09</b>	<b>268,683,738.67</b>	<b>1,052,029,402.34</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (3) Leasing with related parties (continued)

The Group as the lessee (continued)

2021

Name of lessor	Type of the leased assets	Rental charges for short-term leases and low-value asset leases processed on a simplified basis	Variable lease payments excluded in the measurement of lease liabilities	Rentals paid	Assume interest expenses on lease liabilities	Increased right-of-use assets
Dalian Port Wantong Logistics Co., Ltd.	Vessels	10,197,787.58	–	10,197,787.58	–	–
Quanzhou Antong Logistics Co., Ltd. (泉州安通物流有限公司)	Terminal facilities	5,668,945.32	–	5,668,945.32	–	–
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限公司)	Equipment	5,619,469.03	–	5,619,469.03	–	–
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	Buildings	4,879,509.68	–	4,879,509.68	–	–
Dalian Port Industrial Co., Ltd.	Automobile	4,308,814.92	–	4,308,814.92	–	–
Yingkou Port Group	Stock yard/ Automobile/Land/ Terminal facilities	2,481,987.41	–	326,125,755.31	191,967,519.65	912,857,747.01
PDA Group	Buildings/Land/Berth	1,996,568.33	–	87,473,300.80	63,530,798.79	23,437,195.73
Liaoning Gangfeng Logistics Co., Ltd. (遼寧港豐物流有限公司)	Site	1,073,394.51	–	1,073,394.51	–	–
Dalian Hongyu Building Co., Ltd.	Buildings	686,346.76	–	686,346.76	–	–
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Buildings/Parking lot	183,686.21	–	3,626,943.75	2,118,398.24	3,895,424.04
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Stock yard	91,742.89	–	91,742.89	–	–
Dalian Automobile Terminal Co., Ltd.	Buildings	79,683.82	–	127,981.94	34,254.71	8,487.31
Dalian Harbour Building Co., Ltd.	Buildings	45,551.04	–	326,011.55	96,184.49	–
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Buildings	42,285.72	–	42,285.72	–	–
Dalian Port North Shore Investment and Development Co., Ltd.	Buildings	7,339.45	–	7,339.45	–	–
Liaoning New Silk Road International Logistics Co., Ltd. (遼寧新絲路國際物流有限公司)	Container	6,296.69	–	6,296.69	–	–
Dalian Port PetroChina International Terminal Co., Ltd.	Terminal facilities	–	–	104,285,714.30	87,776,318.62	45,137,593.54
Dalian Equipment Finance Lease Co., Ltd.	Storage racks	–	–	1,157,669.57	120,746.28	118,787.26
Dalian Changxing Island Port Co., Ltd.	Buildings	–	–	24,000.00	3,119.08	–
<b>Total</b>		37,369,409.36	–	555,729,309.77	345,647,339.86	985,455,234.89

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (4) Guarantees from related parties

##### Guarantees from related parties

Guarantor	Guaranteed amount	Commencement date	Termination date	Fully performed or not
<b>2022</b>				
—	—	—	—	—
<b>2021</b>				
PDA Group (Note)	2,350,000,000.00	23/5/2011	22/11/2021	Yes

Note: As approved by the Document Zheng Jian Xu Ke [2011] No. 699 issued by China Securities Regulatory Commission, the Company issued corporate bonds on 23 May 2011, which were secured with an unconditional and irrevocable guarantee provided by PDA Group, an indirect controlling shareholder of the Company. As at 22 May 2021, the Company has settled such bonds.

#### (5) Borrowings with lending from/to related parties

##### Borrowings from related parties

##### 2022

Related party	Borrowing amount	Commencement date	Maturity date
China Merchants Group Finance Co., Ltd.	142,000,000.00	19/9/2022	18/9/2028
China Merchants Group Finance Co., Ltd.	664,000,000.00	3/11/2022	2/11/2028
<b>Total</b>	<b>806,000,000.00</b>		

##### 2021

The Group did not have any borrowings from related parties for this year.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (5) Borrowings with lending from/to related parties (continued)

##### *Borrowings from related parties*

Repayment of borrowings from related parties

Item	2022	2021
China Merchants Group Finance Co., Ltd.	5,000,000.00	—
PDA Group	—	44,000,000.00
<b>Total</b>	<b>5,000,000.00</b>	<b>44,000,000.00</b>

##### *Interest expenses on borrowings from related parties*

Item	2022	2021
China Merchants Group Finance Co., Ltd.	4,794,133.33	—
PDA Group	—	656,824.99
<b>Total</b>	<b>4,794,133.33</b>	<b>656,824.99</b>

The borrowings from above related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

##### *Borrowings to related parties*

2022

The Group did not have any borrowings to related parties for this year.

2021

The Group did not have any borrowings to related parties for this year.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (5) Borrowings with lending from/to related parties (continued)

##### Borrowings to related parties (continued)

Repayment on borrowings to related parties

Item	2022	2021
Dalian Puji Storage Facility Co., Ltd.	4,700,000.00	50,000,000.00
<b>Total</b>	<b>4,700,000.00</b>	<b>50,000,000.00</b>

Interest income on borrowings to related parties

Related parties	2022	2021
Dalian Changxing Island Port Co., Ltd.	1,433,385.39	1,433,385.39
Dalian Vanguard International Logistics Co., Ltd.	956,977.23	956,977.23
Dalian Puji Storage Facility Co., Ltd.	107,471.23	585,690.18
<b>Total</b>	<b>2,497,833.85</b>	<b>2,976,052.80</b>

The borrowings to related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

#### (6) Transfer of assets of related parties

##### Acquisition of assets

Related parties	Content of transactions	2022	2021
China Merchants International Technology Company Limited (招商局國際科技有限公司)	Engineering construction	54,904,016.00	11,943,012.97
Dalian Port Machinery and Electric Co., Ltd.	Purchase of software/ Engineering construction	30,015,416.79	36,986,518.67
China Merchants International Technology Company Limited (招商局國際科技有限公司)	R&D of intangible assets	13,768,711.00	13,695,980.00
Hoi Tung (Shanghai) Company Limited	Purchase of equipment	9,859,292.05	—
Dalian Port Design and Research Institute Co., Ltd.	Engineering construction	9,764,450.35	6,687,832.11
Yingkou Gangxin Technology Co., Ltd.	Purchase of equipment	8,435,135.46	—
Dalian Port Logistics Network Co., Ltd.	Engineering construction	8,095,980.74	6,571,361.52

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (6) Transfer of assets of related parties (continued)

##### Acquisition of assets (continued)

Related parties	Content of transactions	2022	2021
Dalian Portsoft Technology Co., Ltd.	Engineering construction	6,356,925.74	2,461,766.59
Yingkou Gangxin Technology Co., Ltd.	Engineering construction	5,419,175.09	1,341,881.65
Dalian Port Logistics Technology Co., Ltd.	Engineering construction	999,056.60	906,603.76
Dalian Port Machinery Co., Ltd.	Purchase of equipment/ Engineering construction	849,401.62	5,408,355.59
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Engineering construction	714,699.99	86,703.23
Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司)	Engineering construction	643,428.40	488,439.45
Dalian Portsoft Network Co., Ltd.	Engineering construction	639,524.79	1,833,116.14
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Engineering construction	298,192.13	944,936.29
Yingkou Port Group	Purchase of Land/Vessels/ Buildings etc.	-	6,182,331,240.81
Dalian Harbour Engineering Co., Ltd.	Purchase of equipment	-	15,831,414.62
Dalian Port Rixing Boiler Installation Co., Ltd.	Engineering construction	-	6,249,422.97
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Engineering construction	-	1,715,709.82
Dalian Port Xingang Construction Engineering Co., Ltd.	Engineering construction	-	1,498,497.55
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Engineering construction	-	253,728.27
Dalian Port Landscape Engineering Co., Ltd.	Engineering construction	-	236,134.00
<b>Total</b>		<b>150,763,406.75</b>	<b>6,297,472,656.01</b>

#### (7) Remuneration of key management

Item	2022	2021
Remuneration of key management	8,219,250.61	8,942,590.12

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (8) Commitment between the Group and related parties

##### Leases

Related parties	31 December 2022	31 December 2021
<b>As lessee</b>		
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	5,619,469.00	—
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	4,490,806.05	4,476,614.39
Yingkou Port Group	2,734,699.17	—
PDA Group	211,704.90	125,006.70
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	8,100.00	—
Dalian Harbour Building Co., Ltd.	—	45,551.04
<b>Total</b>	<b>13,064,779.12</b>	4,647,172.13
<b>As lessor</b>		
Dalian Port Yidu Cold Chain Co., Ltd.	1,003,104.58	753,104.56
Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司)	247,787.61	—
Dalian Port Petroleum & Chemical Co., Ltd.	—	4,289,915.96
Dalian Dagang Container Terminal Co., Ltd.	—	1,422,018.35
Liaoning Harbour Engineering Technology Co., Ltd. (遼寧港灣船務工程技術有限公司)	—	357,539.69
<b>Total</b>	<b>1,250,892.19</b>	6,822,578.56

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (8) Commitment between the Group and related parties (continued)

##### Capital commitments

Related parties	31 December 2022	31 December 2021
Acquisition of assets		
China Merchants International Technology Company Limited (招商局國際科技有限公司)	42,688,588.85	129,639,165.96
Dalian Port Logistics Technology Co., Ltd.	141,000.00	1,350,409.08
Dalian Harbour Engineering Co., Ltd.	—	10,496,529.00
<b>Total</b>	<b>42,829,588.85</b>	<b>141,486,104.04</b>

#### (9) Centralised fund management

Related parties	31 December 2022	31 December 2021
China Merchants Bank Co., Ltd.	447,037,352.09	748,495,361.95
China Merchants Group Finance Co., Ltd.	2,228,474,155.26	1,696,167,234.53
<b>Total</b>	<b>2,675,511,507.35</b>	<b>2,444,662,596.48</b>

The annual interest rate for the above deposits in 2022 was 0.25%-2.85% (2021: 0.30%-2.85%). The Group obtained deposit interest income of RMB45,237,513.29 (2021: RMB67,289,253.96) from the related parties.

As at 31 December 2022, the cash on hand and at bank deposited with the related parties included accrued interest of RMB17,234,033.35 (31 December 2021: RMB8,953,749.99).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (10) Related party trusteeship

The Company's trusteeship is analysed as follows:

Name of entrusting party	Name of entrusted party	Type of entrustment	Commencement date of the trusteeship	Termination date of the trusteeship	Pricing basis for the income from trusteeship	Income from trusteeship recognised in the current period
Liaoning Port Group, PDA Group and Yingkou Port Group	Liaoning Port	Operation management	1 July 2022	31 December 2025	Fixed entrustment fee	3,773,584.91

Note: As reviewed and approved at the Board meeting held on 2 June 2022 by the Company, the Company has entered into the custodial service agreements with Liaoning Port Group, PDA Group and Yingkou Port Group, respectively. According to such agreements, Liaoning Port Group, PDA Group and Yingkou Port Group entrusted the operation management rights of some of their subsidiaries to the Company for a term commencing from the effective date of the respective agreement to 31 December 2025. Liaoning Port Group shall pay to the Company a fixed entrustment fee of RMB8,000,000.00 per annum in aggregate for all of the entrusted management services under the custodial service agreement, which includes all fees and corresponding taxes required by the Company to complete custodial matters under the custodial service agreements each year.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## X. Relationships and transactions with related parties (continued)

### 5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

#### (11) Other related transactions

Some related parties of the Group are engaged in port freight forwarding business, that is, the related parties are entrusted by the third-party freight companies to arrange cargo handling in the port area, including signing port operation contracts with the Group and settlement of port handling charges, etc. Such related parties are the agents of the third-party freight companies, so the Group didn't recognise the income arising from port handling in such businesses as the related transactions income with the related parties. Set out below are the amounts settled between related agencies (on behalf of non-related third parties) and the Group:

Related parties	2022	2021
China Merchants Gangrong	<b>589,042,414.73</b>	697,371,798.10
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	<b>119,908,828.78</b>	128,366,866.83
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧瀋哈紅運物流有限公司)	<b>54,891,991.77</b>	54,562,883.54
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	<b>50,549,941.32</b>	67,892,737.66
Yingkou Ocean Shipping Agency Co., Ltd.	<b>45,958,377.79</b>	98,509,002.50
Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	<b>41,047,483.65</b>	56,406,561.90
Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司)	<b>31,601,415.45</b>	30,702,634.58
Sinotrans Northeastern Co., Ltd.	<b>13,822,392.52</b>	27,140.19
Sinotrans Liaoning Company Limited (中國外運遼寧有限公司)	<b>7,519,754.87</b>	113,462.32
Yingkou Haihui Shipping Agency Co., Ltd. (營口海惠船務代理有限公司)	<b>664,677.31</b>	2,038,077.21
<b>Total</b>	<b>955,007,278.19</b>	1,135,991,164.83

Save for the above port freight forwarding business, the Group received business receivables through e-commerce platform for port and shipping industry of China Merchants Gangrong. The Group received business receivables totaling RMB1,239,730,918.65 through China Merchants Gangrong in 2022 (2021: RMB1,685,583,338.96).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XI. Financial instruments and risk management

The major financial instruments of the Group primarily include cash at bank and on hand, notes receivable, accounts receivable, receivables financing, other receivables, non-current assets due within one year, long-term receivables, investments in other equity instruments, accounts payable, other payables, non-current liabilities due within one year, bonds payable, lease liabilities, long-term borrowings, long-term payables, etc. For detailed descriptions of various financial instruments, please refer to the notes to the above mentioned items. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are summarised as follows. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited scope.

### 1. Classification of financial instruments

#### Financial assets

	Financial assets at fair value through current profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
<b>31 December 2022</b>				
Cash at bank and on hand	–	5,085,194,083.26	–	5,085,194,083.26
Notes receivable	–	369,445,570.06	–	369,445,570.06
Accounts receivable	–	2,892,038,334.72	–	2,892,038,334.72
Receivables financing	–	–	154,213,980.23	154,213,980.23
Other receivables	–	430,925,163.74	–	430,925,163.74
Non-current assets due within one year	–	13,250,000.00	–	13,250,000.00
Investments in other equity instruments	–	–	156,869,646.60	156,869,646.60
<b>Total</b>	<b>–</b>	<b>8,790,853,151.78</b>	<b>311,083,626.83</b>	<b>9,101,936,778.61</b>
<b>31 December 2021</b>				
Cash at bank and on hand	–	4,682,837,844.76	–	4,682,837,844.76
Notes receivable	–	382,699,154.88	–	382,699,154.88
Accounts receivable	–	2,484,558,788.25	–	2,484,558,788.25
Receivables financing	–	–	40,454,782.00	40,454,782.00
Other receivables	–	418,964,033.51	–	418,964,033.51
Non-current assets due within one year	–	25,705,000.00	–	25,705,000.00
Long-term receivables	–	4,706,562.92	–	4,706,562.92
Investments in other equity instruments	–	–	179,291,854.27	179,291,854.27
<b>Total</b>	<b>–</b>	<b>7,999,471,384.32</b>	<b>219,746,636.27</b>	<b>8,219,218,020.59</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XI. Financial instruments and risk management (continued)

### 1. Classification of financial instruments (continued)

#### *Financial liabilities*

	<b>31 December 2022</b>	31 December 2021
	<b>Financial liabilities at amortised cost</b>	Financial liabilities at amortised cost
Accounts payable	<b>303,332,013.22</b>	299,243,621.90
Other payables	<b>922,571,445.46</b>	5,211,704,627.42
Non-current liabilities due within one year	<b>4,477,639,949.68</b>	1,317,029,437.70
Long-term borrowings	<b>716,000,000.00</b>	1,020,537,454.00
Bonds payable	<b>2,495,906,235.36</b>	2,486,907,371.14
Lease liabilities	<b>5,117,114,432.76</b>	4,479,123,277.25
Long-term payables	<b>17,500,000.00</b>	17,500,000.00
<b>Total</b>	<b>14,050,064,076.48</b>	14,832,045,789.41

### 2. Transfer of financial assets

#### *Financial assets transferred but not fully derecognised*

On 31 December 2022, the Group endorsed suppliers a bank acceptance for settlement of accounts payable with carrying amount of RMB500,000.00 (31 December 2021: RMB8,687,135.95). The Group is of the opinion that the Group retains nearly all the risks and rewards, including default risk related to it. Therefore, such accounts payable and related payables settled will continuously be recognised in full. Subsequent to the endorsement, the Group will no longer retain use right, including the rights for selling, transferring or pledging such assets to other third parties. As at 31 December 2022, carrying amount of accounts payable settled by the Group totaled at RMB500,000.00 (31 December 2021: RMB8,687,135.95).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XI. Financial instruments and risk management (continued)

### 2. Transfer of financial assets (continued)

#### *Financial assets transferred and derecognised fully but with continuous involvement*

On 31 December 2022, carrying value of the bank acceptance endorsed to suppliers for settlement of accounts payable amounted to RMB183,732,182.67 (31 December 2021: RMB406,648,391.67). On 31 December 2022, the bank acceptance is due within 1 to 12 months. If acceptance banks dishonored the notes, endorses shall have the right to turn to the Group for recourse ("Continuous Involvement") according to the Law of Bill. The Group considered that substantially all the risks and rewards of the notes have been transferred. Therefore, the Group has derecognised carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuous Involvement and repurchase are equal to the carrying amounts of the notes. The Group believes that the fair value of Continuous Involvement is insignificant.

In 2022, the Group did not recognise gains or losses on the date of its transfer. The Group had no current or accumulated income or expense related to Continuous Involvement of financial assets which had been derecognised. Endorsement is recorded evenly during the year.

### 3. Objectives and policies of risk management

The Group is exposed to risks from various financial instruments in day-to-day operation, mainly including market risk (including foreign exchange risk, interest rate risk and price risk of investment in equity instruments), credit risk and liquidity risk. The major financial instruments of the Group include cash at bank and on hand, equity investments, debt investments, borrowings, notes receivable, accounts receivable, and accounts payable. Risks in connection with such financial instruments, and the risk management strategies adopted by the Group to mitigate such risks are summarised as follows.

The Board of Directors is responsible for planning and establishing the risk management structure for the Group, and developing risk management policies and the related guidelines across the Group, and supervising the performance of risk management measures. The Group has developed risk management policies to identify and analyse risks affecting the Group. These risk management policies have clear regulations over specific risks, covering various aspects of market risk, credit risk and liquidity risk. The Group will evaluate the market environment and changes of the Group's operating activities on a regular basis to decide whether it is needed to update the risk management policies and systems. Risk management of the Group is carried out by the Risk Control Department based on the policies as approved by the Board of Directors. The Risk Management Committee identifies, evaluates and mitigates related risks by working closely with other business divisions of the Group. The Internal Audit Department of the Group will review the risk management control and process regularly, and submit the review results to the Audit Committee of the Group.

The Group diversifies risks of financial instruments through appropriate diversified investment and business portfolio, and mitigates concentration risk in any single sector, specific region or certain counterparties by formulating corresponding risk management policies.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XI. Financial instruments and risk management (continued)

### 3. Objectives and policies of risk management (continued)

#### (1) Market risk

##### 1) Foreign exchange risk

The Group is exposed to trading exchange risk. Such risk arises from operating units carrying out sales or purchases with currency other than their functional currency. Approximately 4% of sales of the Group (2021: 3%) are denominated in currency other than the functional currency of operating units, while around 4% (2021: 4%) of cost is denominated in currency other than the functional currency of operating units.

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 foreign currency occurs, with all other variables held constant.

Item	Change in exchange rate	2022		2021	
		Impact on profit	Impact on shareholders' equity	Impact on profit	Impact on shareholders' equity
RMB	Strengthens by 1% against USD	-292,110.94	-292,110.94	-498,309.68	-498,309.68
RMB	Weakens by 1% against USD	292,110.94	292,110.94	498,309.68	498,309.68
RMB	Strengthens by 1% against JPY	-270.16	-270.16	-103.15	-103.15
RMB	Weakens by 1% against JPY	270.16	270.16	103.15	103.15
RMB	Strengthens by 1% against KRW	-955.35	-955.35	-1,750.01	-1,750.01
RMB	Weakens by 1% against KRW	955.35	955.35	1,750.01	1,750.01

##### 2) Risk of change in exchange rate

Risk of changes in market interest rate exposed to the Group is primarily related to liabilities at variable interest rate.

In terms of management of interest rate exposures, the Group's policy is to manage its interest cost using a mix of fixed and variable rate debts to avoid interest rate risks.

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 shareholders' equity when a reasonably possible change in interest rates occurs, with all other variables held constant.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XI. Financial instruments and risk management (continued)

### 3. Objectives and policies of risk management (continued)

#### (1) Market risk (continued)

##### 2) Risk of change in exchange rate (continued)

Item	Increase of basis points	2022		2021	
		Increase in shareholders' equity	Increase in net profit or loss	Increase in shareholders' equity	Increase in net profit or loss
RMB	50.00	-3,453,750.00	-3,453,750.00	-3,900,013.73	-3,900,013.73
RMB	-50.00	3,453,750.00	3,453,750.00	3,900,013.73	3,900,013.73

##### 3) Price risk of investment in equity instruments

Price risk of investment in equity instruments is the risk that fair value of equity securities is reduced due to change of stock index and value of individual stock. On 31 December 2022, the Group is exposed to price risk of investment in equity instruments arising from individual equity instrument investment classified as equity instrument investment at fair value through current profit or loss and equity instrument investment at fair value through other comprehensive income.

The following table demonstrates the sensitivity of net profit or loss and other comprehensive income net of tax to every 1% increase in the fair values (based on the carrying amount on the balance sheet date) of the equity instrument investments of the Group, with all other variables held constant.

	Carrying amount of equity instrument investments	Increase in net profit or loss	Increase in other comprehensive income net of tax	Total increase in shareholders' equity
<b>31 December 2022</b>				
Equity instrument investments				
Unlisted equity instrument investments at fair value				
– equity instrument investment at fair value				
through other comprehensive income	156,869,646.60	–	1,176,522.35	1,176,522.35
<b>31 December 2021</b>				
Equity instrument investments				
Unlisted equity instrument investments at fair value				
– equity instrument investment at fair value				
through other comprehensive income	179,291,854.27	–	1,344,688.91	1,344,688.91

In August 2022, the Group disposed of its equity interests in Fujian Ninglian Port Co., Ltd., resulting in a corresponding decrease in the carrying value of investments in other equity instruments.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XI. Financial instruments and risk management (continued)

### 3. Objectives and policies of risk management (continued)

#### (1) Market risk (continued)

##### 4) Capital management

The Group's capital management mainly aims to ensure the Group's ability of operating as a going concern, and maintain healthy capital ratio to support business development and maximise shareholders' value.

The Group changes and adjusts the capital management structure based on changes of economic situation and risk characteristics of related assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements. In the year of 2022 and the year of 2021, the objective, policies or process of capital management are not changed.

The Group manages its capital using the leverage ratio, which is calculated by dividing net liabilities by the sum of adjusted capital and net liabilities. Net liabilities include non-current liabilities due within one year, long-term borrowings, bonds payable, long-term payables, lease liabilities and other non-current liabilities less cash at bank and on hand. The Group's leverage ratio on the balance sheet date is as follows:

Item	31 December 2022	31 December 2021
Non-current liabilities due within one year	<b>4,477,639,949.68</b>	1,317,029,437.70
Long-term borrowings	<b>716,000,000.00</b>	1,020,537,454.00
Bonds payable	<b>2,495,906,235.36</b>	2,486,907,371.14
Long-term payables	<b>17,500,000.00</b>	17,500,000.00
Lease liabilities	<b>5,117,114,432.76</b>	4,479,123,277.25
Other non-current liabilities	<b>41,606,945.81</b>	61,401,012.91
Less: Cash at bank and on hand	<b>5,085,194,083.26</b>	4,682,837,844.76
Net liabilities	<b>7,780,573,480.35</b>	4,699,660,708.24
Shareholders' equity	<b>41,741,991,092.64</b>	41,053,741,620.35
Capital and net liabilities	<b>49,522,564,572.99</b>	45,753,402,328.59
Leverage ratio	<b>15.71%</b>	10.27%

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XI. Financial instruments and risk management (continued)

### 3. Objectives and policies of risk management (continued)

#### (2) Credit risk

The Group only has trade with recognised third party with good credit standing. Based on the Group's policies, customers who conduct credit transaction will be subject to credit review. In addition, the Group will continuously monitor balance of accounts receivable to ensure that the Group will not be exposed to significant risk of bad debts. In respect of the transactions not settled in the functional currency of related operating units, the Group will not offer credit transaction conditions unless otherwise approved by the credit control department of the Group.

