



辽宁港口股份有限公司

LIAONING PORT CO., LTD.

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

(Stock Code : 2880)



ANNUAL REPORT

2021



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General Information on the Company

1) Company Profile

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

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

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

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

2) General Information on the Company

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

General Information on the Company

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

6.	Places of listing	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Stock abbreviations	LIAONING PORT	LIAONING PORT
	Stock codes	601880 (Shanghai)	2880 (Hong Kong)
7.	A share registrar and transfer office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
	H share registrar and transfer office	Computershare Hong Kong Investor Services Limited	
8.	Auditors	Ernst & Young Hua Ming LLP Address: No. 1 Chang An Avenue, Dong Cheng District, Beijing, PRC	
9.	Other information	Legal counsel (as to Hong Kong law) Paul Hastings 21-22/F, Bank of China Tower, 1 Garden Road, Hong Kong	
		Major bankers Industrial and Commercial Bank of China Agricultural Bank of China China Construction Bank Bank of China Bank of Communications	

3) Business Milestones in the Past 12 Months

January

- On January 30, automobile terminal of the Group completed the loading operation for the first batch of Japanese commercial vehicles destined for Kazakhstan, marking the official opening of China's first land-sea passage for commercial vehicles from East Asia to Central Asia. The opening of the new channel has provided positive assistance for the Group to promote the construction of an international shipping center in Northeast Asia.

February

- On February 9, the Group completed the merger with Yingkou Port Liability Co., Ltd. through share swap in the capital market, achieved extensive integration of Liaoning regional ports, which is a major initiative to promote the integrated operation of regional ports.

General Information on the Company

March

- The Company announced the annual results for the year 2020.

April

- The Group's Dalian Dayao Bay Comprehensive Bonded Zone was passed acceptance. The acceptance of Dayao Bay Comprehensive Bonded Zone marks the further upgrade of the opening platform of Dalian Free Trade Zone, which will bring brand-new development opportunity to the Group's development of a higher-level open economy, the construction of an international shipping center, an international logistics center, and an international trade center in Northeast Asia.
- On April 8, the automobile terminal of the Group launched a new export logistics model of "Ro-Ro transport + Sino-Europe train" for commercial vehicles outside the hinterland, which broadened the Group's land-sea two-way hinterland coverage.

June

- The Company convened the annual general meeting for the year 2020.

September

- The bulk and general cargo terminal company under the Group unloaded the first batch of the 72,700t "bonded screening" raw ore on September 25. This move improved the Group's port-side processing function and further intensified cooperation with Rio Tinto Group in iron ore business and supply chain services.

October

- On October 25, Wallenius Wilhelmsen and the Group, together with Louis Dreyfus, held a grand opening ceremony for the Ro-Ro liner route of the Airbus project at the Group's automobile terminal. This is the first American ro-ro foreign trade export liner route opened by the Group, and it also created a precedent for China's aircraft modules to be exported in the form of ro-ro MAFI.

December

- The launching ceremony of the Phase I trial operation of Smart Port 2.0 for Dayao Bay of the Group marked an important phased achievement in the construction of the Group's smart port, and it is one step closer to the goal of substantially building a "digital Liaoning port" in 2022. Smart Port 2.0 for Dayao Bay project is the latest practice of Liaoning Port's strategy of transportation powerhouse and the revitalization of Northeast China.
- In 2021, the Group achieved remarkable results in the development of the container shipping line market. In the whole year, 5 new offshore routes were added, including Wanhai/Yunda Vietnam Line, Honghai/Korea/Sea Fung/Singapore Private Shipping Southeast Asia Line, Korea/Namsung China-Japan-Korea Line, Sea-Land Asia Southeast Asia Line, and CMA CGM Vietnam Line, as well as 1 domestic trade line to Lianyungang. At present, the total number of container routes has reached 100, including 87 foreign trade routes and 13 domestic trade routes. The network layout of container routes is improving day by day.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2021.

In 2021, despite the continuous impact of the COVID-19 epidemic, the slowing world economy growth and sluggish pickup in the global trade growth, China continued to rank among the top in the world given its strong resilience, great potential, overall stable and positive macro economy. The transformation and upgrading of China's economic structure continuously advanced towards the goal of active adaptation and comprehensive reform. The annual gross domestic product (GDP) reached RMB114.37 trillion, with a year-on-year growth of 8.1% (source: the official website of "National Bureau of Statistics").

Operating Results and Dividend

In 2021, under the dual challenges of the spread of the COVID-19 epidemic and the volatile international situation, China's economy made headway with rapid growth in strategic emerging industries, focusing on improving overall results by state-owned enterprise reforms, major progress in the construction of free trade ports and continuous rising in port and shipping industry index. On a year-round basis, the growth of cargo throughput handled by China's large-scale ports remained stable with a sign of slowing down, and the throughput of certain goods in the same period saw a steady rebound.

In 2021, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,916,076,220.45. To better reward the shareholders, the Board has recommended the payment of cash dividends of RMB0.27 (withholding tax included) for every 10 shares for the year 2021.

Business Review

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

Despite the complicated and volatile economy, the Group has completed its annual production tasks in a satisfactory manner through its efforts in various aspects.

Chairman's Statement

For the Oil Segment, with the changes of national policies for refined oil and the support of policy for Free Trade Zone, the Group fully leveraged its combined advantages of deep-water ports and storage capacity to deepen multi-level cooperation with oil product enterprises, gave full play to the advantages of the multimodal transportation capacity of the railway system, expanded the crude oil transfer and dispatch market for refineries in Northeast China, and actively promoted the construction of a crude oil dispatch center in Northeast Asia. For the Container Segment, the Group actively promoted the construction of Maritime Silk Road, fully implemented the Bohai Rim strategy and actively built a transshipment system centering on Bohai Rim and opening to Northeast Asia, while promoting the development of special logistics business, and striving to achieve transformation and upgrading of ports, which strongly guaranteed the smooth operation of relevant businesses. Meanwhile, following the implementation of various development strategies by the central government, the Group made greater efforts in developing special logistics, continuously improved the layout of the southern network to facilitate the development of northbound cargo sources, and actively explored the market share by utilizing multimodal transportation system. For the Automobile Terminal Segment, while streamlining the business structure and developing the service brand, the Group continued to promote in-depth cooperation with several domestic and foreign automobile manufacturing enterprises and enhanced resources for the different market segments. Relying on the rapid development of automobile and near-port industries and all-out efforts to expand the business of river and ocean combined transportation, the Group has opened up a brand new international logistics channel for commercial vehicles and successfully maintained a 100% market share for the eighth consecutive year in the commercial vehicles roll-on, roll-off industry in Northeast China. For the Bulk and General Cargo Segment, by virtue of the regional advantages, the Group vigorously developed the ore mixing business, focused on building up an iron ore mixing center in Northeast Asia and continued to facilitate the construction of the near-port iron ore processing industrial base of the Group. Moreover, closely capturing the opportunities brought by the national policy adjustments, the Group was committed to the innovation of logistics mode and achieved significant progress in market development. For the Bulk Grain Segment, while continuing to enhance the port logistics services, the Group accelerated the establishment of the integrated supply chain system in the production and marketing areas, managed to improve the construction of its logistics system by closely following the market needs, reduced charges of full logistical services for customers and won the recognition of the market by upgrading the service level. For the Passenger and Ro-Ro Segment, while stepping up the effort in market exploration, the Group continued to improve its service capacity, introduced vehicle ro-ro shipping lines across Bohai Bay using its own advantages and realised cross-strait ro-ro logistics transportation.

Chairman's Statement

Prospects

In 2022, amid the grim outlook of the global economy, the international market demand is not expected to resume in the short term due to the impact to various degree arising from certain major economies. Affected by the COVID-19 epidemic, barriers in transportation caused by inter-regional trade control will bring significant challenges to production activities at ports. To cope with this, the Group will take advantage of various favorable policies promulgated by the state in a reasonable manner and optimise the allocation of resources with a comprehensive perspective, while collaborating with premium enterprises in related upstream and downstream industries to overcome difficulties and hardships and forge ahead. The year 2022 will see the adjustment of domestic economic and industrial structure and the business model innovation stepping into a critical stage of comprehensive reform and breakthroughs at key points, which brought new opportunities and challenges to the development of the port industry. Meanwhile, it should be further noted that, the year 2022 is a crucial year for China to implement the "14th Five-Year Plan", various national strategic plans and beneficial policies will help to build a higher and wider platform for the coastal regions to fully take part in strategic cooperation in the global economy and enhance the level of development in the cross-border economic cooperation zones. This will undoubtedly continue to consolidate the Group's crucial position as the "bridgehead" for the opening of the northeast area and provide more favorable policy support and room for development of the Group and the prosperity of the regional economy. In addition, the Group will also focus on the construction of "Northeast Asia Shipping Hub" and the concept of "healthy development" through emphasizing key points, making up for shortcomings and strengthening the weaknesses, and adhere to the guiding principles of seeking steady progress through basing the new development stage, upholding the new development concept and constructing a new development pattern. The Group will also uphold the theme of high-quality development, follow the main path of deepening supply-side structural reform, and take reform and innovation as the prime mover to vigorously promote the specific implementation of "consolidation and integration" and "innovation and upgrading" for ports, complete the specific advancement of "port integration" better and faster, and strive to build the Group into a world-class leading port.

The Group's major hinterland includes the three northeastern provinces of China, the eastern region in Inner Mongolia and the Bohai Rim region. Our businesses mainly cover oil products, containers, ro-ro commercial vehicles, iron ore, coal, steel, grain, bulk and general cargo as well as passenger and roll-on and roll-off operations. With a comprehensive range of cargo types in its operations, the Group has stronger capabilities in business extension. The Group expects that the total throughput will continue to maintain the current steady growth in 2022. Meanwhile, the Group will also continue to focus on building its comprehensive logistics service platform and integrated industrial, commercial and trading service platform, and position itself to tap into economic trends. By accelerating the construction of supply chain service system and strengthening the collaboration with both upstream and downstream enterprises such as collaboration between port service enterprises and railway enterprises, port service enterprises and shipping enterprises and among port service enterprises to enrich its industrial chain value, the Group will customize all-in-one solutions including logistics, trading and financial businesses for customers by making use of our port's own comprehensive advantages. Supply chain and logistics chain systems will be further consolidated by continuous extension into new businesses and development of new products, aiming at enhancing the overall level of the Group's revenue and generating desirable returns for our shareholders.

Lastly, on behalf of the Board, I would like to express my heartfelt gratitude to the shareholders and business partners of the Group for their confidence in and support to the Group in the past year, and also my sincere thanks to all the staff of the Group for their dedication and diligence.

Liaoning Port Co., Ltd.
Wang Zhixian
Chairman

29 March 2022

Financial Highlights

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	Changes (%)
Highlights of Income Statement			
Revenue	12,347,555	12,124,932	1.8
Gross profit	3,829,224	4,246,494	-9.8
Operating profit	2,865,175	2,857,287	0.3
Net profit attributable to shareholders of the parent company	1,916,076	2,053,091	-6.7
Basic earnings per share (RMB)	0.083852	0.090751	-7.6
Highlights of Balance Sheet			
Cash and bank balances	4,682,838	7,419,447	-36.88
Net current assets	994,320	6,670,555	-85.09
Total assets	57,813,250	57,451,355	0.63
Borrowings	4,692,337	7,228,841	-35.09
Gearing ratio (%)	11.43	17.85	-35.96
Net assets value per share (RMB)	1.58	1.55	1.94
Return on net assets (%)	4.17	3.9	6.92
Highlights of Cash Flow Statement			
Net cash flow from operating activities	3,822,921	3,982,100	-4
Net cash flow from investing activities	-2,686,733	744,578	-460.84
Net cash flow from financing activities	-3,862,974	-4,659,717	-17.10
Net increase in cash and cash equivalents	-2,731,584	61,960	-4,508.62

Note: *Gearing ratio = Borrowings/Net assets*

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



Management Discussion and Analysis

Management Discussion and Analysis

I. OPERATING DISCUSSION AND ANALYSIS

In 2021, due to the continued impact of the COVID-19 epidemic, the schedule of some international container shipping lines was unstable, which posed challenges to the overall stability of shipping line operation and terminal services. Meanwhile, the development of shipping alliances and mega-vessels also brought a certain impact on the development of port container business. Currently, the economy of Northeast China remains undiversified as it relies heavily on the energy and raw material industries with underdeveloped modern manufacturing and service sectors. The revitalisation of Northeast China is still a long-term, arduous and complex task. Against such a backdrop, the Group deepened cooperation with its customers, improved the construction of logistics system, enhanced the innovation of product and services, expanded port service functions, thereby achieving steady growth for production and operation of the port.

II. MAJOR OPERATIONS DURING THE REPORTING PERIOD

1. Overall Results Review

In 2021, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,916,076,220.45, representing a decrease of RMB137,014,857.74 or 6.7% as compared with RMB2,053,091,078.19 in 2020.

In 2021, the business volume of the Group's cargos with a higher handling fee such as container, ore and grain decreased, while the depreciation expenses increased due to the adoption of a common policy of useful lives of fixed assets upon merger of the two ports. The increase in social security expenses after the end of the epidemic relief policy, the accrual of estimated liabilities in the litigation case of a subsidiaries' warehousing disputes and the impact of epidemic prevention and control on production and operation were also main factors for the profit decline. However, the growth in the business volume of general cargo and container logistics services, and the reduced financial costs due to the decrease in the amount of interest-bearing debts offset part of the profit decline. In light of the above, the Group's net profit attributable to the parent company reported a year-on-year decrease of 6.7%.

In 2021, the Group's basic earnings per share amounted to RMB8.39 cents, representing a decrease of RMB0.69 cent or 7.6% as compared with RMB9.08 cents in 2020.

