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*(a sino-foreign joint stock limited company incorporated in the People's Republic of China)*  
**(Stock Code: 2880)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR 2023**

The board of directors (the “**Board**”) of Liaoning Port Co., Ltd.\* (the “**Company**”) is pleased to announce the unaudited financial results of the Company and its subsidiaries (the Company and its subsidiaries, collectively referred to as the “**Group**”) prepared pursuant to China Accounting Standards for Business Enterprises for the six months ended 30 June 2023.

## OPERATING RESULTS

The results for the six months ended 30 June 2023, which have been reviewed by the Group's auditors and the Company's audit committee, are as follows:

### CONSOLIDATED BALANCE SHEET

FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

(All amounts in RMB unless otherwise stated; this applies to the below section)

ASSETS	30 June 2023 Consolidated	31 December 2022 Consolidated
Current assets		
Cash at bank and on hand	5,669,758,736.30	5,085,194,083.26
Notes receivable	229,126,073.56	369,445,570.06
Accounts receivable	3,372,327,664.58	2,892,038,334.72
Receivables financing	197,974,198.01	154,213,980.23
Other receivables	509,453,755.53	430,925,163.74
Including: Interest receivable	3,139,208.09	2,689,917.11
Dividends receivable	156,672,630.13	112,343,783.60
Inventories	123,925,073.51	123,914,279.82
Advances to suppliers	70,078,714.61	50,203,341.38
Non-current assets due within one year	13,250,000.00	13,250,000.00
Other current assets	338,702,911.48	363,604,225.68
Total current assets	10,524,597,127.58	9,482,788,978.89

ASSETS	30 June 2023 Consolidated	31 December 2022 Consolidated
Non-current assets		
Long-term equity investments	3,650,119,912.53	3,773,439,477.49
Investments in other equity instruments	171,894,676.12	156,869,646.60
Investment properties	162,684,005.24	168,475,898.11
Fixed assets	30,238,077,822.33	30,694,317,643.78
Construction in progress	1,977,212,394.64	2,247,716,774.84
Right-of-use assets	4,860,720,737.09	4,975,490,327.00
Intangible assets	5,402,557,684.71	5,491,066,458.21
Goodwill	225,929,504.67	225,929,504.67
Long-term prepaid expenses	53,089,965.76	56,672,475.72
Development expenditure	12,684,691.00	12,684,691.00
Deferred income tax assets	354,437,996.45	311,387,413.57
Other non-current assets	21,673,010.09	12,551,780.38
Total non-current assets	47,131,082,400.63	48,126,602,091.37
Total assets	57,655,679,528.21	57,609,391,070.26

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2023 Consolidated	31 December 2022 Consolidated
Current liabilities		
Short-term borrowings		
Notes payable		
Accounts payable	244,165,199.44	303,332,013.22
Advances from customers	3,245,478.35	4,508,721.75
Contract liabilities	278,624,622.89	294,099,864.46
Employee benefits payable	220,700,888.13	327,349,498.36
Taxes payable	129,022,473.79	133,966,866.56
Other payables	1,125,509,546.55	922,571,445.46
Non-current liabilities due within one year	4,851,666,263.56	4,477,639,949.68
Other current liabilities	15,423,639.75	14,329,926.71
Total current liabilities	6,868,358,112.46	6,477,798,286.20
Non-current liabilities		
Long-term borrowings	641,000,000.00	716,000,000.00
Bonds payable	1,996,174,901.12	2,495,906,235.36
Lease liabilities	5,043,368,843.19	5,117,114,432.76
Long-term payables	17,500,000.00	17,500,000.00
Estimated liabilities	164,498,538.56	170,708,538.56
Deferred income	545,861,325.55	571,197,128.39
Deferred income tax liabilities	250,071,961.75	259,568,410.54
Other non-current liabilities	41,606,945.81	41,606,945.81
Total non-current liabilities	8,700,082,515.98	9,389,601,691.42
Total liabilities	15,568,440,628.44	15,867,399,977.62

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2023 Consolidated	31 December 2022 Consolidated
Shareholders' equity		
Share capital	23,987,065,816.00	23,987,065,816.00
Capital surplus	9,029,541,750.96	9,026,991,793.19
Other comprehensive income	86,341,366.20	72,364,171.03
Specific reserve	181,148,122.58	147,235,048.25
Surplus reserve	1,462,397,659.49	1,462,397,659.49
Undistributed profits	4,164,289,506.93	3,950,404,277.47
Total equity attributable to shareholders of the parent company	38,910,784,222.16	38,646,458,765.43
Minority interests	3,176,454,677.61	3,095,532,327.21
Total shareholders' equity	42,087,238,899.77	41,741,991,092.64
Total liabilities and shareholders' equity	57,655,679,528.21	57,609,391,070.26

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

Item		For the six months ended 30 June 2023	For the six months ended 30 June 2022
		Consolidated	Consolidated
I. Revenue		5,651,992,586.52	5,788,566,152.86
Less:	Cost of sales	4,014,281,417.81	4,243,209,288.28
	Taxes and surcharges	66,581,345.88	59,249,690.12
	Administrative expenses	369,331,125.50	353,296,807.88
	Research and development expenses	276,882.29	1,752,528.33
	Financial expenses	231,078,845.34	228,116,615.03
	Including: Interest expenses	266,823,386.07	260,985,446.47
	Interest income	36,923,944.16	39,958,963.60
Add:	Other income	57,845,629.65	52,993,429.90
	Investment income	28,276,809.05	101,502,060.52
	Including: Investment income from associates and joint ventures	26,557,851.15	100,011,993.36
	Credit impairment losses	-80,956,939.47	-25,925,791.04
	Gains on disposals of assets	–	4,639,108.71
II. Operating profit		975,608,468.93	1,036,150,031.31
Add:	Non-operating income	7,020,464.41	36,816,997.90
Less:	Non-operating expenses	493,826.16	705,096.23

Item		For the six months ended 30 June 2023	For the six months ended 30 June 2022
		Consolidated	Consolidated
III. Total profit		982,135,107.18	1,072,261,932.98
Less:	Income tax expenses	256,937,152.84	260,536,507.28
IV. Net profit		725,197,954.34	811,725,425.70
Including: Net profit from continuing operations		725,197,954.34	811,725,425.70
Classified by ownership of the equity			
Net profit attributable to shareholders of the parent company		631,260,174.66	741,962,637.45
Gains or losses of minority interests		93,937,779.68	69,762,788.25
V. Earnings per share			
	Basic earnings per share (RMB)	0.03	0.03
	Diluted earnings per share (RMB)	0.03	0.03
VI. Other comprehensive income, net of tax		13,590,857.40	195,368.82
	Other comprehensive income, net of tax, attributable to shareholders of the parent company	13,977,195.17	354,259.80
	(I) Other comprehensive income that may not be reclassified to profit or loss	11,655,109.91	-9,555,879.71
	1. Changes in fair value of investments in other equity instruments	11,655,109.91	-9,555,879.71
	(II) Other comprehensive income that will be reclassified to profit or loss	2,322,085.26	9,910,139.51
	1. Exchange differences on translation of foreign currency financial statements	2,322,085.26	9,910,139.51
	Other comprehensive income, net of tax, attributable to minority interests	-386,337.77	-158,890.98

Item		For the six months ended 30 June 2023	For the six months ended 30 June 2022
		Consolidated	Consolidated
VII.	Total comprehensive income	738,788,811.74	811,920,794.52
	Including: Attributable to shareholders of the parent company	645,237,369.83	742,316,897.25
	Attributable to minority interests	93,551,441.91	69,603,897.27

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(All amounts in RMB unless otherwise stated)

### 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 actual controller of the Company and Yingkou Port was changed from Dalian SASAC and Yingkou SASAC to Liaoning SASAC, respectively. On 30 September 2019, the actual 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 actual controller of the Company and Yingkou Port was changed to China Merchants Group.

As considered and approved at the 2020 second extraordinary general meeting of the Company convened on 25 September 2020, the 2020 first A Shareholders class meeting, the 2020 first H Shareholders class meeting, 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 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 (business registration was cancelled on 28 September 2022). On 4 February 2021, upon the completion of such merger by absorption 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 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.

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, and 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 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.

## **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. TAXES

#### 1. Major categories of taxes and respective tax rates

Value-added tax—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.

City maintenance and construction tax—It is levied at 7% on the turnover taxes paid.

Educational surcharge—It is levied at 5% on the turnover taxes paid.

Property tax—It is calculated at a tax rate of 1.2% based on 70% of costs of properties; or it is calculated at a tax rate of 12% based on rental income.

Corporate income tax—It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group which enjoy tax preferences.

#### 2. Tax preference

##### *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 (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 5), from 1 January 2023 to 31 December 2027, 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 Announcement of the Ministry of Finance and the State Taxation Administration on the Clarification of Value-Added Tax Reduction and Exemption for Small-Scale Value-Added Tax Taxpayers and Other Policies (Cai Shui [2023] No. 1) issued by the Ministry of Finance, State Administration of Taxation, the Group shall, from 1 January 2023 to 31 December 2023, deduct additional 5% 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 three years. Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, for the current period, the income tax rate applicable to the company is 15%.