Since counterparties of cash at bank and on hand and bank acceptance notes receivables are banks and the related parties with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

Other financial assets of the Group comprise of accounts receivable, receivables financing, other receivables, non-current assets due within one year and long-term receivables. Credit risk from such financial assets is from default of counterparties, and its maximum risk exposure is equivalent to the carrying amount of such instruments.

The Group's maximum credit risk exposure at each balance sheet date is the total amount charged to customers less the amount of impairment allowances.

Since the Group only trades with recognised third parties with good credit standing, no guarantee is required. Credit risk concentration is managed based on customers. As of 31 December 2022, the Group is exposed to certain credit risk concentration, as 78% (31 December 2021: 72%) and 83% (31 December 2021: 77%) of accounts receivables are respectively from the customer with the largest balance of account receivable and top five customers. Save as the amount of RMB2,623,568,742.00 (31 December 2021: RMB2,019,280,004.00) due from Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司), the Group does not hold any security or other credit increment over balance of other receivables.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XI. Financial instruments and risk management (continued)

### 3. Objectives and policies of risk management (continued)

#### (2) Credit risk (continued)

##### *Criteria for determining significant increase in credit risk*

The Group will evaluate whether credit risk in connection with financial instruments is increased significantly from initial recognition on each balance sheet date. When determining whether credit risk is increased significantly after initial recognition, the Group will consider obtaining reasonable information with supporting basis without paying extra cost or efforts, including qualitative and quantitative analysis over the historical data of the Group, external credit risk ratings and forward-looking information. Based on a single financial instrument or group of financial instruments with similar credit risk characteristics, the Group will determine estimated changes in default risks of financial instruments during the period of existence, by comparing the default risk of financial instruments on the balance sheet date and that upon initial recognition.

When one or more of the following quantitative and qualitative standards is triggered, credit risk in connection with financial instrument is increased significantly:

- (1) For quantitative standards, the probability of default in the remaining existence period after the reporting date is increased to a certain proportion as compared with that upon initial recognition;
- (2) For qualitative standards, there are significant adverse changes in operation or financial position of debtors and early-warning customer list.

##### *Definition of assets with credit impairment*

To determine whether there is credit impairment, the defining standards adopted by the Group are consistent with the objective of internal credit risk management for related financial instruments, by reference to the quantitative and qualitative indicators. When debtors are evaluated for credit impairment, the following factors will be taken into account:

- (1) significant financial difficulty of issuers or debtors;
- (2) breach of contract by debtors, such as default or overdue payment in interest or principal repayment;
- (3) a concession granted by the creditor to the debtor due to economic or contractual considerations related to the debtor's financial difficulty, which will not be granted under any other circumstances;
- (4) possible bankruptcy or other financial reorganisation of the debtors;
- (5) disappearance of an active market for the financial asset due to financial difficulty of the issuer or the debtor;
- (6) purchase or creation of a financial asset at significant discount reflecting the fact of credit loss.

Credit impairment of financial assets may be a joint result of multiple events, rather than a single identifiable event.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XI. Financial instruments and risk management (continued)

### 3. Objectives and policies of risk management (continued)

#### (2) Credit risk (continued)

##### Credit risk exposure

Risk exposure of accounts receivable classified based on internal rating of credit risk:

#### 31 December 2022

	Unsecured			Secured		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Accounts receivable	722,575,728.15	73,053,668.41	649,522,059.74	2,623,568,742.00	381,052,467.02	2,242,516,274.98
Including: A	598,534,421.07	62,943.12	598,471,477.95	-	-	-
B	34,790,860.33	49,362.33	34,741,498.00	-	-	-
C	14,780,004.63	1,926,364.98	12,853,639.65	2,623,568,742.00	381,052,467.02	2,242,516,274.98
D	74,470,442.12	71,014,997.98	3,455,444.14	-	-	-
Other receivables	537,871,114.05	106,945,950.31	430,925,163.74	-	-	-
Including: A	269,640,565.48	1,472,051.41	268,168,514.07	-	-	-
B	119,555,448.25	7,723,149.55	111,832,298.70	-	-	-
C	93,440,101.04	44,328,369.71	49,111,731.33	-	-	-
D	55,234,999.28	53,422,379.64	1,812,619.64	-	-	-

#### 31 December 2021

	Unsecured			Secured		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Accounts receivable	796,617,608.48	97,471,040.18	699,146,568.30	2,019,280,004.00	233,867,784.05	1,785,412,219.95
Including: A	642,641,030.12	72,110.87	642,568,919.25	-	-	-
B	25,605,127.86	63,945.25	25,541,182.61	-	-	-
C	33,717,988.34	2,755,826.97	30,962,161.37	2,019,280,004.00	233,867,784.05	1,785,412,219.95
D	94,653,462.16	94,579,157.09	74,305.07	-	-	-
Other receivables	506,451,867.28	87,487,833.77	418,964,033.51	-	-	-
Including: A	353,010,816.32	2,740,849.73	350,269,966.59	-	-	-
B	31,163,873.75	24,603.87	31,139,269.88	-	-	-
C	69,343,889.11	33,411,438.46	35,932,450.65	-	-	-
D	52,933,288.10	51,310,941.71	1,622,346.39	-	-	-

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XI. Financial instruments and risk management (continued)

### 3. Objectives and policies of risk management (continued)

#### (2) Credit risk (continued)

##### Credit risk exposure (continued)

Note: As at 31 December 2022, the book balance of the Group's secured accounts receivable amounted to RMB2,623,568,742.00 (31 December 2021: RMB2,019,280,004.00), which mainly represented the Group's warehousing costs due from Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司). According to the relevant agreement entered into by the Group and Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司), this company is prohibited from transferring its goods stored in the warehouses of the Group with the equivalent value of such accounts receivable until the outstanding amount is settled.

#### (3) Liquidity risk

When managing the liquidity risks, the management of the Group believes that sufficient cash and cash equivalents should be maintained and monitored to meet the operating needs of the Group and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements.

The maturity analysis of the Group's financial liabilities at undiscounted contractual cash flows is as follows:

#### 31 December 2022

Item	Book balance	Within 1 year	1 to 5 years	Over 5 years	Total
<b>Non-derivative financial assets and liabilities</b>					
Accounts payable	303,332,013.22	303,332,013.22	-	-	303,332,013.22
Other payables	922,571,445.46	922,571,445.46	-	-	922,571,445.46
Non-current liabilities due within one year	4,477,639,949.68	4,813,876,021.49	-	-	4,813,876,021.49
Long-term borrowings	716,000,000.00	23,253,866.67	716,112,444.44	57,209,600.00	796,575,911.11
Lease liabilities	5,117,114,432.76	-	1,613,851,989.72	7,769,399,773.63	9,383,251,763.35
Bonds payable	2,495,906,235.36	34,588,356.16	2,550,338,356.17	-	2,584,926,712.33
Long-term payables	17,500,000.00	-	-	17,500,000.00	17,500,000.00
<b>Total</b>	<b>14,050,064,076.48</b>	<b>6,097,621,703.00</b>	<b>4,880,302,790.33</b>	<b>7,844,109,373.63</b>	<b>18,822,033,866.96</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XI. Financial instruments and risk management (continued)

### 3. Objectives and policies of risk management (continued)

#### (3) Liquidity risk (continued)

31 December 2021

Item	Book balance	Within 1 year	1 to 5 years	Over 5 years	Total
<b>Non-derivative financial assets and liabilities</b>					
Accounts payable	299,243,621.90	299,243,621.90	–	–	299,243,621.90
Other payables	5,211,704,627.42	5,211,704,627.42	–	–	5,211,704,627.42
Non-current liabilities due within one year	1,317,029,437.70	1,776,020,082.90	–	–	1,776,020,082.90
Long-term borrowings	1,020,537,454.00	84,219,947.81	979,288,768.69	164,158,874.63	1,227,667,591.13
Lease liabilities	4,479,123,277.25	–	1,912,281,749.57	6,346,475,103.93	8,258,756,853.50
Bonds payable	2,486,907,371.14	16,604,054.80	2,694,930,136.98	–	2,711,534,191.78
Long-term payables	17,500,000.00	–	–	17,500,000.00	17,500,000.00
<b>Total</b>	<b>14,832,045,789.41</b>	<b>7,387,792,334.83</b>	<b>5,586,500,655.24</b>	<b>6,528,133,978.56</b>	<b>19,502,426,968.63</b>

### 4. Fair value

#### (1) Assets and liabilities measured at fair value

31 December 2022

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Receivables financing	–	–	154,213,980.23	154,213,980.23
Investments in other equity instruments	–	–	156,869,646.60	156,869,646.60
Total	–	–	311,083,626.83	311,083,626.83

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XI. Financial instruments and risk management (continued)

### 4. Fair value (continued)

#### (1) Assets and liabilities measured at fair value (continued)

31 December 2021

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Continuous fair value measurement</b>				
Receivables financing	–	–	40,454,782.00	40,454,782.00
Investments in other equity instruments	–	–	179,291,854.27	179,291,854.27
<b>Total</b>	–	–	219,746,636.27	219,746,636.27

#### (2) Assets and liabilities disclosed at fair value

31 December 2022

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial liabilities</b>				
Long-term borrowings	–	–	657,911,000.52	657,911,000.52
Bonds payable	–	–	2,537,662,397.82	2,537,662,397.82
<b>Total</b>	–	–	3,195,573,398.34	3,195,573,398.34

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XI. Financial instruments and risk management (continued)

### 4. Fair value (continued)

#### (2) Assets and liabilities disclosed at fair value (continued)

31 December 2021

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial liabilities</b>				
Long-term borrowings	–	–	971,612,824.44	971,612,824.44
Bonds payable	–	–	2,517,346,476.07	2,517,346,476.07
<b>Total</b>	–	–	3,488,959,300.51	3,488,959,300.51

#### (3) Fair value of financial instruments

The followings are the carrying amount and fair value of financial instruments except for the financial instruments that the difference between the carrying amount and fair value is immaterial:

Item	Carrying amount		Fair value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Financial liabilities</b>				
Long-term borrowings	716,000,000.00	1,020,537,454.00	657,911,000.52	971,612,824.44
Bonds payable	2,495,906,235.36	2,486,907,371.14	2,537,662,397.82	2,517,346,476.07

Management has assessed the cash at bank and on hand, notes receivable, accounts receivable, other receivables, accounts payable, together with non-current liabilities due within one year, etc. Their fair values approximate to their carrying amounts as the residual maturities of these instruments are not long.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XI. Financial instruments and risk management (continued)

### 4. Fair value (continued)

#### (3) Fair value of financial instruments (continued)

The financial department of the Group is led by the financial 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 director and the Audit Committee. At each balance sheet date, the financial department analyses the movements in the fair value of the financial instrument and determines the major input applicable to the valuation. The valuation must be reviewed and approved by the financial manager. For the purposes of preparing interim and annual financial statements, the financial department discusses the valuation process and results with the Audit Committee twice a year.

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 in the estimate of fair value.

The fair value of long-term borrowings, is calculated by discounting the future cash flows using the market yield currently available for other financial instruments with similar contract 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 borrowings is assessed as insignificant.

The fair value of unlisted equity instrument investments is estimated using the market approach based on unobservable market prices or interest rate assumptions. The Group is required to identify comparable listed companies based on industry, size, leverage and strategy, and calculate the appropriate market multiplier for each comparable listed company identified. Adjustments are made based on specific facts and circumstances, taking into account factors such as liquidity and size differences from comparable listed companies. The Group believes that the fair value estimated using valuation techniques and its change are reasonable, and is the most applicable value on the balance sheet date.

For the fair value of the unlisted equity instrument investments, the Group estimated the potential impact of adopting other reasonable and possible assumptions as input in the valuation model.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XI. Financial instruments and risk management (continued)

### 4. Fair value (continued)

#### (3) Fair value of financial instruments (continued)

The following table summarises significant unobservable inputs for level 3 fair value measurement:

Item	Fair value at the end of the year	Valuation techniques	Unobservable inputs	Range (weighted average mean)
Receivables financing	31 December 2022: 154,213,980.23	Cash flows discount method	Prepayment rate	31 December 2022: 0%
		Cash flows discount method	Default probability	31 December 2022: 0%
		Cash flows discount method	Default loss rate	31 December 2022: 0%
	31 December 2021: 40,454,782.00	Cash flows discount method	Prepayment rate	31 December 2021: 0%
		Cash flows discount method	Default probability	31 December 2021: 0%
		Cash flows discount method	Default loss rate	31 December 2021: 0%
Equity instrument investments	31 December 2022: 156,869,646.60	Listed company comparison method	Liquidity discount	31 December 2022: 17-30%
	31 December 2021: 179,291,854.27	Listed company comparison method	Liquidity discount	31 December 2021: 19-32%



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XI. Financial instruments and risk management (continued)

### 4. Fair value (continued)

#### (3) Fair value of financial instruments (continued)

The reconciliation of continuous fair value measurements categorised within Level 3 of the fair value hierarchy is as follows:

	Total gain or loss for the year					Assets held at the end of year
	Balance at the beginning of the year	Transfer into Level 3	Transfer out of Level 3	Included in profit or loss	Included in other comprehensive income	
						Change in unrealised gain or loss at the end of the period/ year included in profit or loss
<b>31 December 2022</b>						
Receivables financing	40,454,782.00	-	-	-	-	154,213,960.23
Equity instrument investments	179,291,854.27	-	-	-	-9,002,541.67	156,869,646.60
<b>31 December 2021</b>						
Receivables financing	-	5,216,174.06	-	-	-	40,454,782.00
Equity instrument investments	204,067,639.27	-	-	-	-24,775,785.00	179,291,854.27
Debt instrument investments	903,950,958.91	-	-	25,965,850.49	-	-
					3,500,000,000.00	4,429,916,609.40

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XII. Contingencies

### 1. As of 31 December 2022, the status of the Group's pending lawsuits and arbitrations

#### *The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group*

From January 2020 to February 2021, Shunde (Dalian) Supply Chain Management Co., Ltd. (舜德(大連)供應鏈管理股份有限公司) (hereinafter referred to as "Shunde"), the independent third party of the Company, carried out cooperation with certain companies including Qingdao Kaitou International Trade Co., Ltd. (青島開投國際貿易有限公司) (hereinafter referred to as "Qingdao Kaitou"), China Chengtong International Co., Ltd. (中國誠通國際貿易有限公司) (hereinafter referred to as "Chengtong"), Zhejiang Metals and Materials Co. (物產中大金屬集團有限公司) (hereinafter referred to as "Zhejiang Metals"), and Fujian Rongjiang Import & Export Co., Ltd. (福建省榕江進出口有限公司) (hereinafter referred to as "Rongjiang") (hereinafter referred to as "Import Agents" or "Warehousing Clients") by entering into Import Agent Agreement or Agent Procurement Contract with such Import Agents, pursuant to which the Import Agents agreed to license Shunde's imported goods and open of letter of credit in the name of the Import Agents for the payment of imported goods, and the risks and liabilities of related imported goods shall be borne by Shunde. Meanwhile, the Import Agent signed a Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement with DCT Logistics, a subsidiary of the Group, agreeing that DCT Logistics handles import goods customs declaration, goods warehousing and custody services for the Import Agents.

In actual business, the costs incurred under the Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement shall be settled by Shunde in accordance with the agreed rates under the Packing and Unpacking (Packing up) Agreement it signed with DCT Logistics. Given that both the ultimate owner of the imported goods in these businesses and the relevant warehousing cost settler are Shunde, DCT Logistics released the relevant goods under the instructions of Shunde, the ultimate cargo owner. As Shunde failed to repay part of the import letter of credit payment to the Import Agents as scheduled, such Import Agents filed lawsuits against DCT Logistics in Dalian Maritime Court and other people's courts, respectively, requesting DCT Logistics and Shunde return the relevant goods under the Customs Declaration Logistics Warehousing Agreement or the Import Freight Forwarding Agreement signed with DCT Logistics. In May 2021, DCT Logistics was approved by the Dalian Maritime Court to file a pre-litigation property preservation against Shunde. Subsequently, after thorough communication and negotiation with the parties to the litigation, one of the Warehousing Clients had settled with Shunde and withdrawn its lawsuit against Shunde and DCT Logistics, and this settlement did not involve any compensation obligation for DCT Logistics. The total claims of the other Warehousing Clients amounted to RMB1.06 billion.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XII. Contingencies (continued)

### 1. As of 31 December 2022, the status of the Group's pending lawsuits and arbitrations (continued)

#### *The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group (continued)*

On 24 November 2021, Ningbo Maritime Court issued a first instance judgement (Ningbo Maritime Court (2021) Zhe 72 Min Chu No. 1428) regarding the lawsuit case of Chengtong against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB109.6946 million to Chengtong and the interest, based on the amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 23 March 2021 up to the date of actual payment. Other litigation claims from Chengtong were dismissed. On 9 December 2021, DCT Logistics appealed to the Higher People's Court of Zhejiang Province against the first instance judgment regarding the case of Chengtong. On 1 April 2022, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Zhong No. 21), rejecting all of the claims of DCT Logistics. On 19 October 2022, DCT Logistics filed an application for retrial with the Higher People's Court of Zhejiang Province. On 6 March 2023, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Shen No. 6364), rejecting the retrial application. On 12 October 2022, Dalian Jifa Port Logistics Co., Ltd. received the assistance execution notice ((2022) Zhe 72 Zhi No. 286) issued by the Ningbo Maritime Court, requiring to deposit the lease payments due to DCT Logistics into the account designated by Ningbo Maritime Court. On 18 January 2023, Dalian Jifa Port Logistics Co., Ltd. paid the lease payments of RMB4.14 million to the account designated by Ningbo Maritime Court.

On 30 December 2021, Ningbo Maritime Court issued a first instance judgement (Ningbo Maritime Court (2021) Zhe 72 Min Chu No. 1205) regarding the lawsuit case of Zhejiang Metals against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB10.2634 million to Zhejiang Metals and the interest, based on the amount, to be calculated at benchmark borrowing rate as announced by the National Interbank Funding Center from 1 September 2021 up to the date of actual payment. Other litigation claims from Zhejiang Metals were dismissed. On 28 February 2022, DCT Logistics appealed to the Higher People's Court of Zhejiang Province against the first instance judgment regarding the case of Zhejiang Metals. On 11 April 2022, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Zhong No. 129), rejecting all of the claims of DCT Logistics. On 19 October 2022, DCT Logistics filed an application for retrial with the Higher People's Court of Zhejiang Province. On 6 March 2023, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Shen No. 6365), rejecting the retrial application. On 25 May 2022, Ningbo Maritime Court has deducted RMB8.8393 million from the bank deposits of DCT Logistics according to the judgments and rulings in force.

On 31 December 2021, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2021) Liao 72 Min Chu No. 352) regarding the lawsuit case of Qingdao Kaitou against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB299.3826 million to Qingdao Kaitou and the interest, based on the amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 27 March 2021 up to the date of actual payment. Other litigation claims from Qingdao Kaitou were dismissed. On 28 February 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Qingdao Kaitou. On 16 August 2022, the Higher People's Court of Liaoning Province issued a civil ruling ((2022) Liao Min Zhong No. 715) as follows: 1) the civil judgment of Dalian Maritime Court (2021) Liao 72 Min Chu No. 352 was revoked; 2) the case was referred back to Dalian Maritime Court for retrial. As of the date of approval of these financial statements for issue, Dalian Maritime Court has not yet made the first instance judgment.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XII. Contingencies (continued)

### 1. As of 31 December 2022, the status of the Group's pending lawsuits and arbitrations (continued)

#### *The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group (continued)*

On 27 January 2022, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2021) Liao 72 Min Chu No. 372) regarding the lawsuit case of Rongjiang against DCT Logistics. The judgement ruled that DCT Logistics should compensate Rongjiang for the loss of goods of RMB336.0810 million and the interest, based on the amount, to be calculated at prime rate as announced by the National Interbank Funding Center from 7 April 2021 up to the date of actual payment, and DCT Logistics should compensate Rongjiang for liability insurance fees of preservation of RMB254,800. Other litigation claims from Rongjiang were dismissed. On 1 March 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Rongjiang. On 4 August 2022, the Higher People's Court of Liaoning Province issued a civil ruling ((2022) Liao Min Zhong No. 642) as follows: 1) the civil judgment of Dalian Maritime Court (2021) Liao 72 Min Chu No. 372 was revoked; 2) the case was referred back to Dalian Maritime Court for retrial. As of the date of approval of these financial statements for issue, Dalian Maritime Court has not yet made the first instance judgment.

On 30 December 2022, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2022) Liao 72 Min Chu No. 1041) regarding the lawsuit case of Xinwen Mining Group Material Supply and Marketing Co., Ltd. (新汶礦業集團物資供銷有限責任公司) (hereinafter referred to as "Xinwen Mining") against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB12.5291 million and RMB2.5895 million for the loss of goods and other losses respectively to Xinwen Mining, and the interest, based on RMB12.5291 million and RMB2.5895 million, to be calculated at prime rate as announced by the National Interbank Funding Centre from 6 May 2021 and 7 June 2021 respectively up to the date of actual payments, and DCT Logistics should pay RMB45,000 to Xinwen Mining for liability insurance fees of preservation. Other litigation claims from Xinwen Mining were dismissed.

In May 2022, Chongqing Yu Feng Imp. & Exp. Co., Ltd. (重慶渝豐進出口有限公司) (hereinafter referred to as "Chongqing Yu Feng") filed a lawsuit with Wuhan Maritime Court against DCT Logistics, demanding DCT Logistics to compensate for a loss of RMB120.2513 million and the loss of interest on that capital amount. On 6 September 2022, Wuhan Maritime Court issued a first instance judgement (Wuhan Maritime Court (2021) E 72 Min Chu No. 820) regarding the lawsuit case of Chongqing Yu Feng against DCT Logistics. The judgement ruled that DCT Logistics should pay to Chongqing Yu Feng RMB120.2513 million and the loss of interest, based on that amount, to be calculated at prime rate as announced by the National Interbank Funding Centre from 20 March 2021 up to the date of actual performance of the effective judgement. Other litigation claims from Chongqing Yu Feng were dismissed.

In respect of the lawsuits mentioned above, having considered the evidence that the Group has already obtained and the professional opinions of legal advisors, the management of the Group believes that the Warehousing Clients are Shunde's import business agents, and since the goods involved in the case are actually owned by Shunde, the release by DCT Logistics of the goods to Shunde, the owner of the goods, did not infringe the rights of the Warehousing Clients. Shunde's failure of repayment of advances provided by the Warehousing Clients to Shunde is irrelevant to the release of goods by DCT Logistics. For the first instance judgement issued by some courts, DCT Logistics had filed corresponding appeals. As at the approval date of these financial statements, no first instance judgment of the other appeal cases against DCT Logistics has been made yet. The other Import Agents including Chengtong are in the process of negotiating a settlement plan with Shunde, including applying for withdrawal of their cases after signing the settlement agreement.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XII. Contingencies (continued)

### 1. As of 31 December 2022, the status of the Group's pending lawsuits and arbitrations (continued)

#### *The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group (continued)*

Having fully considered the amount of claims involved by DCT Logistics, the judgement issued by the court and the opinions of internal and external legal advisors, and taking into account that DCT Logistics is a limited company, and the Company and its other subsidiaries do not have guarantee liability or joint and several liability over any such liability of DCT Logistics, the Group had made provisions for estimated liabilities of RMB180 million which was equivalent to the recoverable amount of the book value of the net assets of DCT Logistics as of 31 December 2021. Due to the transfer of the bank deposits of DCT Logistics ordered by the court, the estimated liabilities for 2022 decreased by RMB8.8393 million. As of 31 December 2022, the Group had made provisions for estimated liabilities of RMB171 million in respect of those lawsuits.