Management Discussion and Analysis

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

Item	2021 (RMB)	2020 (RMB)	Changes (%)
Net profit attributable to shareholders of the parent company	1,916,076,220.45	2,053,091,078.19	(6.7)
Including:			
Revenue	12,347,554,608.01	12,124,932,151.55	1.8
Cost of sales	8,518,330,456.05	7,878,438,474.71	8.1
Gross profit	3,829,224,151.96	4,246,493,676.84	(9.8)
Gross profit margin	31.0%	35.0%	Down by 4 percentage points
Administrative expenses	799,342,392.20	820,173,656.48	(2.5)
Research and development expenses	9,306,646.62	18,437,450.14	(49.5)
Finance costs	526,378,915.07	728,435,837.01	(27.7)
Other income	148,959,925.94	119,095,777.84	25.1
Investment income	381,121,868.19	380,143,929.40	0.3
Asset impairment losses	(59,679,538.84)	(136,623,341.79)	(56.3)
Credit impairment losses	(114,702,724.03)	(105,661,798.69)	8.6
Net non-operating income (Note 1)	(210,736,902.86)	(21,141,548.03)	(896.8)
Income tax expenses	576,241,786.81	606,093,185.36	(4.9)

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

In 2021, the Group's revenue increased by RMB222,622,456.46 or 1.8% year-on-year, mainly driven by the growth of logistics business such as containerized China-Europe train lines and import of automobile components, as well as the growth in the volume of general cargo business. However, the decrease in the volume of container, ore and grain business, as well as the fact that Information Companies were no longer included in the scope of consolidation, restrained the overall increase in operating revenue.

In 2021, the Group's cost of sales increased by RMB639,891,981.34 or 8.1% year-on-year, mainly due to the increase of depreciation expenses caused by the adoption of a common policy of useful lives of fixed assets upon merger of the two ports, the increase in social security expenses after the end of the epidemic relief policy, the increase in labour costs due to the prevention and control measures of the pandemic and the increase in container logistics service costs in line with revenue growth, despite the decrease in operation costs.

Management Discussion and Analysis

In 2021, the Group's gross profit decreased by RMB417,269,524.88 or 9.8% year-on-year; and the gross profit margin was 31.0%, representing a decrease of 4 percentage points. This is mainly due to the combined effects of the decrease in the container throughput for foreign trade, ore and oil business with high gross profit margin, and the resumed increase of expenses related to social security, an increase in depreciation expenses, as well as the rising costs caused by efforts on prevention and control of the pandemic.

In 2021, the Group didn't incur selling expenses.

In 2021, the Group's administrative expenses decreased by RMB20,831,264.28 or 2.5% year-on-year, mainly due to the year-on-year decrease in the intermediary fees on capital operation projects and the combined impact of the effective control of fees.

In 2021, the Group's research and development expenses decreased by RMB9,130,803.52 or 49.5% year-on-year, mainly due to the impact of cease of consolidation of the information companies, the equity interests in which was used as consideration to take a stake in a new joint venture.

In 2021, the Group's finance costs decreased by RMB202,056,921.94 or 27.7% year-on-year, mainly due to the decrease in interest expenses due to the repayment of the matured bonds by the Group.

In 2021, the Group's other income increased by RMB29,864,148.10 or 25.1% year-on-year, which was mainly due to the increase in revenue of subsidy of China-Europe cross-border train lines.

In 2021, the Group's investment income, approximately the same as last year, increased by RMB977,938.79 or 0.3% year-on-year.

In 2021, the Group's asset impairment losses decreased by RMB76,943,802.95 or 56.3% year-on-year, mainly due to that business assets of Yingkou Port Group acquired during the year recorded goodwill impairment generated from the business combination under the common control in the previous year, but certain impairment losses were provided for the fixed assets in subsidiaries in the current year.

In 2021, the Group's credit impairment losses increased by RMB9,040,925.34 or 8.6% year-on-year, mainly due to the fluctuation of credit impairment caused by changes of balance of receivables.

In 2021, the Group's net non-operating income decreased year-on-year by RMB189,595,354.83 or 896.8%, mainly due to the recognition of the impact of estimated liabilities of the warehousing dispute and litigation cases involved by certain subsidiaries according to the progress of the cases.

In 2021, the Group's income tax expenses decreased year-on-year by RMB29,851,398.55 or 4.9%, mainly due to the decrease in taxable income caused by the changes in operating profit.

Management Discussion and Analysis

2. Assets and Liabilities

As at 31 December 2021, the Group's total assets and net assets amounted to RMB57,813,249,659.50 and RMB41,053,741,620.35, respectively. The net asset value per share was RMB1.58, increased slightly compared with the net asset value of RMB1.55 per share as at 31 December 2020.

As at 31 December 2021, the Group's total liabilities amounted to RMB16,759,508,039.15, of which total outstanding borrowings amounted to RMB4,692,337,702.64 (this part of the borrowings carries a fixed interest rate). The gearing ratio was 29.0% (the total liabilities amounted to RMB16,759,508,039.15/the total assets amounted to RMB57,813,249,659.50), representing a decrease of 0.5 percentage points as compared with 29.5% as at 31 December 2020. The decrease in the gearing ratio was mainly due to the repayment of corporate bonds during the year which reduced its debt scale.

3. Financial Resources and Liquidity

As at 31 December 2021, the Group had a balance of cash and cash equivalents of RMB4,433,485,423.30, representing a decrease of RMB2,731,583,636.46 as compared to that of 31 December 2020.

In 2021, the Group's net cash inflows generated from operating activities amounted to RMB3,822,920,927.48, net cash outflows for investment activities amounted to RMB2,686,733,149.88, and net cash outflows for financing activities amounted to RMB3,862,974,254.41.

Benefiting from the sufficient operating cash inflows contributed by the Group's healthy 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 at 31 December 2021, the Group's outstanding borrowings amounted to RMB4,692,337,702.64 (this part of the borrowings carries a fixed interest rate), in which RMB1,167,322,877.50 were borrowings repayable within one year, and RMB3,525,014,825.14 were borrowings repayable after one year.

The Group's net debt-equity ratio was 11.5% as at 31 December 2021, down from 14.6% as at 31 December 2020, mainly due to the reduction in the debt scale due to bonds repayment during this year. The Group ensured there was no solvency risk and continued to improve its overall financial structure.

As of 31 December 2021, the Group's unutilised bank line of credit amounted to RMB11.352 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 issuer credit composite rating of AAA to the Group with stable credit rating outlook, indicating the Group's sound condition in capital market financing.

The Group closely monitored its interest rate risk and exchange rate risk. As of 31 December 2021, the Group had not entered into any foreign exchange hedging contracts. Please refer to the financial report to be disclosed for further details about the interest rate and exchange rate risks.

Management Discussion and Analysis

4. Contingencies

Pending Litigations and Arbitrations

Pending litigation and arbitration concerning Liaoning Port Holdings (Yingkou) Co., Ltd. (遼港控股(營口)有限公司), a subsidiary of the Group.

On 19 August 2015, Kunlun International Trading Limited (昆侖國際貿易有限公司) (hereinafter referred to as “Kunlun International”) filed a lawsuit with Dalian Maritime Court against Yingkou Port on the rejection of its application for delivery of goods, requesting Yingkou Port to compensate for a loss of RMB285.60 million and accrued interest. On 28 December 2018, Dalian Maritime Court issued the first instance judgment titled (2015) Da Hai Shang Chu Zi No. 517 ((2015)大海商初字第 517 號), ruling that Yingkou Port shall pay Kunlun International short delivery losses of RMB50.46 million, and the interest thereon at the loan interest rate set by the People’s Bank of China for the same period from 20 August 2015 to the date of actual payment. The court ruled that Yingkou Port shall pay Kunlun International a net compensation of RMB32.76 million after taking into full account of the storage fees and other fees of RMB25.88 million payable to Yingkou Port by Kunlun International. At the same time, the equity interests in Yingkou Xingang Ore Terminal Co., Ltd. and Sinograin Yingkou Storage and Transportation Co., Ltd. held by Yingkou Port were frozen for a period of 3 years. Yingkou Port made provisions for estimated liabilities of RMB32.76 million as at the end of 2018 based on the above ruling.

Both Yingkou Port and Kunlun International refused to accept the judgment and filed a second instance to the Higher People’s Court of Liaoning Province in January 2019. The Higher People’s Court of Liaoning Province issued a civil ruling ((2019) Liao Min Zhong No. 685 ((2019)遼民終 685 號)) on 6 November 2019, ruling that: 1) the civil judgment titled (2015) Da Hai Shang Chu Zi No. 517 ((2015)大海商初字第 517 號) issued by Dalian Maritime Court be revoked; 2) the case be remanded to Dalian Maritime Court.

On 31 August 2020, Yingkou Port offered Dalian Maritime Court with a bank guarantee of RMB216.11 million as equivalent guarantee asset for a guarantee period from 31 August 2020 to 30 August 2022. On 1 September 2020, Dalian Maritime Court made a ruling that the equity interests in Yingkou Xingang Ore Terminal Co., Ltd. and Sinograin Yingkou Storage and Transportation Co., Ltd. held by Yingkou Port shall be released. Kunlun International filed with Dalian Maritime Court for a review of the ruling. On 7 September 2020, Dalian Maritime Court issued a civil ruling (the first (2020) Liao 72 Min Chu No. 27 ((2020)遼 72 民初 27 號之一)), rejecting Kunlun International’s request for a review.

On 10 June 2021, Dalian Maritime Court issued a civil ruling ((2020) Liao 72 Min Chu No. 27 ((2020)遼 72 民初 27 號)), rejecting all of the claims of Kunlun International. Kunlun International refused to accept the ruling, and filed a second instance to the Higher People’s Court of Liaoning Province in June 2021. On 18 March 2022, the Higher People’s Court of Liaoning Province issued a civil ruling ((2021) Liao Min Zhong No. 2583 ((2021)遼民終2583號)), rejecting all of the claims of Kunlun International and upholding the original judgment.

Management Discussion and Analysis

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

From January 2020 to February 2021, seven companies including 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 seven 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. (hereinafter referred to as “Rongjiang”) and other companies (hereinafter referred to as “Import Agents” or “Warehousing Clients”) by entering into Import Agent Agreement or Agent Procurement Contract with such Import Agents by 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 Co., Ltd. (hereinafter referred to as “DCT Logistics”), a subsidiary of the Group, agreeing that DCT Logistics handles import goods customs declaration, goods warehousing and custody services for the Import Agents.

In actual business, the costs incurred under the Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement shall be settled by Shunde in accordance with 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, the seven 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 six Warehousing Clients amounted to RMB1.06 billion.

On 24 November 2021, Ningbo Maritime Court issued a first instance judgement regarding the lawsuit case of Chengtong against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB109.69 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 30 December 2021, Ningbo Maritime Court issued a first instance judgement regarding the lawsuit case of Zhejiang Metals against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB10.26 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.

Management Discussion and Analysis

On 31 December 2021, Dalian Maritime Court issued a first instance judgement regarding the lawsuit case of Qingdao Kaitou against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB299.38 million to Qingdao Kaitou and the interest, based on the amount, to be calculated at benchmark borrowing rate 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 27 January 2022, Dalian Maritime Court issued a first instance judgement regarding the lawsuit case of Rongjiang against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB336.08 million to Rongjiang 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 7 April 2021 up to the date of actual payment, DCT Logistics should compensate Rongjiang for liability insurance fees of preservation of RMB254,800. Other litigation claims from Rongjiang were dismissed.

Based on the evidence that the Group has already obtained and the professional opinions of legal advisor, 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 of the delivery of goods by DCT Logistics. For the relevant lawsuits of first instance judgement issued by the court, the Group and the solicitors considered that the court of first instance was unclear or erroneous in its determination of the basic facts of the case, and therefore DCT Logistics had filed appeals. On 9 December 2021 and 28 February 2022, DCT Logistics appealed to the Higher People's Court of Zhejiang Province against the first instance judgment regarding the case of Chengtong and the case of Zhejiang Metals, respectively. As at the approval date of the financial statements, the hearing has been initiated but the judgment has not yet been made. On 28 February 2022 and 1 March 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Qingdao Kaitou and the case of Rongjiang, respectively. As at the approval date of the financial statements, the Higher People's Court of Liaoning Province has not accepted such 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 six 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 Company has made provisions for estimated liabilities of RMB180 million which was the recoverable amount of the book value of the net assets of DCT Logistics as of 31 December 2021.

Save for the above contingencies, as at 31 December 2021, the Group did not have other major guarantees and other contingencies required to be specified.

Management Discussion and Analysis

5. Use of Proceeds

Use of Proceeds for A Shares

The Company convened the second meeting of the sixth session of the Board in 2021 and the first meeting of the sixth session of the supervisory committee in 2021 on 25 March 2021, at which *the Announcement of Liaoning Port Co., Ltd. on Permanent Replenishment of Working Capital by Part of the Remaining Proceeds for A Shares* was considered and passed, and the Company was approved to use the remaining funds of RMB440,618,900 of investment projects funded by the proceeds for A Shares for permanent replenishment of working capital. Such proposal was passed by voting at the 2020 annual general meeting of the Company convened on 16 June 2021.

The funds raised shall not exceed RMB2.1 billion, which was considered and approved at the second extraordinary general meeting in 2020, the first A shareholders class meeting in 2020 and the first H shareholders class meeting in 2020 convened by the Company on 25 September 2020, and approved by the “Reply on Approval of Dalian Port (PDA) Company Limited’s Merger with Yingkou Port Liability Co., Ltd. by Absorption and Fundraising (Zheng Jian Xu Ke [2020] No. 3690) of the China Securities Regulatory Commission on 31 December 2020. After deducting the issuance and underwriting fees, the actual net proceeds received by the Company on 20 October 2021 was RMB2,082,149,999.02, which was designated to supplement liquidity, repay debt, and pay the intermediary fees of this transaction. Ernst & Young Hua Ming LLP has verified and issued the capital verification report Ernst & Young Hua Ming (2021) Yan Zi No. 60777447_E03, demonstrating that the use of proceeds by the Company was in line with the raising purposes. As of 31 December 2021, RMB1,384,000,000 was used to supplement liquidity and the remaining balance was RMB700,697,690.74 (including interest income).

6. Capital Expenditure

In 2021, the Group’s capital expenditure amounted to RMB7,006,086,868.90, which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and other external financing.