Dalian Ocean Shipping Tally Co., Ltd., a subsidiary of the Group, has obtained on 20 September 2022, the Certificate of Advanced Technology Service Enterprise (Certificate No. 20222102420047) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Taxation Bureau of the State Administration of Taxation and Dalian Municipal Commission of Development and Reform. Under the Notice on Promoting Nationwide the Enterprise Income Tax Policies for Advanced Technology Service Enterprises (Cai Shui [2017] No. 79), the Notice on Promoting Nationwide the Enterprise Income Tax Policies for Advanced Technology Service Enterprises in Pilot Areas for the Innovation and Development of Trade in Services (Cai Shui [2018] No. 44) and Measures for the Recognition and Administration of Advanced Technology Service Enterprises in Dalian (Revised) (Da Ke Gao Fa [2018] No. 151) jointly issued by the Ministry of Finance, the State Administration of Taxation, Ministry of Commerce, Ministry of Science and Technology and National Development and Reform Commission, for the current period, the income tax rate applicable to the company is 15%.

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) and Income Tax Preferential Policies for Small and Micro Enterprises and Individual Entrepreneurs (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 6), 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. 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., Dalian Port Haiheng Ship Management Co., Ltd., Dalian Gangrun Gas Co., Ltd., and Caofeidian Port Container Logistics Co., Ltd. for the current period.

### ***“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 of the Ministry of Finance and the State Administration of Taxation [2022] No. 10), 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 Gangrun Gas Co., Ltd., Dalian Jifa Port Logistics Co., Ltd. and Dalian Port Haiheng Ship Management Co., Ltd. for the current period.

#### IV. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

##### 1. Notes receivable

Item	30 June 2023 (Unaudited)	31 December 2022
Bank acceptance notes	229,126,073.56	369,445,570.06
Total	229,126,073.56	369,445,570.06

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 provision for credit loss has been made.

The Group's notes receivable which have been endorsed or discounted but not mature yet as at the balance sheet date are as follows:

Item	30 June 2023 (Unaudited)		31 December 2022	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	3,362,274.22	2,291,407.89	18,150,230.58	500,000.00

As at 30 June 2023, the Group had no pledged notes receivable (31 December 2022: Nil).

As at 30 June 2023, there were no discounted notes or notes that were recognised as accounts receivable due to the drawer's disability to perform (31 December 2022: Nil).

##### 2. Accounts receivable

The aging analysis of accounts receivable based on the recording date is as follows:

Item	30 June 2023 (Unaudited)	31 December 2022
Within 1 year (including 1 year)	1,456,994,136.08	1,220,103,223.75
1 to 2 years (including 2 years)	623,764,036.20	627,872,887.05
2 to 3 years (including 3 years)	623,838,674.32	643,391,636.87
Over 3 years	1,170,712,475.49	854,776,722.48
Subtotal	3,875,309,322.09	3,346,144,470.15
Less: Provision for bad debts of accounts receivable	502,981,657.51	454,106,135.43
Total	3,372,327,664.58	2,892,038,334.72

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

Item	Balance as at the beginning of the period/year	Provision for the period/year	Reversal during the period/year	Write-off during the period/year	Balance as at the end of the period/year
30 June 2023 (Unaudited)	454,106,135.43	51,675,522.08	-2,800,000.00	-	502,981,657.51
31 December 2022	331,338,824.23	158,005,683.65	-35,082,051.53	-156,320.92	454,106,135.43

As at 30 June 2023, details of accounts receivable of which provision for bad debts is made according to its credit risk rating are as follows (unaudited):

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
A	800,812,172.74	0.00%-0.10%	85,025.87
B	60,917,925.02	0.10%-0.30%	81,566.52
C	2,933,145,517.73	0.30%-50.00%	426,721,478.32
D	80,433,706.60	50.00%-100.00%	76,093,586.80
Total	3,875,309,322.09		502,981,657.51

As at 31 December 2022, details of accounts receivable of which provision for bad debts is made according to its credit risk rating 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
Total	3,346,144,470.15		454,106,135.43

The top five balances by the amounts of accounts receivable as at 30 June 2023 were summarised as below (unaudited):

Item	Balance	Provision for bad debts	Percentage of total accounts receivable (%)
Total balances of accounts receivable of the top five	3,104,850,435.73	425,861,583.14	80.12

### 3. Receivables financing

Category	30 June 2023 (Unaudited)	31 December 2022
Bank acceptance notes measured at fair value	197,974,198.01	154,213,980.23
Total	197,974,198.01	154,213,980.23

The Group's receivables financing which have been endorsed or discounted but not mature yet as at the balance sheet date are as follows:

Item	30 June 2023 (Unaudited)		31 December 2022	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	256,018,346.61	–	165,581,952.09	–

As at 30 June 2023, the Group had no receivables financing pledged (31 December 2022: Nil).

#### 4. Other receivables

Item	30 June 2023 (Unaudited)	31 December 2022
Interest receivable	3,139,208.09	2,689,917.11
Dividends receivable	156,672,630.13	112,343,783.60
Other receivables	349,641,917.31	315,891,463.03
Total	509,453,755.53	430,925,163.74

##### (1) Interest receivable

Classification of due interest receivable

Item	30 June 2023 (Unaudited)	31 December 2022
Borrowings from related parties	4,073,944.25	3,323,273.19
Less: Provision for credit loss	934,736.16	633,356.08
Book value	3,139,208.09	2,689,917.11

As at 30 June 2023, the Group has no significant amount of overdue interest (31 December 2022: Nil).

Provision for credit loss of interest receivable (Unaudited)

	Stage I	Stage II	Stage III	Total
Provision for credit loss	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Opening balance	–	633,356.08	–	633,356.08
Provision for the period	–	301,380.08	–	301,380.08
Closing balance	–	934,736.16	–	934,736.16

For the six months ended 30 June 2023, the provision for bad debts amounted to RMB301,380.08 (2022: RMB580,156.67), and no recovery or reversal of bad debt provision was recorded (2022: Nil).

(2) **Dividends receivable**

Investee	30 June 2023 (Unaudited)	31 December 2022
Dalian Port Yidu Cold Chain Co., Ltd.	72,617,796.35	72,617,796.35
China Merchants International Technology Company Limited	25,735,801.03	–
Dalian Petro China International Warehousing and Transportation Co., Ltd.	23,002,571.00	–
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23
Dalian Automobile Terminal Co., Ltd.	11,200,000.00	11,200,000.00
Dalian Port Logistics Technology Co., Ltd.	7,000,000.00	7,000,000.00
Dalian Port Logistics Network Co., Ltd.	6,000,000.00	10,000,000.00
Dalian Singamas International Container Co., Ltd.	5,467,472.88	5,467,472.88
China United Tally (Dalian) Co., Ltd.	1,112,267.52	1,112,267.52
Dalian Dagang China Shipping Container Terminal Co., Ltd.	–	943,125.50
Dalian Port Design and Research Institute Co., Ltd.	533,600.00	–
Total	175,177,048.01	130,848,201.48
Less: Provision for credit loss	18,504,417.88	18,504,417.88
Book value	156,672,630.13	112,343,783.60

Material dividends receivable aged over 1 year

Investee	30 June 2023 (unaudited)	31 December 2022	Reasons for being unsettled	Closing balance of provision for credit loss
Dalian Port Yidu Cold Chain Co., Ltd.	72,617,796.35	72,617,796.35	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	7,000,000.00	Delay of payment	382,401.02
Dalian Port Logistics Network Co., Ltd.	6,000,000.00	10,000,000.00	Delay of payment	555,994.20
Dalian Singamas International Container Co., Ltd.	5,467,472.88	5,467,472.88	Delay of payment	460,029.00
Total	113,592,808.46	117,592,808.46		18,465,249.75

Movements in provision for credit losses on dividends receivable (unaudited)

	Stage I	Stage II	Stage III	Total
Provision for credit loss	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (no credit impairment occurred)	Expected credit loss over the entire duration (credit impairment occurred)	
Opening balance	7,250,648.26	11,253,769.62	–	18,504,417.88
Provision during the period				
Closing balance	7,250,648.26	11,253,769.62	–	18,504,417.88

For the six months ended 30 June 2023, there was no provision for bad debts (2022: RMB15,845,358.56), and no recovery or reversal of bad debt provision was recorded (2022: Nil).

**(3) Other receivables**

Other receivables by nature are as follows:

Amount by nature	30 June 2023 (unaudited)	31 December 2022
Government subsidies receivable	156,428,084.31	140,177,900.52
Receivables from income of entrusted management services	88,379,227.26	86,437,627.26
Receivables from project payment and guarantee deposit	24,803,644.09	32,459,217.00
Settlement to be transferred	59,017,333.75	25,639,033.71
Borrowings from related parties	23,000,000.00	23,000,000.00
Advances receivable	26,367,701.64	22,775,660.35
Receivables from deposit and security deposit	24,334,719.07	20,477,252.74
Public infrastructure maintenance expenses	10,100,888.22	8,170,749.02
Others	56,798,532.63	44,562,198.78
Total	469,230,130.97	403,699,639.38
Less: Provision for credit loss	119,588,213.66	87,808,176.35
Carrying amount	349,641,917.31	315,891,463.03

The ageing analysis is as follows:

Item	30 June 2023 (unaudited)	31 December 2022
Within 1 year (including 1 year)	219,890,735.01	168,690,521.19
1 to 2 years (including 2 years)	88,214,239.10	74,436,286.64
2 to 3 years (including 3 years)	9,737,270.65	20,370,093.77
Over 3 years	151,387,886.21	140,202,737.78
Subtotal	469,230,130.97	403,699,639.38
Less: Provision for bad debts of other receivables	119,588,213.66	87,808,176.35
Total	349,641,917.31	315,891,463.03

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:

30 June 2023 (unaudited)

	Stage I	Stage II	Stage III	Total
Provision for credit loss	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (no credit impairment occurred)	Expected credit loss over the entire duration (credit impairment occurred)	
Opening balance	1,944,552.70	32,441,244.01	53,422,379.64	87,808,176.35
Opening balance for the period				
– Transferred to stage II	-130.44	130.44	–	–
– Transferred to stage III	-129.61	-30,153,323.00	30,153,452.61	–
Provision during the period	16,362.59	92,176.22	31,671,498.50	31,780,037.31
Reversal during the period				
Closing balance	1,960,655.24	2,380,227.67	115,247,330.75	119,588,213.66

For the six months ended 30 June 2023, the provision for bad debts amounted to RMB31,780,037.31 (2022: RMB4,361,504.50). There was no recovery or reversal of bad debt provision (2022: RMB255,256.00), and no provision for bad debts written off (2022: RMB1,073,647.19).