Save for the above contingencies, as at 31 December 2022, the Group did not have other major guarantees and other contingencies required to be specified.

## XIII. Non-adjustment events after the balance sheet date

### 1. Profit distribution after the balance sheet date

In accordance with the resolution approved at the Board meeting of the Company convened on 30 March 2023, the profit distribution plan for 2022 will be made based on 23,987,065,816 shares and a cash dividend of RMB0.174 (tax inclusive) per 10 shares is proposed to be distributed to all shareholders. Total amount of dividend to be distributed will be RMB417,374,945.20. The resolution is pending for approval at the general meeting of the Company.

## XIV. Capital commitments

Item	31 December 2022	31 December 2021
Capital expenditures contracted but not yet recognised in the financial statements		
– Acquisition of assets	83,838,435.36	247,067,053.29
– Intangible assets	42,688,588.85	60,896,349.31
Approved by the Board but uncontracted		
– Acquisition of assets	32,399,054.94	11,977,700.00
– Intangible assets	500,000.00	–
<b>Total</b>	<b>159,426,079.15</b>	<b>319,941,102.60</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XV. Emoluments of directors, supervisors and senior management

Item	2022	2021
Director's fee	650,000.00	650,000.00
Other emoluments:		
Salaries and allowances	9,213,628.79	9,810,382.08
Pension plan contribution	393,294.24	356,241.60
<b>Total</b>	<b>10,256,923.03</b>	10,816,623.68

### 1. Independent non-executive directors

The fees paid to independent non-executive directors are as follows:

	2022	2021
Law Man Tat	250,000.00	250,000.00
Li Zhiwei*	200,000.00	200,000.00
Liu Chunyan	200,000.00	200,000.00
Cheng Chaoying*	—	—
<b>Total</b>	<b>650,000.00</b>	650,000.00

\* Li Zhiwei retired as an independent non-executive director of the Company in December 2022. Cheng Chaoying has been an independent non-executive director of the Company since December 2022.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XV. Emoluments of directors, supervisors and senior management (continued)

### 2. Executive directors, non-executive directors and supervisors

	2022	2021
<b>Salaries and allowances:</b>		
<b>Executive directors:</b>		
Wei Minghui*	1,105,773.88	1,332,568.45
Sun Dequan ***	—	932,722.12
Qi Yue ***	—	—
Zhang Yi***	—	—
Wang Zhixian**	—	—
<b>Non-executive directors:</b>		
Zhou Qinghong**	—	—
Si Zheng**	—	—
Xu Song**	—	—
Yang Bing**	—	—
Na Danhong***	—	—
Cao Dong***	—	—
<b>Supervisors:</b>		
Li Shichen**	—	—
Yuan Yi*	—	—
Wang Zhifeng***	91,666.63	100,000.00
Zhang Hong	558,273.88	553,568.45
Ma Yingzi***	482,059.89	—
Gao Shicheng**	179,076.02	—
Liu Xianfeng***	—	507,437.75
Jia Wenjun***	—	—
Jia Ming***	—	—
<b>Total</b>	<b>2,416,850.30</b>	<b>3,426,296.77</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XV. Emoluments of directors, supervisors and senior management (continued)

### 2. Executive directors, non-executive directors and supervisors (continued)

	2022	2021
<b>Pension plan contribution:</b>		
<b>Executive directors:</b>		
Wei Minghui*	36,766.08	32,883.84
Sun Dequan***	—	30,143.52
Qi Yue***	—	—
Zhang Yi***	—	—
Wang Zhixian**	—	—
<b>Non-executive directors:</b>		
Zhou Qinghong**	—	—
Si Zheng**	—	—
Xu Song**	—	—
Yang Bing**	—	—
Na Danhong***	—	—
Cao Dong***	—	—
<b>Supervisors:</b>		
Li Shichen**	—	—
Yuan Yi*	—	—
Wang Zhifeng***	—	—
Zhang Hong	36,766.08	32,883.84
Ma Yingzi***	18,383.04	—
Gao Shicheng**	21,446.88	—
Liu Xianfeng***	—	30,143.52
Jia Wenjun***	—	—
Jia Ming***	—	—
<b>Total</b>	<b>113,362.08</b>	<b>126,054.72</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XV. Emoluments of directors, supervisors and senior management (continued)

### 2. Executive directors, non-executive directors and supervisors (continued)

- \* Wei Minghui had been serving as the chairman, an executive director of the Company from January to November 2021 and has been an executive director and the general manager of the Company since November 2021; Yuan Yi had been serving as a non-executive director of the Company from January to November 2021 and has been a supervisor of the Company since November 2021.
- \*\* Wang Zhixian has been the chairman, an executive director of the Company since March 2022; Zhou Qinghong, Si Zheng, Xu Song, and Yang Bing have been non-executive directors of the Company since November 2021; Li Shichen has been the chairman of the supervisory committee of the Company since November 2021; Gao Shicheng has been an employee representative supervisor of the Company since June 2022.
- \*\*\* Sun Dequan retired as an executive director and the general manager of the Company in November 2021; Qi Yue retired as the vice chairman, an executive director and the vice general manager of the Company in November 2021; Zhang Yi had been serving as the chairman, and an executive director of the Company from November 2021 to February 2022; Na Danhong retired as a non-executive director of the Company in November 2021; Cao Dong retired as the vice chairman and a non-executive director of the Company in November 2021; Ma Yingzi had been serving as an employee representative supervisor of the Company from November 2021 to June 2022; Liu Xianfeng retired as an employee representative supervisor of the Company in November 2021; Jia Wenjun retired as the chairman of the supervisory committee of the Company in October 2021; Jia Ming retired as a supervisor of the Company in October 2021; Wang Zhifeng retired as an independent supervisor of the Company in November 2022.

### 3. Senior management

	2022	2021
<b>Salaries and allowances:</b>		
Wei Minghui*	1,105,773.88	1,332,568.45
Zhang Yi	—	—
Sun Dequan**	—	932,722.12
Wang Ping	622,273.88	617,568.45
Wang Huiying	558,273.88	553,568.45
Lee, Kin Yu Arthur	1,324,859.40	1,277,397.00
Tai Jingang	733,273.88	731,668.45
Yin Kaiyang	733,273.88	731,668.45
Luo Dongxi	733,273.88	731,668.45
Zhang Tie**	616,708.84	731,668.45
Cao Yingfeng	1,015,293.75	1,008,877.61
Guan Lihui*	233,159.80	—
Chen Liqing*	226,387.30	—
<b>Total</b>	<b>7,902,552.37</b>	<b>8,649,375.88</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XV. Emoluments of directors, supervisors and senior management (continued)

### 3. Senior management (continued)

	2022	2021
<b>Pension plan contribution:</b>		
Wei Minghui*	36,766.08	32,883.84
Zhang Yi	—	—
Sun Dequan**	—	30,143.52
Wang Ping	36,766.08	32,883.84
Wang Huiying	36,766.08	32,883.84
Lee, Kin Yu Arthur	—	—
Tai Jingang	36,766.08	32,883.84
Yin Kaiyang	36,766.08	32,883.84
Luo Dongxi	36,766.08	32,883.84
Zhang Tie**	16,441.92	32,883.84
Cao Yingfeng	36,766.08	32,883.84
Guan Lihui*	21,446.88	—
Chen Liqing*	21,446.88	—
<b>Total</b>	<b>316,698.24</b>	<b>293,214.24</b>

During the year, there was no agreement for a director, supervisor or senior management to waive or agree to waive the emoluments for the year (2021: Nil).

\* Wei Minghui has been the general manager of the Company since November 2021; Guan Lihui has been the chief safety officer and the deputy general manager of the Company since June 2022; Chen Liqing has been the deputy general manager of the Company since June 2022.

\*\* Sun Dequan retired as an executive director and the general manager of the Company in November 2021; Zhang Tie retired as the chief safety officer of the Company in June 2022.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XV. Emoluments of directors, supervisors and senior management (continued)

### 4. The top five highest paid individuals

The top five highest paid individuals of the Group in 2022 include one director (the top five highest paid individuals of the Group in 2021 include 2 directors). The aggregate emoluments are as follows:

	2022	2021
Salaries and allowances	4,812,207.90	5,154,201.00
Social security	432,569.21	372,302.62
<b>Total</b>	<b>5,244,777.11</b>	5,526,503.62

### Emolument bands

	2022	2021
RMB0 – RMB1,000,000	2 persons	2 persons
RMB1,000,000 – RMB1,500,000	3 persons	3 persons

## XVI. Notes to key items in the parent company's financial statements

### 1. Accounts receivable

#### (1) General information on accounts receivable

Item	31 December 2022	31 December 2021
Accounts receivable	2,831,247,342.26	2,253,071,233.33
Less: Credit loss provision	405,318,731.77	274,542,128.72
<b>Total</b>	<b>2,425,928,610.49</b>	1,978,529,104.61

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 1. Accounts receivable (continued)

#### (2) Overall aging of accounts receivable

Item	31 December 2022			31 December 2021		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	791,555,266.93	27.96	96,269,703.21	779,799,140.16	34.61	68,421,983.87
1 to 2 years (including 2 years)	592,821,384.81	20.94	86,194,757.20	635,899,419.45	28.22	73,736,979.00
2 to 3 years (including 3 years)	635,527,575.67	22.45	92,538,366.40	671,519,435.36	29.80	79,013,322.95
Over 3 years	811,343,114.85	28.65	130,315,904.96	165,853,238.36	7.37	53,369,842.90
<b>Total</b>	<b>2,831,247,342.26</b>	<b>100.00</b>	<b>405,318,731.77</b>	<b>2,253,071,233.33</b>	<b>100.00</b>	<b>274,542,128.72</b>

#### (3) The movements in provision for bad debts of accounts receivable are as follows:

	Balance as at the beginning of the year	Provision for the year	Recovery or reversal during the year	Write-off during the year	Other changes	Balance as at the end of the year
2022	274,542,128.72	154,096,054.93	-32,930,514.10	-156,320.92	9,767,383.14	405,318,731.77
2021	183,175,964.77	113,080,735.81	-18,324,250.00	-3,390,321.86	—	274,542,128.72

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 1. Accounts receivable (continued)

#### (4) Significant credit loss provision recovered or reversed during the year

Name of entity	Book value of accounts receivable	Reason for recovery or reversal	Basis for determining the original credit losses provision	Accumulated amount of credit loss provision before recovery or reversal	Recovered or reversed amount
Shenyang Oriental Steel Co., Ltd.	–	Recovery of payment	Expected credit losses	30,530,514.10	30,530,514.10

#### (5) Accounts receivable actually written off during the reporting period

Name of entity	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether incurred due to related transactions
Xilin Iron and Steel Group Acheng Iron and Steel Co., Ltd. (西林鋼鐵集團阿城鋼鐵有限公司)	Logistics service fees	152,982.03	Bankruptcy and reorganization of the debtor	Considered and approved by the Board	No
Heilongjiang Xigang International Trading Co., Ltd. (黑龍江西鋼國際貿易有限公司)	Logistics service fees	3,338.89	Deregistration of the debtor	Considered and approved by the Board	No
<b>Total</b>		<u>156,320.92</u>			

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 1. Accounts receivable (continued)

#### (6) Details of accounts receivable of which provision for bad debts is made are as follows:

As at 31 December 2022, details of the Company's accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
A	169,428,289.51	0.00%-0.10%	16,966.36
B	3,779,056.00	0.10%-0.30%	3,779.06
C	2,632,193,365.67	0.30%-50.00%	382,248,622.94
D	25,846,631.08	50.00%-100.00%	23,049,363.41
<b>Total</b>	<b>2,831,247,342.26</b>		<b>405,318,731.77</b>

As at 31 December 2021, details of the Company's accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
A	187,370,687.16	0.00%-0.10%	19,069.40
B	—	0.10%-0.30%	—
C	2,025,964,400.45	0.30%-50.00%	234,861,218.67
D	39,736,145.72	50.00%-100.00%	39,661,840.65
<b>Total</b>	<b>2,253,071,233.33</b>		<b>274,542,128.72</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 1. Accounts receivable (continued)

#### (7) Information on the top five entities by the amounts of accounts receivable

Name of entity	Relationship with the Group	Amount	Aging	Provision for credit loss	Percentage of total accounts receivable (%)
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司)	Customer	2,623,568,742.00	Within 1 year, 1-2 years, 2-3 years, 3-4 years and 4-5 years	381,052,467.02	92.66
Dalian Port Yidu Cold Chain Co., Ltd.	Related party	24,896,223.33	Within 1 year	2,489.62	0.88
Vale International SA	Customer	24,852,281.00	Within 1 year	2,485.23	0.88
Huaneng Power International, Inc.	Customer	19,752,708.63	Within 1 year	1,975.27	0.70
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Related party	19,217,391.50	Within 1 year	1,921.74	0.68
<b>Total</b>		<b>2,712,287,346.46</b>		<b>381,061,338.88</b>	<b>95.80</b>

### 2. Other receivables

Item	31 December 2022	31 December 2021
Dividends receivable	<b>3,019,042,396.43</b>	2,554,243,121.92
Other receivables	<b>73,219,051.37</b>	69,081,378.91
<b>Total</b>	<b>3,092,261,447.80</b>	2,623,324,500.83

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 2. Other receivables (continued)

#### (1) Dividends receivable

##### 1) Presentation of dividends receivable

Investee	31 December 2022	31 December 2021
Dalian Port Container Development Co., Ltd.	1,245,837,217.79	1,306,050,300.27
Yingkou Ltd.	1,760,932,079.25	1,235,880,554.13
Dalian Automobile Terminal Co., Ltd.	11,200,000.00	11,200,000.00
China United Tally (Dalian) Co., Ltd.	1,112,267.52	1,112,267.52
<b>Total</b>	<b>3,019,081,564.56</b>	2,554,243,121.92
Less: Provision for credit loss	39,168.13	—
<b>Carrying amount</b>	<b>3,019,042,396.43</b>	2,554,243,121.92

##### 2) Material dividends receivable aged over 1 year

Investee	Closing balance	Opening balance	Reasons for unrecovery	Closing balance of credit loss provision
Dalian Port Container Development Co., Ltd.	1,081,001,061.39	1,196,308,971.75	Delay of payment	—
Yingkou Ltd.	1,035,880,554.13	—	Delay of payment	—
<b>Total</b>	<b>2,116,881,615.52</b>	<b>1,196,308,971.75</b>		—



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 2. Other receivables (continued)

#### (1) Dividends receivable (continued)

##### 3) Movements in provision for credit losses on dividends receivable

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	–	–	–	–
Provision for the year	39,168.13	–	–	39,168.13
Closing balance	39,168.13	–	–	39,168.13

In 2022, the provision for bad debts was RMB39,168.13 (2021: Nil), and no received or reversed provision for bad debts (2021: Nil).

#### (2) Other receivables

##### 1) Analysis by nature

Amount by nature	31 December 2022	31 December 2021
Receivables from income of entrusted management services	86,437,627.26	85,232,416.60
Others	32,436,688.95	26,502,019.88
<b>Subtotal</b>	<b>118,874,316.21</b>	111,734,436.48
Less: Credit loss provision	45,655,264.84	42,653,057.57
<b>Total</b>	<b>73,219,051.37</b>	69,081,378.91

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 2. Other receivables (continued)

#### (2) Other receivables (continued)

##### 2) Analysis by aging

Item	31 December 2022			31 December 2021		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	33,873,028.28	28.49	2,266,453.49	30,010,133.83	26.86	1,492,509.94
1 to 2 years (including 2 years)	11,075,568.66	9.32	2,060,668.46	10,983,622.70	9.83	1,276,226.13
2 to 3 years (including 3 years)	3,877,699.80	3.26	1,571,649.92	2,093,595.48	1.87	1,539,602.42
Over 3 years	70,048,019.47	58.93	39,756,492.97	68,647,084.47	61.44	38,344,719.08
<b>Total</b>	<b>118,874,316.21</b>	<b>100.00</b>	<b>45,655,264.84</b>	<b>111,734,436.48</b>	<b>100.00</b>	<b>42,653,057.57</b>

3) Details of the Company's other receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

#### 31 December 2022

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
A	17,715,991.63	0.00%-0.10%	2,165.80	—
B	21,560,627.26	0.10%-0.30%	29,636.26	—
C	62,912,742.85	0.30%-50.00%	—	30,708,508.31
D	16,684,954.47	50.00%-100.00%	—	14,914,954.47
<b>Total</b>	<b>118,874,316.21</b>		<b>31,802.06</b>	<b>45,623,462.78</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XVI. Notes to key items in the parent company's financial statements (continued)

### 2. Other receivables (continued)

#### (2) Other receivables (continued)

- 3) Details of the Company's other receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows: (continued)

31 December 2021

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
A	36,344,820.01	0.00%-0.10%	4,578.43	—
B	—	0.10%-0.30%	—	—
C	61,795,262.00	0.30%-50.00%	—	30,560,124.67
D	13,594,354.47	50.00%-100.00%	—	12,088,354.47
<b>Total</b>	<b>111,734,436.48</b>		<b>4,578.43</b>	<b>42,648,479.14</b>

- 4) Movements in the provision for bad debts of expected credit losses in relation to other receivables over the next 12 months and the entire duration are as follows:

31 December 2022

Credit loss provision	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	4,578.43	30,560,124.67	12,088,354.47	42,653,057.57
Opening balance in the current year:				
– Transfer into stage II	-18.00	18.00	—	—
Provision in the year	27,241.63	148,365.64	2,976,000.00	3,151,607.27
Reversal in the year	—	—	-255,256.00	-255,256.00
Other changes	—	—	126,525.44	126,525.44
Write-off during the year	—	—	-20,669.44	-20,669.44
Closing balance	31,802.06	30,708,508.31	14,914,954.47	45,655,264.84

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XVI. Notes to key items in the parent company's financial statements (continued)

### 2. Other receivables (continued)

#### (2) Other receivables (continued)

- 4) *Movements in the provision for bad debts of expected credit losses in relation to other receivables over the next 12 months and the entire duration are as follows: (continued)*

31 December 2021

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Credit loss provision				
Opening balance	3,199.59	24,650,475.23	17,059,071.81	41,712,746.63
Provision in the year	1,378.84	5,909,649.44	2,064,000.00	7,975,028.28
Write-off during the year	—	—	-7,034,717.34	-7,034,717.34
Closing balance	4,578.43	30,560,124.67	12,088,354.47	42,653,057.57

In 2022, the provision for bad debts was RMB3,151,607.27 (2021: RMB7,975,028.28), the provision for bad debts recovered or reversed was RMB255,256.00 (2021: Nil), and the provision for bad debts written off was RMB20,669.44 (2021: RMB7,034,717.34).

- 5) *Other receivables actually written off during the reporting period*

Name of entity	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether occurred due to related transactions
Xilin Iron and Steel Group Acheng Iron and Steel Co., Ltd. (西林鋼鐵集團阿城鋼鐵有限公司)	Legal costs	10,715.44	Bankruptcy and reorganization of the debtor	Considered and approved by the Board	No
Heilongjiang Xigang International Trading Co., Ltd. (黑龍江西鋼國際貿易有限公司)	Legal costs	9,954.00	Deregistration of the debtor	Considered and approved by the Board	No
<b>Total</b>		<b>20,669.44</b>			

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XVI. Notes to key items in the parent company's financial statements (continued)

### 2. Other receivables (continued)

#### (2) Other receivables (continued)

##### 6) Other receivables of the top five debtors by closing balances

31 December 2022

Name of entity	Relationship with the Group	Amount	Aging	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	82,437,627.26	Within 1 year, 1 to 2 years and 4 to 5 years	69.35	30,148,136.26	Receivables from income of entrusted management services
Dalian Changxing Island Port Co., Ltd.	Related party	16,560,000.00	Within 1 year, 1 to 2 years, 2 to 3 years, 3 to 4 years, 4 to 5 years and over 5 years	13.93	14,790,000.00	Receivables from income of appointment of executives
Dalian Port Pilotage Station	Third party	8,170,749.02	Within 1 year	6.87	817.07	Public infrastructure maintenance expenses
Liaoning Port Group	Related party	4,000,000.00	Within 1 year	3.36	400.00	Receivables from income of entrusted management services
Dalian Port Machinery Co., Ltd.	Related party	1,908,542.85	Within 1 year, 1 to 2 years, 2 to 3 years and 3 to 4 years	1.61	526,408.31	Heating fees
<b>Total</b>		<b>113,076,919.13</b>		<b>95.12</b>	<b>45,465,761.64</b>	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 2. Other receivables (continued)

#### (2) Other receivables (continued)

##### 6) Other receivables of the top five debtors by closing balances (continued)

31 December 2021

Name of entity	Relationship with the Group	Amount	Aging	Proportion to total other receivables(%)	Credit loss provision	Nature or content
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	85,232,416.60	Within 1 year, 1 to 2 years and 3 to 4 years	76.28	30,041,723.52	Receivables from income of entrusted management services
Dalian Changxing Island Port Co., Ltd.	Related party	13,320,000.00	Within 1 year, 1 to 2 years, 2 to 3 years, 3 to 4 years, 4 to 5 years and over 5 years	11.92	11,814,000.00	Receivables from income of appointment of executives
Dalian Port Pilotage Station	Third party	7,128,371.74	Within 1 year	6.38	712.84	Public infrastructure maintenance expenses
Dalian Commodity Exchange	Third party	1,900,000.00	1 to 2 years	1.70	380.00	Receivables from deposit and security deposit
Dalian Port Machinery Co., Ltd.	Related party	1,718,262.00	Within 1 year, 1 to 2 years, 2 to 3 years and 3 to 4 years	1.54	521,624.67	Heating fees
<b>Total</b>		<u>109,299,050.34</u>		<u>97.82</u>	<u>42,378,441.03</u>	

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 3. Long-term receivables

Item	31 December 2022			31 December 2021		
	Book value	Credit loss provision	Carrying amount	Book value	Credit loss provision	Carrying amount
Loans due from subsidiaries	4,754,407,027.86	475,440.71	4,753,931,587.15	1,791,917,694.53	179,191.77	1,791,738,502.76
Less: Long-term receivables due within one year	1,641,629,833.26	164,162.99	1,641,465,670.27	110,234,694.57	11,023.47	110,223,671.10
Long-term receivables due after one year	3,112,777,194.60	311,277.72	3,112,465,916.88	1,681,682,999.96	168,168.30	1,681,514,831.66

### 4. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	Opening balance	Increase in the year	Decrease in the year	Other increase (decrease)	Closing balance
Investment in subsidiaries	20,614,329,128.53	–	–	–	20,614,329,128.53
Investment in joint ventures	1,098,464,178.35	–	-1,331,560.85	-61,131,063.48	1,036,001,554.02
Investment in associates	1,369,581,715.95	–	–	-71,390,446.86	1,298,191,269.09
Less: Provision for impairment of long-term equity investments	–	17,777,533.25	–	–	17,777,533.25
<b>Total</b>	<b>23,082,375,022.83</b>	<b>-17,777,533.25</b>	<b>-1,331,560.85</b>	<b>-132,521,510.34</b>	<b>22,930,744,418.39</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 4. Long-term equity investments (continued)