Management Discussion and Analysis

7. An Analysis of the Performance of Each Business Segment of the Group in 2021 is as Follows:

Oil Segment

The following table sets out the oil/liquefied chemicals terminal throughput completed by the Group in 2021 as compared with 2020:

	2021 (‘0,000 tonnes)	2020 (‘0,000 tonnes)	Increase/ (decrease)
Crude oil	3,231.9	3,932.9	(17.8%)
– Foreign trade imported crude oil	2,024.7	2,527.2	(19.9%)
Refined oil	1,415.5	1,777.5	(20.4%)
Liquefied chemicals	182.1	163.9	11.1%
LNG	576.0	569.2	1.2%
Others	156.4	127.5	22.7%
Total	5,561.9	6,571.0	(15.4%)

In 2021, the Group handled a total of 55.619 million tonnes of oil/liquefied chemicals throughput, representing a year-on-year decrease of 15.4%.

In 2021, the Group’s crude oil throughput was 32.319 million tonnes, representing a year-on-year decrease of 17.8%, of which imported crude oil throughput was 20.247 million tonnes, representing a year-on-year decrease of 19.9%. In the same period of 2020, the international oil price was at a historical low level, which stimulated the procurement demands of refineries and traders, resulting in a higher base on a year-on-year basis. The low freight of international tankers and enhanced berth capacity of cargo owner’s wharf, and the fact that major customers for transshipment chose to transship overseas for imported crude oil and the small-and-medium tankers docked directly in territorial wharf for unloading, resulted in a decline in the crude oil throughput.

In 2021, the Group’s refined oil throughput amounted to 14.155 million tonnes, representing a year-on-year decrease of 20.4%. As required by the national policies for “carbon peaking and carbon neutrality”, the decrease in processing by refineries in the hinterland led to a year-on-year decrease in refined oil concentration in port, and meanwhile, the decrease in refined oil export quota led to a significant decrease in exports for foreign trade.

In 2021, the Group’s liquefied chemicals throughput was 1.821 million tonnes, representing a year-on-year increase of 11.1%. The base for the same period in 2020 was low due to the impact of the epidemic. In 2021, the throughput witnessed a recovery as the chemical market resumed gradually.

In 2021, the Group’s LNG throughput was 5.760 million tonnes, representing a year-on-year increase of 1.2%. Under the “carbon peaking and carbon neutrality” policy, the import of natural gas, as a clean energy source, increased.

Management Discussion and Analysis

In 2021, the throughput of other oil product of the Group was 1.564 million tonnes, representing a year-on-year increase of 22.7%.

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

Item	2021 (RMB)	2020 (RMB)	Change (%)
Revenue	1,750,382,110.07	1,831,407,627.21	(4.4)
Share of the Group's revenue	14.2%	15.1%	Down by 0.9 percentage points
Gross profit	636,080,912.40	743,776,692.41	(14.5)
Share of the Group's gross profit	16.6%	17.5%	Down by 0.9 percentage points
Gross profit margin	36.3%	40.6%	Down by 4.3 percentage points

In 2021, the revenue from the Oil Segment decreased by RMB81.03 million or 4.4% year-on-year, mainly due to the decrease in revenue from loading and discharging, which was caused by the decrease in the throughput of oil.

In 2021, the gross profit margin of the Oil Segment decreased year-on-year by 4.3 percentage points, mainly due to the decrease in revenue from loading and discharging, while the depreciation expenses and labour costs increased.

Container Segment

The following table sets out the throughput completed by the Group's container terminal in 2021 as compared with 2020:

	2021 (<i>'0,000 TEUs</i>)	2020 (<i>'0,000 TEUs</i>)	Increase/ (decrease)
Container	881.4	1,067.6	(17.4%)

Management Discussion and Analysis

Major reasons for the decrease in containers throughput in 2021 are as follows: First, due to external factors, the waiting time in ports for ships increased significantly, the stability of routes declined, and the proportion of route decrease and changes of shipping companies increased. Meanwhile, in order to reduce the time in ports, certain shipping companies adjusted routes to call at ports, which further reduced the capacity for export, resulting in the poor logistic channels. Second, as the international economic situation was tough and the ocean freight price kept rising, there was a critical shortage in containers. Certain low-valued bulk commodities were changed to bulk cargos or domestic sales, which caused a loss of container source. Third, logistic routes of some time-sensitive cargos in hinterland transferred to land transportation. Fourth, affected by the port jams overseas, there was a worldwide shortage of empty containers. The empty container allocation business could not proceed as expected. At the same time, the insufficient capacity of ports directly affected the undertaking ability of transship cargo, resulting in a greater headwinds for the expansion of increment business.

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

Item	2021 (RMB)	2020 (RMB)	Change (%)
Revenue	3,713,546,969.32	3,479,175,446.43	6.7
Share of the Group's revenue	30.1%	28.7%	Up by 1.4 percentage points
Gross profit	1,187,064,043.35	1,366,829,515.43	(13.2)
Share of the Group's gross profit	31.0%	32.2%	Down by 1.2 percentage points
Gross profit margin	32.0%	39.3%	Down by 7.3 percentage points

In 2021, the revenue from the Container Segment increased by RMB234.37 million or 6.7% year-on-year, mainly due to the growth in revenue of logistics services related to China-Europe railway lines and import of automobile components. However, the decrease in the business volume of container terminal and branch line in Bohai Rim region led to the decline in revenue.

In 2021, the gross profit margin of the Container Segment decreased year-on-year by 7.3 percentage points, mainly due to the decrease in foreign trade container business with a high gross profit margin, the decrease in the depreciation expenses and labour costs.

Management Discussion and Analysis

Automobile Segment

The following table sets out the throughput completed by the Group's automobile terminal in 2021 compared with 2020:

		2021	2020	Increase/ (decrease)
Vehicles (units)				
	Foreign trade	49,086	17,197	185.4%
	Domestic trade	806,332	778,993	3.5%
	Total	855,418	796,190	7.4%
Equipment (tonnes)		9,650	15,763	(38.8%)

In 2021, the automobile terminal handled a total of 855,418 vehicles, representing a year-on-year increase of 7.4%. The significant growth in foreign trade of commercial vehicles contributed to the steady operation of export liners. We vigorously promoted the diversified development of foreign trade of commercial vehicles by opening China's first sea-land intermodal corridor for commercial vehicles connecting East Asia and Central Asia and launching cross-border commercial vehicle transportation service as well as parallel import and international transshipment business. In 2021, the Group maintained its 100% market share in Northeast China in terms of operation volume for vehicles.

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

Item	2021 (RMB)	2020 (RMB)	Change (%)
Revenue	59,379,630.11	64,184,996.99	(7.5)
Share of the Group's revenue	0.5%	0.5%	Remain stable
Gross profit	12,181,739.30	(7,543,629.24)	261.5
Share of the Group's gross profit	0.3%	(0.2%)	Up by 0.5 percentage points
Gross profit margin	20.5%	(11.8%)	Up by 32.3 percentage points

In 2021, we recorded a year-on-year decrease of RMB4.81 million or 7.5% in the revenue from our Automobile Terminal Segment, which was mainly due to the combined effect of a decrease in revenue from trading of RVs and an increase in revenue from the railway loading/unloading services of Harbour ECL.

In 2021, we recorded a year-on-year increase of 32.3 percentage points in the gross profit margin of our Automobile Terminal Segment, mainly due to the decrease in revenue from the trading of RVs which has a low gross profit margin.

Management Discussion and Analysis

Bulk and General Cargo Segment

The following table sets out the throughput completed by the Group's Bulk and General Cargo Segment in 2021 as compared with 2020:

	2021 (<i>'0,000 tonnes</i>)	2020 (<i>'0,000 tonnes</i>)	Increase/ (decrease)
Steel	2,786.1	2,697.2	3.3%
Ore	7,756.9	8,268.6	(6.2%)
Coal	1,250.4	1,568.9	(20.3%)
Others	5,235.5	3,872.0	35.2%
Total	17,028.9	16,406.7	3.8%

In 2021, the Group's Bulk and General Cargo Segment completed a throughput of 170.289 million tonnes, representing a year-on-year increase of 3.8%.

In 2021, the Group recorded an ore throughput of 77.569 million tonnes, representing a year-on-year decrease of 6.2%. As the ore price continued to rise, together with the tightening environmental policy demanding restriction on electricity usage and production reduction, the desire of steel factories for ore weakened, leading to a year-on-year decrease in ore transportation.

In 2021, the Group recorded a steel throughput of 27.861 million tonnes, representing a year-on-year increase of 3.3%. Affected by the continuous rage of COVID-19, which led to a slower resumption of production in overseas steel factories and a sharp drop in demands, China's steel export met with an increase.

In 2021, the Group recorded a coal throughput of 12.504 million tonnes, representing a year-on-year decrease of 20.3%. As the coal price continued to rise, together with the tightening environmental policy demanding production reduction, the desire of coal factories weakened, leading to a year-on-year decrease in the coal volume.

In 2021, the Group recorded a throughput of other cargo of 52.355 million tonnes, representing a year-on-year increase of 35.2%. As the COVID-19 outbreak in China was kept under strict control while it was breaking loose in the rest of the world, the export volume of general cargo including equipment recorded a year-on-year increase. Meanwhile, the restoration of construction of infrastructure and real estate has boosted the demand for mine construction materials such as sand and aggregates, leading to an increase in their throughput.

Management Discussion and Analysis

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

Item	2021 (RMB)	2020 (RMB)	Change (%)
Revenue	4,738,187,745.37	4,534,427,807.23	4.5
Share of the Group's revenue percentage points	38.4%	37.4%	Up by 1.0 percentage point
Gross profit	1,541,896,702.03	1,482,459,542.84	4.0
Share of the Group's gross profit	40.3%	34.9%	Up by 5.4 percentage points
Gross profit margin	32.5%	32.7%	Down by 0.2 percentage points

In 2021, the revenue from the Bulk and General Cargo Segment increased by RMB203.76 million or 4.5% year-on-year, mainly due to an increase in revenue from overdue storage and our loading/unloading services driven by the increased volume of mineral construction materials, steel and other general cargo, offset by the decrease in ore business volume.

In 2021, the gross profit margin of the Bulk and General Cargo Segment decreased by 0.2 percentage points year-on-year, mainly due to the decrease in the throughput of ore which has a high gross profit margin and the increase in depreciation expenses and labour costs, offset by the increase in the business volume of mineral construction materials and steel.

Bulk Grain Segment

The following table sets out the throughput completed by the Group's bulk grain terminal in 2021 as compared with 2020:

	2021 (<i>'0,000 tonnes</i>)	2020 (<i>'0,000 tonnes</i>)	Increase/ (decrease)
Corn	487.4	749.5	(35.0%)
Soybean	374.5	469.2	(20.2%)
Others	390.9	257.3	51.9%
Total	1,252.8	1,476.0	(15.1%)

In 2021, the Group's grain terminal completed a throughput of 12.528 million tonnes, representing a year-on-year decrease of 15.1%.

In 2021, the Group recorded a corn throughput of 4.874 million tonnes, representing a year-on-year decrease of 35.0%. As the corn price in China continued to rise, resulting in a disparity of corn prices between South China and North China, there was a significant decrease in the corn throughput during the year.

Management Discussion and Analysis

In 2021, the Group recorded a soybean throughput of 3.745 million tonnes, representing a year-on-year decrease of 20.2%. During the year, as the output of soybean in Brazil was affected by the heavy rain, together with the Sino-U.S. trade tensions, which resulted in a relatively tight supply of soybean and its rising price in the world, customers were prudent in making purchase, leading to a significant decrease in soybean throughput for the whole year.

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

Item	2021 (RMB)	2020 (RMB)	Change (%)
Revenue	538,940,606.27	555,974,018.20	(3.1)
Share of the Group's revenue	4.4%	4.6%	Down by 0.2 percentage points
Gross profit	75,810,602.34	127,786,883.98	(40.7)
Share of the Group's gross profit	2.0%	3.0%	Down by 1.0 percentage point
Gross profit margin	14.1%	23.0%	Down by 8.9 percentage points

In 2021, the revenue from the Bulk Grain Segment decreased by RMB17.03 million or 3.1% year-on-year which was mainly due to the decrease in throughput of corn, leading to a decrease in revenue from our loading/unloading services.

In 2021, the gross profit margin of the Bulk Grain Segment decreased year-on-year by 8.9 percentage points, mainly due to the decrease in corn throughput has a high gross profit margin, and an increase in depreciation expenses.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput completed by the Group in 2021 as compared with 2020:

	2021	2020	Increase/ (decrease)
Passenger throughput ('0,000 persons)	179.4	155.6	15.3%
Ro-Ro volume ('0,000 units) (Note 2)	78.2	73.5	6.4%

Note 2: The Ro-Ro volume refers to the vehicle throughput at the passenger and roll-on, roll-off terminals of the Group and the entities it has invested in.

Management Discussion and Analysis

In 2021, the Group's passenger throughput was 1.794 million person-times, representing a year-on-year increase of 15.3%, with a vehicle throughput of 782,000, representing a year-on-year increase of 6.4%. As the pandemic prevention and control stabilize in China, the passenger and ro-ro market of Dalian Port witnessed a recovery as compared with the same period in 2020, which was mainly due to the launch of large passenger and ro-ro shipping capacity. However, the recovery was less than enough due to the impact of repeated epidemic outbreak.

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

Item	2021 (RMB)	2020 (RMB)	Change (%)
Revenue	147,515,813.52	141,071,947.95	4.6
Share of the Group's revenue	1.2%	1.2%	Remain stable
Gross profit	(6,933,457.39)	1,241,163.55	(658.6)
Share of the Group's gross profit	(0.2%)	0.0%	Down by 0.2 percentage points
Gross profit margin	(4.7%)	0.9%	Down by 5.6 percentage points

In 2021, the revenue from the Passenger and Ro-Ro Segment increased year-on-year by RMB6.44 million or 4.6% which was mainly due to the increase in revenue driven by the increased business volume of Passenger and Ro-Ro Segment.

In 2021, the gross profit margin of the Passenger and Ro-Ro Segment decreased year-on-year by 5.6 percentage points, mainly due to the increase in depreciation expenses and labour costs.

Value-added Services Segment

Tugging

The Group completed a tugging volume of 48,000 times.

Tallying

The Group completed a tallying volume of 38.608 million tonnes.