As at 30 June 2023, a summary of the top five other receivables were as follows (unaudited):

Item	Closing balance	Provision for bad debts	Percentage of total other receivables (%)
Total balances of top five other receivables	312,418,170.83	62,985,687.87	66.57

As at 30 June 2023, the receivables from government grants were as follows (unaudited):

Item	Government grants	Amount	Ageing	Basis
Dalian Jiye Logistics Co., Ltd.	Subsidy to China-Europe Railway Lines	121,220,567.23	Within 1 year, 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	19,401,925.08	1-2 years, 2-3 years and 3-4 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
Total		156,428,084.31		

## 5. Inventories

Item	30 June 2023 (unaudited)			31 December 2022		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	95,174,803.30	1,442,701.98	93,732,101.32	94,189,095.07	1,442,701.98	92,746,393.09
Merchandise inventories (finished goods)	8,689,047.69	2,697,873.64	5,991,174.05	8,692,167.69	2,697,873.64	5,994,294.05
Turnover materials	15,388,772.40	18,014.10	15,370,758.30	14,171,877.83	18,014.10	14,153,863.73
Contract performance cost	8,126,738.77	-	8,126,738.77	10,315,427.88	-	10,315,427.88
Others	704,301.07	-	704,301.07	704,301.07	-	704,301.07
Total	128,083,663.23	4,158,589.72	123,925,073.51	128,072,869.54	4,158,589.72	123,914,279.82

The movements in provision for impairment of inventories are as follows:

Item	31 December 2022	Increase in the current period		Decrease in the current period		30 June 2023 (unaudited)
		Provision	Others	Reversal or write-off	Others	
Raw materials	1,442,701.98	-	-	-	-	1,442,701.98
Merchandise inventories (finished goods)	2,697,873.64	-	-	-	-	2,697,873.64
Turnover materials	18,014.10	-	-	-	-	18,014.10
Total	4,158,589.72	-	-	-	-	4,158,589.72

## 6. Investments in other equity instruments

For the six months ended 30 June 2023 (unaudited):

Item	Changes in fair value accumulated in other comprehensive income	30 June 2023 (unaudited)	31 December 2022	Dividend income	Reason for being designated as investments in other equity instruments
Jinzhou New Age Container Terminal Co., Ltd.	53,156,079.76	105,999,713.76	88,664,785.91	-	Non-trading equity instrument and will not be sold in foreseeable future
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	-12,730,048.03	47,269,951.97	44,692,471.65	-	
Dalian Port Design and Research Institute Co., Ltd.	4,068,498.46	4,703,098.46	6,763,566.58	533,600.00	
Korea Da-In Ferry Co., Ltd.	3,623,256.67	5,523,314.17	6,304,107.79	-	
Dalian Xin Beiliang Co., Ltd.	-7,785,802.24	8,398,597.76	10,444,714.67	-	
Total	40,331,984.62	171,894,676.12	156,869,646.60	533,600.00	

## 7. Accounts payable

Nature	30 June 2023 (unaudited)	31 December 2022
Vessel leasing fees and ocean freight	153,039,586.99	176,567,794.11
Purchase of goods	8,412,700.41	9,794,052.98
Purchase of auxiliary materials	82,712,912.04	116,970,166.13
Total	244,165,199.44	303,332,013.22

The ageing analysis of accounts payable based on the recording date is as follows:

Aging	30 June 2023 (unaudited)	31 December 2022
Within 1 year (including 1 year)	214,134,340.30	273,580,612.87
1 to 2 years (including 2 years)	5,986,743.80	6,613,219.77
2 to 3 years (including 3 years)	3,212,844.40	2,518,117.57
Over 3 years	20,831,270.94	20,620,063.01
Total	244,165,199.44	303,332,013.22

As at 30 June 2023, major accounts payable with ageing over one year are as follows:

Name of entity	Amounts payable	Reason for unsettlement
Dalian NSK International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司)	8,000,000.00	Not yet settled
Total	8,000,000.00	

## 8. Contract liabilities

Item	30 June 2023 (unaudited)	31 December 2022
Port miscellaneous expenses	264,036,927.17	259,761,974.35
Freight	5,439,595.42	23,741,208.71
Others	9,148,100.30	10,596,681.40
Total	278,624,622.89	294,099,864.46

Revenue recognized in the current period and included in the opening carrying amount of contract liabilities:

Revenue recognized in the current period and included in the opening carrying amount of contract liabilities amounted to RMB258,433,565.44, including RMB228,900,708.65 from port miscellaneous expenses, RMB23,646,885.56 generated from freight and contract income of RMB5,885,971.23 generated from other contracts.

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 recognizes contract revenue based on the progress of contract performance, and contract liabilities will be recognized as revenue after the Group has fulfilled its performance obligations. The decrease in contract liabilities at the end of the period of RMB15,475,241.57 was mainly due to the decrease in business volume of bulk and general cargo terminal, container terminal and relevant logistics services, resulting in the decrease in amount received in advance from some customers.

## 9. Other payables

Item	30 June 2023 (unaudited)	31 December 2022
<b>Interest payable</b>		
<b>Dividends payable</b>	<b>430,941,548.21</b>	<b>129,642,029.96</b>
Yingkou Port Group Corporation Limited	120,341,619.21	–
Dalian Port Corporation Limited	104,964,128.22	–
Team Able International Limited	47,236,406.40	–
Singapore Dalian Port Investment Pte. Ltd.	54,436,724.71	54,436,724.71
Broadford Global Limited	14,900,432.49	–
China Shipping Terminal Development Co., Ltd.	23,009,984.79	23,009,984.79
Nippon Yusen Kabushiki Kaisha	14,341,983.23	14,341,983.23
Anshan Iron & Steel Co. Ltd.	10,434,656.79	10,434,656.79
COSCO SHIPPING Ports (Dalian) Limited	9,107,682.79	9,107,682.79
COSCO SHIPPING Ports Development Co., Ltd.	7,663,015.86	7,663,015.86
Dalian Bonded Zhengtong Co., Ltd.	5,779,554.22	5,779,554.22
United States Sankyo Holdings Limited	2,036,793.56	2,704,681.98
Liaoning Gangwan Industry Finance Investment Group Co., Ltd.	1,171,186.87	–
NYK Bulk & Projects Carriers Ltd.	1,629,434.85	2,163,745.59
Other holders of H shares	13,887,944.22	–

Item	30 June 2023 (unaudited)	31 December 2022
<b>Other payables</b>	<b>694,567,998.34</b>	<b>792,929,415.50</b>
Project payment and guarantee deposit	325,498,797.33	291,177,799.63
Deposit and security deposit	143,364,054.67	113,607,724.15
Land compensation payment	7,500,000.00	7,500,000.00
Freight	4,629,857.52	6,072,329.18
Late fee	–	4,979,198.95
Last payment for assets acquisition	–	139,144,304.85
Others	213,575,288.82	230,448,058.74
<b>Total</b>	<b>1,125,509,546.55</b>	<b>922,571,445.46</b>

Aging analysis of other payables

Aging	30 June 2023 (unaudited)		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	495,535,712.42	71.34	369,304,706.89	46.57
1 to 2 years (including 2 years)	50,868,131.59	7.32	258,477,998.21	32.60
2 to 3 years (including 3 years)	17,910,459.18	2.58	22,393,880.65	2.83
Over 3 years	130,253,695.15	18.76	142,752,829.75	18.00
<b>Total</b>	<b>694,567,998.34</b>	<b>100.00</b>	<b>792,929,415.50</b>	<b>100.00</b>

As at 30 June 2023, major other payables of the Group with ageing over one year are as follows:

Name of entity	Amount	Reasons for non-repayment
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	The condition for payment is unsatisfied
Dalian Beiliang Enterprise Group Co., Ltd.	7,500,000.00	The condition for payment is unsatisfied
Ocean Harvest Container Co., Ltd.	49,644,085.82	The condition for payment is unsatisfied
<b>Total</b>	<b>71,151,039.82</b>	

## 10. Revenue and cost of sales

Revenue is as follows:

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Revenue from principal operations	5,460,788,456.10	5,598,285,951.62
Revenue from other operations	191,204,130.42	190,280,201.24
<b>Total</b>	<b>5,651,992,586.52</b>	<b>5,788,566,152.86</b>

Cost of sales is as follows:

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Cost of principal operations	3,863,722,717.03	4,078,708,208.75
Cost of other operations	150,558,700.78	164,501,079.53
<b>Total</b>	<b>4,014,281,417.81</b>	<b>4,243,209,288.28</b>

The composition of the revenue is as follows:

For the six months ended 30 June 2023 (unaudited)