#### (2) Breakdown of long-term equity investments

2022

Investee	Opening balance	Impact of change in consolidation scope	Change in the year						Closing balance	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Declaration of distribution of cash dividend and profit		
<b>Subsidiaries</b>										
Yingkou Ltd.	15,821,491,793.59	-	-	-	-	-	-	-725,051,525.12	15,821,491,793.59	-
Dalian Port Container Development Co., Ltd.	3,201,948,622.38	-	-	-	-	-	-	-164,836,156.40	3,201,948,622.38	-
Asia Pacific Ports (Dalian) Co., Ltd.	260,619,525.68	-	-	-	-	-	-	-	260,619,525.68	-
Asia Pacific Ports Company Limited	76,155,000.00	-	-	-	-	-	-	-	76,155,000.00	-
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	6,629,301.65	-	-	-	-	-	-	-3,251,816.51	6,629,301.65	-
Dalian Jila Shipping Management Co., Ltd.	419,011,554.73	-	-	-	-	-	-	-	419,011,554.73	-
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	-	-	-	-	-	14,259,172.03	-
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	-	-	-	-	-	-	18,278,125.97	-
Dalian Port Telecommunications Engineering Co., Ltd.	6,137,212.61	-	-	-	-	-	-	-4,239,900.00	6,137,212.61	-
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	-	-	-	-	-	-	53,156,426.75	-
Dalian Port Lushun Harbour Service Co., Ltd.	217,580,000.00	-	-	-	-	-	-	-	217,580,000.00	-
Dalian Harbour ECL Logistics Co., Ltd.	31,931,668.81	-	-	-	-	-	-	-1,286,803.68	31,931,668.81	-
Dalian Port Grain and Oil Trading Co., Ltd.	25,000,000.00	-	-	-	-	-	-	-	25,000,000.00	-
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	-	-	-	-	-	-	5,100,000.00	-
Dalian Haile Automobile Terminal Co., Ltd.	200,000,000.00	-	-	-	-	-	-	-	200,000,000.00	-
Dalian Dianshui Caran Co., Ltd.	51,000,000.00	-	-	-	-	-	-	-	51,000,000.00	-
Dalian Zhonghe Gangying Investment Co., Ltd.	80,000,000.00	-	-	-	-	-	-	-	80,000,000.00	-
Dalian Port Haiheng Ship Management Co., Ltd.	4,825,626.54	-	-	-	-	-	-	-801,927.52	4,825,626.54	-
Dalian Port Power Supply Co., Ltd.	121,205,097.79	-	-	-	-	-	-	-8,841,147.91	121,205,097.79	-
<b>Sub-total</b>	<b>20,614,329,128.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-908,309,277.14</b>	<b>17,777,533.25</b>	<b>17,777,533.25</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 4. Long-term equity investments (continued)

#### (2) Breakdown of long-term equity investments (continued)

2022 (continued)

Investee	Opening balance	Impact of change in consolidation scope	Increase in investment	Decrease in investment	Change in the year				Provision for impairment	Closing balance	Closing balance of impairment provision
					Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Declaration of cash dividend and profit			
<b>Joint ventures</b>											
Dalian Port Tongji Shipping Agency Co., Ltd.	1,271,654.19	-	-	-1,331,560.85	59,306.66	-	-	-	-	-	-
VTTI Terminals Dalian Co., Ltd.	184,193,475.87	-	-	-	17,557,023.02	-	-	-10,000,000.00	-	191,750,504.89	-
Dalian Port PetroChina International Terminal Co., Ltd.	236,277,638.10	-	-	-	24,478,698.55	-	-	-35,000,000.00	-	225,756,336.65	-
China United Tally (Dalian) Co., Ltd.	1,480,827.06	-	-	-	510,701.15	-	-11,952.53	-	-	1,979,575.68	-
China Oil Dock Management (Dalian) Co., Ltd.	23,381,453.02	-	-	-	8,477,000.00	-	-	-10,708,406.15	-	21,150,046.87	-
Dalian Changxing Island Port Co., Ltd.	135,699,325.76	-	-	-	-18,294,576.47	-	414,931.74	-	-	117,829,681.03	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	24,178,763.89	-	-	-	3,777,357.39	-	128,046.85	-18,137,096.54	-	9,947,569.59	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	358,302,444.62	-	-	-	-15,412,688.70	-	1,269,903.67	-	-	344,159,739.59	-
Odjet Changxing Terminals (Dalian) Co., Ltd.	7,902,231.45	-	-	-	-82,838.16	-	-	-	-	7,819,393.29	-
Dalian Port Xiangyi Grain Logistics Co., Ltd.	33,846,283.81	-	-	-	2,801,021.54	-	-	-	-	36,647,305.35	-
China Shipping Gang Lan Co., Ltd.	91,930,080.58	-	-	-	-12,968,679.50	-	-	-	-	78,961,401.08	-
<b>Sub-total</b>	<b>1,096,464,178.35</b>	<b>-</b>	<b>-</b>	<b>-1,331,560.85</b>	<b>10,913,511.46</b>	<b>-</b>	<b>1,800,929.73</b>	<b>-73,945,504.69</b>	<b>-</b>	<b>1,036,001,554.02</b>	<b>-</b>
<b>Associates</b>											
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	46,828,027.11	-	-	-	22,314,719.43	-	-	-9,720,584.95	-	59,422,161.59	-
Taizhang Xinggang Tug Co., Ltd.	11,300,772.42	-	-	-	3,290,391.16	-	50,401.14	-6,130,105.40	-	8,512,059.32	-
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (国家管网集团大连液化天然气有限公司)	698,113,647.84	-	-	-	35,414,388.42	-	742,679.95	-101,646,136.17	-	632,892,580.04	-
Dalian North Oil Petroleum Logistics Co., Ltd.	75,261,880.21	-	-	-	3,441,910.68	-	-20,209.21	-8,600,000.00	-	69,883,581.68	-
Sino Bai Bohai Train Ferry Co., Ltd.	232,468,589.17	-	-	-	-14,321,484.03	-	-	-	-	218,167,105.14	-
CDC International Logistics Co., Ltd.	124,563,359.86	-	-	-	1,548,820.33	-	-	-	-	126,112,180.19	-
Dalian Automobile Terminal Co., Ltd.	180,379,539.87	-	-	-	14,341,214.57	-	78,447.22	-11,200,000.00	-	183,599,201.66	-
Leorning Electronic Port Co., Ltd.	645,899.47	-	-	-	23,500.00	-	-	-	-	669,399.47	-
<b>Sub-total</b>	<b>1,369,581,715.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,054,080.56</b>	<b>-</b>	<b>851,319.10</b>	<b>-138,295,826.52</b>	<b>-</b>	<b>1,298,191,269.09</b>	<b>-</b>
<b>Total</b>	<b>23,082,375,022.83</b>	<b>-</b>	<b>-</b>	<b>-1,331,560.85</b>	<b>76,967,572.04</b>	<b>-</b>	<b>2,652,248.83</b>	<b>-1,120,450,806.35</b>	<b>17,777,533.25</b>	<b>22,930,744,418.39</b>	<b>17,777,533.25</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 4. Long-term equity investments (continued)

#### (2) Breakdown of long-term equity investments (continued)

2021

Investee	Opening balance	Impact of change in consolidation scope	Change in the year					Closing balance of impairment provision	
			Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity		Dedation of distribution of cash dividend and profit
Subsidiaries									
Yingkou Ltd.	-	-	15,821,491,793.59	-	-	-	-1,235,680,554.13	-	15,821,491,793.59
Dalian Port Container Development Co., Ltd.	3,201,948,622.38	-	-	-	-	-	-109,741,328.52	-	3,201,948,622.38
Asia Pacific Ports (Dalian) Co., Ltd.	260,619,525.68	-	-	-	-	-	-	-	260,619,525.68
Asia Pacific Ports Company Limited	76,155,000.00	-	-	-	-	-	-	-	76,155,000.00
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	6,629,301.65	-	-	-	-	-	-3,378,100.72	-	6,629,301.65
Dalian Jia Shipping Management Co., Ltd.	419,011,554.73	-	-	-	-	-	-	-	419,011,554.73
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	-	-	-	-	-	14,259,172.03
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	-	-	-	-	-	-	18,278,125.97
Dalian Port Telecommunications Engineering Co., Ltd.	6,137,212.61	-	-	-	-	-	-4,165,110.00	-	6,137,212.61
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	-	-	-	-	-28,340,822.35	-	53,156,426.75
Dalian Port Lushun Harbour Service Co., Ltd.	217,580,000.00	-	-	-	-	-	-	-	217,580,000.00
Dalian Harbour ECO Logistics Co., Ltd.	31,931,668.81	-	-	-	-	-	-1,229,834.39	-	31,931,668.81
Dalian Port Grain and Oil Trading Co., Ltd.	25,000,000.00	-	-	-	-	-	-	-	25,000,000.00
Dalian Steel Logistics Park Co., Ltd.	8,000,000.00	-	-	-8,000,000.00	-	-	-	-	-
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	-	-	-	-	-	-	5,100,000.00
Dalian Haile Automobile Terminal Co., Ltd.	200,000,000.00	-	-	-	-	-	-	-	200,000,000.00
Dalian Dianshui Cuiwan Co., Ltd.	51,000,000.00	-	-	-	-	-	-	-	51,000,000.00
Dalian Port Group Zhuanghe Terminal Co., Ltd.	42,000,000.00	-	-	-42,000,000.00	-	-	-	-	-
Dalian Zhuanghe Gangying Investment Co., Ltd.	80,000,000.00	-	-	-	-	-	-	-	80,000,000.00
Dalian Port Haiheng Ship Management Co., Ltd.	4,825,626.54	-	-	-	-	-	-807,145.73	-	4,825,626.54
Dalian Port Power Supply Co., Ltd.	121,205,097.79	-	-	-	-	-	-6,665,283.47	-	121,205,097.79
Sub-total	4,842,837,334.94	-	15,821,491,793.59	-50,000,000.00	-	-	-1,390,208,179.31	-	20,614,329,128.53

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 4. Long-term equity investments (continued)

#### (2) Breakdown of long-term equity investments (continued)

2021 (continued)

Investee	Opening balance	Impact of change in consolidation scope	Change in the year					Others	Closing balance	Closing balance of impairment provision
			Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity			
Joint ventures										
Dalian Port Tongji Shipping Agency Co., Ltd.	1,101,914.01	-	-	-	169,740.18	-	-	-	-	1,271,654.19
VTTI Terminals Dalian Co., Ltd.	168,159,960.71	-	-	-	26,033,515.16	-	-	-10,000,000.00	-	184,193,475.87
Dalian Port PetroChina International Terminal Co., Ltd.	236,830,040.06	-	-	-	29,447,598.04	-	-	-30,000,000.00	-	236,277,638.10
China United Tally (Dalian) Co., Ltd.	3,906,906.83	-	-	-	-1,359,472.88	-	45,660.63	-1,112,267.52	-	1,480,827.06
China Oil Dock Management (Dalian) Co., Ltd.	30,477,086.78	-	-	-	10,708,406.14	-	-	-17,804,039.90	-	23,381,453.02
Dalian Changxing Island Port Co., Ltd.	134,440,061.48	-	-	-	859,351.83	-	399,912.45	-	-	135,899,325.76
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	16,138,619.57	-	-	-	8,002,386.29	-	37,758.03	-	-	24,178,763.89
Offical Dalian Port Consulting Co., Ltd.	1,326,593.72	-	-	-1,302,758.86	-23,834.86	-	-	-	-	-
Dalian Changxing Island Port Investment and Development Co., Ltd.	370,620,606.87	-	-	-	-12,827,261.02	-	509,088.77	-	-	358,302,444.62
Offical Changxing Terminals (Dalian) Co., Ltd.	7,985,145.40	-	-	-	-82,913.95	-	-	-	-	7,902,231.45
Dalian Port Xiangyu Grain Logistics Co., Ltd.	35,815,332.61	-	-	-	-1,969,048.80	-	-	-	-	33,846,283.81
China Shipping Gang Lan Co., Ltd.	93,454,339.62	-	-	-	-1,524,259.04	-	-	-	-	91,930,080.58
Sub-total	1,100,256,607.66	-	-	-1,302,758.86	57,434,207.09	-	992,429.88	-58,916,307.42	-	1,038,464,178.35
Associates										
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	39,564,912.51	-	-	-	11,037,670.12	-	625,444.48	-4,400,000.00	-	46,828,027.11
Taizheng Xinggang Tug Co., Ltd.	12,681,717.99	-	-	-	4,619,048.43	-	-	-5,999,994.00	-	11,300,772.42
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (国家管网集团大连液化天然气有限公司)	672,600,617.82	-	-	-	112,587,584.97	-	171,503.78	-87,246,068.73	-	698,113,647.84
Dalian North Oil Petroleum Logistics Co., Ltd.	77,461,299.24	-	-	-	5,809,038.54	-	-7,457.57	-8,000,000.00	-	75,261,880.21
Sino Rail Bohai Train Ferry Co., Ltd.	241,523,908.68	-	-	-	-9,035,319.51	-	-	-	-	232,488,588.17
CDC International Logistics Co., Ltd.	122,342,891.02	-	-	-	2,220,688.84	-	-	-	-	124,563,359.86
Dalian Automobile Terminal Co., Ltd.	178,005,556.61	-	-	-	13,384,067.92	-	189,915.34	-11,200,000.00	-	180,379,539.87
Liaoning Electronic Port Co., Ltd.	-	-	-	-	301,229.11	-	-	-	344,670.36	645,898.47
Sub-total	1,344,180,703.87	-	-	-	140,922,988.42	-	979,406.03	-116,846,062.73	-	1,369,581,715.95
Total	7,287,274,646.47	-	-15,821,491,739.59	-51,302,758.86	198,357,195.51	-	1,971,835.91	-1,565,970,539.46	-	23,082,375,022.83

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
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## XVI. Notes to key items in the parent company's financial statements (continued)

### 5. Revenue

Item	2022		2021	
	Revenue	Cost	Revenue	Cost
Principal operations	3,299,574,498.42	2,413,565,867.55	3,390,491,641.44	2,442,078,013.42
Other operations	273,883,614.87	200,353,152.99	268,729,346.15	166,141,810.40
<b>Total</b>	<b>3,573,458,113.29</b>	<b>2,613,919,020.54</b>	3,659,220,987.59	2,608,219,823.82

### 6. Investment income

Item	2022	2021
Investment income from long-term equity investments under the cost method	908,309,277.14	1,390,208,179.31
Investment income from long-term equity investments under the equity method	76,967,572.04	198,357,195.51
Investment income from disposal of long-term equity investments	-114,920.08	-17,858,136.43
Investment income from disposal of held-for-trading financial assets	—	25,965,850.49
Income from inter-company borrowings	108,149,082.85	27,336,501.63
<b>Total</b>	<b>1,093,311,011.95</b>	1,624,009,590.51

There are no material restrictions on the repatriation of investment income of the Company.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## XVI. Notes to key items in the parent company's financial statements (continued)

### 7. Supplementary information to the statement of cash flows of parent company

Item	2022	2021
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	<b>1,152,837,698.02</b>	1,763,491,916.98
Add: Asset impairment loss	<b>17,777,533.25</b>	—
Provision for credit impairment	<b>124,397,309.17</b>	102,847,613.27
Depreciation of fixed assets	<b>608,020,704.42</b>	646,668,640.70
Depreciation of right-of-use assets	<b>79,220,543.08</b>	89,621,076.60
Amortisation of intangible assets	<b>21,237,289.15</b>	21,000,005.42
Amortisation of long-term prepaid expenses	<b>5,817,934.58</b>	5,207,795.44
Losses on disposal of fixed assets, intangible assets and other long-term assets ("—" for gain)	<b>—</b>	838,263.95
Losses on obsolescence of fixed assets ("—" for gain)	<b>-1,948,683.70</b>	16,254,705.81
Financial expenses ("—" for gain)	<b>357,675,252.76</b>	382,010,193.43
Losses on investment ("—" for gain)	<b>-1,093,311,011.95</b>	-1,624,009,590.51
Decrease in deferred income tax assets ("—" for increase)	<b>-72,517,759.02</b>	-29,981,548.99
Increase in deferred income tax liabilities ("—" for decrease)	<b>-1,710,427.10</b>	-1,710,427.10
Amortisation of deferred income	<b>-35,985,647.93</b>	-36,714,440.73
Decrease in inventories ("—" for increase)	<b>-3,228,013.29</b>	-5,830,381.12
Increase in special reserve ("—" for decrease)	<b>-3,554,953.53</b>	2,790,513.03
Decrease in operating receivables ("—" for increase)	<b>-524,389,586.39</b>	-591,953,857.41
Increase in operating payables ("—" for decrease)	<b>108,058,483.63</b>	-70,675,288.58
Net cash flows from operating activities	<b>738,396,665.15</b>	669,855,190.19
2. Net changes in cash and cash equivalents:		
Cash at the end of the year	<b>2,444,983,092.18</b>	2,081,788,417.72
Less: Cash at the beginning of the year	<b>2,081,788,417.72</b>	2,890,267,651.51
Net increase in cash and cash equivalents	<b>363,194,674.46</b>	-808,479,233.79

## XVII. Approval of financial statements

These financial statements were approved by the Board of Directors of the Company on 30 March 2023.

# Supplementary Information to the Financial Statements

For the year ended 31 December 2022  
In RMB

## I. Statement of non-recurring profit or loss

In accordance with “Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit/Loss (2008)” issued by China Securities Regulatory Commission, the non-recurring profit or loss for 2022 of the Group are set out as follows:

Item	2022	2021
Profit or loss on disposal of non-current assets	5,115,424.46	111,457,712.28
Government grants charged to profit or loss for the current period (other than government grants which are closely related to corporate business and granted based on a fixed amount or a fixed quantity unified by the state on an ongoing basis)	28,154,568.64	28,092,249.95
Except for the effective hedging activities related to the Company's ordinary operation, profit or loss arising from changes in fair value of financial assets at fair value through current profit or loss and financial liabilities at fair value through current profit or loss, and investment income from disposal of financial assets at fair value through current profit or loss and financial liabilities at fair value through current profit or loss	–	25,965,850.49
Capital occupation fee charged to non-financial enterprises included in current profits and losses	2,497,833.85	2,976,052.80
Non-operating income and expenses other than aforesaid items	29,830,472.20	-210,959,199.64
Current net profit and loss of subsidiaries from the beginning of the period to the combination date arising from business combinations involving entities under common control	–	471,795,901.00
Other profit or loss item under the definition of non-recurring profit or loss	–	19,655,106.60
<b>Sub-total</b>	<b>65,598,299.15</b>	448,983,673.48
Effect of income tax	14,387,089.75	-7,735,801.71
Effect of minority interests (after tax)	1,401,081.86	9,002,735.92
<b>Total</b>	<b>49,810,127.54</b>	447,716,739.27

# Supplementary Information to the Financial Statements (continued)

For the year ended 31 December 2022  
In RMB

## II. Return rate on net assets and earnings per share

The calculation form of the return on net assets and earnings per share is prepared in accordance with the relevant provisions of the Compilation Rules No. 9 for Information Disclosures by Companies Offering Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised in 2010) issued by the China Securities Regulatory Commission.

### 2022

	Weighted average return rate on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	3.32%	0.05
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3.19%	0.05

### 2021

	Weighted average return rate on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	5.02%	0.08
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	4.17%	0.07

No dilutive potential ordinary shares have been issued by the Company.

# Financial Highlights for the Past Five Accounting Years

RMB'000	2022	2021	2020	2019	2018
<b>Revenue and Profit</b>					
Revenue	<b>11,980,738</b>	12,347,555	12,124,932	6,645,907	6,754,445
Gross profit	<b>3,096,869</b>	3,829,224	4,246,494	1,990,967	1,612,710
Operating profit	<b>1,862,988</b>	2,865,175	2,857,287	1,136,490	859,396
Total profit	<b>1,893,077</b>	2,654,437	2,836,145	1,162,173	875,480
Net profit	<b>1,431,360</b>	2,078,196	2,230,052	894,932	681,981
Net profit attributable to shareholders of the parent company	<b>1,279,735</b>	1,916,076	2,053,091	718,230	523,316
Basic earnings per share (RMB)	<b>0.053351</b>	0.083852	0.090751	0.056	0.041
<b>Assets and Liabilities</b>					
Bank balances and cash	<b>5,085,194</b>	4,682,838	7,419,447	4,051,413	5,757,831
Current assets	<b>9,482,789</b>	8,683,979	11,305,543	6,890,986	9,559,480
Non-current assets	<b>48,126,602</b>	49,129,271	46,145,812	28,207,289	25,756,103
Borrowings	<b>7,550,282</b>	4,692,337	7,228,841	8,220,756	12,124,862
Current liabilities	<b>6,477,798</b>	7,689,659	4,634,988	2,377,417	5,701,990
Non-current liabilities	<b>9,389,602</b>	9,069,849	12,314,713	11,316,442	8,753,277
Total assets	<b>57,609,391</b>	57,813,250	57,451,355	35,098,275	35,315,583
Net assets	<b>41,741,991</b>	41,053,742	40,501,654	21,404,416	20,860,316
<b>Share Capital and Equity</b>					
Share capital	<b>23,987,066</b>	23,987,066	12,894,536	12,894,536	12,894,536
Equity attributable to shareholders of the parent company	<b>38,646,459</b>	37,946,034	37,234,475	18,769,790	18,276,366
Minority interests	<b>3,095,532</b>	3,107,707	3,267,179	2,634,626	2,583,950
Shareholders' equity	<b>41,741,991</b>	41,053,742	40,501,654	21,404,416	20,860,316
Net assets per share (RMB)	<b>1.61</b>	1.58	1.55	1.46	1.42



# Environmental, Social and Governance Report

The report is a true reflection of Liaoning Port Co., Ltd. active implementation of its Environmental, Social and Governance (“ESG”) responsibilities to achieve comprehensive and coordinated sustainability. The forward-looking statements described herein such as the business plans or development strategies shall not constitute any substantial commitment to investors.

## Reporting Period

Unless otherwise stated, the report covers information for the period from 1 January 2022 to 31 December 2022.

Unless otherwise stated, the report covers ESG-related information of the domestic operations of Liaoning Port Co., Ltd. and its main subsidiaries.

## Sources of Data

All data and information included in the report were collected from the relevant data collection and statistics system of Liaoning Port Co., Ltd., the qualitative and quantitative information collection tools used in the report preparation, and ESG practice cases reported by the main subsidiaries operating in China.

## Basis of the Report

The report strives to highlight its characteristics in the industry in compliance with the widely-adopted standards for ESG reporting. This ESG report is prepared in accordance with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules of The Stock Exchange of Hong Kong Limited and strictly complies with the requirements of the ESG Reporting Guide on the four principles of “General Disclosure”, “Materiality”, “Quantitative”, “Balance” and “Consistency” as well as “Board Members’ Responsibilities”. The report aims to systematically introduce to readers the Company’s performance on ESG in 2022. It is advised to read the content pertaining to governance together with the Corporate Governance Report in the annual report.

## Notes on Names

For the sake of convenience, Liaoning Port Co., Ltd. is also referred to as “Liaoning Port”, the “Company”, or “We” in this report.

## Formats of the Report

The report is written in both Chinese and English and can be downloaded at <http://www.hkexnews.hk>.

# Environmental, Social and Governance Report

## 1. RESPONSIBILITY MANAGEMENT

Liaoning Port Co., Ltd. has fully embraced the concept of sustainability in its development process, continuously enhancing its corporate governance capabilities, and establishing a long-term mechanism for ESG management. Through improved communication and information sharing with stakeholders, the Company proactively responds to their demands. Additionally, the Company has comprehensively strengthened its clean organization and compliance initiatives, ensuring the Company's sustainable and healthy growth.

### 1.1 ESG Statement of the Board

Liaoning Port recognizes the critical role of ESG management in achieving sustainable development and has implemented an efficient and comprehensive ESG management and governance system. The Company actively leverages its resource advantages, including its superior geographical location and advanced management concepts, to advance its regional port planning, restructure its functions, and integrate its business development with environmental, social, and governance considerations.