Management Discussion and Analysis

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

Item	2021 (RMB)	2020 (RMB)	Change (%)
Revenue	1,223,145,789.09	1,343,680,499.80	(9.0)
Share of the Group's revenue	9.9%	11.1%	Down by 1.2 percentage points
Gross profit	339,861,758.35	479,199,685.81	(29.1)
Share of the Group's gross profit	8.9%	11.3%	Down by 2.4 percentage points
Gross profit margin	27.8%	35.7%	Down by 7.9 percentage points

In 2021, the revenue from the Value-added Services Segment decreased by RMB120.53 million or 9% year-on-year, mainly due to the combined impact of the cease of consolidation of the information Company, as well as the decreasing tugging volume.

In 2021, the gross profit margin of Value-added Services Segment decreased by 7.9 percentage points year-on-year, mainly due to the cease of consolidation of the information Company with better profitability and the increase in depreciation expenses and labour costs.

8. Analysis of Main Operations

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

Unit: RMB

Items	Amount for the period	Amount for same period of the previous year	Changes (%)
Revenue	12,347,554,608.01	12,124,932,151.55	1.8
Cost of sales	8,518,330,456.05	7,878,438,474.71	8.1
Sales expenses	—	—	—
Administrative expenses	799,342,392.20	820,173,656.48	-2.5
Financial expenses	526,378,915.07	728,435,837.01	-27.7
Research and development expenses	9,306,646.62	18,437,450.14	-49.5
Net cash flow from operating activities	3,822,920,927.48	3,982,100,164.06	-4.0
Net cash flow from investing activities	-2,686,733,149.88	744,578,202.95	-460.8
Net cash flow from financing activities	-3,862,974,254.41	-4,659,716,768.44	17.1

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

Management Discussion and Analysis

Explanation of reasons of change in related items of the cash flows statement: please refer to the details described in the part of cash flow in “Analysis of main operations” of Major Operations during the reporting period.

8.2 Income and cost analysis

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

Unit: RMB

By industries	Revenue	Cost of sales	Analysis of main operations by segments			
			Gross margin (%)	Changes in revenue (%)	Changes in cost of sales (%)	Changes in gross margin (%)
Oil products	1,750,382,110.07	1,114,301,197.67	36.34	-4.42	2.45	Down by 4.3 percentage points
Containers	3,713,546,969.32	2,526,482,925.97	31.97	6.74	19.61	Down by 7.3 percentage points
Bulk and general cargo	4,738,187,745.37	3,196,291,043.34	32.54	4.49	4.73	Down by 0.2 percentage point
Bulk grain	538,940,606.27	463,130,003.93	14.07	-3.06	8.16	Down by 8.9 percentage points
Passenger	147,515,813.52	154,449,270.91	-4.70	4.57	10.45	Down by 5.6 percentage points
Value-added product	1,223,145,789.09	883,284,030.74	27.79	-8.97	2.18	Down by 7.9 percentage points
Automobiles	59,379,630.11	47,197,890.81	20.52	-7.49	-34.20	Up by 32.3 percentage points
Unallocated	176,455,944.26	133,194,092.68	24.52	0.83	8.94	Down by 5.6 percentage points

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

Explanation of reasons of changes in revenue and cost of sales: please refer to the details described in “Overall Results Review” of major operations during the reporting period

Management Discussion and Analysis

(2) Statement of cost analysis

Unit: RMB

By industries	Cost components	Amount for the current year	Segment information		Changes in the amount for the current year as compared with the previous year (%)	Explanation
			Percentage of the total cost for the current year (%)	Amount for the previous year		
Oil products	Cost of sales	1,114,301,197.67	13.1	1,087,630,934.80	13.8	2.5
Oil products	Depreciation and amortisation	381,734,778.51	4.5	370,132,882.82	4.7	3.1
Oil products	Labor cost	285,368,211.70	3.4	272,524,328.34	3.5	4.7
Containers	Cost of sales	2,526,482,925.97	29.7	2,112,345,931.00	26.8	19.6
Containers	Depreciation and amortisation	551,711,578.37	6.5	499,094,678.30	6.3	10.5
Containers	Labor cost	437,296,084.63	5.1	395,096,343.50	5.0	10.7
Bulk and general cargoes	Cost of sales	3,196,291,043.34	37.5	3,051,968,264.39	38.7	4.7
Bulk and general cargoes	Depreciation and amortisation	645,388,182.10	7.6	628,526,256.50	8.0	2.7
Bulk and general cargoes	Labor cost	784,984,018.19	9.2	692,304,381.73	8.8	13.4
Bulk grain	Cost of sales	463,130,003.93	5.4	428,187,134.22	5.4	8.2
Bulk grain	Depreciation and amortisation	137,537,207.77	1.6	125,902,395.70	1.6	9.2
Bulk grain	Labor cost	97,049,295.92	1.1	85,678,170.77	1.1	13.3
Passenger	Cost of sales	154,449,270.91	1.8	139,830,784.40	1.8	10.5
Passenger	Depreciation and amortisation	53,945,665.84	0.6	43,430,385.70	0.6	24.2
Passenger	Labor cost	58,573,176.61	0.7	53,588,049.75	0.7	9.3
Value-added products	Cost of sales	883,284,030.74	10.4	864,480,813.99	11.0	2.2
Value-added products	Depreciation and amortisation	255,333,499.53	3.0	200,416,490.54	2.5	27.4
Value-added products	Labor cost	677,181,871.28	7.9	686,020,154.67	8.7	-1.3
Automobiles	Cost of sales	47,197,890.81	0.6	71,728,626.23	0.9	-34.2
Automobiles	Depreciation and amortisation	13,745,295.65	0.2	11,565,101.83	0.2	18.9
Automobiles	Labor cost	3,477,763.53	0.0	2,708,551.96	0.0	28.4
Unallocated	Cost of sales	133,194,092.68	1.6	122,265,985.68	1.6	8.9
Unallocated	Depreciation and amortisation	235,677,719.11	2.8	227,746,669.94	2.9	3.5
Unallocated	Labor cost	29,778,956.76	0.3	11,640,100.38	0.2	155.8

Management Discussion and Analysis

Explanation of cost analysis

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

(3) *Major sales customers and major suppliers*

The sales to the top five customers amounted to RMB1,325.8423 million, representing 11% of the total annual sales. Of the sales to the top five customers, sales to related parties was zero, representing 0% of the total annual sales.

The purchases from the top five suppliers amounted to RMB344.4155 million, representing 4% of the total annual purchases. Of the purchases from the top five suppliers, purchases from related parties amounted to zero, representing 0% of the total annual purchases.

8.3 Expenses

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

8.4 Research and development (R&D) investment

(1) *Statement of R&D Investment*

Unit: RMB

Expensed R&D investment for the year	9,306,646.62
Capitalised R&D investment for the year	13,695,980.00
Total R&D investment	23,002,626.62
Percentage of total R&D investment in revenue (%)	0.19
Percentage of capitalized R&D investment (%)	59.54

(2) *Information of R&D personnel*

Number of R&D personnel	215
Percentage of R&D personnel in total employees (%)	1.05

R&D personnel by educational level

Categories of educational level	Numbers by educational level
Doctor	–
Master	20
Bachelor	140
Junior college	35
High school or below	20

Management Discussion and Analysis

R&D personnel by age

Categories of age	Numbers by age
below 30 (exclusive)	8
30 (inclusive) – 40 (exclusive)	78
40 (inclusive) – 50 (exclusive)	83
50 (inclusive) – 60 (exclusive)	45
above 60 (inclusive)	1

8.5 Cash flow

Net cash inflow from operating activities amounted to RMB3,822,920,927.48, representing a year-on-year decrease in inflow of RMB159,179,236.58 or 4%, which was mainly due to the combined effects of increase in outflow as a result of conclusion of social security reduction and exemption policy and the recovery of accounts receivable on cold chain business in the same period of last year.

Net cash outflow from investing activities amounted to RMB2,686,733,149.88, representing a year-on-year increase in outflow of RMB3,431,311,352.83 or 460.84%, which was mainly due to the effect of the payment of partial amount for acquisition of assets from Yingkou Port Group in the year.

Net cash outflow from financing activities amounted to RMB3,862,974,254.41, representing a year-on-year decrease in outflow of RMB796,742,514.03 or 17.10%, which was mainly due to the combined effect of the raised funds received and the payment of partial amount for acquisition of assets constituting the business from Yingkou Port Group.

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

In 2021, non-operating expenses of RMB179,547,900 was accrued as the pending litigation and arbitration concerning DCT Logistics Co., Ltd., a subsidiary of the Group.

In 2021, the Group's oil terminal company accrued credit impairment loss on receivables of Dalian Enesky International Trade Co., Ltd. of RMB116,186,100.

In 2021, Heilongjiang Suimu Logistics Co., Ltd., a subsidiary of the Group, accrued asset impairment loss of RMB44,992,600.

Management Discussion and Analysis

10. Analysis of Assets and Liabilities

10.1 Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current year	Percentage of total assets as at the end of the current year (%)	Amount as at the end of the previous year	Percentage of total assets as at the end of the previous year (%)	Changes in amount for the current year as compared with the previous year (%)	Explanation
Cash at bank and on hand	4,682,837,844.76	8.10	7,419,447,281.30	12.91	-36.88	It was mainly due to the combined effect of the payment of due bonds, the payment for acquisition of assets from Yingkou Port Group and receiving raised funds.
Financial assets held for trading	-	-	903,950,958.91	1.57	-100.00	It was mainly due to the redemption of structural deposits.
Advances to suppliers	57,266,286.24	0.10	36,860,762.57	0.06	55.36	It was mainly due to the increase in prepaid freight charges.
Interest receivable	1,750,685.21	0.00	284,496.05	0.00	515.36	It was mainly due to the increase in interest on borrowings.
Other current assets	477,689,360.75	0.83	72,798,850.63	0.13	556.18	It was mainly due to the increase in input VAT to be deducted.
Long-term receivables	4,706,562.92	0.01	80,486,851.34	0.14	-94.15	It was mainly due to the recovery of inter-company borrowings and the reclassification of certain long-term borrowings to borrowings due within one year.
Right-of-use assets	4,414,466,347.72	7.64	6,526,116,478.72	11.36	-32.36	It was mainly due to the suspension of the lease contract regarding the former assets after the acquisition of assets from Yingkou Port Group.
Intangible assets	5,624,837,547.39	9.73	3,330,626,488.21	5.80	68.88	It was mainly due to the acquisition of assets from Yingkou Port Group.
Deferred income tax assets	237,861,355.01	0.41	144,226,490.31	0.25	64.92	It was mainly due to the tax discrepancy arising from the acquisition of assets.
Short-term borrowings	-	-	150,142,083.34	0.26	-100.00	It was mainly due to the repayment of short-term bank borrowings.
Advances from customers	8,310,000.53	0.01	3,154,967.98	0.01	163.39	It was mainly due to the increase in prepaid rental expenses.
Contract liabilities	394,018,044.43	0.68	255,839,053.10	0.45	54.01	It was mainly due to the increase in prepaid port charges.

Management Discussion and Analysis

Item	Amount as at the end of the current year	Percentage of total assets as at the end of the current year (%)	Amount as at the end of the previous year	Percentage of total assets as at the end of the previous year (%)	Changes in amount for the current year as compared with the previous year (%)	Explanation
Taxes payable	157,612,682.63	0.27	119,073,940.80	0.21	32.37	It was mainly due to delay in tax payment as Yingkou Ltd. was affected by the epidemic at the end of the year.
Other payable	5,101,745,254.99	8.82	549,318,940.86	0.96	828.74	It was mainly due to unsettled payment for acquisition of assets from Yingkou Port Group.
Non-current liabilities due within one year	1,317,029,437.70	2.28	2,739,874,519.62	4.77	-51.93	It was mainly due to the repayment of principal amount of bonds payable due within one year.
Lease liabilities	4,479,123,277.25	7.75	6,557,286,700.42	11.41	-31.69	It was mainly due to the suspension of the lease contract regarding the former assets after the acquisition of assets from Yingkou Port Group.
Long-term payables	17,500,000.00	0.03	44,070,000.00	0.08	-60.29	It was mainly due to the settlement of due inter-company borrowings.
Provisions	212,308,104.33	0.37	32,760,218.42	0.06	548.07	It was mainly due to the accrual of provision for the warehousing disputes involving subsidiaries.

Other explanation

Nil.

10.2 Information of off-shore assets

Scale of assets

Including: off-shore assets of RMB239.441 million, representing 0.41% of the total assets.

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

Please refer to the details described in Note IX (24) to the financial statements, Assets with restricted ownership or use right.

Management Discussion and Analysis

11. Analysis of Business Operation in the Industry

11.1 Core business and related business models

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

11.2 Business model

At present, the Group is at a critical stage of transformation and development and puts emphasis on strengthening product innovation, expanding service functions, establishing professional brands, promoting platform construction, deepening customer cooperation, and creating an integrated logistics service system that serves the country, the industry and customers. In addition, in accordance with the overall thinking of supply chain integration, the Group has comprehensively improved its service, intensification and intelligence, promoting the integration of logistics and finance, commerce, and information industries.