Principal business segment	Commodity	Labour or services	Others	Total
Container terminal and related logistics services	2,593,768.25	1,764,496,538.31	48,793,299.35	1,815,883,605.91
Oil/liquefied chemicals terminal and related logistics services	13,854,302.48	771,640,269.38	16,164,522.56	801,659,094.42
Bulk and general cargo terminal and related logistics services	102,467.89	2,016,365,170.56	4,623,913.12	2,021,091,551.57
Bulk grain terminal and related logistics services	–	305,127,691.48	5,110,465.76	310,238,157.24
Passenger and roll-on/roll-off terminal and related logistics services	1,413,373.64	87,497,984.43	5,444,507.59	94,355,865.66
Port value-added and ancillary services	50,075,094.11	412,406,266.88	52,191,021.68	514,672,382.67
Automobile terminal and related logistics services	–	22,269,038.58	1,550,672.51	23,819,711.09
Others	–	23,568,450.36	46,703,767.60	70,272,217.96
<b>Total</b>	<b>68,039,006.37</b>	<b>5,403,371,409.98</b>	<b>180,582,170.17</b>	<b>5,651,992,586.52</b>

Reporting segment	Commodity	Labour or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	16,133,705.00	–	–	16,133,705.00
Revenue from electricity fees	51,905,301.37	–	–	51,905,301.37
Recognised over a certain period				
Revenue from logistics services	–	287,616,477.47	–	287,616,477.47
Revenue from project construction and inspection services	–	38,335,168.01	–	38,335,168.01
Revenue from transportation	–	653,414,317.77	–	653,414,317.77
Revenue from port operation services	–	4,235,978,594.10	–	4,235,978,594.10
Revenue from port management services	–	160,057,721.48	–	160,057,721.48
Revenue from tallying services	–	27,969,131.15	–	27,969,131.15
Others	–	–	69,737,397.26	69,737,397.26
Others				
Revenue from leasing services	–	–	110,844,772.91	110,844,772.91
Total	68,039,006.37	5,403,371,409.98	180,582,170.17	5,651,992,586.52

For the six months ended 30 June 2022 (unaudited)

Principal business segment	Commodity	Labour or services	Others	Total
Container terminal and related logistics services	1,237,388.10	1,715,261,940.45	50,990,841.02	1,767,490,169.57
Oil/liquefied chemicals terminal and related logistics services	14,936,981.33	754,369,015.38	12,330,228.51	781,636,225.22
Bulk and general cargo terminal and related logistics services	1,787,326.49	2,234,690,106.19	5,496,683.06	2,241,974,115.74
Bulk grain terminal and related logistics services	–	303,016,200.18	8,591,424.29	311,607,624.47
Passenger and roll-on/roll-off terminal and related logistics services	603,732.91	54,780,830.32	3,821,714.17	59,206,277.40
Port value-added and ancillary services	62,458,069.36	427,919,101.31	44,803,804.12	535,180,974.79
Automobile terminal and related logistics services	–	21,233,539.07	1,270,323.74	22,503,862.81
Others	–	22,579,548.33	46,387,354.53	68,966,902.86
Total	81,023,498.19	5,533,850,281.23	173,692,373.44	5,788,566,152.86

Reporting segment	Commodity	Labour or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	17,438,702.82	-	-	17,438,702.82
Revenue from electricity fees	63,584,795.37	-	-	63,584,795.37
Recognised over a certain period				
Revenue from logistics services	-	389,715,762.83	-	389,715,762.83
Revenue from project construction and inspection services	-	34,111,422.34	-	34,111,422.34
Revenue from transportation	-	600,280,818.04	-	600,280,818.04
Revenue from port operation services	-	4,306,903,918.55	-	4,306,903,918.55
Revenue from port management services	-	176,959,412.54	-	176,959,412.54
Revenue from tallying services	-	25,878,946.93	-	25,878,946.93
Others	-	-	69,755,815.64	69,755,815.64
Others				
Revenue from leasing services	-	-	103,936,557.80	103,936,557.80
Total	81,023,498.19	5,533,850,281.23	173,692,373.44	5,788,566,152.86

The transaction price allocated to the unfulfilled (or partially unfulfilled) performance obligations at the end of the period/year and the estimated time for recognition as revenue are:

Item	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
30 June 2023 (unaudited)	326,623,866.74	74,642,321.95	14,080,317.08	12,713,439.50	428,059,945.28
31 December 2022	373,622,802.37	67,073,399.21	35,973,139.82	12,635,834.97	489,305,176.37

**11. Administrative expenses**

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Payroll	276,208,519.82	259,809,883.90
Labour cost	10,671,314.92	10,435,911.95
Depreciation and amortisation	16,752,800.60	21,130,846.81
Business entertainment expense	7,470,231.38	5,441,149.34
Office charges	2,349,528.35	1,882,921.28
Agency engagement expenses	4,022,904.52	4,949,220.88
Including: Audit fee	402,689.77	535,055.96
Property insurance premium	2,917,489.82	3,785,089.44
Water, power and other energy consumption cost	792,937.28	1,304,446.16
Others	48,145,398.81	44,557,338.12
Total	369,331,125.50	353,296,807.88

**12. Financial expenses**

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Interest expenses	266,823,386.07	260,985,446.47
Including: Bank and other borrowings	19,582,586.04	25,115,263.65
Interest of bonds	115,148,500.66	98,976,119.61
Interest expenses of lease liabilities	132,092,299.37	136,894,063.21
Less: Interest income	36,923,944.16	39,958,963.60
Net exchange losses (net gain is represented by “-”)	745,092.07	6,537,536.50
Others	434,311.36	552,595.66
Total	231,078,845.34	228,116,615.03

The breakdown of interest income is as follows:

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Cash at bank and on hand	36,923,944.16	39,958,963.60

**13. Credit impairment losses**

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Impairment losses on accounts receivable	-48,875,522.08	-24,106,884.96
Impairment losses on other receivables	-32,081,417.39	-1,819,846.83
Impairment losses on long-term receivables	-	940.75
Total	-80,956,939.47	-25,925,791.04

**14. Other income**

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Government subsidies related to daily activities	44,605,273.69	37,912,678.00
Refund of commission for paying individual income tax	655,847.98	837,969.17
Additional deduction of VAT	12,584,507.98	14,242,782.73
Total	57,845,629.65	52,993,429.90

Government subsidies related to daily activities are as follows:

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)	Related to assets/income
Relocation compensation	12,605,973.30	12,665,074.26	Related to assets
Production safety	635,989.28	635,989.28	Related to assets
Energy conservation and emission reduction special fund	591,713.35	467,850.37	Related to assets
Equipment reconstruction subsidies	4,455,804.46	4,338,299.26	Related to assets
Sea-rail combined transport subsidies	682,261.38	682,261.38	Related to assets
Transport junction passenger station item	5,820,662.76	2,727,211.80	Related to assets
Others related to assets	396,284.79	335,427.24	Related to assets
Operation subsidies	18,784,785.13	13,186,037.29	Related to income
Stable position subsidies	107,374.08	2,791,921.41	Related to income
Container subsidies	78,260.00	33,310.00	Related to income
Others related to income	446,165.16	49,295.71	Related to income
Total	44,605,273.69	37,912,678.00	

#### 15. Investment income

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Investment income from long-term equity investments under the equity method	26,557,851.15	100,011,993.36
Investment income from disposal of subsidiaries		
Investment income from disposal of long-term equity investments	–	197,238.03
Dividend income from other investments on hand in equity instruments	533,600.00	–
Investment income from disposal of held-for-trading financial assets		
Others	1,185,357.90	1,292,829.13
Total	28,276,809.05	101,502,060.52

There were no major restrictions on the repatriation of investment income.

## 16. Income tax expenses

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Current income tax expense	313,240,441.89	283,150,864.73
Deferred income tax expense	-56,303,289.05	-22,614,357.45
Total	256,937,152.84	260,536,507.28

The relationship between income tax expenses and the total profit is as follows:

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Total profit	982,135,107.18	1,072,261,932.98
Income tax at the applicable tax rates	245,533,776.80	268,065,483.25
Effect of different tax rates applicable to some subsidiaries	-2,268,588.36	-1,554,475.69
Adjustments on the current income tax of previous periods	5,609,530.04	116,089.88
Non-taxable income	-9,924,356.11	-28,169,266.91
Non-deductible expenses	3,465,198.20	4,351,320.45
Utilizing deductible losses from previous years	-4,909,086.24	-5,475,345.18
Effect of unrecognised deductible temporary difference and deductible losses	19,578,127.37	23,531,300.54
Others	-147,448.86	-328,599.06
Income tax expenses	256,937,152.84	260,536,507.28

## 17. Earnings per share (“EPS”)

The basic EPS is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

Item	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Net profit for the period attributable to ordinary shareholders of the parent company	631,260,174.66	741,962,637.45
Weighted average number of ordinary shares in issue of the Company	23,987,065,816.00	23,987,065,816.00
Basic earnings per share	0.03	0.03

As at 30 June 2023 and 31 December 2022, there were no potentially dilutive ordinary shares in issue.

## 18. 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, which are responsible for loading and discharging, storage and transshipment of oil products and liquefied chemicals, port management services;
- (2) Container terminal and related logistics services, which are responsible for 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, which are responsible for loading and discharging of ore, general cargo and provision of related logistics services;
- (4) Bulk grain terminal and related logistics services, which are responsible for loading and discharging of grains and provision of related logistics services;
- (5) Passenger and roll-on/roll-off terminal and related logistics services, which are responsible for passenger transportation, general cargo roll-on and roll-off and provision of related logistics services;
- (6) Port value-added and ancillary services, which are responsible for tallying, tugging, transportation, power supply, information technology and construction services.
- (7) Automobile terminal and related logistics services, which are responsible for 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 to the transactions.