The Board of Directors of Liaoning Port is the highest decision-making body for ESG issues and it is responsible for the supervision and approval of ESG strategies, policies, objectives, risks, and other related matters to ensure alignment with the Company's development strategy and ESG concepts. Under the leadership of the Board of Directors, the Company attaches great importance to the preparation of ESG reports and actively promotes and implements daily ESG information management and collection, annual disclosure, and review of ESG reports.

The Company values compliance with laws and regulations, as well as promoting green and sustainable practices. The Company prioritizes delivering high-quality products and services to its customers, while also focusing on employee development and social welfare. The Company recognizes the importance of ESG efforts and plans to make them a normalized part of their work. In the upcoming "14th Five-Year Plan" period, the Company will actively respond to the country's strategic goal of achieving carbon neutrality, identifying and mitigating climate change risks. The Company aims to develop in a coordinated manner that aligns with national policies and values reform and innovation as key drivers of its development strategy. Ultimately, the Company's strategic vision is to "build a world-class strong port" through continued reform and innovation.

This report provides an overview of Liaoning Port's progress and achievements in ESG initiatives for 2022. The report was reviewed and approved by the Company's Board of Directors. The Board bears individual and joint liabilities for ensuring the authenticity, completeness and accuracy of the report, committing to avoiding any false records, misleading statements, or major omissions.

# Environmental, Social and Governance Report

## 1.2 ESG Governance and Management

Liaoning Port is committed to implementing the ESG concept, which encompasses the Company's development and ESG responsibility governance. It upholds the principles of scientific and high-quality development, with a focus on reform, pragmatic innovation, and pursuing excellence. While maintaining rapid growth, the Company also upholds its mission to "embrace a century's worth of progress and revitalize Northeast China". Its vision is to "build a world-class strong port", driven by the enterprise spirit of "innovation, responsibility, service, and dedication". Liaoning Port creates value for its shareholders, customers, employees, and society based on the core values of "creating value through practical work to build a better future". Throughout 2022, Liaoning Port continued to prioritize the ESG concept in its management and practices, implementing new improvements in its ESG management. The corporate social responsibility supervision and management mechanism continues to operate steadily, and the quality, occupational health and safety, and environment comprehensive management system remains firmly in place. Under the leadership of the Board of Directors, Liaoning Port's ESG management coordinates various functional departments and subsidiaries to implement standardization efforts related to corporate governance, quality management, environmental management, safety management, and occupational health management. This ensures the Company fulfills its social responsibilities and prioritizes ESG management.

## 1.3 Communication with Stakeholders

During its business development, the Company maintains close communication with stakeholders to identify and respond to their needs proactively. The Company strives to maintain efficient and smooth daily communication channels for investors, including an online interactive platform, an investor hotline, an investor email address, and an "Investor Relations" column on its official website. The Company continuously improves the quality of its information disclosure, regularly publishing annual reports, interim reports, and related announcements through media or websites designated by the Exchange. Liaoning Port also conducts in-depth communication with investors through annual performance briefings and Securities Regulatory Commission activities and has achieved positive outcomes.

# Environmental, Social and Governance Report

## *Communication with and Response to Stakeholders*

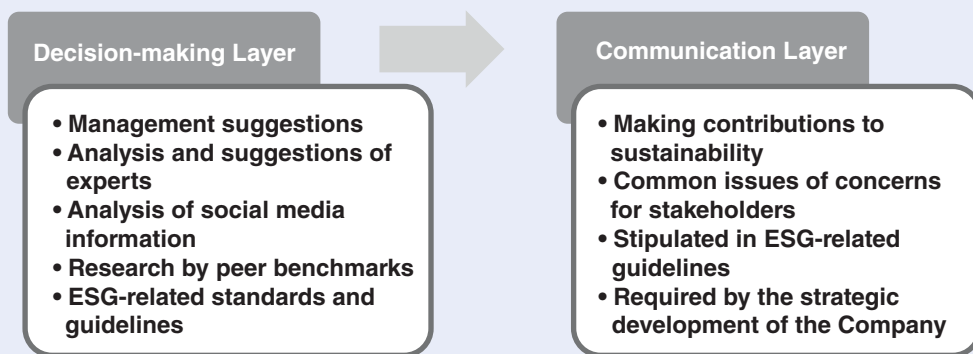
Stakeholders	Key Issues	Response Channels
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>• Implementation of national laws, regulations and policies</li> <li>• Local economic development</li> <li>• Local employment</li> <li>• Industrial development</li> <li>• Emissions compliance</li> <li>• Energy conservation</li> <li>• Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Document submitting</li> <li>• Policy consultation</li> <li>• Issue reporting</li> <li>• Collaborative negotiation</li> <li>• Information disclosure</li> </ul>
<b>Shareholders &amp; investors</b>	<ul style="list-style-type: none"> <li>• Investment returns</li> <li>• Operational compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Regular announcements</li> <li>• Issue reporting</li> <li>• Shareholders' meeting</li> </ul>
<b>Clients &amp; partners</b>	<ul style="list-style-type: none"> <li>• Responsibility fulfillment</li> <li>• Integrity</li> <li>• Product and service quality</li> </ul>	<ul style="list-style-type: none"> <li>• Business communication</li> <li>• Customer feedback</li> <li>• Seminars</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Protection of rights and interests</li> <li>• Production safety</li> <li>• Occupational health</li> <li>• Remuneration and welfare</li> <li>• Career development</li> </ul>	<ul style="list-style-type: none"> <li>• Staff representative meetings</li> <li>• Complaint mailbox</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Green procurement</li> <li>• Operational compliance</li> <li>• Product responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier assessment</li> <li>• Phone calls and emails</li> </ul>
<b>Media and non-government organizations</b>	<ul style="list-style-type: none"> <li>• Emissions</li> <li>• Energy conservation</li> <li>• Environmental protection</li> <li>• Local economic development</li> <li>• Local employment</li> <li>• Industrial development</li> </ul>	<ul style="list-style-type: none"> <li>• Press conferences and exchanges</li> <li>• Social media</li> <li>• Official websites</li> </ul>
<b>Community and the public</b>	<ul style="list-style-type: none"> <li>• Community environment</li> <li>• Public welfare projects</li> <li>• Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Official websites</li> <li>• Community interaction and public welfare activities</li> <li>• Social media</li> </ul>

# Environmental, Social and Governance Report

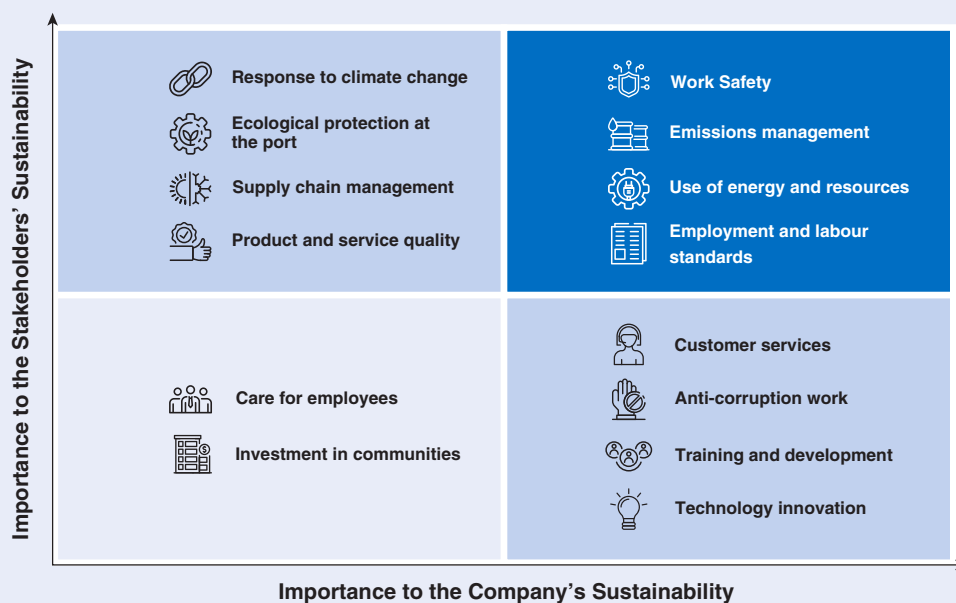
## 1.4 Response to the Principle of the ESG Reporting Guide of HKEX

**Materiality Principle:** Liaoning Port adheres to this principle by complying with the *Environmental, Social, and Governance s Reporting Guide* of the Hong Kong Stock Exchange. The Company identifies key areas of ESG practices and information disclosure to ensure the comprehensive coverage of critical concerns of the Company and stakeholders. To enhance the relevance of information disclosed, Liaoning Port conducts an extensive review of ESG topics to determine their materiality, ensuring that topics of utmost importance are fully disclosed in the report.

The Company is committed to identifying and evaluating environmental, social, and governance (ESG) topics, and actively seeks participation from both internal and external stakeholders to achieve this goal. Various methods, including on-site visits, employee interviews, and questionnaires, are utilized to collect and categorize feedback on sustainability topics. In 2022, a comprehensive assessment of stakeholder opinions and suggestions on the Company's ESG management practices was conducted, taking into account the Company's current development to determine material ESG topics for the year. As a result of this assessment, the Company will continue to prioritize materiality topics of 2021.



Screening Process of Environmental, Social and Governance Topics



ESG Materiality Matrix of Liaoning Port in 2022

# Environmental, Social and Governance Report

**Quantification Principle:** The Company's ESG indicator collection tool covers all domestic operating companies, and regularly captures quantitative key disclosure indicators for all "environmental" categories and some "social" categories in line with the Company's ESG reporting guidelines. This data is then annually summarized and publicly disclosed in this report. For specific data, please refer to each chapter of the report.

**Balance Principle:** The Board of Directors of the Company's reviews and confirms the report to ensure that it is objective and transparent. The disclosed information can be accessed through the official information disclosure channels of the Company or public media.

**Consistency Policy:** The Company has defined the scope of report disclosure and refined some indicators of the *Environmental, Social, and Governance s Reporting Guide* of the Hong Kong Stock Exchange. It has also established and distributed information collection tools for domestic operating companies, ensuring consistency in statistical disclosure methods and comparability of ESG disclosure data over the years.

## 1.5 Honest Practice

Liaoning Port strictly adheres to laws and regulations, including the *People's Republic of China on Administrative Punishment of Public Officials*, the *Regulations on Chinese Communist Party Internal Supervision*, and the *Regulation of the Communist Party of China on Disciplinary Actions*, and it has formulated the *List of Main Responsibilities for Implementation of Full and Strict Governance over the Party Branch of the Party Committee of Liaoning Port Co., Ltd* and the *Measures on the Inspection of the Party Committee of Liaoning Port Co., Ltd*. The Discipline Inspection Office (the Inspection Office) of the Supervision Department is responsible for promoting the comprehensive and strict governance of the party branch and the building of a clean and honest organization. They organize and coordinate anti-corruption and integrity work, implement anti-corruption measures, and promote the creation of a clean and honest working environment.

The Company actively utilizes inspection and reporting to ensure the establishment of an ethical and honest party branch. As part of this effort, Liaoning Port has established the *Measures on Whistle-blowing to Disciplinary Inspection Body of Liaoning Port Co., Ltd*. It continuously strives to enhance its whistle-blowing mechanisms by expanding reporting channels, standardizing processes, and promoting institutionalization and standardization of anti-corruption reporting practices. The Company strongly encourages individuals to report any violations using their real identities, and it provides multiple channels for individuals to report concerns, such as a hotline and email address. Additionally, Liaoning Port protects the identity of individuals who choose to report violations by implementing various measures.

In 2022, the Company had no concluded corruption lawsuits and no major complaints throughout the year.

The Company is committed to carrying out a comprehensive anti-corruption campaign and providing training to its employees. This is achieved through various initiatives, such as online integrity and professional training sessions with the theme "Stop Power Abuse and Build a Clean Liaoning Port", and the online quizzes for the campaign of the "Two Responsibilities" List. In addition, the Company issues the *Eight Commitments of Discipline Inspection Leaders*, and arranges training sessions for grassroots units on maintaining clean organizational practices. These activities serve as warnings and help to raise awareness, promoting a culture of integrity and anti-corruption among the discipline inspection staff and employees.

# Environmental, Social and Governance Report

Anti-corruption campaign of Liaoning Port in 2022

“Stop Power Abuse and Build a Clean Liaoning Port” Integrity and Professional Training, with an attendance of 2,676

Quizzes for the campaign of the “Two Responsibilities” List, with a total of 496 participants

Warning education meeting and the “Discipline and Law Education Week” and “Disciplinary Inspection System Education Week”, with about 400 participants



Figure: Education Activities of Grassroots Units of Liaoning Port

Chart: Anti-corruption Training of Liaoning Port in 2022

Indicator	Unit	Amount
Annual training hours of anti-corruption per person	Hour/person	14

# Environmental, Social and Governance Report

## **Case: Liaoning Port Organized Several Special Supervision Sessions on Integrity Risk Prevention and Control**

In 2022, Liaoning Port. undertook several measures to strengthen the Company's integrity practices and comply with anti-corruption requirements. These measures included three special inspections: a normative inspection of discipline enforcement and accountability within the discipline inspection system, a review of special rectification of "shadow companies" and "shadow shareholders", and a special supervision of the "implementation of integrity risk prevention and control management". The ultimate goal was to create a transparent and honest corporate culture, foster a healthy political ecology and establish a strong ideological defense line against corruption.

- During the special inspection of the disciplinary inspection system, the Company accurately identified and addressed issues, leading to an overall improvement in the efficiency of supervision and governance;
- As part of the review work for the special rectification of "shadow companies" and "shadow shareholders", 142 people have disclosed information about enterprises run by their employees or relatives, which has been compiled into categorized information lists. This has effectively disrupted the corruption chain of corporate nepotism;
- Furthermore, in its "implementation of integrity risk prevention and control management", Liaoning Port comprehensively examined points of integrity risk, developed and implemented various prevention and control measures, and investigated 1,264 point of integrity risk for key business processes, key links, and key positions. Additionally, the Company formulated 2,919 prevention and control measures, resulting in the creation of a dense integrity risk protection net.



# Environmental, Social and Governance Report

## 2. SUSTAINABLE OPERATIONS

In 2022, with the focus of building a “world-class strong port”, Liaoning Port expanded port service functions and strengthened product and service innovation. Through deepening customer cooperation, expanding the logistics network, and improving port service efficiency, the Company achieved notable success in reducing logistics costs for customers, building an effective port brand, and contributing to the real economy while boosting regional economic development.

### 2.1 Product Responsibility

The Company is fully committed to fulfilling its principle of “providing more value for our customers is our responsibility and offering the best services as our standard”. It places utmost importance on meeting customer demands, continuously improving its services, and seeking to establish a port brand with the potential for regional development and global competitiveness.

#### *System Building*

Liaoning Port is committed to complying with all relevant laws, regulations, and industry management standards, including the *Law of the People’s Republic of China on Protection of Consumer Rights and Interests*, the *Railway Law of the People’s Republic of China*, the *Advertising Law of the People’s Republic of China*, and the *Regulation of the People’s Republic of China on Road Transport*. To ensure the smooth operation of its business, the Company has developed regulations such as the *Regulations on the Management of Special Goods Transportation*, the *Regulations on Freight Service Quality*, and the *Regulations on Information Safety Management*, which provide institutional support for its business development.

The Company establishes management objectives related to service quality, customer relationships, intellectual property protection, information security management, and other areas. It relies on the product responsibility system to implement standardized management practices and develop rigorous operational workflows.

#### *Business Innovation*

In the face of the new development situation, Liaoning Port is continuously expanding its business portfolio, accelerating its integration into the new “dual circulation” development pattern, and assuming a central and leading role in the construction of the Dalian Northeast Asia International Shipping Center and the development of the Liaoning Coastal Economic Belt. Leveraging its strategic location as a key entry point for the Belt and Road Initiative, the Company is closely monitoring the international market conditions in East Asia, Central Asia, America, and other countries. It strives to mitigate the negative impact of adverse factors, enhance service efficiency, and diversify its services through route expansion and the development of new business types.

# Environmental, Social and Governance Report

## Business Innovation of Liaoning Port in 2022

### Business expansion

In 2022, the Company accomplished a “zero” breakthrough in direct regular liner service to Australia. The Company also opened 7 new foreign trade container shipping routes to regions including Southeast Asia, and three domestic trade container shipping routes, including routes to Quanzhou.

The operation range of sea-rail combined transport was extended with the opening of two new sea-rail combined transport lines. Additionally, the Company opened the “Tongliao-Dalian-Africa” service, which was the first “single document system” sea-rail combined transport service.

The Company also launched several new China-Europe trains and transit channels for “China-Europe trains + near-ocean shipping”. 15,000 TEUs were sent directly from Dalian through China-Europe trains during the year, reflecting a year-on-year increase of 24%.

Furthermore, the Company initiated the first “Yingkou-Mediterranean” liner route for steel. This new maritime logistics channel provides an efficient and convenient link for the supply of goods from Northeast China and the Bohai Rim Region to Europe.

### Business innovation

The Company successfully unloaded Chile’s “non-mainstream” mines for the first time, and expanded its business into unloading 170,000 metric tons of “Brazilian raw ore” from Vale, a Brazilian multinational corporation engaged in metals and mining.

The Company built a spot trading platform for iron ore near the port, strengthening Northeast China’s position as the dominant iron ore transit hub.

The Company signed a memorandum of strategic cooperation with Vale to promote the construction of an iron ore blending and distribution center in Northeast Asia. The goal is to establish an all-around iron ore blending (processing), distribution, and supply chain service system for Northeast China, the Bohai Rim region, and Northeast Asia.

The Company also established a coal processing and distribution center near the port, improved business cooperation with customers and coal cleaning plants, and enhanced its coal cleaning capacity near the port.

# Environmental, Social and Governance Report

## 2.2 Innovative Research and Development

Liaoning Port integrates the principle of “embracing change, leveraging technological leadership, seizing current opportunities, and maintaining a long-term vision” with the national strategy and adheres to driving sustainable development through scientific and technological innovation. In accordance with the *Law on Scientific Progress of the People’s Republic of China*, the Company formulated the *Rules on the Management of Scientific and Technological Innovation Projects of Liaoning Port Co., Ltd.* and the *Rules on the Management of Scientific and Technological Innovation Incentives of Liaoning Port Co., Ltd.*, which are updated and revised to meet the latest regulatory and development requirements. Every year, the Company allocates special funds and bonuses to support scientific and technological innovation projects.

### ***Intellectual Property Management***

Liaoning Port Group values and respects intellectual achievements, and is committed to protecting intellectual property rights by adhering to relevant laws and regulations, including the *Patent Law of the People’s Republic of China* and the *Trademark Law of the People’s Republic of China*. The Company has developed a comprehensive internal management system for patent applications, authorizations, and transfers, as well as external guidelines for the use of intellectual property. The Company also places great emphasis on cultivating employees’ awareness of intellectual property protection through various training programs, promoting effective intellectual property protection. To date, the Company has obtained a total of 26 valid patents, and in 2022, it was granted 10 new patents.

### ***Innovation of R&D Results***

The Company is actively engaged in product technology research, with a focus on converting innovative project results into productivity through scientific and technological innovation. To promote innovation and research, the Company has established exemplary and benchmark projects, inspiring all departments to drive innovation. Through this guidance, all departments are encouraged to implement the results of innovation into actual production and operational projects, thus enhancing the quality and efficiency of operations.

In 2022, Liaoning Port’s subsidiaries submitted a total of 14 scientific and technological innovation projects, out of which the Company screened and selected 6 to promote innovation and development. The Company invested a total of RMB740,000 in R&D in 2022 to enhance its independent innovation capability and address practical production and operational challenges.

# Environmental, Social and Governance Report

Chart: Key Scientific and Technological Innovation Projects of Liaoning Port in 2022

Name	Description
Research on training room of container crane electronic control system simulator	The project aims to establish a training room equipped with hardware and software similar to the electronic control systems used by field equipment, including those with similar structures, faults, and control methods. The training room will facilitate maintenance, testing, and learning practices for technicians. This project will improve the familiarity of new employees with equipment and enhance the problem-solving ability of existing employees.
Smart operation center of dangerous goods at the port	This project establishes a smart digital operation center for dangerous goods, building on existing digital infrastructure. Operation data is presented in a digital twin format, creating an integrated operation, management and decision-making platform with digital management kanban, operation management, safety management, and customer management functionalities.
Research on application of new energy in mobile cargo handling equipment at ports	This project aims to research and develop technical routes for port mobile cargo handling equipment in selecting and adopting new energy sources for future development. It will also establish technical reserves for new energy transformation and new purchases of mobile equipment, thus promoting the construction of a "green port". This project has been listed as a key component of the <i>National Transportation Strength Building Program of Dalian for 2022</i> .
Research on structural health monitoring system of open sea terminal	The project aims to study online health monitoring technology for open sea terminal structures. This technology will enable real-time monitoring of indicators including structural strain, subsidence, displacement, and inclination of the entire structure, as well as environmental temperature, siltation at the open sea terminal front, structural vibration characteristics, and durability of the concrete structure, realizing online monitoring of structural health.

# Environmental, Social and Governance Report

## **Smart Port Building**

The Company is proactively developing a “smart port” service project that harnesses science and technology in port construction. The objective is to transform the container terminal business into a multi-dimensional smart port logistics ecosystem. To achieve this, the Company aims to establish an integrated smart operation system that encompasses “smart production, smart management, chain service, and cooperative environment”. This approach adheres to the flexible concept of upgrading, constructing, and transforming traditional ports simultaneously while building “hard technology” and “soft power”. Such an approach helps to position the Company as a preeminent international shipping hub in Northeast Asia.

### **Case: The “Smart Port 2.0 for Dayaowan” has Achieved Notable progress in 2022**

To further enhance its digital transformation efforts, Liaoning Port initiated the construction of the “Smart Port 2.0 for Dayaowan”. By December 2022, the project’s main structure was completed, and all its sectors were functioning seamlessly.

The project focuses on four major areas: smart operations, smart supply chain ecosystems, smart ecology system and smart sensing, as well as equipment automation and digital infrastructure development. With the help of scientific and technological innovations and intelligent capabilities, the Company’s productivity and service efficiency have considerably improved. Moreover, internal and external systems are now interconnected, and potential safety hazards have been significantly reduced. The port’s digital ecosystem has been enhanced, port logistics operations are much more efficient, and energy consumption has been reduced effectively. The project’s operations set a remarkable example for the digital transformation of ports and provide advanced insights for the industry.

## **2.3 Customer Service**

At Liaoning Port, we hold a steadfast commitment to prioritizing customer needs. We are committed to providing high-quality products and considerate services to every customer, while prioritizing their information security. We continuously broaden our communication channels, listen and respond attentively to customers’ demands, and strive to maintain strong customer relationships.

### **Customer Service Satisfaction Management**

At Liaoning Port, we view customer feedback as a crucial driving force for our continuous improvement in both product and service quality. To this end, we have established internal management systems such as the *Measures on Customer Service Management of Liaoning Port Co., Ltd.*, which promotes service awareness, enhances our customer service system, and optimizes the overall customer experience to improve satisfaction. We have broadened the scope of our customer satisfaction surveys by incorporating various communication channels, including telephone, email, WeChat, and face-to-face interviews. In 2022, we released 89 business processes of Liaoning Port’s production units across various regions through public channels. This provided our customers with clear guidelines and process references for handling port business.

# Environmental, Social and Governance Report

The Company places a high value on proactive service awareness to enhance customer recognition. The customer service center plays a crucial role in service coordination and supervision by maintaining communication with each unit and regularly informing them about customer service. It also offers advice or suggestions for each unit to handle customer complaints more effectively. To improve efficiency, we enhance our daily supervision of the call platform and carry out random inspections on it. In 2022, the Company's customer service center continued to strengthen its in-depth communication with government public service platforms such as Dalian 12345 Resident Hotline and Liaoning 8890 to improve internal handling capabilities, avoid major public opinion risks, and establish a positive corporate image. During the reporting period, the Company received 41 complaints, with an annual customer satisfaction rate of 98.94%.