Management Discussion and Analysis

12. Analysis of Investments

12.1 Overall analysis of external equity investments

Details are as below:

(1) Major equity investments

Nil

(2) Major non-equity investment

Unit: RMB'0,000

Investment project	Source of fund	Total proposed investments	Investment for the year	Accumulated investments as at the end of the year	Project progress	Gains realised for the year	Reasons for failure to achieve the expected gain
Dayao Bay No. 13-16 Berths in Phase II	Own funds and loans	378,300.00	2.41	233,316.65	93%	Among which, No. 13 and 14 berths have been transferred to affiliated joint venture and recorded income of RMB200 million; the annual rent income from No. 15 berth amounted to RMB53.50 million; the main body of No. 16 berth has been completed and is yet to be leased.	/
Xingang No. 18-21 Berths	Own funds and loans	41,377.00	-	35,151.63	86%	N/A	The project is under construction and has not yet been put into operation, so no gain is generated.
Total		419,677.00	2.41	268,468.28		N/A	/

Management Discussion and Analysis

(3) Financial assets at fair value

Unit: RMB

Item	Opening balance	Closing balance	Current change	Effect on the current profit
Financial assets held for trading	903,950,958.91	–	-903,950,958.91	25,965,850.49
Other equity instrument investments	204,067,639.27	179,291,854.27	-24,775,785.00	10,502,840.09
Total	1,108,018,598.18	179,291,854.27	-928,726,743.91	36,468,690.58

13. Analysis of Major Subsidiaries and Investee Companies

The shareholders of the Dalian Container Terminals Co., Ltd. (“DCT”) and their respective percentages of ownership were 48.15% for Dalian Port Container Development Co., Ltd. (“Dalian Port Container”), a wholly-owned subsidiary of the Company, 4.35% for COSCO SHIPPING Ports (Dalian) Limited, 3.66% for COSCO SHIPPING Ports Development Co., Ltd., 10.99% for China Shipping Terminal Development Co., Ltd., 26% for Singapore Dalian Port Investment Pte. Ltd., and 6.85% for Nippon Yusen Kabushiki Kaisha. Dalian Port Container entered into the Concerted Action Agreement on Dalian Container Terminals Co., Ltd., by which they agreed to act in concert on voting in relation to DCT’s operating decision-making. The registered capital of DCT is RMB3,480 million. Its principal businesses include the development, construction, management and operation of container terminals and its auxiliary facilities, provision of container handling and provision of bonded storage. As of the end of December 2021, DCT recorded a total asset of RMB7,353.6524 million and net asset of RMB3,740.6058 million. From January to December 2021, it achieved a revenue of RMB1,274.4381 million and net profit of RMB208.0819 million.

Liaoning Port Holdings (Yingkou) Co., Ltd. (“Yingkou Ltd.”) is a wholly-owned subsidiary of Liaoning Port Co., Ltd., with a registered capital of RMB10,000 million. Its principal businesses include, among others, port operation, construction engineering design, special equipment manufacturing, road cargo transportation (excluding dangerous goods), domestic freight forwarding agency, general cargo warehousing services (excluding hazardous chemicals and other projects that require approval), domestic shipping agency. As of the end of December 2021, it recorded a total asset of RMB23,764.5524 million and net asset of RMB13,346.7137 million. From January to December 2021, it achieved a revenue of RMB4,473.8396 million and net profit of RMB1,481.0677 million.

Management Discussion and Analysis

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

1. Competitive landscape and development trend in the industry

In 2022, the global economy and trade were facing greater complexity and changes, with unfavourable factors growing significantly, and uncertainty in development continuing to develop. The international trade was struggling in the face of severe challenges, which was expected to last for a considerable period. The recession of the real economy increased the global financial risks, resulting in falling confidence of investors across the globe. Affected by the COVID-19 outbreak, the international economic and trade cooperation was slowing down to certain degrees, and the reduction of convenience degree of transportation caused by the inter-regional controls will have a negative impact on our port production. Therefore, the general trend of recession in global economy and trade will be very hard to change.

In 2022, China will strive to develop a new development pattern based on domestic macrocirculation, along with domestic and international dual-circulation and mutual promotion, with the emphasis placed on deepening the supply-side structural reform and leveraging the support of reform and technological innovation.

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

2. The Company's development strategy

The Company will adhere to its strategic direction of serving China's dual-circulation initiative, while reinforcing the coordination, integration and sharing with the nearby ports, shippers and third-party logistics service providers to optimize the allocation of resources. By improving its service functions and reducing overall costs, the Group will strive to achieve the integration of logistics with all the elements along the supply chain, i.e. trade, finance and information. By continuously innovating logistics products, expanding business models and expanding cooperation areas, the Group will strive to build an integrated supply chain service platform for the transformation and upgrade in the areas ranging from the port side to the whole-process logistics system and the supply chain system.

In 2022, the Group's major initiatives for market development in its business segments are set out as follows:

Oil Segment

The Group will pay close attention to the reorganization, capacity enlargement and usage of pipelines by private refineries in Liaoning and Hebei, while striving to design a personalized whole-process logistics cooperation plan to promote the construction of an oil distribution centre in Northeast Asia. The Group will take advantage of its collection and distribution capacity of railways, complete the technological transformation, obtain necessary qualifications, and expand its fuel oil collection and distribution business into Northeast China to drive the increase in throughput.

Management Discussion and Analysis

Container Segment

In response to the beneficial policies such as Zero Tariff among RCEP member nations, we will focus on the development of uncultivated markets, deepen our exploration into the Southeast Asian market, optimise the network of shipping routes, increase the schedule density and enhance the pivotal role of the port. The Group will actively adapt to China's dual-circulation initiative in accordance with its overall layout, coordinate regional resources, build a transshipment service platform for branch lines in Bohai Rim, accelerate the construction of its branch line transshipment system, promote the implementation of its Bohai Rim strategy, and expand its port business into the hinterland; Meanwhile, we will continue to explore the advantages of the multimodal transportation platform, actively participate in the construction of a new international land and sea channel in Northeast Asia and strive to achieve a rapid growth in the throughput with a well-balanced development of our sea and land-based business. We will also strengthen cooperation with our upstream and downstream partners, promote the whole-process logistics and supply chain services, and achieve mutual benefit and common development. The Group will actively seek policy support, continue to optimize business environment for its ports and facilitate the development of its key logistics projects, while continuously promoting digital transformation, improving its comprehensive service capabilities and powering the development of its container business.

Passengers and Ro-Ro Segment

The Group will make use of the opportunities from the introduction and operation of large passenger and ro-ro ships to actively secure ro-ro vehicle and passenger business, strive to develop a golden waterway in Bohai Rim region, and explore cross-strait ro-ro resources leveraging the new ro-ro vehicle shipping lines.

Automobile Segment

Leveraging the liner routes for foreign trade and export, we will further explore business opportunities in exported goods and parallel vehicle imports, cross-border transportation of commercial vehicle from Japan and South Korea, and further increase the proportion of water transportation service taken by the existing customers and increase the business volume of water transportation.

Bulk and General Cargo Segment

The Group will strive to provide all-round supply chain services for iron ore for its customers in Northeast China, Bohai Rim and Northeast Asia leveraging its "Railway + Road + Transit" capability. We will enhance our strategic cooperation with VALE and Rio Tinto and continue to build the super-large mineral carrier "Base Port", and explore the market of mixed ore leveraging a marketing pattern known as "Dollar Long-term Agreement + RMB Spot (美元長協+人民幣現貨)". The Group will urge to accelerate the construction of its projects to realize construction and production in the same year. At the same time, we will endeavour to persuade Dalian Zhonglin Investment Co. LTD to increase the shipping of logs to our ports, thus increasing the throughput of our ports. We will continue to cultivate customer base in Shandong market, promote the development of domestic short-distance routes for corn in Shandong, and give full play to our transportation advantages of "small, fast and flexible" as well as their own resources of bulk grain carriage, thus achieving the synergetic development of ports within the system.

Management Discussion and Analysis

3. Business plans

In 2022, focusing on customers' demands, and leveraging its comprehensive advantages in deep-water berth, storage facilities, tugging, tallying and railway, the Group will strengthen product and service innovation, deepen cooperation with customers, improve the logistics network, expand service functions, and further promote the construction of logistics system at the ports. Besides, the Group will drive the development of our high-end service business, accelerate the pace of going out and exert all efforts to build a port ecosystem integrating logistics, business flow, capital flow and information flow, with a view to becoming the first-class integrated service provider in supply chain in China.

4. Possible risk exposures

2022 will see more uncertainties in the development of the world economy. The COVID-19 outbreak has continuously posed severe threat to the international economy and trade. The growth momentum of the domestic economy may slow down. There will be more uncertainties in the port industry. Firstly, the world trade is complex and changeable and there are still potential risks in the market. Secondly, the Chinese economy has entered a stage of structural adjustment, creating an impact on the production and operation of domestic ports. Thirdly, economic growth is weak in the Northeast region featured by imbalanced development and the lack of a diversified industrial structure. Fourthly, the growing competition pressure from ports of Japan, South Korea and nearby regions, rising rail freight, dominant trend in M&A and restructuring, alliance and upsizing of operations in the international shipping market and normal practice to cut and merge container routes have presented challenges to the production and operation of ports.

MERGER WITH YINGKOU PORT LIABILITY CO., LTD.

The Company published an announcement on 7 July 2020 (the "Announcement") and a circular on 10 September 2020 (the "Circular") regarding the very substantial acquisition and connected transaction in relation to the merger of Yingkou Port Liability Co., Ltd. (the "Target Company") and the specific mandate in relation to issue of new shares. The Company entered into a merger agreement with the Target Company on 7 July 2020, pursuant to which the Company shall issue A shares to the shareholders of the Target Company in exchange for all the existing issued shares of the Target Company. On 4 February 2021, the Company issued 9,728,893,454 A shares to the shareholders of the Target Company. One share of the Target Company was converted into 1.5030 A shares of the Company. Upon completion of the merger, the Company had 17,464,713,454 A shares and 5,158,715,999 H shares. On 28 January 2021, the Company had changed its name to Liaoning Port Co., Ltd. to better reflect the Company's business strategy upon the acquisition of the Target Company. On 17 November 2021, 1,363,636,363 A shares were issued pursuant to the specific mandate. Upon completion, the Company has 18,828,349,817 A shares and 5,158,715,999 H shares.

Management Discussion and Analysis

Human resources management

Overview of employees

Taking into consideration of the Company's development strategies and priorities, the Group took efforts to facilitate each employee's development of his or her potential and formulated an employment mechanism for staff selecting, training and appointment so as to support the Company's sustainable development. As of 31 December 2021, the Company had 3,669 full-time employees in total. The Company and its invested businesses had 11,227 employees in total.

Compensation policy

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

Training plan

In accordance with the development strategy of the Company, we focused on the annual development goal and focal point of the work, and center on the cultivation of professionals and production and operation personnel to establish an annual training programme based on the present situation of the talent team. In respect of the training of professionals, we held specialised training activities including lecture hall of law, lessons of safety internal trainers and certified safety engineer, focusing on the management of law and compliance and security, as well as in-service education to workers who are in the storage and transportation enterprises of dangerous chemicals and hazardous goods; in terms of professionals of operation, we developed rotation training plan to the group leaders, and more than 700 group leaders took part in online and offline training.

Investor relations management

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

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

In 2021, in order to allow all interested parties to fully understand the Company's performance, operating strategies and development prospects, the Company received investors' inquiries, set up investor mailboxes and adopted other ways and methods. The Company proactively and candidly communicated with the capital market for domestic and overseas investors, and published all kinds of announcements, circulars, and reports as required by domestic and overseas regulatory rules on the website of the Company and the websites and newspapers designated by regulators.

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

Management Discussion and Analysis

2021 Corporate Social Responsibility Report

I. Summary on Fulfilment of Social Responsibilities

In 2021, amidst the lingering and complicated domestic and global economic situations, Liaoning Port Co., Ltd. adhered to scientific development, pushed ahead with reform, made breakthroughs and promoted innovation, and pursued excellence. With the joint efforts of all staff, new progress had been made in respect of various works, and various indicators for the year had been achieved successfully.

1. Concept of social responsibility

The social responsibility of Liaoning Port Co., Ltd. is to undertake the responsibilities for its customers, staff, the society and environment while pursuing economic benefits and safeguarding shareholders' interests. While maintaining rapid development of the port, we stick to the mission of "prospering the city through the port, and serving the nation with industrial development", adhere to the core value of "people-oriented, client-oriented and responsibility-guided", promote the spirit of "Self-Discipline and Social Commitment", and uphold the operating concept of "integrity, value-added, safety and environmental protection", so as to create value for shareholders, customers, staff and society.

2. Undertaking of social responsibility

We are committed to implementing a supervisory and management system for social responsibility underpinned by a main framework covering quality, occupational health and safety and integrated environmental management mechanism. At the beginning of the year, we were accredited with quality, environment and occupation health and safety management system certification, ensuring the standardised management is kept abreast of time, providing standardised management support in relation to the management, quality control, safety control, occupation safety control of the Company, thereby ensuring the effective performance of the corporate social responsibilities of the Company. The Company took the initiative to fulfil the obligation of "contributing all it should contribute", paid tax in aggregate of RMB975,158,383.26 during the year, making due contributions to national and regional development.

3. Vision of social responsibility

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

Management Discussion and Analysis

II. Contribution to the Industry

4. Promoting regional logistic development

In 2021, the Company focused on the construction of “three hubs, four centres, and one channel”, made breakthrough in product and service innovation, and through measures such as deepening customer cooperation, expanding logistic network and improving port service efficiency, the Company further lowered comprehensive logistic costs for customers, thereby effectively supporting the real economy and promoting the regional economic development. Firstly, we strengthened the building of a system for collective transport and delivery, and in terms of land sector, enhanced business cooperation with the railway bureau and promoted scheduled railway transportation and bulk cargo port logistics. In terms of sea sector, the Company vigorously developed scheduled shipping service and created a low-cost, efficient and convenient shipping service system connecting the north and south of China. Secondly, by taking the advantages of “big ship + ore blending”, we deepened customer cooperation, and created a regional iron ore distribution center. Thirdly, we strengthened the cooperation among the ports around the Bohai Sea and improved the layout of the circum-Bohai-Sea network, due to which the supply of the transit shipment business involving containers developed steadily. Fourthly, we continued to promote cooperation with the water transport project of the North-South main engine plant, promote the construction of the north-south convection route of commodity vehicles, and achieve the rapid growth of business volume such as river-ocean combined transportation and sea-railway combined transportation. Fifthly, we worked closely with the port regulatory authorities and implemented a variety of initiatives to promote the development of foreign trade through ports.

The companies in relevant regions had developed clear development orientations, and deepened market to build up new advantages. Serving the national strategy, the Company’s status of hub port of “transportation of grains from the north to the south” was further consolidated. It also focused on the strategic customers and stabilising the sources of cargo, strengthened operation and promoted the development of new types of cargo with advantages, so as to improve the transportation capability of the port.