The segment information for the six months ended 30 June 2023 is as follows (Unaudited):

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
Revenue										
Revenue from external customers	801,659	1,815,884	2,021,091	310,238	94,356	514,672	23,820	70,273	-	5,651,993
Inter-segment revenue	1,226	1,021	83,964	1,482	-	497,125	-	129,781	-714,599	-
Total revenue of segment	802,885	1,816,905	2,105,055	311,720	94,356	1,011,797	23,820	200,054	-714,599	5,651,993
Cost of sales	516,933	1,213,162	1,460,333	247,382	78,376	398,924	21,063	78,108	-	4,014,281
Taxes and surcharges	10,767	10,211	21,783	1,589	1,770	2,021	1,260	17,180	-	66,581
Administrative expenses	24,157	86,250	48,109	19,022	13,960	74,812	6,488	96,533	-	369,331
Research and development expenses	-	52	-	-	-	194	-	31	-	277
Financial expenses	37,262	12,775	55,100	925	-301	4,784	-1,279	121,813	-	231,079
Credit impairment losses	-45,069	1,698	-171	-2	58	-4,897	-	-32,574	-	-80,957
Investment income	25,618	14,456	-8,182	-13,456	-7,768	8,981	8,628	-	-	28,277
Including: Investment income from associates and joint ventures	24,907	13,982	-8,182	-13,456	-7,768	8,447	8,628	-	-	26,558
Gains on disposals of assets	-	-	-	-	-	-	-	-	-	-
Other income	14,334	22,812	1,230	148	6,334	1,198	344	11,444	-	57,844
Operating profit	207,423	532,400	428,643	28,010	-825	39,219	5,260	-264,522	-	975,608
Non-operating income	54	1,188	4,730	849	9	190	-	-	-	7,020
Non-operating expenses	45	148	2	12	-	67	-	219	-	493

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
Total profit	207,432	533,440	433,371	28,847	-816	39,342	5,260	-264,741	-	982,135
Income tax	46,266	138,427	115,773	10,815	1,140	6,954	567	-63,005	-	256,937
Net profit	161,166	395,013	317,598	18,032	-1,956	32,388	4,693	-201,736	-	725,198
Total assets	10,193,943	12,921,329	18,693,805	2,629,645	1,431,713	3,296,868	865,245	10,781,226	-3,158,093	57,655,681
Total liabilities	1,947,800	3,378,048	3,427,398	252,724	237,494	484,884	8,872	8,989,314	-3,158,093	15,568,441
Supplementary information										
Depreciation and amortization expenses	173,094	258,084	369,986	69,709	26,456	130,978	6,938	82,055	-	1,117,300
Long-term equity investments in associates and joint ventures	1,455,622	981,807	119,884	256,907	289,374	227,973	318,553	-	-	3,650,120
Capital expenditures (i)	425	47,551	2,410	5,282	2,746	2,452	34	114,974	-	175,874

(i) Capital expenditures include the capital expenditures of fixed assets, construction in progress, intangible assets, long-term prepaid expenses and investment properties.

The segment information for the six months ended 30 June 2022 is as follows (Unaudited):

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
Revenue										
Revenue from external customers	781,636	1,767,490	2,241,974	311,608	59,206	535,181	22,504	68,967	-	5,788,566
Inter-segment revenue	650	630	83,439	1,154	-	550,973	-	111,967	-748,813	-
Total revenue of segment	782,286	1,768,120	2,325,413	312,762	59,206	1,086,154	22,504	180,934	-748,813	5,788,566
Cost of sales	548,900	1,272,787	1,555,215	245,177	78,291	445,643	21,523	75,673	-	4,243,209
Taxes and surcharges	10,270	10,185	23,230	1,336	1,502	2,090	1,300	9,337	-	59,250
Administrative expenses	22,193	92,657	53,161	20,708	12,923	67,999	6,362	77,294	-	353,297
Research and development expenses	-	1,728	-	-	-	-	-	24	-	1,752
Financial expenses	44,752	16,031	57,074	1,220	-130	5,486	-1,265	104,948	-	228,116
Credit impairment losses	-54,593	-1,833	32,595	-4	3	-180	-	-1,914	-	-25,926
Investment income	63,264	42,006	754	3,523	-13,244	4,872	327	-	-	101,502
Including: Investment income from associates and joint ventures	62,553	41,227	754	3,523	-13,244	4,872	327	-	-	100,012
Gains on disposals of assets	-	3,262	152	-	-	3	-	1,222	-	4,639
Other income	15,349	19,335	2,102	408	2,934	2,113	154	10,598	-	52,993
Operating profit	179,541	436,872	588,897	47,094	-43,687	20,771	-4,935	-188,403	-	1,036,150
Non-operating income	26	2,360	147	251	350	922	-	32,761	-	36,817
Non-operating expenses	-	620	1	17	-	38	-	29	-	705

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
Total profit	179,567	438,612	589,043	47,328	-43,337	21,655	-4,935	-155,671	-	1,072,262
Income tax	28,534	99,403	152,784	10,769	-4,514	5,476	312	-32,227	-	260,537
Net profit	151,033	339,209	436,259	36,559	-38,823	16,179	-5,247	-123,444	-	811,725
Total assets	10,367,670	12,728,188	19,432,324	2,756,826	1,478,331	3,478,711	871,312	11,359,983	-3,569,850	58,903,495
Total liabilities	2,028,376	3,876,807	3,769,145	269,415	44,972	477,866	10,378	10,746,382	-3,569,850	17,653,491
Supplementary information										
Depreciation and amortization expenses	176,533	262,320	381,001	70,264	26,435	136,831	6,863	90,807	-	1,151,054
Long-term equity investments in associates and joint ventures	1,630,529	987,357	160,937	268,969	311,189	210,976	305,530	-	-	3,875,487
Capital expenditures (i)	6,023	33,935	298	11,963	370	2,740	376	103,196	-	158,901

(i) Capital expenditures include the capital expenditures of fixed assets, construction in progress, intangible assets, long-term prepaid expenses and investment properties.

## ***Other information***

### *Geographical information*

All operations and customers of the Group are located in Mainland China. Accordingly, revenues of segments are all generated from Mainland China and the major non-current assets are also located in Mainland China.

### *Information about major customers*

For the six months ended 30 June 2023, there was no revenue generated from one single customer reaching or exceeding 10% of the Group's total revenue (2022: Nil).

## **19. Events after the balance sheet date**

Nil

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY

In the first half of 2023, the growth in import and export slowed amid the complex and changing foreign trade environment. The overall performance of the domestic economy continued to recover gradually, while the economic structural adjustment was under great pressure, and the logistics demand growth decelerated.

In the first half of the year, cargo throughput handled by China's large-scale ports amounted to 8.19 billion tonnes, representing a year-on-year increase of 8%. In particular, cargo throughput handled at coastal ports in China was 5.33 billion tonnes, representing a year-on-year increase of 7.3%. (Source from "Ministry of Transport")

During the reporting period, the Group was principally engaged in the following businesses: oil/liquefied chemical 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).

In the first half of 2023, details of the general information on the macro-economy and industries relevant to the Group's principal business are set out as follows:

**Oil Segment:** In the first half of 2023, due to the steady recovery of the domestic production demand, the crude processing volume rebounded and the demand for refined oil recovered with a remarkable increase in export quotas of foreign trade of refined oil. In the first half of the year, China imported 282.076 million tonnes of crude oil, representing a year-on-year increase of 11.7%.

**Container Segment:** In the first half of 2023, containers throughput handled by all ports in China amounted to 149.19 million TEUs, representing a year-on-year increase of 4.8%.

**Automobile Terminal Segment:** In the first half of 2023, automobile production and sales volume in China were 13.248 million vehicles and 13.239 million vehicles, representing a year-on-year increase of 9.3% and 9.8%, respectively. The overall automobile industry maintained stable and sound development. Rapid growth was recorded in new energy vehicles, with a market share of nearly 30%. The export volume grew rapidly, exceeding 2.00 million units of automobile in the first half of the year.

**Bulk and General Cargo Segment:** In the first half of 2023, the real estate, infrastructure and manufacturing industries experienced slow growth, while the steel industry continued to suffer losses with a lower rate of operation for steel mills. All these resulted in the decrease of the output and demand for related bulk and general cargo such as steel, iron ore and mine construction materials.

**Bulk Grain Segment:** In the first half of 2023, the declined international soybean prices and improved profits of the processing plants provided a stronger incentive for processing plants and traders in procurement. Corn futures prices moved down in the second quarter, corn spot prices experienced a wide volatility, and the transportation volume of grains from the north to the south decreased amid a sluggish trade atmosphere.

**Passenger and Ro-Ro Segment:** In the first half of 2023, the ro-ro shipping capacity in the large passenger and cargo segment operated in a stable manner, and the rising demand in the “Liaoning-Shandong sea-crossing” freight market led to an increase in ro-ro transshipment volume.

## OVERALL RESULTS REVIEW

In the first half of 2023, the Group’s net profit attributable to shareholders of the parent company amounted to RMB631,260,174.66, representing a decrease of RMB110,702,462.79 or 14.9% as compared with RMB741,962,637.45 in the first half of 2022.