**Chart: Customer Satisfaction Indicators of Liaoning Port in 2022**

Customer satisfaction indicator	Unit	Number
Number of complaints received	Case	41
Annual customer satisfaction rate	%	98.94

## **Case: Liaoning Port Implemented Refined Customer Satisfaction Survey**

To ensure an objective and accurate assessment of customer satisfaction, Liaoning Port has refined its questionnaire to include aspects such as overall service evaluation, service quality, efficiency, capability, and attitude. The Company employs multi-dimensional, multi-angle, multi-channel, and diversified questionnaires to target different customer groups, enhancing the scientific, practical, and accurate collection of satisfaction survey data.

- A total of 41 sets of satisfaction questionnaires were distributed to 12 types of customer groups in 8 business segments, which include containers, bulk and general cargo, oil products, commercial vehicles, passenger transport, tallying, logistics, and stations.
- The Company has actively sought customer opinions and suggestions, understood their needs, and identified their expectations. In the 2022 satisfaction survey, 293 customer opinions and suggestions were collected. After analysis, 178 effective opinions and suggestions were sorted, of which 153 were finally adopted and implemented, with an adoption rate of 85.9%. The Company continues to track the implementation of these suggestions to ensure better customer satisfaction.
- The 2022 Customer Satisfaction Survey Report has been shared with all levels of the organization, with an emphasis on addressing identified shortcomings, strengthening services, building foundations, and implementing actions to continuously improve customer satisfaction.

# Environmental, Social and Governance Report

## **Privacy Protection**

Liaoning Port is committed to upholding the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Regulations on Real-Name Management for Waterway Passenger Transport*, and other relevant laws and regulations. We strictly follow internal regulations such as the *Note on the Protection Against Social Engineering Attacks* and the *Measures on Customer Service Management of Liaoning Port Co., Ltd.* to continuously enhance the Company's data security and privacy protection through system improvements, technical enhancements, and awareness-raising initiatives, ensuring customers' information security in all directions.

The Company has included special rules for customer privacy protection in its internal system which include explicit requirements for customer privacy protection in its contract clauses. Liaoning Port ensures that customer privacy protection remains a top priority by conducting comprehensive inspections at every stage of its operations through measures such as daily service quality assurance reports, recording monitoring, and spot checks.

The Company places great emphasis on protecting customer privacy and maintaining data security. Liaoning Port uses third-party websites' cloud security protection services to comprehensively improve the security protection capability of its internet applications. This measure ensures the stable operation of the Company's official websites and internet services while minimizing the occurrence of significant network security incidents.

To prevent penetration, seduction, phishing, persuasion, and intimidation, we implement targeted security management to raise employee awareness of personal information security protection and prevent unknown information and social engineering attacks.

## **2.4 Supply Chain Management**

Liaoning Port has taken comprehensive measures to strengthen the construction of a sustainable supply chain and improve supplier management and supervision. In strict compliance with the *Bidding Law of the People's Republic of China* and other applicable laws and regulations, the Company has established internal regulations such as *the Management Rules for the Procurement of Commodities and Services*, *the Management Rules for the Procurement of Construction Projects*, *the Guidelines on the Authorization and Approval of Financial Activities*, and *the Procurement Management Measures of Liaoning Port Co., Ltd.* The Company has also established a whole-process management mechanism covering supplier approval, access, supervision, and rating.

Liaoning Port follows the principles of "centralized management, implementation at different levels, information sharing", as well as "openness, fairness, and justice" when it comes to supplier management. To ensure compliance, the Company requires that all suppliers must first register on the investment promotion trading platform and the Liaoning Port small-scale procurement platform before participating in recruitment and procurement. All suppliers engaging in trading projects on the investment promotion trading platform are managed centrally by the China Merchants Group Electronic Procurement and Bidding Platform.

# Environmental, Social and Governance Report

In terms of supplier access, Liaoning Port has stringent supplier access requirements for hazardous chemical enterprises (including hazardous goods handling enterprises) and on-site production materials and equipment suppliers. Suppliers must hold certifications for both occupational health and safety management system and quality management system. The Company adopts a two-way credit system to supervise and evaluate suppliers and procurement personnel, expecting both parties to comply with the credit management system. To prevent non-compliance behaviors or incidents in the procurement process, detailed supplier evaluation management measures have been formulated. The Company has also signed a letter of commitment with employees, prohibiting them from conducting business with suppliers in violation of regulations. Additionally, the Company has set up a complaint telephone, which allows employees to report any non-compliance issues in the procurement process.

Liaoning Port has integrated environmental and social risk management into its supplier access system. To ensure compliance, the Company has established the *Agreement on the Management of Safe Production, Occupational Health, and Environmental Protection, Management Agreement on Work Safety, Occupational Health, and Environmental Protection*, which holds suppliers with the same ESG management standards as the Company and enhances their cooperation ability. Moreover, Liaoning Port actively promotes the concept of environmental and social risk management and conducts regular monitoring of its suppliers' environmental and social risks during daily supervision. The Company strives to manage its business operations efficiently to improve its environmental performance.

**Chart: 2022 Company Supplier Breakdown by Region**

<b><u>By region</u></b>	<b><u>Quantity</u></b>
Total number of suppliers	689
Suppliers in China	689
Overseas suppliers	0



# Environmental, Social and Governance Report

## *Liaoning Port's Consideration of Environmental and Social Risks from Suppliers*

- Liaoning Port adheres to the principle of “whoever pollutes shall clear it up”, and requires its suppliers to properly handle the relationship between production and environmental protection. This includes strict compliance with relevant environmental protection laws, regulations and systems;
- To reduce the negative impact of pollutants on the environment from the outset, Liaoning Port requires its suppliers to maintain cleaner production in their workshops. Suppliers are encouraged to strengthen resource recycling and minimize the emission of pollutants;
- Furthermore, Liaoning Port expects supplier employees to take environmental protection seriously and include it as a crucial component of production and management. Suppliers must ensure that their employees pay attention to the prevention and control of pollution caused by wastewater, waste gas and solid wastes (“three wastes”), which helps protect the environment while still enabling production;
- Suppliers must strictly implement the environmental protection work system. Anyone who violates the environmental protection work system and causes accidents must be held responsible according to the severity of the accident;
- If a pollution or other sudden pollution accident occurs, suppliers are required to take immediate action to minimize the spread of pollution. They must also report detailed information about the accident to Liaoning Port’s management and the environmental protection department where the incident occurred;
- It is prohibited for vehicles to overload polluting waste.

## **3. PRACTICING GREEN ENVIRONMENTAL PROTECTION**

Liaoning Port prioritizes the ecological environment and green development. The Company’s deep commitment to environmental conservation drives its efforts to actively build an eco-friendly port, accelerates the construction of a world-class green and ecologically strong port, and promotes sustainable development and mutual benefits between humans and nature through practical actions.

# Environmental, Social and Governance Report

## 3.1 Environmental Management

Liaoning Port strictly abides by the *Environmental Protection Law of The People's Republic of China*, the *Law of the People's Republic of China on Appraising of Environment Impacts*, and other laws and regulations. It has formulated the *Regulations on Ecological Environment Protection of Liaoning Port Co., Ltd.* to continuously enhance the environmental management system. The Company persists in carrying out environmental monitoring and inspection to improve its environmental emergency management and fulfill its environmental protection responsibilities. In 2022, Liaoning Port invested a total of RMB49.312 million in environmental protection funds.

**Chart: Environmental Goals of Liaoning Port**

Target Category	Overall Goals
Environmental management	<ul style="list-style-type: none"><li>• Establish a top-down ecological environmental protection responsibility system with assessment and accountability</li><li>• Establish ecological and environmental protection rules and regulations where each environmental protection task has rules to follow</li><li>• Create complete environmental emergency plans, supported by filing procedures</li></ul>
Environmental pollutant discharge	<ul style="list-style-type: none"><li>• Establish regulations on the operation and maintenance management of various pollution prevention and control facilities, and ensure that requirements for up-to-standard discharge and source control are met.</li><li>• Guarantee 100% compliant discharge of wastewater, waste gas, solid waste and hazardous waste throughout the year</li><li>• Formulate an environmental monitoring plan and strengthen pollutant discharge data management</li></ul>
Energy use and greenhouse gas emissions	<ul style="list-style-type: none"><li>• Continuously increase the use of clean energy</li><li>• Enhance the implementation of green energy-saving technical transformation projects</li><li>• Minimize corporate greenhouse gas emissions</li><li>• Maximize the efficiency of the use of resources</li></ul>
Water resources	<ul style="list-style-type: none"><li>• Minimize water use in business operations</li></ul>

# Environmental, Social and Governance Report

## ***Environmental Management System***

Liaoning Port prioritizes the development of an environmental management system, and classifies and refines the management of ecological environmental protection work. The Company has directed all functional departments to undertake their primary responsibilities for ecological environmental management and adhere to the “one post and two responsibilities” principle. This mandate necessitates that each department must ensure the implementation of its primary role in environmental protection within the scope of its duties.

To ensure the comprehensive implementation of ecological environment work, the Company has established a leading group for energy conservation and environmental protection. This group is fully responsible for environmental management affairs. Furthermore, the Company requires that each unit within its purview establish a relevant organization that takes full responsibility for decision-making and oversight of environmental management affairs at the unit level.

Regarding the environmental management framework, the Company’s headquarters serves as the first-level management, while the subordinate units of the Company constitute the second-level management. Each unit is responsible for executing its main responsibility for ecological environment protection in accordance with the law. The Company’s safety supervision and management department provides essential guidance, supervision, and assessment of the specific implementation of ecological environmental initiatives at each unit, effectively ensuring a clear division of labor and responsibilities in the management work.

**Chart: Leaders’ Responsibilities of Environmental Protection Management**

<b>Subject of the responsibility</b>	<b>Description of the responsibility</b>
CPC and executive leaders at each branch (Chairman and GM)	Overall responsibility as the Chief Officer for environmental protection
Leaders in charge of environmental protection (Safety Director)	Direct leadership and overall supervision of environmental protection work
Other leaders (Deputy Secretaries and Secretary of the Disciplinary Committee of CPC)	Direct leadership of environmental protection work in businesses in his or her charge
Functional departments (heads of the departments)	Management of environmental protection in all duties of the department

# Environmental, Social and Governance Report

## ***Environmental Monitoring and Inspection***

The environmental monitoring system at Liaoning Port is based on the *Measures on Ecological Environment Monitoring of Liaoning Port Co., Ltd.* This system sets clear standards for pollutant emission management and various pollution source monitoring methods. The Company and all units are responsible for monitoring various types of pollution and maintaining accurate records. This real-time monitoring enables us to assess the current status and changing trends in the ecological environment quality of the port, enabling us to meet our annual target of fulfilling all emission discharge requirements.

To improve environmental monitoring, the Company issued the *Measures on Pollutant Discharge Permitting of Liaoning Port Co., Ltd.* All enterprises included in the Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources are required to apply for pollutant discharge permits from ecological environment protection authority according to the time limit and method stipulated by the national, provincial, and city regulations. Implementation reports must be uploaded regularly, and data must be strictly reviewed and recorded. As of December 31, 2022, 26 units under Liaoning Port that are required to apply for pollutant discharge permits have completed the certification process.

Regarding environmental inspection, the Company has implemented the *Measures on Ecological Environment Protection Assessment of Liaoning Port Co., Ltd. (Trial)*. This measure links environmental management performance with the salary of responsible executives, effectively motivating the directly responsible persons in promoting the achievement of the Company's environmental protection goals. The safety supervision and management department is responsible for the assessment of the Company's ecological environment target management, and the assessment results are applied to the organizational performance management of assessed units. These results are included in the Company's annual unified assessment of safety and environmental protection.

Assessment	Description
Event assessment	The purpose of event assessment is to evaluate environmental emergencies and violations of laws and regulations related to energy conservation and environmental protection. In cases where such emergencies or violations have resulted in substantial adverse effects, the annual assessment of energy conservation and environmental protection will include points deductions, as per regulations. Moreover, relevant leaders may face performance bonus deductions.
Management assessment	Management assessment evaluates the completion of energy conservation and environmental protection assessment indicators and the fulfillment of energy conservation and environmental protection management requirements. Failure to meet the management requirements will result in points deductions during the annual energy conservation and environmental protection assessment, as per regulations.

# Environmental, Social and Governance Report

## ***Environmental Emergency Management***

Liaoning Port fully understands the importance on environmental emergency management, continually enhancing its response capabilities for environmental emergencies while also managing ecological and environmental risks as part of regular operations. The Company adheres to the *Provisions of the People's Republic of China on the Administration of Emergency Preparedness and Emergency Response Measures for Vessel-induced Pollution of the Marine Environment*, as well as other laws and regulations. Guided by the *Measures for Investigation and Governance of Hidden Dangers of Environmental Emergencies of Liaoning Port Co., Ltd.*, the Company requires each unit to develop their own emergency plans for environmental emergencies and file it with the local environmental protection bureau.

Furthermore, the Company actively conducts environmental emergency drills to test the practicality of the emergency plans and identify any shortcomings. In 2022, Liaoning Port. organized 770 environmental emergency drills involving 6,791 participants, which significantly improved the emergency team's response capabilities.

### **Case: Liaoning Port Improves Emergency Equipment Management for Prevention and Control of Vessel-induced Pollution at Ports**

In 2022, Liaoning Port took steps to enhance the management of emergency equipment for prevention and control of vessel-induced pollution across its affiliated ports. The Company ensured that the emergency equipment in each port met the acceptance and evaluation requirements set by the relevant government departments.

- Dalian Port signed a Service Contract for Oil Spill Emergency Equipment in Dalian Bay and Dalian Port Area, investing in about RMB2 million annually. It also signed a Cooperation Agreement on Prevention and Control of Vessel-induced Pollution of the Marine Environment. In addition, it purchased the necessary emergency materials for vessel-induced pollution prevention and control through a third-party provider to handle ship oil spills and other types of pollution effectively.
- Yingkou Port invested RMB1.5 million to lease relevant oil spill emergency equipment from a qualified third-party provider. This initiative aimed to improve the port's response capability to offshore oil spill emergency.



Figure: Staff Conducting Inspection of Ship Oil Spill Emergency Equipment.

# Environmental, Social and Governance Report

## 3.2 Emission Management

Liaoning Port takes a proactive stance toward controlling pollutants at their source. The Company has developed a normalized, standardized, and refined pollutant management mechanism to control pollutant discharge. The Company adopts a pollutant management mode inside and outside of the pollutant treatment facilities to ensure the stable operation of the facilities. It takes various measures to reduce and control waste and ensures the proper treatment of all types of waste.

The Company adheres to a “market-oriented, specialized, and industrialized” approach to manage its pollution emissions, in accordance with government regulations at all levels. Liaoning Port works with third-party experts in pollution prevention and control, leveraging their expertise to enhance its management through environmental protection consultation. As a result, there have been no major environmental pollution incidents at Liaoning Port, and all pollutant discharges have been within regulatory standards by the end of the reporting period.

### ***Wastewater Discharge***

As a port enterprise located adjacent to land and water, Liaoning Port considers wastewater discharge as a critical issue. The Company pays close attention to preventing and controlling water pollution, following the *Water Pollution Prevention and Control Law of the People’s Republic of China* and the *Marine Environment Protection Law of the People’s Republic of China*. Internal systems such as the *Measures for the Prevention and Control of Water Pollution of Liaoning Port Co., Ltd.* are formulated to strictly regulate wastewater discharge.

The Company’s wastewater primarily comprises domestic sewage, oily sewage, and other dusty sewage. Liaoning Port strictly implements the effective collection and treatment mechanism of domestic and production sewage. Domestic wastewater is channeled into the sewage pipe network within the port area, while production sewage is treated at the Company’s own sewage treatment plant before being discharged into the municipal sewage plant. The Company enforces strict mechanisms for the effective collection and disposal of domestic and production sewage. It also ensures that it is fully aware of the destination of its wastewater, and that water pollutants are being discharged in a stable and compliant manner. Furthermore, the Company maintains standardized records of all wastewater discharge. As of the end of 2022, Liaoning Port did not have any wastewater-related pollution incidents.

# Environmental, Social and Governance Report

In 2022, Liaoning Port conducted the following wastewater emission reduction projects to optimize its wastewater discharge:

## Wastewater Emission Reduction Projects of Subordinate Ports in 2022

### Dalian Port

A total of RMB1.5 million was invested in constructing treatment facilities for the sewage generated during container cleaning at Dalian Port.

The Dalian Bulk Grain Terminal Company promoted a project to collect and dispose of rainwater and sewage at their bulk cargo storage yard. The rainwater and sewage collection pipe network was upgraded, and a new sewage sedimentation tank was constructed with a total investment of approximately RMB4.7 million.

Dalian Bulk Grain Terminal Company carried out a renovation project of the drainage facilities and added drainage facilities around the ore storage yard at the port to address the issue of insufficient drainage settings.

### Yingkou Port

The scattered sewage treatment plants were renovated to improve the sewage treatment process, resulting in a reclaimed water reuse rate of 91.6% and effectively reducing sewage discharge. The total investment in the project amounted to RMB4.2 million.

## Exhaust Emissions

We strictly adhere to the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Integrated Emission Standard of Air Pollutants*, and other relevant laws, regulations, and standards. We manage air pollutants in ports by following the *Measures on the Prevention and Control of Atmospheric Pollution of Liaoning Port Co., Ltd.*

At Liaoning Port, waste gas emissions mainly originate from pollutants such as uncontrolled dust, sulfur oxides, and volatile organic compounds (VOCs). We have implemented specialized treatment measures for these pollutants and installed online monitoring equipment at discharge outlets, such as boiler chimneys, to monitor key pollutant emissions in real-time. In 2022, our subsidiary, Yingkou Port, prioritized the construction of oil and gas recovery facilities in the loading yard, with a total investment of approximately RMB12.93 million. These facilities will help reduce uncontrolled emissions of volatile organic compounds, enable unified waste gas management, and reduce overall emissions.

# Environmental, Social and Governance Report

## Case: Liaoning Port Promotes the Prevention and Control of Dust Pollution

Due to the large-scale loading and unloading operations of ore and materials, Liaoning Port's subordinate bulk cargo terminal is prone to produce significant dust, which dispersed with the flow of air, leading to air pollution. In response, Liaoning Port launched a special campaign to rectify dust pollution in 2022.

- Yingkou Port has implemented a "4+" cleaning method that combines manual cleaning, mechanical dust collection, sprinkling dust suppression, and deep cleaning. This approach achieves an average daily dust collection capacity of around 10 cubic meters and a sprinkling water volume of about 220 cubic meters, resulting in a significant improvement in the cleaning quality of roads in the area.
- Dalian Port has implemented several measures to mitigate dust pollution, including the use of covering and windproof nets, which facilitate deep cleaning of the roads in bulk cargo yards. These efforts have had a significant impact on the environmental quality of the area, leading to clean and well-maintained roads and ground.



Figure: Sprinkler in Operation



# Environmental, Social and Governance Report

## ***Waste Disposal***

Liaoning Port prioritizes waste disposal and strictly adheres to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, as well as other relevant laws and regulations. Consistent with the principle of classified collection and comprehensive utilization, the Company aims to reduce, recycle, and safely handle solid waste generated during port operations. Non-hazardous waste, comprising mainly industrial and domestic waste, is collected through a classified system established in accordance with the *Measures on the Prevention and Control of Environmental Pollution by Solid Waste of Liaoning Port Co., Ltd.* The Company treats and disposes of these wastes in a responsible manner, implementing anti-scattering, anti-loss, and anti-leakage measures during the entire process, including collection, storage, transportation, utilization, and disposal.

To manage hazardous waste, Liaoning Port has formulated the *Measures on the Prevention and Control of Environmental Pollution by Hazardous Waste of Liaoning Port Co., Ltd.* in line with the actual situation. The hazardous waste generated includes organic solvents, mineral oil waste, coating waste, asbestos waste, and other waste. The Company implements rigorous control over the collection, storage, and transshipment of hazardous waste, maintains specialized records, and enters into contracts with qualified third parties to ensure proper disposal. Moreover, the Company requires the subordinate hazardous waste generating units to pay attention to risk prevention and control of hazardous waste and improve their response capabilities by compiling the *Emergency Plan for Environmental Pollution Incidents by Hazardous Waste*. In 2022, Liaoning Port focused on the standardization of hazardous waste storage rooms, issuing the Notice on Promotion and Compulsory Application of Standardized Hazardous Waste Storage Rooms. The initiative promoted the company-wide standardization and application of hazardous waste storage sites and strictly implemented the requirements of relevant laws, regulations, and standards. By the end of the reporting period, 11 subordinates of the Company have completed the report of the investment plan for the rectification of hazardous waste storage rooms, with a total planned area of about 600 square meters. Dalian Bulk Grain Terminal Company completed the construction of hazardous waste storage facilities in Dalian Bay.

# Environmental, Social and Governance Report

## Noise Pollution

Liaoning Port recognizes the substantial impact that noise can have on people's work and daily lives. As such, the Company has implemented strict management requirements for noise pollution control. The Company abides by the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* and other relevant laws and regulations, taking physical measures to reduce noise pollution in the port area.

At the start of port construction, Liaoning Port placed considerable emphasis on mitigating noise pollution, seeking to adopt a design scheme with minimal noise impact on the port operation area during the environmental assessment stage. The Company also installs shock absorption and silencing devices on mechanical equipment that generates large vibration and high noise within the port area. Moreover, Liaoning Port actively builds green belts along the factory boundary, which not only improves the surrounding landscape but also ensures that environmental noise at the factory boundary remains below the specified noise emission standards.

**Chart: 2022 Emissions/Discharges and Wastes of Liaoning Port**

Types of pollutants	Indicators	Units	Total amount emitted or discharged
Wastewater	Total wastewater discharge	10,000 Tonnes	497,312.90
	COD emission	Tonnes	12.67
Waste gas	SO <sub>x</sub> emission	Tonnes	5.77
	NO <sub>x</sub> emission	Tonnes	74.21
	Particulate matter emissions	Tonnes	12,071.85
Non-hazardous waste	Total amount of general industrial solid waste generated	Tonnes	39,961.50
	Total amount of harmless waste generated per unit of revenue	kg/RMB10,000	33.35
	Hazardous waste generated	Tonnes	1,994.60
	Total amount of hazardous waste generated per unit of revenue	kg/RMB10,000	1.66

# Environmental, Social and Governance Report

## 3.3 Green Operations

### Green Workplace

To enhance the energy conservation awareness of all employees and to deepen their understanding of the national dual-carbon policy, the Company is dedicated to creating a green office culture. Liaoning Port has established internal regulations, such as the *Measures on Energy Conservation of Liaoning Port Co., Ltd.*, to ensure the orderly implementation of energy conservation and consumption reduction measures. By promoting green behaviors such as water conservation, electricity conservation, paperless office, and green commuting in daily work, the Company aims to establish a green and healthy port environment and promote its low-carbon concept.