III. Caring for Customers

5. Product quality and customer service

In 2021, the Company continued to take business transformation and quality improvement as its major tasks, focused on reducing logistics costs and increased service offerings, based on its supply chain logistics service system, marketing system and customer management system to subdivide customer groups, deeply studied the actual needs of customers and implemented the differentiated marketing strategy, so as to meet explicit demands and explore potential demands. For strategic customers and large customers, we tailored the supply chain logistics solutions to meet their customised demands. For small and medium customers, we built up a platform and system to provide them with comprehensive, one-stop value-added services. In addition, the Company increased interaction with its customers, expanded into new services, and promoted the continuous improvement in port environment and business environment through the application of various information platforms such as the Dalian Public Information Platform, service hotline, mobile APP and Micro Port System.

Management Discussion and Analysis

6. *Production Safety*

In 2021, the port thoroughly implemented General Secretary Xi Jinping's important exposition on production safety, strictly followed the principle of "two top priorities" and "two fundamentals", attached great importance to the responsibility of production safety, pushed ahead with the three-year rectification action on production safety, established new management and control system of production safety, and promoted technology innovation to enhance intrinsic safety. As a result of these efforts, the production safety situation for the year remained stable with progress and continued improvement.

Firstly, we adhered to the leadership of the senior level personnel, giving full play to the leading role of leaders group. The Safety Committee of the Company organised three learning sessions for all staff to learn and understand the General Secretary Xi Jinping's important exposition on production safety, and two learning sessions on the newly promulgated Production Safety Law, and held four sessions of Safety Committee conferences, as well as two sessions of Safety Committee special conferences. We also carried out research and deployment of the work of production safety, and solved more than 30 key and difficulty problems. The leaders group strictly implemented the on-duty system, and carried out supervision and inspections in the front line at various important points in time. A total of more than 100 inspections had been carried out during the year, which ensured the stability of overall security of the Company.

Secondly, it strengthened sources management and control, and carried out special three-year action on governance. The first was to issue the Keys to the 2021 Crucial Stage of Three-year Rectification Action on Production Safety, which put forward the specific measures for the achievement of the goals of the crucial stage; the second was to implement the production safety responsibility insurance in high-risk segments of the industry. Supervision was carried out on the purchase of production safety responsibility insurance for all dangerous cargo operating units, port passengers transportation units and ammonia-related cold storage; the third was to issue the Work Plan for Safety Management of Enterprises with "Two Keys and One Major" Storage and the Educational Qualification of Operators (《“兩重點一重大”儲存設施企業的安管及操作人員學歷資質達標工作方案》) to improve the quality of practitioners related to hazardous chemical; the fourth was to enhance the special rectification on fire safety. The Company formulated and issued 5 emergency rescue procedures, 15 emergency rescue plans, and 21 firefighting and rescue plans, and organised more than 300 firefighting facility operators at the port to carry out skill competitions, which comprehensively improved the actual operation ability of firefighting facility operators; the fifth was to draw lessons from various accidents. The Company carried out the special actions such as special supervision on safety rectification, special inspection and rectification of gas lines and so on to stick to the bottom line and red line of the Company's production safety.

Management Discussion and Analysis

The third was to consolidate the “Four Mechanisms” and strengthen the main responsibilities of units at all levels. The first was to cooperate with the Tianjin Research Institute for Water Transport Engineering of Ministry of Transport, and to work with Tianjin Port, Rizhao Port, Nanjin Port and Ningbo Container Terminal, to innovatively carry out the formulation of “Main Responsibility List of Port Enterprises for Safety Production” and One List for One Responsibility of One Post”, which intended to promote the implementation of port responsibility, and consolidate the safety management responsibility system; the second was to strengthen and implement the safety commitment reporting system, to highlight the important management and control issues of each unit. The Company implemented differentiated commitment reporting system to ensure “reliable risk management and control, and zero potential danger”; the third was to strengthened the risk management on high risk operation of units involving hazardous chemicals, production units, main units of material construction projects, and crowded areas through the assessment on risk prevention and control conducted by professional technicians or third-party institutions on a monthly basis, to ensure the effective management and control of safety risks; the fourth was to make more detailed and stricter internal requirements on the basis of the requirements of the municipal inspection frequency. A risk details record and reporting mechanism and two-level safety management personnel’s supervision and inspection, and “random inspection” mechanism had been established respectively.

The fourth was to strengthen risk management and control and carry out comprehensive inspection and rectification on hidden dangers. The first was to further promote the hierarchical management and control of safety risks, and improved the announcement and warning of safety risks so as to promote the establishment of standardised risk notification at the port. We set up 193 safety risk bulletin boards and notification boards, as well as 25 notification boards for major dangers; secondly, through special inspection, engagement with third parties in re-inspection, review of problems and hidden dangers, cooperation with party committee and discipline inspection commission to carry out inspection of safety and environmental protection, and “3+2” daily inspection, a total of more than 50 inspections, which involved over 600 sessions, were conducted during the year, and more than 2,426 problems and hidden dangers were identified, all of which had been fully rectified; thirdly, during the year, it received more than 30 times of inspections by superiors, and participated in more than 200 inspections of the Company’s at various levels. The inspection and rectification of hidden dangers was promoted continuously, thus eliminating various hidden dangers in a timely manner.

Management Discussion and Analysis

The fifth was to advance the development of “two masters”, so as to effectively carry out safety education and training and safety culture publicity. It strived to advance the cultivation of “two masters”. Approximately 600 people participated in the test for certified safety engineers, and 29 of them obtained the professional qualification of intermediate certified safety engineer. There are 86 intermediate certified safety engineers at the port, accounting for 24.9% of the safety management team of the port. A total of 65 people participated in the internal trainer training classes held by the Company, 11 of which passed the exam and were engaged as the Company’s intermediate safety internal trainer. A total of 496 safety internal trainers have been cultivated by all units, who were at three levels of units, station and team, thus initially establishing a four-level internal trainer team of the Company, unit, station and team. We actively participated in the “Security Ability Testing”, the National Safety Knowledge Online Competition and the Third National Emergency and Legal Knowledge Competition, with a total of 16,438 participants and a participation rate of 93.5%. Among which, an employee of Dalian Container Terminal Co., Ltd. delivered excellent result and get the second place in the national ranking by individual points. In addition, Dalian Automobile Terminal, as the first unit in the port, is actively applying for the title of a national demonstration enterprise of safety culture construction, which is expected to further improve its safety management capability.

The sixth was to strengthen the drive of innovation and improve the level of intrinsic safety. Firstly, accelerating the empowerment of digital management. The Company carried out the establishment of a smart cloud platform for safety management on the basis of Liaoning Port Group’s safety management information system; secondly, carrying out inspection on hidden safety risks involving old facilities and equipment, 1,699 old facilities and equipment were identified, including 1,257 equipment and 442 facilities. Each responsible unit has formulated a list of old facilities and equipment, and identified and assessed the possible risk; thirdly, advancing and strengthening the technical transformation of on-site operations. The units, such as bulk and general cargo terminals and Jifa South Coast adopted new technologies and processes, and strengthened the application of digital and intelligent technologies, as well as comprehensive application of intelligent patrol inspection system, which improved the efficiency of safety supervision and management, and effectively enhanced the intelligent level of safety management.

The seventh was strict implementation of the responsibility of companies in relevant areas, and observance of the bottom line of safety in the development of the port. Adhering to the problem-oriented approach, and focusing on tasks in the crucial stages of the three-year special rectification of production safety, to make improvement in respect of its weakness and ensure the observance of the bottom lines, the Company made concrete efforts in carrying out safe production of the port. It also further consolidated the main responsibility of production safety of personnel at all levels through the construction of dual prevention mechanisms, the hierarchical management and control of safety risks, the improvement of institution and system, and the advancement in the optimisation of emergency system. Meanwhile, the Company also dynamically updated the problems and hidden dangers, institutions and measures. With a focus on the key problems, it implemented and optimised corresponding governance measures through on-site promotion meetings and cross-inspections. As a result of these efforts, the rectification achieved initial results. More than 350 times of various inspection had been conducted, 153 hidden dangers were identified, and the rectifications of which had been fully completed; safety education and training had also been enhanced, with more than 126 thousand practitioners participating in the training.

Management Discussion and Analysis

IV. *Caring for Employees*

7. *Protection of employees' rights and interests*

We insisted on leveraging our strengths in democratic corporate management, transparency in factor affairs and other systems, respected the democratic rights of employees, safeguarded the legitimate interests of employees, and performed, according to the law, relevant primary unit's equity transfer, and other democracy procedures. Meanwhile, we implemented the requirements of the labor union, and combined the requirements of "AAA-level Employee Home Building", "Employee Home Construction", etc., to improve rules of procedures, decision making policies, regulate management provisions, and deepen the construction of the Employee Home. We continued to display the roles of employee interests appeal and expression, labour dispute pre-warning and other systems, listened to the voices from the employees and resolved any conflicts or disputes in a timely manner, to earnestly maintain the democratic and harmonious development of Dalian Port. Furthermore, we actively performed supervisory duties in production safety and labour protection, and gave further play to the roles of the "Good Health" Cup competition as a carrier through rearranging the assessment rules, improving the incentive standard and adding typical case recommendation and selection activities, thereby protecting the rights and interests of employees in safety and health.

8. *Supporting and caring for the employees*

The Company adhered to a combination of targeted poverty alleviation and inclusive services. In particular, we improved the targeted poverty alleviation mechanisms such as basic living allowances for employees, school subsidies for their children, visits during festivals, temporary assistance, and assistance for employees in need, as well as inclusive service mechanisms such as medical mutual assistance fund, charity assistance fund for major emergencies, and employee relief fund. Meanwhile, we carried out "extending cool in summer and warmth in winter" activities to continuously promote health checks for employees. In addition, we proactively facilitated the construction of the "Caring Room for Employees' Mental Health" and "Special Caring Room for Female Employees", and provided psychological health counseling for employees in need, as well as health checks and special female checks for female employees, demonstrating our care and love for employees through such multi-dimensional, multi-level and multi-carrier assistance measures. In light of the COVID-19 pandemic in Dalian in 2021, psychological assistance workers were arranged to provide psychological support and counseling services for quarantined employees via telephone or WeChat.

Management Discussion and Analysis

9. *Improving employment mechanism*

The Company continuously stimulated the work enthusiasm of staff with model worker spirit and craftsman spirit, and adhered to the typical cultivation, selection, leadership and echelon training mode to consolidate the craftsman brand of the port while upholding the direction of cultivating elite talents. In particular, we leveraged on our strengths in national vocational skills education and training base, mobile APP for employee occupational skills and other platform resources, and adhered to the integration of learning, contest, promotion and incentive, to effectively improve the experienced talent training system. By virtue of our well-established talent cultivation system, the younger generation of our technical elites have achieved good results in a variety of top-notch provincial port skill contests: In the 2021 Liaoning Provincial Labour Skills Competition and the Provincial Hoisting and Unloading Machinery Operator Skills Competition hosted by Liaoning Port Group, the top five were secured by Dalian Port; in the Dalian Third “Craftsman Cup” Labour Skills Competition, the top three were secured by Dalian Port.

The companies in relevant areas made persistent efforts to improve the business quality and skills of their employees. In addition to carrying out the post training and competition at each unit, they also organised employees to participate municipal, provincial and national skills competition. In 2021, in the Liaoning Forklift Driver and the Maintenance of Heavy Vehicle Labor Skills Competitions, the staff of Yingkou Port secured top 3 respectively; in the Liaoning Mechatronics Labour Skills Competition, the second, third and sixth places were taken by the staff of Yingkou Port; in the Provincial Port Industry Hoisting and Unloading Machinery Operator Skills Competition, it won the second place in the team competition.

Focusing on giving full play to the role of studios in driving, demonstrating and motivating to advance the cultivation of highly skilled talents and the promotion and transformation of technological achievements, the Company established 60 innovative studios of “quality and efficiency improvement” last year. The concrete efforts inspired all staff’s enthusiasm for creation. There were 131 innovative projects related to efficiency and empowerment and cost, which generated direct economic benefits of RMB9.1 million and reduced the Company’s costs by RMB20.33 million.

There are 15 quality and efficiency improvement studios in Yingkou area, 2 of which were named as Liaoning Labour Innovation studios.

Management Discussion and Analysis

V. Ecological Development

10. Environmental protection

In 2021, the Company adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era, to better fight the battle of pollution prevention and control, and took innovation, coordination and environmental protection as its development principle, and adhered to the principle of “improving air quality, reducing carbon emissions, strengthening ecological protection, enhancing the management of water resource, guarding against risks”, continued to improve the level of ecological protection and management, enhanced the ability of emergency prevention and handling, so as to stably advance the improvement in the quality of ecological environment of the port area, and to promote the construction of environmental-friendly port.

The first was to strengthen management of hazardous waste, and standardise the construction of storage sites. The Company completed the centralised purchase of hazardous waste disposal units, carried out special inspection and centralised rectification, and finished the transfer and disposal of 8.05 tonnes of waste batteries in a compliant manner; the second was to focus on the heavily polluted weather, and strengthen air pollution control. The Company completed the preparation and filing of emergency plans for heavily polluted weather caused by the oil chemicals and bulk cargo at the port, and strengthened the dust management and control of the storage yard. In addition to long-term storage with 100% cover, it covered the empty yards of bulk cargo to solve the dust problem caused by remaining coals; the third was to improve the emergency ability of environmental protection. The Company carried out 4 marine oil spill emergency drills, and conducted special inspection on the emergency management of environmental emergencies. The Company also implemented targeted rectification measures for issues such as improper use of emergency materials, lack of ship-shore docking mechanism, the guarantee measures for hoisting and transportation; the fourth was to advance the inspection and governance of hidden environmental dangers. For the dust problems of bulk cargo operations that the Company involved in, it cooperated with central inspection group of environmental protection to complete the rectification and petition cases of environmental protection supervision; the Company cooperated with the leaders group of Dalian Blue-sky Program to carry out comprehensive inspection on environmental protection, and identified 25 various hidden environmental dangers; the fifth was to implement the monitoring plan. The Company promoted the online monitoring system, the oil product terminal conducted the update of the boiler rooms and the sewage plants' online monitoring equipment, the bulk and general cargo terminal cooperated with Dalian Environmental Monitoring and Inspection Detachment to install dust online monitoring equipment to achieve timely monitoring on pollutant, ensuring there was no out-of-standard condition during the year.