In the first half of 2023, the decrease in the business volume of the Group’s bulk and general cargoes, the decline in the results of the joint venture and associates engaging in the oil/liquefied chemicals and cold chain businesses leading to a decrease in investment income, the increase of credit impairment loss and decrease in non-operating income were the main factors resulting in the decrease in profit, which was partly offset by the growth of container, passenger and ro-ro and oil business volumes, the increase in the proportion of efficient cargoes in the China-Europe Railway Lines, and the effectiveness of cost control measures. On a consolidated basis, the Group’s net profit attributable to the parent company reported a year-on-year decrease of 14.9%.

In the first half of 2023, the Group’s basic earnings per share amounted to RMB2.63 cents, representing a decrease of RMB0.46 cents or 14.9% as compared with RMB3.09 cents in the first half of 2022.

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

Item	In the first half of 2023 (RMB)	In the first half of 2022 (RMB)	Changes (%)
Net profit attributable to shareholders of the parent company	631,260,174.66	741,962,637.45	-14.9
Including:			
Revenue	5,651,992,586.52	5,788,566,152.86	-2.4
Cost of sales	4,014,281,417.81	4,243,209,288.28	-5.4
Gross profit	1,637,711,168.71	1,545,356,864.58	6.0
Gross profit margin	29.0%	26.7%	Up by 2.3 percentage points
Administrative expenses	369,331,125.50	353,296,807.88	4.5
Research and development expenses	276,882.29	1,752,528.33	-84.2
Financial expenses	231,078,845.34	228,116,615.03	1.3
Credit impairment losses	80,956,939.47	25,925,791.04	212.3
Other income	57,845,629.65	52,993,429.90	9.2
Investment income	28,276,809.05	101,502,060.52	-72.1
Net non-operating income (Note 1)	6,526,638.25	36,111,901.67	-81.9
Income tax expenses	256,937,152.84	260,536,507.28	-1.4

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

In the first half of 2023, the Group's revenue decreased by RMB136,573,566.34 or 2.4% year on year, mainly due to the combined effect of continued losses in the steel industry, the decline in the volume of bulk and general cargo business such as ores and steels, and the decrease in the container logistics service business such as shipping export agency and automobile imported parts and components. However, the growth in the volume of container, passenger and ro-ro, and oil products businesses partially offset the decline in revenue.

In the first half of 2023, the Group's cost of sales decreased by RMB228,927,870.47 or 5.4% year on year, mainly due to the decrease in the cost of container logistics services in tandem with a decrease in revenue, as well as the decrease in costs such as labour costs, labour expenses and depreciation expenses.

In the first half of 2023, the Group's gross profit increased by RMB92,354,304.13 or 6.0% year on year. Gross profit margin was 29.0%, representing an increase of 2.3 percentage points. The increase was mainly due to the growth in the volume of container and oil products businesses with high margins, the increase in the proportion of efficient cargoes of China-Europe Railway Lines, and the recovery growth in the passenger and ro-ro business, as well as the decrease in costs such as labour costs, labour expenses and depreciation expenses.

In the first half of 2023, the Group's administrative expenses increased by RMB16,034,317.62 or 4.5% year on year, mainly due to the year-on-year increase in administrative expenses such as travel expenses and other expenses.

In the first half of 2023, the Group's research and development expenses decreased by RMB1,475,646.04 or 84.2% year on year, mainly due to the fact that research and development projects were substantially completed at the end of the previous year.

In the first half of 2023, the Group's financial expenses increased by RMB2,962,230.31 or 1.3% year on year, basically remaining at a stable level.

In the first half of 2023, the Group's credit impairment losses increased by RMB55,031,148.43 or 212.3% year on year, mainly due to the combined effect of the aging of some receivables in the current period and the collection of long outstanding balances from bulk and general cargo customers in the first half of last year.

In the first half of 2023, the Group's other income increased by RMB4,852,199.75 or 9.2% year on year, which was mainly due to the increase in revenue of subsidy of China-Europe cross-border train lines.

In the first half of 2023, the Group's investment income decreased by RMB73,225,251.47 or 72.1% year on year, mainly due to the decrease in the financial results of joint ventures and associates operating LNG business, cold chain business and bulk and general cargo business.

In the first half of 2023, the Group's net non-operating income decreased by RMB29,585,263.42 or 81.9% year on year, mainly due to the write-off of certain estimated liabilities according to the progress of the cases in the first half of last year.

In the first half of 2023, the Group's income tax expenses decreased by RMB3,599,354.44 or 1.4% year on year, mainly due to the decrease in taxable income caused by the changes in operating profit.

## **ASSETS AND LIABILITIES**

As of 30 June 2023, the Group's total assets and net assets amounted to RMB57,655,679,528.21 and RMB42,087,238,899.77, respectively. The net asset value per share was RMB1.62, increased slightly compared with the net asset value of RMB1.61 per share as at 31 December 2022.

As of 30 June 2023, the Group's total liabilities amounted to RMB15,568,440,628.44, of which total outstanding borrowings amounted to RMB7,347,480,978.32 (this part of the borrowings carries a fixed interest rate). The gearing ratio was 27.0% (the total liabilities of RMB15,568,440,628.44/the total assets of RMB57,655,679,528.21), representing a decrease of 0.5 percentage point as compared with 27.5% as at 31 December 2022, which was mainly due to the repayment of the matured bonds during the current period.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As of 30 June 2023, the Group had a balance of cash and cash equivalents of RMB5,644,957,427.20, representing an increase of RMB599,483,928.97 as compared to that of 31 December 2022.

As at 30 June 2023, the Group's net cash inflows generated from operating activities amounted to RMB1,272,499,407.36, net cash outflows for investment activities amounted to RMB37,895,895.01, and net cash outflows generated from financing activities amounted to RMB639,008,144.90.

Benefiting from the sufficient operating cash inflows contributed by the Group's robust business performance, 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 of 30 June 2023, the Group's outstanding borrowings amounted to RMB7,347,480,978.32 (this part of the borrowings carries a fixed interest rate), in which RMB4,692,806,077.20 were borrowings repayable within one year, and RMB2,654,674,901.12 were borrowings repayable after one year.

The Group's net debt-equity ratio was 16.5% as of 30 June 2023, as compared with 18.6% as at 31 December 2022, mainly due to the decrease in the debt scale as a result of redeeming the bonds. The Group ensured there was no solvency risk and continued to improve its overall financial structure.

As of 30 June 2023, the Group's unutilised bank line of credit amounted to RMB14.65 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 30 June 2023, the Group had not entered into any foreign exchange hedging contracts.

## CONTINGENCIES

### Pending Litigations and Arbitrations

Pending litigation and arbitration concerning DCT Logistics Co., Ltd. (hereinafter referred to as “**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**”), Fujian Rongjiang Import & Export Co., Ltd. (福建省榕江進出口有限公司) (hereinafter referred to as “**Rongjiang**”), and Qingdao Zhong Yan Trading Co., Ltd. (青島中兗貿易有限公司) (hereinafter referred to as “**Qingdao Zhong Yan**”) 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 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 Agents 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.

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 and 19 April 2023, Dalian Jifa Port Logistics Co., Ltd. paid the lease payments of RMB4.14 million and RMB2.07 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.

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 the financial statements for issue, Dalian Maritime Court has not yet made the first instance judgment.

On 19 June 2023, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2022) Liao 72 Min Chu No. 808) regarding the lawsuit case of Qingdao Zhong Yan against DCT Logistics. The judgement ruled that DCT Logistics should compensate Qingdao Zhong Yan for the loss of goods of RMB169.2464 million and the interest, based on the amount, to be calculated at prime rate as announced by the National Interbank Funding Center from 9 April 2021 up to the date of actual payment, and DCT Logistics should compensate Qingdao Zhong Yan for liability insurance fees of preservation of RMB134,700. Other litigation claims from Qingdao Zhong Yan were dismissed.

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 RMB2.3585 million for the loss of goods and other losses respectively to Xinwen Mining, and the interest, based on RMB12.5291 million and RMB2.3585 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. On 18 January 2023, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Xinwen Mining. On 17 August 2023, the Higher People's Court of Liaoning Province issued a civil ruling ((2023) Liao Min Zhong No. 881) as follows: the civil judgment of Dalian Maritime Court (2022) Liao 72 Min Chu No. 1041 was changed to "rule that DCT Logistics should pay RMB11.8276 million and RMB2.3585 million for the loss of goods and other losses respectively to Xinwen Mining, and the interest, based on RMB11.8276 million and RMB2.3585 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 the original judgment was upheld for other matters.

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. On 16 September 2022, DCT Logistics appealed to Higher People's Court of Hubei Province against the first instance judgment regarding the case of Chongqing Yu Feng. On 16 May 2023, the Higher People's Court of Hubei Province issued a civil ruling ((2022) E Min Zhong No. 1361), rejecting all of the claims of DCT Logistics.

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.

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 the current period decreased by RMB6.21 million (2022: RMB8.8393 million). As of 30 June 2023, the Group had made provisions for estimated liabilities of RMB164 million in respect of those lawsuits.

Save for the above contingencies, as at 30 June 2023, the Group did not have other major guarantees and other contingencies required to be specified.

## CAPITAL EXPENDITURE

As at 30 June 2023, the Group's capital expenditure amounted to RMB175,874,470.36, which was mainly funded by the surplus cash generated from operating activities and other external financing.

An analysis of the performance of each business segment of the Group in the first half of 2023 is as follows:

### Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2023 with comparative figures for the first half of 2022:

	For the six months ended 30 June 2023 ( '0,000 tonnes)	For the six months ended 30 June 2022 ( '0,000 tonnes)	Increase/(decrease)
Crude oil	1,705.9	1,567.9	8.8%
Refined oil	727.1	693.1	4.9%
Others	188.6	253.3	(25.5%)
Total	2,621.6	2,514.3	4.3%

In the first half of 2023, the Group handled a total of 26.216 million tonnes of oil/liquefied chemicals throughput, representing a year-on-year increase of 4.3%.