#### Green Workplace Measures in 2022

- |                        |  |
|------------------------|--|
| <b>Energy saving</b>   | <ul style="list-style-type: none"><li>➤ Utilize natural light in the office area and avoid turning on lights when sufficient lighting is available. Ensure all office equipment such as lights, computers, and copiers are turned off after work.</li><li>➤ Set the air-conditioning temperature reasonably, with the temperature not lower than 26 °C in summer and not higher than 20 °C in winter. Turn off the air-conditioning after work. Encourage the use of stairs to reduce the use of elevators.</li><li>➤ Reduce the use of company vehicles and make reasonable travel plans based on demand to minimize fuel emissions. Strengthen driver management, promote good driving habits, and raise awareness about energy conservation to achieve our low-carbon goals.</li></ul>  |
| <b>Resource saving</b> | <ul style="list-style-type: none"><li>➤ Promote water conservation by posting water-saving signs, regularly checking water pipes and facilities, and preventing water leakage and reducing wastewater.</li><li>➤ Reduce the use of disposable articles and avoid providing paper cups for visitors.</li><li>➤ Promote the recycling of office supplies, prolong the supply cycle of office supplies and reduce office consumption.</li><li>➤ Promote a paperless office by reducing the number of prints and advocating double-sided printing.</li><li>➤ Stop food waste by posting saving signs in prominent positions such as canteen receptions to raise awareness about food saving. Strengthen the training of canteen staff to improve the quality of meals and promote on-demand food preparation to reduce domestic garbage.</li><li>➤ Implement garbage classification and recycle waste paper, as well as packaging cardboard for raw materials and auxiliary materials.</li></ul> |

# Environmental, Social and Governance Report

## Green Port

Liaoning Port recognizes the importance of green and low-carbon transformation in the port industry and regards it as a top priority in its development. The Company is committed to implementing the concept of green development by accelerating the construction of ecological green ports using renewable energy and energy conservation measures to reduce emissions. In 2022, the Company improved the ecological environment quality of each port area, effectively promoting the port's sustainable development.

Liaoning Port is committed to promoting renewable energy and recognizes the positive impact of clean energy sources such as distributed solar power generation and biomass energy on the environment. The Company has installed four solar power generation systems in Dalian Bay, Dayao Bay, Changxing Island port area, and Bayuquan port area of Yingkou Port, establishing it as one of China's leading ports in terms of solar power generation capacity. These systems provide eco-friendly electricity to the port areas. At the end of the reporting period, the Company's solar power stations had generated a total of 25,997,700 kWh of electricity annually, contributing significantly to environmental conservation and surpassing the previous year's results.

### Energy Saving and Emission Reduction Measures in 2022

- Dalian Port has purchased an electric forklift and 17 electric automatic trucks to reduce fossil fuel consumption and enhance port electrification. These measures are expected to save 41 metric tons of gasoline and reduce approximately 119 metric tons of carbon dioxide emissions throughout the year.
- Yingkou Port has established a gas filling station within the port through innovative cooperation, which provides energy supply to 18 LNG trailers owned by the port, as well as LNG vehicles operated by outsourcing providers.
- Bayuquan port area of Yingkou Port has upgraded LED intelligent lighting systems of 18 automatic stacking cranes, replacing traditional high-pressure sodium lights and effectively reducing power consumption. As of the end of the reporting period, a total of 81,400 kWh of electricity has been saved, resulting in a reduction of about 6.32 metric tons of carbon dioxide emissions.

### Case: Building the “Green Port Management Digital Platform”

In 2022, the “Green Port Management Digital Platform” which was independently developed by Liaoning Port was officially in operation. This particular platform provides management and control in various aspects, including energy statistical analysis and consumption data monitoring. The platform has significantly enhanced the capacity and efficiency of equipment and facility management and energy consumption monitoring at ports. It uses digital measures to facilitate the green transformation of ports.



Figure: The Interface of the “Green Port Management Digital Platform”

# Environmental, Social and Governance Report

## Case: Promoting the Upgrade Project of Shore Power Facilities

Shore power technology plays a crucial role in developing green ports, achieving energy conservation, and reducing emissions. It helps to decrease the consumption of fossil fuels by ships and emissions of various pollutants and carbon in ports. Liaoning Port recognizes the significance of shore power equipment, continuously improves the use of new energy port facilities and equipment, and comprehensively promotes the transformation of shore power facilities from oil to electricity in subordinate ports and terminals.



Figure: Staff Operating in Shore Power Distribution Room

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In November 2022, Dalian Port officially began the upgrading and reconstruction project of shore power facilities in Dalian Bay after completing the survey of shore power facilities in passenger terminals. The port completed the commissioning of providing shore power for docked passenger ro-ro ships in Xianglong Island and Jilong Island, making significant progress in the reconstruction work.



Figure: Commissioning of Shore Power Supply Equipment for Docked Ships

By the end of the reporting period, Dalian Port has completed the hybrid transformation of five gantry cranes. Currently, 73 gantry cranes are in use in Dalian Port container terminal, out of which 60 are electrically driven. The reformed equipment's fuel-saving rate exceeds 62%.



Figure: The Modified Electric Gantry Crane



# Environmental, Social and Governance Report

Chart: 2022 Energy and Resource Consumption of the Company<sup>1</sup>

Indicators	Unit	Total amount
Total comprehensive energy consumption (tce)	tce	126,622.93
Total comprehensive energy consumption per unit of revenue	tce/RMB10,000 revenue	0.106
Raw coal	Tonnes	14,489.60
Electricity purchased	10,000 kWh	30,830.56
Usage of renewable energy	10,000 kWh	2,599.77
Gasoline	Tonnes	523.46
Diesel	Tonnes	33,457.74
Steam	Tonnes	305,846.61
Water	Tonnes	2,758,436.98
Water consumption per unit of revenue	Tonnes/RMB10,000 revenue	2.30

<sup>1</sup> Note: the total amount of energy consumption includes direct and indirect energy consumption, which is calculated according to the conversion factor of the national standard of the People's Republic of China – *General Rules for Calculation of Comprehensive Energy Consumption* (GB/T2589-2020).

## 3.4 Response to Climate Change

Climate change presents a universal challenge for humanity, and the international community fully acknowledges the severity and urgency of the climate crisis. Liaoning Port places great importance on climate change issues, actively responds to the national strategic goals of “carbon peak and carbon neutrality”, and comprehensively conducts climate risk assessments and management in line with the framework of the Task Force on Climate-Related Financial Disclosures (TCFD) of Financial Stability Board (FSB) to enhance its efforts.

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Chart: List of Climate Change Risks of Liaoning Port

Risk type		Risk name	Risk description	Scope of influence	Countermeasure
Transition risks	Policy risks	Energy structure and energy use	<p>The goals of “carbon peaking” and “carbon neutrality” promote the adjustment of energy use structure, and raise the standards for greenhouse gas emission control.</p> <p>Due to a combination of factors, including the impact of production restriction policies for environmental protection and rising coal prices, the demand from coal-using enterprises has decreased. As a result, there has been a decrease in the coal transportation volume of Liaoning Port.</p>	Medium to long-term	Actively adjust the existing business with high carbon emissions and high energy consumption, and actively carry out technical upgrading, such as the use of shore power and new energy.
		Requirements for environmental information disclosure	International and domestic regulatory agencies and capital markets continue to raise higher requirements for corporate environmental information disclosure.		



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Risk type		Risk name	Risk description	Scope of influence	Countermeasure
Entity risks	Emergent entity risks	Typhoon	Damage the facilities and equipment, ships, cargo, etc. in the port area; threaten the life of employees and the asset security; impede the smooth passing of cargo ships;	Short to long-term	Closely follow the meteorological information according to the internal Typhoon and Flood Prevention Work Plan, and have a clear picture of the risks posed by natural disasters such as typhoons and extreme weather.
		Extreme precipitation/flooding	Extreme precipitation may easily lead to safety accidents and threaten the life safety of employees; and inflict losses on facilities, equipment, ships and goods in the port area	Short to long-term	
		Extreme cold weather	Freezing caused by extremely cold weather will increase the health and safety risks of employees, and have a substantial impact on shipping business; increase the operating costs of temperature control of various facilities, and generate facility maintenance costs	Short to long-term	In freezing weather, the Company will release the notice on ice conditions. The port is equipped with icebreakers to ensure the safe sailing of ships. The Company will analyze the historical data of extreme cold weather and consider more comprehensive protective measures according to the frequency of extreme cold weather.
	Chronic entity risks	Sea-level rise	Sea-level rise will cause damage to equipment and facilities;	Long-term	Considering that subordinate ports of the Company are all located in high latitude areas, the Company has assessed that the possible substantial impact caused by the rise in average temperature and sea level is very limited. Up to now, no response mechanism and countermeasures have been established for such chronic risks.
		Continuous rise in mean temperature	Increase maintenance costs of facilities and equipment; and reduce operational efficiency due to high temperature in summer	Medium to long-term	

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Chart: 2022 Greenhouse Gas Emissions of Liaoning Port<sup>2</sup>

Indicator	Unit	Total amount
Greenhouse gas emissions	tCO <sub>2</sub> e	140,508.90
Scope 1 – direct greenhouse gas emissions <sup>3</sup>	tCO <sub>2</sub> e	194,550.43
Scope 2 – direct greenhouse gas emissions <sup>4</sup>	tCO <sub>2</sub> e	335,059.33
Greenhouse gas emissions per unit of revenue	tCO <sub>2</sub> e/RMB10,000	0.28

<sup>2</sup> Greenhouse gas emissions at Liaoning Port are calculated based on the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Other Industrial Enterprises*, which is a conversion from the consumption of gasoline, diesel, coal and steam. Greenhouse gases generated by purchased electricity are converted based on the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions Generation Facilities (Revised Edition in 2022)* issued by the Ministry of Ecology and Environment.

<sup>3</sup> Scope 1 – direct greenhouse gas emissions: It mainly includes the emissions from the combustion of gasoline and diesel in executive cars and transport vehicles, and the emissions from the use of natural gas

<sup>4</sup> Scope 2 – direct greenhouse gas emissions: It mainly includes the emissions caused by purchased electricity and purchased steam

## 3.5 Environmental Protection Training

The promotion of environmental protection work hinges on the active participation of all employees. Liaoning Port has continuously improved its ecological protection education and training, and established a systematic environmental protection training and publicity system. The Company requires all subordinate units to regularly develop training plans, determine themes for ecological environmental protection education and publicity quarterly, and provide relevant personnel with training and education. In addition, the Company designates June as the “Ecological Environment Protection Publicity and Education Month”, coinciding with World Environment Day on June 5. During this month-long event, Liaoning Port focuses on strengthening its environmental protection publicity and education efforts.

### ***Main Methods for Ecological Environment Publicity and Training***

- Utilize WeChat official account, radio, blackboard poster, newspaper, speeches, publicity banners, and other channels which has a high coverage for employees to carry out daily publicity.
- Hire experts to provide the latest information on laws and regulations during the Ecological Environment Protection Publicity and Education Month.
- Organize a company-wide knowledge contest on ecological environmental protection.
- Offer specialized training and education tailored to the unique characteristics of general ecological environmental protection positions and positions with high ecological environmental risks.

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- Organize targeted meetings to conduct specialized environmental protection publicity and education, and assign a host organization for targeted meetings based on the specific ecological and environmental risks involved. If necessary, invite industry experts to provide technical consultation during the meetings.
- After the occurrence of environmental-related accidents, carry out corresponding special training and education work, and summarize the experience gained from the accident.

## Case: Campaign for the World Environment Day

During World Environment Day in June 2022, all units of the Company actively participated and organized a diverse and enriched ecological environment campaign. Over 40,000 posters, leaflets, and more than 60 banners were released, effectively promoting employees' awareness of environmental protection.

- During the environmental protection campaign in June 2022, Yingkou Port produced a theme song titled "Make China More Beautiful". The song was uploaded to the Company's official WeChat account for broadcast and received widespread praise from employees.



Figure: The Theme Song Titled "Make China More Beautiful"

- Since the beginning of June, Dalian Port Oil Product Terminal Company has released three promotional videos on WeCom and organized the "WeCom-Environmental Protection Quiz", which encouraged all employees to participate in environmental protection quizzes and enhanced their overall knowledge on environmental protection.



Figure: The Portal for Environmental Protection Quiz on WeCom

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- Dalian Port Petrochemical Co., Ltd. collaborated with neighboring enterprises to organize environmental protection exchange activities, which included a visit to ecological fishponds for rainwater reuse. This initiative broadened employees' perspectives on environmental protection.



Figure: A Visit to Ecological Fishponds for Rainwater Reuse

## 4. ENSURING HEALTH AND SAFETY

At Liaoning Port, we make every effort to establish a strong safety defense line, with safety serving as the cornerstone of our enterprise work. We are committed to enhancing our safety management practices, cultivating a safety-focused culture among our employees, and safeguarding both work safety and employee health.

### 4.1 Safety Management System

We adhere rigorously to all pertinent laws and regulations, such as the *Production Safety Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China*, and the *Safety Production Regulations of Liaoning Province*. We closely monitor and analyze industry safety trends as well as our company's operational characteristics, in order to continually enhance our safety management system and establish institutionalization, normalization, and standardization of safety management.

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In 2022, we formulated or revised 915 safety rules and regulations, such as the *Measures on Work Safety Standardization*, the *Provisions on Safety Supervision and Administration of Major Hazard Installations of Dangerous Goods*, the *Implementation Plan for Grid-Based Management of Work Safety*, the *Regulations on the Safety Training and Education for All Employees*, and the *Regulations on the Safety Management of Special Operators and Special Equipment Operators*. We also improved 417 operating procedures to further standardize our safety management process and refine our safety management efforts, strengthening our safety management foundation. In 2022, we achieved the goal of “zero casualties” and “zero accidents”.

To achieve our safety objectives, Liaoning Port has reorganized work safety accountability system for all employees and implemented the *Measures to Enhance Work Safety based on the “Same Responsibility” and “One Post, Dual Responsibilities” Principles*. These measures require units and individuals at all levels to adopt the “one post, one responsibility, and one list” approach, ensuring a clear understanding of their responsibilities and effective implementation of safety measures, while eliminating blind spots in safety supervision. In 2022, the Company and its subordinate units signed a total of 2,315 Letters of Responsibility in Work Safety Target Management, along with over 32,000 Commitment Letters for “One Post, Dual Responsibilities”.

Liaoning Port strives to achieve high standards of operational safety, with a strong focus on establishing standardized work safety procedures. The Company has formulated the *Manual for Standardized Management in Work Safety of Teams and Groups*, which covers four dimensions: operation specifications, hidden danger investigations, risk management, and emergency response. This manual provides clear and standardized management specifications and requirements for every stage of the work safety process. During the reporting period, the Company established an initial standardized management system for the work safety of groups and teams in Dalian. This system was then extended and systematically promoted to other regions. This approach has ensured the establishment of a long-term mechanism for work safety in groups and teams, resulting in a significant improvement in safety management.

## 4.2 Safe Operation Management

At Liaoning Port, we place a high priority on work safety, and we strictly adhere to the principle of “safety comes first” to ensure safe and efficient operations. The Company consistently enhances its work safety management system, diligently fulfills safety supervision duties, improves the ability to prevent safety risks and manage hidden dangers, and advocates for the implementation of scientific and technological measures to guarantee safe and high-quality development. Moreover, the Company sticks to the management principle of “contract issuer supervises, employer takes responsibility”, which reinforces the safety supervision and management of outsourcing enterprises, minimizing safety management risks.

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## ***Safety Risk Management***

Liaoning Port places a high priority on work safety and adheres to the principle of “prevention as the main measure and safety as the top priority.” The Company has established a “dual mechanism” of safety risk classification and control and hidden danger investigation and management. This system enables Liaoning Port to continuously improve its risk prevention and mitigation process, ensuring work safety is a top priority.

The Company prioritizes safety risk classification, management, and control. This includes requiring all subordinate production and business units to regularly identify safety risks and hazards and evaluate the level of risk based on established lists. Furthermore, the Company designates responsible departments and personnel for risk management and establishes effective control and emergency measures for different points of risk.

Additionally, the Company has enhanced its hidden danger investigation and management system by establishing a mechanism for assessing and investigating safety risks and hidden dangers, which covers all employees and workflows. The Company conducts regular inspections, including daily, weekly, monthly, and follow-up inspections, to immediately detect any hidden dangers, and requires timely rectification. On-site review and supervision have also been established to ensure effective rectification and establish a closed-loop process for eliminating hidden dangers. In 2022, the Company conducted 788 special safety inspections, achieving a hidden danger rectification rate of 99.64%.

### **Key Highlights of the Hidden Danger Investigation Work in 2022 Include:**

- **Special inspection of construction project safety:** In April, the Company conducted a special inspection on construction safety for its 23 construction units. No major hidden dangers were found, and all general issues and hidden dangers were rectified within the specified time limit.



Figure: Special Inspection for Construction Projects



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- **Special inspection of hidden dangers in electrical safety:** In July, the Company organized a special electrical safety inspection of relevant units in Dalian Port and Yingkou Port, conducted by internal experts. After the inspection, the Company issued an inspection notification document requiring subordinate units that did not meet the required standards to rectify the issues within a specified time limit.



Figure: Special Investigation for Electrical Safety

To enhance safety and reduce risk, the Company continues to promote the efforts in “separation of man and machine, and the implementation of scientific and technological measures to guarantee safety” Through the transformation of equipment such as the self-unhooking spreader, bagged cargo solo spreader, tire crane electromagnetic spreader, long steel electromagnetic spreader, and electric clamp, we have significantly reduced manual operations and human-machine cross-work during the production process, significantly minimizing the probability of work-related injuries. Additionally, we are committed to achieving our objective of establishing a smart port by expediting equipment and facility upgrades, streamlining production processes, and undertaking various projects, including the transformation of the balanced feeding system for ship unloading, enhancements to the coordinated video monitoring system in the yard, and the intelligent transformation of the RS10 stacker-reclaimer. These enhancements have improved the overall level of automation and intelligence in process control.

Furthermore, the Company has enhanced the safety management of its outsourcing teams by establishing a dedicated outsourcing management department and formulating the *Refined Management Standard for Labor Team Safety* to regulate the conduct of outsourcing personnel. By entering into a Work Safety Management Agreement with our outsourcing partners, we clearly delineated the safety management responsibilities of all parties and maintain comprehensive records of safety management for all outsourced personnel. We thoroughly evaluate and oversee the daily operations of outsourcing units and provide safety education and training for outsourcing personnel to minimize safety management risks.

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## ***Safety Emergency Management***

To enhance our ability to prevent and respond to safety risks, we have established a comprehensive emergency management plan and response mechanism for safety emergencies in accordance with the *Emergency Response Law of the People's Republic of China*, *Measures for the Administration of Contingency Plans for Work Safety Incidents*, and other relevant laws and regulations. Our emergency management responsibilities are clearly defined at all levels, and we have strengthened risk monitoring and alarms, and improved supplies of emergency materials and equipment. To prevent potential issues and to continuously enhance our emergency response capabilities, we have prioritized the capacity building of our emergency rescue teams and regularly conduct emergency training and drills for employees, tailored to the unique features of each port. In 2022, all units of Liaoning Port conducted 770 drills with 6,791 participants.

### **Case: Drill for Comprehensive Emergency Response to Dangerous Goods Leakage**

In June, the Company organized a drill for its employees to respond to dangerous goods leakage incident. During the drill, employees utilized their training on hazardous chemical disposal to provide initial treatment to injured and poisoned personnel, and promptly contacted fire and medical personnel. This exercise combines theoretical knowledge with practical experience, enhances employees' ability to respond to hazardous chemical leakage and first aid ability, and effectively improves their safety awareness and prevention skills.



Figure: Drill for Comprehensive Emergency Response to Dangerous Goods Leakage



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## Case: Drill for Hazardous Chemical Fire Emergency Response

In November, the Company conducted an emergency drill for port fire accidents, which included fire control operations, initial fire remediation, firefighting and rescue by the fire brigade, plugging of pipeline leakage points, and collection of leaked oil products. The drill was successful with a smooth emergency command system, clear firefighting command procedures, and clearly defined responsibilities for all participants, resulting in an effective emergency response.



Figure: Drill for Hazardous Chemical Fire Emergency Response

## Safety Management of Hazardous Chemicals

The Company strictly adheres to relevant laws, regulations, and normative documents, including the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Ports*, the *Regulation on the Safety Management of Hazardous Chemicals*, the *Provisions on the Safety Management of Hazardous Goods at Ports*, the *Measures for the Supervision and Administration of Major Hazard Installations of Dangerous Goods at Ports*, the *Interim Provisions on the Supervision and Management of Major Hazards of Dangerous Chemicals*, and the *Identification of Major Hazard Installations for Hazardous Chemicals*. In 2022, the *Provisions on Safety Supervision and Administration of Major Hazard Installations of Dangerous Goods* were formulated to strengthen the safety supervision and management of major hazard installations, prevent accidents involving hazardous chemicals at work, and maintain work safety order at ports.

The Company designates responsible individuals or entities for major hazard installations, such as key facilities and components and implements hierarchical management of these installations, establishing a solid foundation for scientific monitoring and management. Safety assessments are conducted on major hazard installations and classified into four levels (I-IV) according to their hazard degree, with level I being the highest. Based on the hazard level, the Company refines control measures, safety technical measures, monitoring measures, and emergency response measures to ensure the rational allocation of safety management resources and improve the efficiency of hazardous chemicals safety management.

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**Table: Division of Labor among Functional Departments for Major Hazard Installations Management in Liaoning Port**

Responsible Department	Duties
Safety Supervision Management Department	This department is responsible for the comprehensive supervision and management of safety of major hazard installations of the Company.
Other functional departments and offices	These departments and offices are responsible for the supervision and inspection of matters involving major hazard installations within their scope of duties, business guidelines, and supervision and rectification of hidden problems identified, in accordance with the requirements of “three management and three necessities” for work safety.
Units where major hazard installations are located	These units are subject to the responsibility of managing major hazard installations. The principal responsible person of the unit where the major hazard installation is located is fully responsible for the safety management of the major hazard installation in that unit.

## 4.3 Ensuring the Occupational Health and Safety of Employees

Liaoning Port considers reducing occupational hazards and creating a safe working environment for its employees as a fundamental responsibility. To achieve this, the Company complies with relevant laws and regulations, such as the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, the *Provisions on the Administration of Occupational Health at Workplaces*, and the *Measures for the Supervision and Administration of Employers' Occupational Health Surveillance*, and establishes and improves the occupational health management system. The Company has formulated and implemented a series of management systems, such as the *Measures for the Administration of Occupational Hazard of Liaoning Port Co., Ltd.*, the *Regulations on the Safety Management of Special Operators and Special Equipment Operators* and *Regulations on the Safety Management of Operations Involving Hazardous Goods at Ports* to cover various aspects of occupational health and safety management, including the prevention and control of occupational hazards, maintenance and inspection of occupational disease prevention facilities, and safety operation procedures for special posts.

Liaoning Port places a high priority on occupational health management and requires all units to actively monitor occupational hazards in the workplace. The Company promptly disseminates monitoring results to identify and address potential hazards, as well as to promote employee safety awareness. To fully protect the personal safety and health of workers, the Company provides appropriate labor protection materials to employees in accordance with the *Regulations on the Administration of Labor Protection Articles of Liaoning Port Co., Ltd.* The Company also regularly supervises and inspects the use and storage of protective articles to ensure safety at work.

The Company regularly organizes occupational health examinations for employees and maintains occupational health records to keep track of their physical conditions. Employees who are regularly exposed to occupational hazards receive regular occupational health examinations, and the Company continuously strengthens its occupational disease prevention and control efforts for special posts to protect employees'

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health. As a result of these efforts, in 2022, the physical examination rate of Liaoning Port was 96%, and the occupational health examination rate reached 100%, enhancing employee security and well-being within the Company.

**Table 2020-2022 Work-related Deaths of Liaoning Port**

Indicators	Unit	2022	2021	2020
Work-related deaths	Persons	0	0	0
Percentage of work-related deaths	%	0	0	0

**Table 2022 Liaoning Port Performance on Occupational Health and Safety**

Indicators	Unit	2022
Workdays lost to work-related injuries	Days	3,126
Percentage of physical examination	%	96%
Percentage of occupational health examination	%	100%

## 4.4 Building a Safety Culture

Liaoning Port recognizes the critical importance of creating a strong safety culture to ensure safe operations. To achieve this, the Company has implemented various measures, including the promotion of safety concepts, provision of safety knowledge training, analyses of accident cases in-depth, and the organization of events such as “Work Safety Month”, “Disaster Prevention and Mitigation Day”, and “119 Fire Protection Month”. These initiatives aim to continuously enhance the safety competence of the workforce, strengthen their emergency response capability, and cultivate a strong safety awareness. In the reporting period, the Company delivered 881,000 hours of safety training to a total of 336,000 trainees.