As result of the strict measures adopted by the companies in relevant areas, the construction of environmentally friendly port was progressing smoothly. On the basis of systematic construction, including the optimisation of port environmental protection, environment supervision and monitoring, the Company took prevention and control, inspection and rectification of hidden dangers as the starting point to ensure the deployment and implementation of environmental protection works. During the year, a total of more than 160 inspections were carried out, and the rectification of 108 problems identified from which had been fully completed. As a result, the quality of port ecological environment has been continuously improved. Taking the opportunity of “guaranteeing air quality during the Winter Olympics and the Winter Paralympics”, the Company carried out the “3+3” action of air pollution prevention and governance, and comprehensively advanced corresponding rectification measures to ensure that the regional air quality met the standard during the period of the Winter Olympics.

Management Discussion and Analysis

11. *Energy conservation and consumption reduction*

In 2021, in terms of the energy conservation and emission reduction, the Company had followed the main line of building low-carbon and green ports, the starting points of carbon emission reduction and energy structure optimisation, and the key tasks for the year 2021 of centralised and optimised utilisation, energy conservation, emission reduction and clean production. The Company further adjusted and improved the port layout and functions, optimised production processes and operating methods, further promoted the application of green equipment and facilities, and continuously improved energy efficiency as well as port environmental quality, delivered satisfactory performance in fulfilling the Company's 2021 work plan of energy management, and continued to move towards its goals of becoming a world leading port characterised by green and intelligence.

In 2021, in terms of indicator-based assessment on energy conservation and consumption reduction, the Company adopted the management model of control in three aspects, including total energy consumption, comprehensive energy consumption per unit of production, and total carbon dioxide emissions. The Company issued energy consumption indicator plans and key energy-saving project management and controls requirements to all primary units at the beginning of the year. All primary units implemented energy consumption management and control in strict compliance with the indicators, and successfully fulfilled the Company's annual comprehensive evaluation indicators for individual energy consumption in production, and evaluation indicators for carbon dioxide emission. Besides, the Company successfully fulfilled the evaluation standard for the targets and responsibility of energy consumption under the "13th Five-Year" dual control, which was conducted by the local government for the key energy-consuming units under the "Hierarchical Administration of High Energy-consuming Enterprises".

In 2021, in terms of the construction of energy conservation and consumption reduction management system, the Company revised and improved the energy management system, further consolidated the basic energy management work, strengthened the control on the energy consumption, consolidated the original ledger management of energy measurement of relevant units, and unified and standardised the statistical standard of energy consumption as well as related statistical systems of each port through monthly data statistics and analysis. It encouraged the subordinate units to adopt digital measures to improve energy management, and to connect with the platform of the Company, which further promoted the energy data analysis and its guidance for and application in production and processes.

In 2021, in terms of energy conservation and consumption reduction publicity, the Company organised various units to participate in the National Energy Conservation Publicity Week with the theme of "Energy Conservation, Carbon Dioxide Reduction and Green Development" and the National Low Carbon Day with the theme of "Low Carbon Life, Green Future Development", which delivered satisfactory result as such events helped further improve all employees' awareness of conservation, and changed their concept of energy conservation. The Company organised all personnel in the port to actively participate in the fourth "Telling Stories on Energy Conservation" micro-video, photography and essay contest organised by the National Energy Conservation Center. Various units and individuals actively organised and submitted micro-videos, photography and story works which were in line with the subject of energy-saving and the Company's energy-saving cultural connotation, with an aggregate of 23 works being submitted. The Company actively attended the 2021 Green and Safety Port Conference of China Ports & Harbours Association, and invited China Waterborne Transport Research Institute, together with all units of the port to carry out communication and training on the management capabilities improvement of energy conservation and carbon dioxide reduction of port enterprises under the goal of "carbon emissions peaking and carbon neutrality".

Management Discussion and Analysis

In 2021, in respect of the research and promotion of new energy conservation and consumption reduction technologies, adhering to the combination of capacity expansion and source control, the Company achieved energy conservation and emission reduction through technical transformation and management of existing energy-consuming equipment, while focusing on source control and achieved energy conservation and emission reduction through reasonable planning and structure adjustment. Meanwhile, the Company vigorously promoted new energy-saving technologies to replace high energy-consuming technologies to provide technical support and fundamental motivation for accelerating the construction of a green ecological port. In 2021, the Company's total investment in energy conservation and consumption reduction reached approximately RMB10.04 million, including 2 equipment projects with an investment of approximately RMB5.4 million; 5 facility projects with an investment of RMB4.64 million, mainly including bridge hybrid power transformation, automatic power collection of on-site equipment, replacement of LED lamps, renovation of high-pressure sodium lamp systems, installation of solar street lamps, seawater wells and supporting projects, the 17# berth ship shore power construction of the container terminal, and so on.

12. *Emergency response*

In 2021, the Company continued to strengthen emergency management, and promoted the ability construction of emergency rescue. Firstly, the Company organised and carried out dangerous chemical emergency drills of safe production month, with the participation of the departments of the Company, 6 port internal units and 4 port external units, as well as Port and Shipping Branch of Dalian Public Security. Secondly, the Company carried out the "Emergency Drills of Dalian Port on Fire Accident Caused by the Dangerous Cargo Leakage and Facility Security Incidents". The municipal leaders and leaders of relevant departments and the Company, as well as more than 100 people of relevant units; thirdly, the Company strictly implemented the deployment of typhoon and flood prevention and control, formulated and issued work plans for typhoon and flood prevention and control, and conducted re-inspection on the 167 key places of typhoon and flood prevention and control, and on 14 flood drainage ditches; fourthly, the Company paid close attention to the meteorological information. During the typhoon and flood period, a total of 60 pieces of information about flood prevention and control and meteorological warning were released, and the 3-level emergency responses for typhoon and flood prevention control were carried out for four times. The Company also implemented dynamic inspections and continued to strengthen the guidance and supervision of safety-related work. During the year, the units organised 3,595 emergency drills according to emergency drill plans, with 38,730 participants, and approximately RMB3 million had been invested, with a view to fully improving the ability of emergency rescue and guarantee.

Management Discussion and Analysis

VI. Community Welfare

13. Community Welfare

The Company actively performed the tasks arranged by local government authorities, such as voluntary blood donation. It also actively implemented the spirit of Consumption-based Poverty Alleviation Mobilisation Meeting of Dalian City by purchasing products offered by the target of poverty alleviation; it carried out consolation for the employees working at the front line of pandemic prevention; 24 “Youth Commandos” devoted themselves to the front-line works of enterprise’s and social pandemic prevention; it also carried out book donation activities, and more than 1,000 books were donated to the children in poor areas of Inner Mongolia and the Jinpu New Area Main Station of Volunteer Services, and relevant news reports were released through Bandao Daily, Sina Weibo, Toutiao and other media; it carried out the Community Welfare of Dalian Port Youth Dream-Realising Scholarship (大連港青年圓夢獎學公益行). The representative of employees went to Dalian No.17 Middle School to hold a flag-raising ceremony together with teachers and students, and gave them materials to facilitate their study and growth. Participants of the “call of love and sharing of sunshine” (愛在招手·共享陽光) volunteering activity, which was co-organised by the Dalian Port Aizhaoshou Volunteering Service Team, went to Deshen Central Primary School in Yangjia Manzu Township, Wafangdian, to carry out volunteering service activities. They also visited students’ families, brought them basic necessities and showed their care for them.

14. Pandemic prevention and control

During the process of pandemic prevention in 2021, the Company coordinated pandemic prevention, safety and production, and established strict defense lines with scientific and targeted pandemic prevention measures. An aggregate amount of approximately RMB68 million was used to improve pandemic prevention equipment and facilities, pay personnel subsidies, and purchase pandemic prevention materials. The all-course vaccination rate of Dalian reached 97.7%. 9,062 staff have completed the vaccination of the third booster, and such result was remarkable as it was achieved under the shortage of the third booster vaccine. In order to solve the problem of vaccination in concentrated residential areas, cooperation with vaccination units had been initiated to provide vaccination for front-line personnel in more than 10 ports, which strengthened the protective barrier for high-risk workers, and the initiative was praised by the municipal government. Amidst the severe local pandemic situations in Zhuanghe, the Company achieved the goal of “zero case in ports, and zero infections among employees”. The specific work was as follows:

The first was the implementing responsibility and optimising systems. The Company compiled a responsibility list for the pandemic prevention and control of Dalian port to strengthen responsibility transmission. More than 100 patrol inspections were carried out to ensure the implementation of responsibility measures. The Company issued sixteen instructional documents, three of which were adopted by the government department and promoted across the city.

The second was scientific response and targeted policy implementation. In response to the pandemic, the Company emphasised the principle of rapidness, precision and stability. Early-warning points had been set up in all ports, and the work of investigation and active mobility constraint of personnel had been completed within four hours, while 2-day isolation and 12-day health monitoring measures had been implemented, which significantly reduced the risk of potential transmission as well as the burden of follow-up epidemiological surveys. Meanwhile, the Company conducted research and judgment in advance, and made efforts in the backup of front-line personnel, thus minimising the impact of insufficient labor on production.

Management Discussion and Analysis

The third was closed-loop management and rapid emergency response. The Company revised the Guidance for Normalised Pandemic Prevention and Control (《常態化防控指引》) and the Guidance for Full Closure High-Risk Operation (《高風險作業全程封閉指引》) five times, attaching great importance to the joint prevention of personnel, material and environment, and strict closed-loop management. Based on the rapid emergence response, appropriate measures and comprehensive procedure, the Company had dealt with 30 infected ships and did not record any case of infection.

The fourth was the adoption of multiple measures to safeguard production. The orderly operation of ports was ensured through strengthening ship order management, optimising production and business procedures, operator shift management, personnel record, and “land-to-rail”, so as to actively reduce the impact of the pandemic on production. Meanwhile, the Company actively coordinated with government departments, including Customs, promoted communication with customers, and conducted works connection in an appropriate manner, in order to strive to maintain the stability of production and business

VII. Prospect

15. Prospect

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

Investment plan

In 2022, the Company will prudently carry out investment and supporting financing based on the development strategy of making progress while maintaining stability. Up to the date of this annual report, the Company has no significant relevant information that needs to be disclosed and brought to the attention of the investing public. In case of any related matters, the Company will make timely compliance disclosure according to the information disclosure requirements of Hong Kong and the PRC.

Directors' Report

The board of directors hereby presents its report and the audited consolidated financial statements of the Group (the "Auditor's Report") for the year ended 31 December 2021.

Principal activities and geographical analysis of operations

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

The principal activities of the Company's subsidiaries are set out in Note VIII to the financial statements.

Details of the analysis of the Group's operating results by business segments for the year ended 31 December 2021 are set out in Note IX (68) to the financial statements.

Results and appropriations

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement of the Auditor's Report.

In 2021, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,916,076,220.45, representing a year-on-year decrease of 6.7%. To provide better returns for the shareholders, the Board recommended the payment of cash dividend of RMB0.27 (withholding tax included) for every 10 shares for 2021.

Pursuant to the provisions of the Articles of Association of the Company, the annual profit distribution plan of the Company is subject to approval of the Company's shareholders at the general meeting. Accordingly, the aforesaid dividend distribution proposal will be implemented following the approval of the Company's shareholders at annual general meeting for 2021.

Financial highlights for the past five financial years

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

Reserves

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

Distributable reserves

As at 31 December 2021, the Company's reserves available for distribution were RMB647,650,777.03, which was calculated in accordance with the generally accepted accounting principles of the People's Republic of China.

Bank loans and other borrowings

As at 31 December 2021, the total amount of outstanding bank loans and other borrowings of the Group was RMB4,692,337,702.64. Details of the relevant loans are set out in the notes to the financial statements: Note IX (26) Short-term borrowings, Note IX (32) Other payables, Note IX (33) Non-current liabilities due within one year, Note IX (35) Long-term borrowings, Note IX (36) Bonds payable, and Note IX (38) Long-term payables.

Directors' Report

Group assets pledged

As at 31 December 2021, the Group used part of the monetary funds as the security deposit for project payment guarantee, as the project performance bond, and as the security fund for the purchase of electricity. Specific details are set out in Note IX (24) to the financial statements.

Capitalisation of interest

2021 fixed assets and construction in progress

Details of the movements in the fixed assets and construction in progress of the Group during the year are set out in the notes to financial statements: Note IX (15) Fixed assets and Note IX (16) Construction in progress.

Investment properties

Details of the investment properties of the Group during the year are set out in Note IX (14) Investment properties to the financial statements.

Significant acquisition and disposal of subsidiaries, associates and joint ventures

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

Share capital

The share capital structure of the Company as at 31 December 2021 is set out in the table below

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

Details of the movements in share capital of the Company during the year are set out in Note IX (42) to the financial statements.

Pre-emption rights

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

Purchase, redemption or sale of securities

The Group did not purchase, redeem or sell the securities during the year.

Directors' Report

Directors and supervisors

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

Executive Directors

Mr. Wang Zhixian (*appointed on 18 March 2022*)
Mr. Wei Minghui (*re-appointed on 29 June 2020*)
Dr. Zhang Yi (*appointed on 11 November 2021*)
Dr. Zhang Yi (*resigned on 24 February 2022*)
Mr. Qi Yue (*resigned on 11 November 2021*)
Mr. Sun Dequan (*resigned on 11 November 2021*)

Non-executive Directors

Mr. Cao Dong (*resigned on 11 November 2021*)
Mr. Yuan Yi (*resigned on 11 November 2021*)
Ms. Na Danhong (*resigned on 11 November 2021*)
Mr. Zhou Qinghong (*appointed on 11 November 2021*)
Mr. Si Zheng (*appointed on 11 November 2021*)
Dr. Xu Song (*appointed on 11 November 2021*)
Mr. Yang Bin (*appointed on 11 November 2021*)

Independent Non-executive Directors

Mr. Li Zhiwei (*appointed on 29 June 2020*)
Dr. Liu Chunyan (*appointed on 29 June 2020*)
Mr. Law Man Tat (*re-appointed on 29 June 2020*)

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

Supervisors

Mr. Jia Wenjun (*resigned on 15 October 2021*)
Mr. Jia Ming (*resigned on 15 October 2021*)
Mr. Liu Xianfeng (*resigned on 11 November 2021*)
Mr. Wang Zhifeng (*appointed on 29 June 2020*)
Ms. Zhang Hong (*re-appointed on 29 June 2020*)
Mr. Li Shichen (*appointed on 11 November 2021*)
Mr. Yuan Yi (*appointed on 11 November 2021*)
Ms. Ma Yingzi (*appointed on 11 November 2021*)

Directors' Report

Directors' and supervisors' service contracts

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

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

Directors' and supervisors' interests in contracts

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

Profiles of Directors, Supervisors and Senior Management

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

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

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

Directors' and supervisors' rights to acquire shares and debentures

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

Directors' interests in competing businesses

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

Directors' and supervisors' remuneration

The remuneration of directors and supervisors (excluding employee representative supervisors) of the Company shall be subject to review and approval by the general meeting. In particular, remuneration of directors who concurrently served as senior management shall be determined by the Board under the delegation by the general meeting with reference to remuneration of senior management and appraisal measures.