In the first half of 2023, the Group's crude oil throughput amounted to 17.059 million tonnes, representing a year-on-year increase of 8.8%, mainly due to steady recovery of domestic production demand and increased demand for crude oil transshipment, resulting in an increase in the crude oil throughput of the Group in the first half of the year.

In the first half of 2023, the Group's refined oil throughput amounted to 7.271 million tonnes, representing a year-on-year increase of 4.9%, mainly due to an increase in the export quotas for refined oil due to adjustment of national policies, resulting in an increase in the refined oil throughput of the Group in the first half of the year.

In the first half of 2023, the Group's other oil/liquefied chemicals throughput amounted to 1.886 million tonnes, representing a year-on-year decrease of 25.5%, mainly due to the impact of increased supply from China-Russia gas pipeline offsetting the demand for offshore LNG landings, resulting in a decrease in other oil/liquefied chemicals throughput of the Group in the first half of the year.

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

Item	In the first half of 2023 (RMB)	In the first half of 2022 (RMB)	Change (%)
Revenue	801,659,094.42	781,636,225.22	2.6
Percentage of the Group's revenue	14.2%	13.5%	Up by 0.7 percentage point
Gross profit	284,726,183.48	232,736,356.68	22.3
Percentage of the Group's gross profit	17.4%	15.1%	Up by 2.3 percentage points
Gross profit margin	35.5%	29.8%	Up by 5.7 percentage points

In the first half of 2023, the revenue from the Oil Segment increased by RMB20.02 million or 2.6% year-on-year, mainly due to the increase in the revenue from loading and discharging and port services as the demand for crude oil transshipment picked up and the export quotas of refined oil increased.

In the first half of 2023, the gross profit from the Oil Segment increased by RMB51.99 million or 22.3% year on year and the gross profit margin increased by 5.7 percentage points year on year, mainly due to an increase in revenue driven by the increase in the Oil Segment with high gross profit margin, as well as the decrease in labour and labour service costs.

## Container Segment

The following table sets out the Container Segment's throughput handled by the Group in the first half of 2023, with comparative figures for the first half of 2022:

	For the six months ended 30 June 2023 ( '0,000 TEUs)	For the six months ended 30 June 2022 ( '0,000 TEUs)	Increase/(decrease)
Container	486.3	392.7	23.8%

In the first half of 2023, in terms of container throughput, the Group handled a total of 4.863 million TEUs, representing a year-on-year increase of 23.8% mainly for two reasons. Firstly, taking advantage of the increase in the supply of effective shipping capacity in the market and the downward adjustment of freight rates, the Group continued to strengthen its market development in adding new routes, succeeding, to Western Mediterranean and Southeast Asia with stable operation. This effectively expanded the shipping capacity of direct routes at the ports. Secondly, the Group endeavored to improve the shipping capacity for domestic trade to gain the business from the "containerization of bulk cargoes".

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

Item	In the first half of 2023 (RMB)	In the first half of 2022 (RMB)	Change (%)
Revenue	1,815,883,605.91	1,767,490,169.57	2.7
Percentage of the Group's revenue	32.1%	30.5%	Up by 1.6 percentage points
Gross profit	602,722,036.52	494,703,031.48	21.8
Percentage of the Group's gross profit	36.8%	32.0%	Up by 4.8 percentage points
Gross profit margin	33.2%	28.0%	Up by 5.2 percentage points

In the first half of 2023, the revenue from the Container Segment increased by RMB48.39 million or 2.7% year on year, mainly due to the increase in revenue from loading and discharging and port services driven by the increase in container volume, and the increase in shipping revenue arising from increasing shipping volume of Bohai Rim branch lines. However, the revenue from container logistics services such as shipping export agency and auto parts import decreased.

In the first half of 2023, the gross profit of the Container Segment increased by RMB108.02 million or 21.8% year on year, with the gross profit margin increased by 5.2 percentage points year on year, mainly due to the increase in container business with high gross profit margin and higher proportion of efficient cargoes in China-Europe Railway Lines, as well as the decrease in labour costs and depreciation expenses.

## Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in the first half of 2023, with comparative figures for the first half of 2022:

		For the six months ended 30 June 2023	For the six months ended 30 June 2022	Increase/ (decrease)
Vehicles (units)	Foreign trade	41,141	21,356	92.6%
	Domestic trade	336,163	346,992	(3.1%)
	Total	377,304	368,348	2.4%

In the first half of 2023, the Group handled a total of 377,304 vehicles in automobile terminal, representing a year-on-year increase of 2.4%. The increase mainly stemmed from the expansion of foreign trade throughput propelled by newly established export sources and international transshipment business for Japanese and Korean commercial vehicles.

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

Item	In the first half of 2023 (RMB)	In the first half of 2022 (RMB)	Change (%)
Revenue	23,819,711.09	22,503,862.81	5.8
Percentage of the Group's revenue	0.4%	0.4%	Stable
Gross profit	2,756,381.93	980,679.66	181.1
Percentage of the Group's gross profit	0.2%	0.1%	Up by 0.1 percentage point
Gross profit margin	11.6%	4.4%	Up by 7.2 percentage points

In the first half of 2023, the revenue from the Automobile Terminal Segment increased by RMB1.32 million or 5.8% year on year, mainly due to the increase in the business volume of Haijia Automobile.

In the first half of 2023, the gross profit of the Automobile Terminal Segment increased by 1.78 million or 181.1% year on year, and the gross profit margin increased by 7.2 percentage points year on year, mainly due to the increase in revenue from loading and discharging driven by the increase in the business volume of Haijia Automobile.

## Bulk and General Cargo Segment

The following table sets out the throughput handled by the Group's bulk and general cargo terminal in the first half of 2023, with comparative figures for the first half of 2022:

	For the six months ended 30 June 2023 ( '0,000 tonnes)	For the six months ended 30 June 2022 ( '0,000 tonnes)	Increase/(decrease)
Steel	1,258.1	1,359.8	(7.5%)
Ore	2,983.7	3,411.7	(12.5%)
Others	3,703.7	3,909.5	(5.3%)
Total	7,945.5	8,681.0	(8.5%)

In the first half of 2023, the throughput of the Group's Bulk and General Cargo Segment amounted to 79.455 million tonnes, representing a year-on-year decrease of 8.5%.

In the first half of 2023, the Group's steel throughput was 12.581 million tonnes, representing a year-on-year decrease of 7.5%. It was mainly due to the continuous loss of steel industry and the decrease in the operating rate of steel mills, resulting in a reduction in the shipping volume.

In the first half of 2023, the throughput of the Group's ore segment amounted to 29.837 million tonnes, representing a year-on-year decrease of 12.5%. Such decrease was mainly due to the production limit and production reduction of some steel mills and the adjustment of imported ore ratio, resulting in the reduction of imported ore consumption.

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

Item	In the first half of 2023 (RMB)	In the first half of 2022 (RMB)	Change (%)
Revenue	2,021,091,551.57	2,241,974,115.74	-9.9
Percentage of the Group's revenue	35.8%	38.7%	Down by 2.9 percentage points
Gross profit	560,758,579.84	686,759,524.95	-18.3
Percentage of the Group's gross profit	34.2%	44.4%	Down by 10.2 percentage points
Gross profit margin	27.7%	30.6%	Down by 2.9 percentage points

In the first half of 2023, the revenue from the Bulk and General Cargo Segment decreased by RMB220.88 million or 9.9% year on year, mainly due to the decrease in revenue from loading and discharging and port management resulted from the decrease in the business volume of ore and steel due to market impact.

In the first half of 2023, the gross profit of the Bulk and General Cargo Segment decreased by RMB126 million or 18.3% year on year, and the gross profit margin decreased by 2.9 percentage points year on year, mainly due to the decrease in revenue resulted from the decline in the business volume of ore and steel with high gross profit margin, while the labor and service costs and depreciation expenses also decreased.

## Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in the first half of 2023, with comparative figures for the first half of 2022:

	For the six months ended 30 June 2023 ( '0,000 tonnes)	For the six months ended 30 June 2022 ( '0,000 tonnes)	Increase/(decrease)
Corn	348.5	372.0	(6.3%)
Soybean	192.8	155.1	24.3%
Others	165.7	170.6	(2.9%)
Total	707.0	697.7	1.3%

In the first half of 2023, the throughput of the Group's Bulk Grain Segment amounted to 7.070 million tonnes, representing a year-on-year increase of 1.3%.

In the first half of 2023, the Group's corn throughput was 3.485 million tonnes, representing a year-on-year decrease of 6.3%. It was mainly due to a significant decrease of corn futures price in the second quarter, which led to a large fluctuation in spot price. Simultaneously, the increase in wheat (corn substitution) sales in the southern sales area contributed to a notable reduction in the shipping volume of corns.

In the first half of 2023, the Group's soybean throughput was 1.928 million tonnes, representing a year-on-year increase of 24.3%. It was mainly due to the decline in international soybean prices; and the improvement of processing plant profits leading to increased willingness of customers to purchase, and the increase in the shipping volume of imported soybeans.