Liaoning Port is committed to enhancing the development of work safety professionals and technical personnel by establishing safety quality and capability evaluation standards for key position employees. The Company also provides training and maintains a reserve of safety technology and management personnel. In 2022, the Company conducted an evaluation project for the safety quality and ability of key position employees in petroleum chemicals. Additionally, the Dalian Port and Yingkou Port compiled evaluation standards and comprehensive quality improvement teaching materials for seven jobs and three grades, including automobile stevedores. Furthermore, the Company continued to organize pre-exam training for the Intermediate Certified Safety Engineer exam, with 540 participants, 279 of whom were in Dalian and 261 in Yingkou. As of the end of the reporting period, there were 160 certified safety engineers in Liaoning Port.

### Case: “Ankang Cup” Safety Knowledge Competition

In 2022, the Company launched the “Ankang Cup” competition with a focus on identifying and mitigating potential safety hazards to promote a safe and healthy workplace. Employees at all levels actively participated in a knowledge contest covering occupational health and safety laws and regulations, which helped enhance their awareness of safety and occupational health. This initiative had a positive impact on the Company’s implementation of safety production and occupational disease prevention measures.

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## Case: Occupational Health Training of Liaoning Port in 2022

The Company organized two training sessions in 2022 for occupational health managers, titled “A Training Course for Employers on Enhancing Occupational Health Awareness, Legal Compliance, and Management Competence”. During the training, the instructor focused on interpreting occupational health examination, monitoring, and supervision of occupational health in the workplace, along with other aspects of actual occupational health work. The training was attended by 256 individuals from units that are prone to occupational diseases. This effectively enhanced the managers’ awareness and their ability to prevent and control occupational health risks.



Figure: Training on Occupational Health

## Case: Specialized Training on Fire Safety Management

To enhance fire safety management and improve the practical operation and emergency response skills of operators on duty in the fire control room, the Company conducted a series of fire safety-related training in 2022. The training was designed for fire safety responsible persons, managers, and fire facilities operators. More than 1,000 participants attended the training, and as a result, the Company’s fire safety management defense line was firmly established.



Figure: The Specialized Training Courseware for Fire Safety Management

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## 5. SUPPORTING EMPLOYEE DEVELOPMENT

Liaoning Port recognizes the pivotal role of its employees as a driving force for enterprise development. It adheres to a people-oriented concept and is committed to providing a diverse and equitable employment environment, well-defined channels for promotion and development, and industry-leading salaries and welfare benefits. Our aim is to collaborate closely with our employees to create a better future for all.

### 5.1 Employment Management

Liaoning Port fully respects and safeguards the legitimate rights and interests of all employees, strictly adhering to the Labor Law of the People's Republic of China, the *Labor Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labor* and relevant laws and regulations. The Company is dedicated to continuously improving its internal rules and regulations, including the *Measures on Administration of Labor Contracts*. It implements an open, fair, and equal employment policy and opposes any form of child labor and forced labor. During daily operations, the Company strengthens reviews on candidate information to avoid and eliminate violations. In the event of any violations, the Company takes prompt actions to punish those responsible in accordance with the law, relevant regulations, and its internal punishment system. As of 2022, there were no violations of laws and regulations regarding child labor, forced labor, and discrimination.

Liaoning Port values workplace diversity and strongly opposes discrimination or any form of vicious competition based on factors such as gender, age, race, nationality, physical condition, religion, and marital status of employees. The Company ensures equal opportunities for candidates and employees during the recruitment and promotion process and is committed to fostering a diverse, inclusive, and equitable workplace for all employees.

As of the end of the reporting period, Liaoning Port had 11,051 employees, and no employees had left voluntarily.

**Chart: 2022 Staff Employment Statistics of Liaoning Port<sup>5</sup>**

Category		Quantity
Total		11,051
By employee type	Management employees	1,513
	Technical employees	1,863
	Production employees	6,711
	Service employees	247
	Others	717
By gender	Male	9,152
	Female	1,899
By age	<=30	1,173
	31-50	7,478
	>=51	2,400

<sup>5</sup> During the reporting period, Liaoning Port had no overseas employees, and all employees were Chinese mainland nationals.



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At Liaoning Port, we have been continuously refining our employee salary performance management system by increasing assessment incentives and implementing stable growth incentive policies. In 2022, we improved our Salary Management Measures, optimized our salary distribution structure, and offered competitive salary packages based on local human resources market standards.

At our company, our guiding principle is to prioritize the value of our employees above all else. To achieve this, we have established a high-performance salary system that combines our company strategy and economic benefits, following a “striver-oriented” approach. This approach ensures that salaries are based on the value of positions and also takes into account employees’ management ability, professional skills, and operational level, resulting in salaries that reflect both the position’s value and the individual’s capabilities. During performance evaluations, we assess employee performance through a comprehensive, fair, and objective process that involves the employee, their department lead, and the company. In addition, the Company has established several special incentive schemes at the company level, including vocational skill level allowances, model worker allowances, and skill competition bonuses. These measures aim to provide positive incentives for employees and fully stimulate their motivation.

## 5.2 Employee Development

At Liaoning Port, talent development is a crucial component of our growth strategy, and we strive to foster employee growth through a comprehensive and diverse training system that achieves mutual progress for both the Company and our employees. Adhering to three key training management principles, the “strategic development principle”, “systematic and standardized principles”, and “differentiated treatment principle”, the Company has established a scientific and standardized training system that provides the necessary talent for enterprise development while enabling employees to realize their self-worth. In 2022, Liaoning Port revised its *Employee Training Management System* to further standardize the training process, enrich talent training courses, and establish a comprehensive, multi-level training system. To enhance training accessibility, the Company introduced a digital online learning platform named “Online Classroom”. This platform expands learning content, improves training coverage rates, and enables intelligent and convenient access to training materials. During 2022, Liaoning Port trained a total of 9,686 employees, achieving a coverage rate of 87.65% and an average training duration of 88 hours per employee.

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## Employee Training System of Liaoning Port

Training Format and Category	Training Contents
Pre-job training	<ul style="list-style-type: none"><li>• Carrying out onboarding training for newly hired employees and for newly appointed employees according to their specific role and position to help them settle in and adapt to the workplace.</li><li>• Onboarding training for newly hired employees: introducing the new hires to the Company profile, culture, safety requirements, staff rules, on-job training, and providing career path planning and guidance.</li><li>• Onboarding training for newly appointed employees: offering training to employees who have been transferred to a new position, so that their capability will match the job requirements.</li></ul>
Professional training	<ul style="list-style-type: none"><li>• Conducting training sessions that focus on the professional knowledge and skills necessary for employees to enhance their expertise and proficiency, and fostering collaboration and mutual learning among departments and businesses to boost work efficiency. This includes providing professional skills training for career advancement and job qualification training.</li></ul>
Job level training	<ul style="list-style-type: none"><li>• Basic competency and management capability trainings offered to employees at different levels according to the Company's organizational structure and administrative ranking to make full use of the Company's resources, improve organizational management performance, and achieve organizational goals.</li></ul>
Self-initiated training	<ul style="list-style-type: none"><li>• Trainings for further education, research and academic qualifications are carried out with varying course contents, formats and purposes to promote self-learning and self-improvement.</li></ul>

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## Case: “Enhancing Equipment Knowledge and Improving Skills” Training

In 2022, Liaoning Port organized an internal training program focused on the theme of “Enhancing Equipment Knowledge and Improving Skills”. The program involved training and teaching for technical backbones at all levels and positions of the Company. This initiative aimed to stimulate the enthusiasm of technical backbones to actively study technology, improve processes, and enhance equipment management. As a result, it created a surge in equipment technology learning for employees at all levels, further motivating them to build a team with exceptional technical skills



Figure: A Scene from the “Enhancing Equipment Knowledge and Improving Skills” Training Program



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Chart: 2022 Employee Training at Liaoning Port

Category		Unit	Quantity
Total number of employees receiving training		Persons	9,686
Percentage of employees receiving training		%	87.65
By gender	Male	%	82.82
	Female	%	17.18
By employee type	Management employees	%	12.43
	Technical employees	%	15.22
	Production employees	%	65.83
	Service employees	%	1.65
	Others	%	4.87
Average training hours		Hours	88
By gender	Male	Hours	88
	Female	Hours	88
By employee type	Management personnel	Hours	84
	Technical personnel	Hours	85
	Production personnel	Hours	92
	Service personnel	Hours	70
	Others	Hours	73

Liaoning Port has implemented a comprehensive skill upgrading and development model that includes “learning, competition, promotion, and incentives”. This model promotes employee growth by organizing lectures and skill training sessions, while also encouraging participation in various competitions such as job skills and industry vocational skills competitions. This approach helps to improve their skill level and keep them updated with new technologies and skills related to their duties.

In the 2022 National Industry Vocational Skills Competition, Liaoning Port’s Dalian and Yingkou regional teams stood out among the 20 participating teams, securing the third and sixth place, respectively. Their achievements have contributed to Liaoning Province’s excellent result of second place in the National Skills Competition (Class 1). The Company also excelled in provincial and municipal skills competitions for port-related jobs, winning first place in two job competitions in Liaoning Province and four municipal competitions in Dalian and Yingkou. Additionally, three employees earned the title of “Technical Experts in Liaoning Province” through the competition.

# Environmental, Social and Governance Report

## 5.3 Employee Care

At Liaoning Port, we strive to foster a healthy, harmonious, and pleasant working workplace while prioritizing the voices and lives of our employees. Our goal is to create a working environment that is filled with love and compassion.

### *Employee Communication*

We strengthen democratic management and have continuously worked to improve the system and procedure related to the Congress of Workers and Staff. We encourage our employees to exercise their democratic rights by clarifying the norms of deliberation and decision-making. The Company also plays an active role in bridging the gap between the Congress of Workers and Staff and the trade union, setting up effective communication channels for our employees. We took great pride in actively listening to the voices of our employees, and as a result, we have not received any complaints about labor problems this year.

### *Employee Care*

At Liaoning Port, we prioritize the well-being of our employees. We offer a range of benefits besides salary, cultural and sports activities, and continuously work to improve our employees' sense of happiness and belonging.

According to the regulations of the local Human Resources and Social Security Bureau, we regularly pay five insurances and one housing fund for our employees. In addition to these mandatory benefits, we provide our employees with additional perks, such as medical insurance, regular physical examinations, birthday and wedding gifts, holiday welfare, rental subsidies, and a medical mutual assistance and inclusive service fund.

We place a strong emphasis on party building and strive to establish a sustainable and regular mechanism that prioritizes "providing practical help to our employees". Our company is dedicated to comprehending and addressing the pressing issues encountered by our employees. Our company strives to understand and address the pressing issues faced by our employees, particularly those at the grassroots level. We provide warm and cold-resistant products, heatstroke prevention and cooling materials, and basic living supplies to employees working in the field and those involved in foreign assignments, thereby enhancing their working and living conditions. We have also created a medical mutual assistance and inclusive service fund for employees to alleviate the financial burden of medical treatment and tackle poverty caused by illness. In 2022, the Company allocated a total of RMB81,000 towards medical mutual aid, which significantly eased the financial burden of 40 employees who are ailing.

# Environmental, Social and Governance Report

## Case: Sending Regards to Field Workers through “Summer Chill” Initiative

In August of 2022, the Liaoning Port trade union launched the “Summer Chill” initiative to express gratitude towards front-line workers. The union visited employees at the Dalian Port branch and distributed items for preventing heatstroke and keeping cool to those who work tirelessly in scorching conditions. The objective of the campaign was to offer care and support to front-line workers.

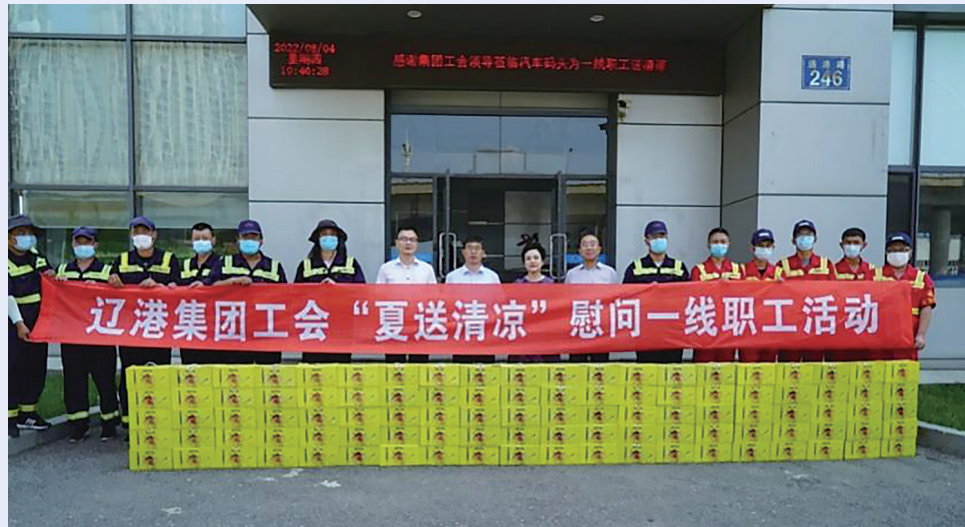


Figure: Sending Regards to Field Workers through “Summer Chill” Initiative

Our company is dedicated to providing care and support for our female employees. We regularly organize health lectures and cultural and sports activities to promote a female-friendly workplace. This year, we upgraded our “Care Room for Female Employees” to cater to the diverse needs of female employees more accurately and thoughtfully.

# Environmental, Social and Governance Report

## Case: International Women's Day Activities for Women Workers

On March 8th, 2022, International Women's Day, our subsidiaries across various regions carefully planned a range of festive activities for our female employees. For instance, Dalian Port organized a series of "Goddess Festival" activities, such as strawberry picking and outings, to create a warm and loving atmosphere for our female workers. Yingkou Port launched calligraphy, painting, and photography exhibitions with the theme of "Ladies' Elegant Charm", providing an opportunity for female workers to relax, alleviate the pressures of life and work, and infuse new cultural dimensions into their lives.



Figure: Female Workers in Dalian Port Gather to Exchange Ideas and Travel during the Spring Season

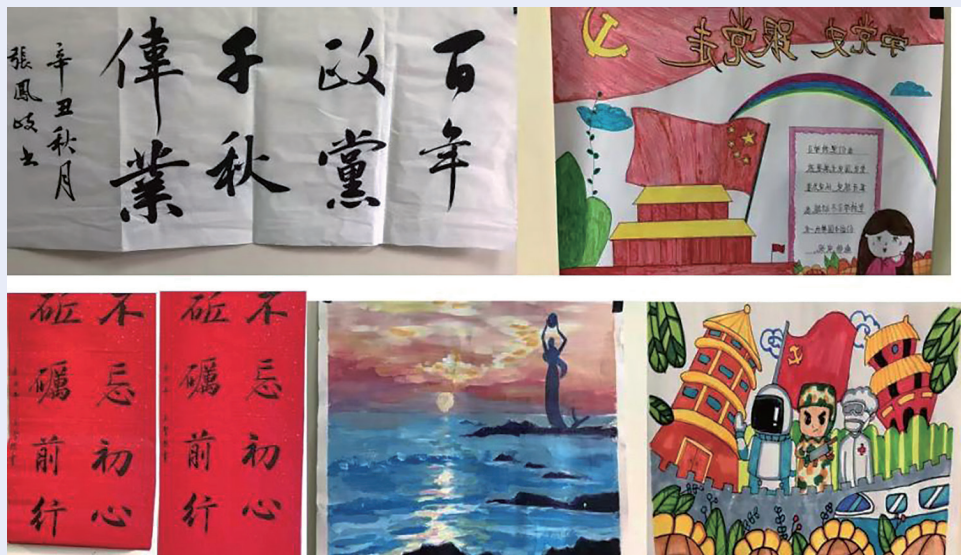


Figure: Yingkou Port's "Ladies' Elegant Charm" Calligraphy and Painting Exhibition"



# Environmental, Social and Governance Report

As the Company continues to provide care for vulnerable groups, we are also actively supporting young members of the Youth League who are facing difficulties. We strive to understand their needs and provide accurate assistance, ensuring that those who truly require assistance receive timely support from the organization.

## Case: Assistance project for young employees

We fully leveraged the functions of the Youth League to lead, unite and mobilize young people, and help build bridges of friendship among them. In 2022, the Company encouraged single young employees to participate in the “Romantic Dalian, Matchmaking for the Youth” special dating event, sponsored by the Municipal Youth League Committee, which aimed to broaden communication channels and guide young people to establish a healthy and rational view of marriage and love.



Figure: “Romantic Dalian, Matchmaking for the Youth” Dating Event

# Environmental, Social and Governance Report

## 6. GIVING BACK TO COMMUNITY

Liaoning Port “shares the destiny of the motherland and develops alongside the trends”. The Company actively mobilizes and guides its employees to participate in public welfare projects. Liaoning Port is committed to promoting social welfare investment and fulfilling its responsibility towards rural assistance. Through these efforts, Liaoning Port not only enhances its corporate social responsibility participation but also creates more social benefits.

### 6.1 Social Welfare Activities

Liaoning Port upholds the volunteer service concept of “dedication, friendship, mutual assistance, and progress” and actively encourages its employees to participate in volunteer service and social welfare activities, contributing to the community and spreading warmth and care. During the reporting period, the Company organized several public service projects, including practical activities for young employees, “Love is Waving” volunteer activities, and assistance to poor communities. These activities lasted for a total of 40 hours with 27 participants, and a cumulative investment of RMB20,000. In December 2022, the “Love is Waving” volunteer team of Dalian Automobile Terminal Co., Ltd. was awarded the honorary title of “Model Volunteer Team of the Lei Feng Volunteer Service of Liaoning Province and Best Volunteer Service Project”, which is the best affirmation and recognition of our social welfare service.

#### Case: Volunteer Projects of Liaoning Port in 2022

- The Youth League Committee of the Passenger Transport Company organized its members to provide voluntary services to customers at workplaces such as the passenger stations of the two ports and the roll-on/roll-off (ro-ro) stations. The services included assisting passengers with scanning codes, measuring temperature, and checking tickets, with the aim of promoting civilized behavior among passengers while waiting for ships.



Figure: A Young Volunteer Employee Checking the Temperature of a Passenger

# Environmental, Social and Governance Report

- The Company's "Loving is Waving" volunteer team visited children of families in difficulty in Yangjia Township and Paoya Township of Wafangdian, as part of the "Spreading Love and Sharing Sunlight" project. They provided daily necessities and other support, to bring warmth and care to those in need.



Figure: Volunteers Sorting out Daily Necessities for Children in Need

- The Youth League Committee of Dalian Automobile Terminal Co., Ltd. coordinated with the local community to carry out the Renovation Project of Old Circuit for Poor Families. This project aimed to help poor families with circuit hidden dangers to renovate and upgrade their electricity facilities, addressing their pressing needs, eliminating potential safety hazards, and ensuring the safety of people's usage of electricity in the future. This project also showed the company's care and warmth towards families in need.
- The Youth League Committee of Dalian Changxing Island Port Co., Ltd. organized a group of young volunteers to participate in a series of beach cleaning activities organized by the Dalian Environmental Protection Volunteers Association under the banner of "Promoting the contemporary spirit of Lei Feng and building a clean and beautiful world together".



# Environmental, Social and Governance Report

## 6.2 Rural Revitalization

Liaoning Port has taken the political and social responsibility of rural revitalization seriously as a central enterprise by implementing government requirements and leveraging enterprise resources to help Guizhou and other areas in development. In 2022, the Company invested over RMB1.5 million in rural revitalization funds. Additionally, the Company actively carried out consumption assistance activities, increased the procurement of red dates in the assistance areas, and connected with red dates farmers to expand their sales channels. These efforts have played an active role in increasing rural employment and promoting the development of characteristic agricultural products.

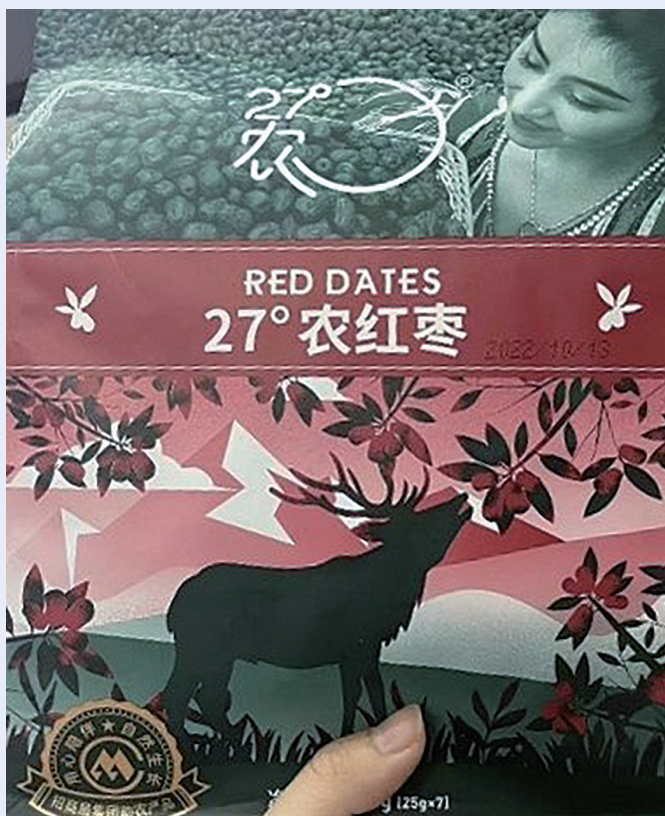


Figure: Procurement of Agricultural Products through Consumption in Assistance Projects



# Environmental, Social and Governance Report

## Index of the HKEX ESG Report Guideline

Subject Areas, Aspects, General Disclosures and KPIs			Report sections
<b>Environmental</b>			
<b>A1: Emissions</b>	General Disclosure	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note:</p> <p>Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	<p>Environmental Management</p> <p>Emission management</p> <p>Green operations</p> <p>Response to climate change</p>
	A1.1	The types of emissions and respective emissions data.	Emission management
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Response to climate change
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission management
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	<p>Emission management</p> <p>Green operations</p>
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emission management

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Report sections
A2: Use of Resources	General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note:</p> <p>Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	Green operations
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green operations
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green operations
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green operations
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Management Emission management Green operations
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Management Emission management Green operations
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emission management Green operations
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to climate change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to climate change

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Report sections
<b>Social</b>			
<b>B1: Employment</b>	General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
	B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	N/A <sup>6</sup>
<b>B2: Health and Safety</b>	General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety management system  Safe operation management
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Ensuring occupational health and safety of employees
	B2.2	Lost days due to work injury	Ensuring occupational health and safety of employees
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safe operation management  Ensuring occupational health and safety of employees  Building a safety culture

<sup>6</sup> Liaogang Co., Ltd. has no employees voluntarily leaving in 2022

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Report sections
<b>B3: Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Employee development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee development
	B3.2	The average training hours completed per employee by gender and employee category.	Employee development
<b>B4: Labor Standards</b>	General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee development
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employee development
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employee development
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Report sections
<b>B6: Product Responsibility</b>	General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product liability
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
	B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovative research and development
	B6.4	Description of quality assurance process and recall procedures.	N/A
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Service
<b>B7: Anti-corruption</b>	General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	Honest practice
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Honest practice
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Honest practice
	B7.3	Description of anti-corruption training provided to directors and staff.	Honest practice
<b>B8: Community Investment</b>	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social welfare activities Rural revitalization
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Social welfare activities Rural revitalization
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Social welfare activities Rural revitalization



(A sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code : 2880)