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

Item	In the first half of 2023 (RMB)	In the first half of 2022 (RMB)	Change (%)
Revenue	310,238,157.24	311,607,624.47	-0.4
Percentage of the Group's revenue	5.5%	5.4%	Up by 0.1 percentage point
Gross profit	62,856,517.63	66,430,426.69	-5.4
Percentage of the Group's gross profit	3.8%	4.3%	Down by 0.5 percentage point
Gross profit margin	20.3%	21.3%	Down by 1.0 percentage point

In the first half of 2023, the revenue from the Bulk Grain Segment decreased by RMB1.37 million or 0.4% year on year, remaining relatively stable.

In the first half of 2023, the gross profit of the Bulk Grain Segment decreased by RMB3.57 million or 5.4% year on year, and the gross profit margin decreased by 1.0 percentage point year on year, which was mainly due to the decrease in the business volume of corn 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 first half of 2023, with comparative figures in the first half of 2022:

	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Increase/(decrease)
Passengers ('0,000 persons)	162.8	55.6	192.8%
Vehicles ('0,000 units)	50.2	36.2	38.7%

Throughput of passengers and roll-on, roll-off terminal was 1.628 million persons, representing a year-on-year increase of 192.8%. Throughput of vehicles amounted to 0.502 million units, representing a year-on-year increase of 38.7%, mainly due to the introduction and stable operation of "Shunlonghai", "Changlonghai" and other large cargo and ro-ro shipping capacity, which led to the year-on-year growth of ro-ro throughput.

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

Item	In the first half of 2023 (RMB)	In the first half of 2022 (RMB)	Change (%)
Revenue	94,355,865.66	59,206,277.40	59.4
Percentage of the Group's revenue	1.7%	1.0%	Up by 0.7 percentage point
Gross profit	15,980,072.00	-19,084,895.11	183.7
Percentage of the Group's gross profit	1.0%	-1.2%	Up by 2.2 percentage points
Gross profit margin	16.9%	-32.2%	Up by 49.1 percentage points

In the first half of 2023, the revenue from the Passenger and Ro-Ro Segment increased by RMB35.15 million or 59.4% year on year, mainly due to the impact of the launch of large passenger and ro-ro shipping capacity and the recovery growth of the business.

In the first half of 2023, the gross profit of the Passenger and Ro-Ro Segment increased by RMB35.06 million or 183.7% year on year, and the gross profit margin increased by 49.1 percentage points year on year, mainly due to the increased revenue driven by the recovery growth of the passenger business.

### **Value-added Services Segment**

#### ***Tugging***

In the first half of 2023, the Group strengthened the expansion of the market, and completed a tugging volume of 32,800 times.

#### ***Tallying***

In the first half of 2023, through active market development, the Group completed a tallying volume of 19.34 million tonnes.

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

Item	In the first half of 2023 (RMB)	In the first half of 2022 (RMB)	Change (%)
Revenue	514,672,382.67	535,180,974.79	-3.8
Percentage of the Group's revenue	9.1%	9.2%	Down by 0.1 percentage point
Gross profit	115,748,500.15	89,538,453.47	29.3
Percentage of the Group's gross profit	7.1%	5.8%	Up by 1.3 percentage points
Gross profit margin	22.5%	16.7%	Up by 5.8 percentage points

In the first half of 2023, the revenue from the Value-added Services Segment decreased by RMB20.51 million or 3.8% year on year, mainly due to the decreasing railroad revenue caused by the decrease in the loading and discharging business volume of ore, steel and grain, as well as the decrease in revenue from electricity fee.

In the first half of 2023, the gross profit of the Value-added Services Segment increased by RMB26.21 million or 29.3% year on year, and the gross profit margin increased by 5.8 percentage points year on year, mainly due to the impact of the decrease in the energy costs and depreciation expenses.

## PROSPECTS OF THE SECOND HALF OF 2023

### Competitive Landscape and Industry Trend

In the second half of the year, the PRC's government will continue to advance the strategy for the high quality development of "domestic circulation" to promote the new infrastructure and transformation and upgrading of manufacturing industry, thereby driving the growth of logistics needs. In addition, the new shipping capacity will be delivered with sufficient container shipping capacity, and the port business will rebound gradually.

In the second half of the year, the Group's major initiatives for market development of its business segments are as follows:

### Oil Segment

- To deeply cultivate the market of crude oil transshipped in Hebei and northern Shandong area, improve the logistics system of imported crude oil distribution in Bohai Rim and increase the business volume.
- To take advantage of favorable policy on the increase of export quotas for refined oil products and expand the foreign trade export business of refined oil products to drive the improvement in throughput.

- To focus on the transportation demands of refineries in the hinterland, give full play to the advantages in deep-water berths, optimize transshipment services and expand the market share in the hinterland.

### **Container Segment**

- To continuously optimize and strengthen traditional shipping routes in Japan and South Korea, further explore regional routes in Southeast Asia and other regions agreed under the RCEP, put more efforts to research and open up direct routes in new regions, supplement the shipping capacity of north-south domestic trade routes, and continuously empower the development of the network system of shipping routes.
- To thoroughly implement the transshipment strategies of Bohai Rim, perfect feeder network layout, enhance the construction of market development system, improve the transshipment capacity of Bohai Rim and intensify the development of cargo sources of Bohai Rim, so as to consolidate the position of a transshipment port.

### **Automobile Terminal Segment**

- To ensure the stability of domestic trade waterborne transport space for our major customers by actively coordinating with shipping companies.
- To strengthen cooperation with shipping companies, leverage the liner routes for foreign trade exportation to expand incremental international transshipment of existing branded vehicles, and develop new brand sources of goods in due course.
- To strive for the support of railway schemes, and expand the incremental cross-border transportation business.

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

- To leverage on the steel products and equipment as an entry point to develop foreign trade routes in South America, Southeast Asia, Africa and other regions, while further developing the steel, coal, mining construction materials and other cargo sources of goods and opening up riverside and coastal routes of “two ports connected by one shipping route” along the Bohai Rim.
- To take advantage of the favorable opportunity presented by the opening up of Australian coal imports, and work with traders to fully develop the incremental business of Australian coal spot trade to drive the growth of coal throughput.
- To intensify the development of the “trading ore” market, take full advantage of the spot trading platform for iron ore near the port, and establish an iron ore “spot supermarket”.

## **Bulk Grain Segment**

- To focus on directed sales of national rice for feeding, and expand the Yangtze River routes business to promote transshipment share and incremental growth of the Yangtze River routes.
- To secure southbound cargo sources by the way of river-ocean combined transportation with reference to whole-process logistics model of brown rice auction.

## **Passenger and Ro-Ro Segment**

- To initiate market promotion and marketing efforts of large passenger and ro-ro shipping capacity.
- To continue developing drop and pull, and ro-ro vehicle transportation modes and to expand drop and pull projects for bulk cargoes such as small high containers of grain and cement tanks.

## **Value-added Services Segment**

- Tugging

The Group will expand revenue sources and reduce costs and expenditures by developing tugging business in surrounding markets, increasing throughput of tugging outside the port and expanding domestic coastal tugging services.

- Tallying

The Group will accelerate the development of intelligent tallying system to reduce labour costs. It will insist on diversified development model of tallying business, and actively expand inspection and verification business including draft survey, measurement, loading and discharging supervision.

## **INTERIM DIVIDEND**

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

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

During the six months ended 30 June 2023, no further redemption of the Company's listed securities had been made by the Company. Neither the Company nor any of its subsidiaries had further purchased or sold the listed securities of the Company.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the six months ended 30 June 2023, the Company had complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and so far as known to the directors of the Company, there had been no deviation from the code provisions.

Pursuant to Rule 3.21 of the Listing Rules, the audit committee must comprise a minimum of three members. Following the resignation of Mr. Zhou Qinghong as a non-executive director and a member of the audit committee of the Company (the “**Audit Committee**”) with effect from 11 August 2023, the number of members of the Audit Committee fell below the minimum number as required under Rule 3.21 of the Listing Rules. The Company is endeavoring to identify a suitable candidate to act as an additional member of the Audit Committee to meet the requirement set out in Rule 3.21 of the Listing Rules as soon as practicable, and in any event within three months as required under Rule 3.23 of the Listing Rules, and will make necessary announcement as and when appropriate.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 30 June 2023, the Company had adopted a code of conduct governing director’s and supervisor’s dealings in the Company’s securities on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”). Upon specific enquiries, all directors and supervisors have confirmed that they had complied with the provisions of the Model Code and the code of conduct governing their dealings in the Company’s securities during the relevant period.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee of the Company consists of Ms. CHENG Chaoying as an independent non-executive director and Mr. CHAN Wai Hei as an independent non-executive director. Ms. CHENG Chaoying, an independent non-executive director, acts as the chairman of the audit committee. The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2023.

Save as disclosed in this announcement, from 1 January 2023 to 30 June 2023, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix 16 to the Listing Rules.

By Order of the Board  
**Liaoning Port Co., Ltd.\***  
**WANG Huiying and LEE, Kin Yu Arthur**  
*Joint Company Secretaries*

Dalian City, Liaoning Province, the PRC  
25 August 2023

As at the date of this announcement, the Board comprises:

*Executive Directors:* WANG Zhixian and WEI Minghui

*Non-executive Directors:* XU Xin, XU Song and YANG Bing

*Independent non-executive Directors:* LIU Chunyan, CHENG Chaoying and CHAN Wai Hei

\* *The Company is registered as Non-Hong Kong Company under Part XI of the previous Hong Kong Companies Ordinance (equivalent to Part 16 of the Companies Ordinance with effect from 3 March 2014) under the English name “Liaoning Port Co., Ltd.”.*

\* *For identification purposes only*