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

Directors' Report

Five highest paid individuals

As of 31 December 2021, information in respect of the five highest paid individuals of the Group is set out in Note XVI (4) to the financial statements.

Management contracts

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

Connected transactions

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

Acquisition of port assets

On 28 October 2021, the Company (as the purchaser) has entered into the Agreements with Ying Kou Port Group Corporation Limited (營口港務集團有限公司) ("YKP") (as the vendor) pursuant to which the Company agreed to acquire and YKP agreed to sell a group of assets (the "Assets") with a total book value of RMB6,526,083,400 and an appraised value of RMB8,524,108,000 at a total consideration of RMB8,524,108,000 (the "Transaction"). The Board is of the view that the Transaction will be conducive to fulfilling the non-competing undertakings committed by the major Shareholders on addressing inter-sector competition and connected transactions between the Company and YKP. The Transaction is advantageous to the market capitalization of the Company as the market will expect further high-quality assets injection by the major Shareholders to the Group, which is conducive to share price appreciation and market value management of the Company. The Transaction will reduce the amount of connected transactions between the Group and YKP group as most of the port-related assets in Bayuquan Port Area (including a large number of assets which are already leased by the Group) will be transferred to the Company upon completion of the Transaction. It will reduce the Company's cost of reporting and relieve the Company from unduly burdensome approval procedures. The Assets are profitable and of high-quality, being strictly selected from the existing assets of YKP group. The Assets located in Bayuquan Port Area have a strong business linkage with the Company's assets located in the neighboring area and therefore will create synergy effect within the Group. As of the date of the Transaction, YKP is a subsidiary of China Merchants Group Limited (招商局集團有限公司), an indirect holding company of the Company, and therefore is a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. As such, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. For further details, please refer the Company's announcement dated 28 October 2021 and the circular dated 29 November 2021.

Directors' Report

Ordinary continuing connected transactions under the Listing Rules

Exempted continuing connected transactions under Rule 14A.33 of the Listing Rules

The summary of the Group's various non-exempt continuing connected transactions during the year 2021

Connected transactions		Connected persons	Exemption threshold (RMB'000)	Actual amount for 2021 (RMB'000)
1. Construction supervision and management services	Provision of construction supervision and management services	Liaoning Port Group	53,000	8,120
	Be provided with construction supervision and management services	Liaoning Port Group	26,000	4,203
2. Sales of goods and provision of services		Liaoning Port Group	1,950,000	925,497
3. Purchase of goods and receipt of services		Liaoning Port Group	990,000	515,663
4. Terminal facilities design and construction services		Liaoning Port Group	510,000	47,398
5. Leases	As a lessee – based on the amount of additional use-of-right assets each year	Liaoning Port Group	787,000	75,638
	As a lessee – short-term and low value leases	Liaoning Port Group	37,000	21,070
	As a lessor	Liaoning Port Group	174,000	95,664
6. Financial services	Deposit	China Merchants	6,000,000	3,215,998
	Loan	Finance	6,000,000	–
	Settlement and others		10,000	1

1. Construction supervision and management services

The Group entered into the Construction Management and Supervision Services Agreement with Liaoning Port Group on 28 April 2021, pursuant to which, the parties provide each other with construction supervision and management services. The transaction cap and the actual amount of transaction for provision of construction supervision and management services for the year ended 31 December 2021 were RMB53 million and RMB8.12 million respectively, and the transaction cap and the actual amount of transaction for accepting construction supervision and management services were RMB26 million and RMB4.203 million respectively.

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

- ① The reasonable charges are made according to the pricing principles stipulated in the agreement for the services provided and the relevant terms and conditions shall be no less favorable than those offered by a third party for such services, which shall surely meet the quality standard required by both parties from time to time. The parties guarantee each other that they will perform their respective obligations under the agreement in accordance with the principles and the provisions under the agreement.

Directors' Report

- ② The construction management and supervision services will be priced in accordance with the following principles:
 - (a) Government-prescribed price;
 - (b) Where there is no government-prescribed price, the price to be set by both parties after negotiation with reference to the market price.

2. Sales of goods and provision of services

The Group entered into the Sales of Goods and Provision of Services Agreement with Liaoning Port Group on 28 April 2021, pursuant to which, the Group shall supply goods and services to Liaoning Port Group and/or its associates. The transaction cap and the actual amount of transaction for sales of goods and provision of services for the year ended 31 December 2021 were RMB1,950 million and RMB925.497 million respectively. The key terms and conditions of the Sales of Goods and Provision of Services Agreement concerning provision of goods and services are as follows:

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

Directors' Report

3. Purchase of goods and receipt of services

The Group entered into the Purchase of Goods and Receipt of Services Agreement with Liaoning Port Group on 28 April 2021, pursuant to which, the Group shall purchase goods and receive services from Liaoning Port Group and/or its associates. The annual transaction cap and the actual amount of transaction for purchase of goods and receipt of services for the year ended 31 December 2021 were RMB990 million and RMB515.663 million, respectively. The key terms and conditions of the Purchase of Goods and Receipt of Services Agreement are as follows:

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

4. Terminal facilities design and construction services

On 28 April 2021, the Group entered into the Terminal Facilities Design and Construction Services Agreement with Liaoning Port Group. The transaction cap and the actual amount of transaction for terminal facilities design and construction services for the year ended 31 December 2021 were RMB510 million and RMB47.398 million, respectively. The key terms and conditions of the Terminal Facilities Design and Construction Services Agreement concerning supply of goods and services are as follows:

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

Directors' Report

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

5. Lease agreement

The Group entered into the Lease Agreement with Liaoning Port Group on 28 April 2021. The cap and the actual amount of leases (based on amount of additional right-of-use assets per year) for the year ended 31 December 2021 were RMB787 million and RMB75.638 million respectively; and the transaction cap and the actual amount of transaction for leases (short-term and low value leases) for the year ended 31 December 2021 were RMB37 million and RMB21.07 million respectively, and the cap and the actual amount of leased business (as a lessor) for the year ended 31 December 2021 were RMB174 million and RMB95.664 million.

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

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

6. Financial Services

On 28 April 2021, the Group entered into a Financial Services Agreement with China Merchants Finance, including deposit services, loan services, settlement services, foreign exchange services and other financial services. The maximum daily closing balance of deposits and the maximum daily closing balance of loans for the year ended 31 December 2021 amounted to RMB6 billion and RMB6 billion; the maximum expenses for settlement and other financial services throughout the year did not exceed RMB10 million. The actual daily closing balance of deposits and the actual daily closing balance of loans for the year ended 31 December 2021 amounted to RMB3,215.998 million and RMB0; the actual amount for settlement and other financial services amounted to RMB1,000.

Directors' Report

- ① The main terms and conditions of the Financial Services Agreement are as follows:
 - (a) Deposit services: including current deposit, fixed term deposit, call deposit and agreement deposit;
 - (b) Credit loan services: subject to the relevant national laws and regulations, China Merchants Finance provided the Group with comprehensive credit services based on the Group's operations and development, including but not limited to fixed asset loans, project revolving loans, working capital loans, bill acceptance and discounting, guarantees, and merger loans.
 - (c) Settlement services: China Merchants Finance opened settlement account for the Group and handled internal transfer settlement and external receipt and payment business under the Group's instructions;
 - (d) Foreign exchange services: China Merchants Finance provided the Group with foreign currency settlement;
 - (e) Other financial services: China Merchants Finance provided the Group with other financial services within the business scope, including but not limited to financial and financing consultancy, credit verification and related consulting and agency services.

- ② The financial services shall be priced in accordance with the following principles:
 - (a) The interest rates for deposit should not be lower than the uniform interest rate prescribed by domestic major commercial banks for comparable deposits;
 - (b) The loan interest rate shall be no higher than the interest rate the Group obtained from other domestic financial institutions for comparable loans in the same period;
 - (c) Settlement services: the Group was provided with free domestic settlement services, and the cross-border and overseas settlement rates will not be higher than the charges for similar businesses in other domestic and local financial institutions.
 - (d) Foreign exchange services: provides foreign currency settlement and sales services. The relevant exchange rate will not be inferior to the exchange rates adopted by other domestic financial institutions for similar services.
 - (e) Other financial services: the fees charged will not be higher than the fees charged by major financial institutions in China for similar services.

Directors' Report

Pursuant to Rule 14A.56 of the Listing Rules, the Board of the Company engaged the auditors to perform certain agreed upon procedures in respect of the continuing connected transactions for the year 2021. The auditors have reported their factual findings on these procedures to the Board with a letter and provided confirmations on those continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

Pursuant to paragraph 8 of Appendix 16 to the Listing Rules, the Company confirms that in respect of the Company's connected transactions and continuing connected transactions, it has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.71(6)(a) of the Listing Rules, the Company confirms that in respect of the Company's continuing connected transactions for the year of 2021, the Company's independent non-executive directors have reviewed the continuing connected transactions and confirmed the transactions were (1) entered into in the ordinary and usual course of business of the Company; (2) made on normal commercial terms or better; and (3) conducted according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

Related party transactions

As of 31 December 2021, the Company has entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these related party transactions are disclosed in Note XI to the financial statements. During the Reporting Period, certain related party transactions constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

Major customers and suppliers

The largest supplier as a percentage of the Group's purchases	2.02%
The top five suppliers as a percentage of the Group's total purchases	4%
The largest customer as a percentage of the Group's sales	4.5%
The top five sales customers as a percentage of the Group's total sales	11%

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

Directors' Report

Retirement benefit scheme

Details of the Group's retirement benefit scheme are set out in Note IX (30) Employee benefits payable to the financial statements.

Permitted indemnity provision

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

Substantial shareholders' interests

As at 31 December 2021, so far as is known to the directors of the Company, the following persons (other than the directors or supervisors) had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Class of shares	Number of shares/ underlying shares held (shares)	Capacity	As % of the relevant class of share capital ⁽¹⁾	As % of the total share capital ⁽²⁾
Yingkou Port Group Corporation Limited	A shares	6,916,185,012 (long position)	Beneficial owner	36.73	28.83
Dalian Port Corporation Limited	A shares	5,310,255,162 (long position)	Beneficial owner	28.20	22.14
China Merchants Securities (HK) Co., Ltd.	H shares	3,578,443,495 (long position)	Interest of controlled corporations	69.36	14.92
China Securities Depository and Clearing Corporation Limited	H shares	842,789,000 (long position)	Beneficial owner	16.33	3.51
Dalian Port Corporation Limited	H shares	722,166,000 (long position)	Beneficial owner	14.00	3.01

1. Number of shares in the relevant class of share capital: A shares – 18,828,349,817, H shares – 5,158,715,999

2. Total number of share capital: 23,987,065,816

Save as disclosed above, as at 31 December 2021, so far as is known to the directors of the Company, no other persons (other than the directors or supervisors) had any interest or short position in the shares of the Company which is required to be disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Report

Sufficiency of public float

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

Corporate governance

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

Auditors

The financial statements of the Company for the year 2021 have been audited by Ernst & Young Hua Ming LLP as the Company's auditor, who was appointed at the annual general meeting for the year 2020.

Other matters

Implementation of the Non-Competition Agreement

1. On 23 March 2006, the Company and Dalian Port Corporation Limited ("PDA Group") entered into the Non-Competition Agreement in preparation of its initial public offering and listing of its H shares on the main board of The Stock Exchange of Hong Kong Limited for the purpose of avoiding the actual and potential competition with the Company. In connection with the acquisition of certain port services related business and assets from PDA Group and issuance of A shares on the Shanghai Stock Exchange, a revised non-competition agreement (together with the Non-Competition Agreement, collectively referred to as the "Agreements") was executed on 30 September 2009. Pursuant to the Agreements, PDA Group provided certain non-competition undertakings in favor of the Company and granted right of first refusal and option to the Company in respect of the business of PDA Group and future business opportunities. Under the Agreements, the independent non-executive directors of the Company were granted the right on behalf of the Company to review at least on an annual basis the implementation of the Agreements and determine the exercise of any of the aforesaid right of first refusal or options. During the year, the independent non-executive directors reviewed the implementation of the Agreements and confirmed that Dalian Port Corporation Limited has been in full compliance with the Agreements without any breach of the Agreements.
2. The independent non-executive directors have conducted a review and made necessary enquiries for the year 2021 and confirmed that PDA Group has been in compliance with the provisions of the Non-Competition Agreements and there was no breach on the side of PDA Group.

Directors' Report

FULFILLMENT OF UNDERTAKINGS

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

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

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
			<p>3. The above undertakings will continue in effect during the period of China Merchant Group's control over Liaoning Port Co., Ltd.. In the event of any losses to Liaoning Port Co., Ltd. arising from China Merchant Group's failure to fulfill the above undertakings, China Merchant Group will assume the corresponding compensation liabilities.</p>					
Resolve industry competition		China Merchant Group	<p>Prior to the transaction, Yingkou Port was primarily engaged in port business mainly in Bayuquan Port Area in Yingkou, Liaoning Province. The hinterland of goods sources overlapped with Dalian Port, and there was horizontal competition. In addition to carrying out port business operations through Dalian Port and Yingkou Port, Liaoning Port Group also directly operates part of port business in Liaoning, which competes with Dalian Port in the same industry. Upon completion of the transaction, Yingkou Port will terminate its listing and deregistration. All existing assets and business of Yingkou Port will be undertaken and inherited by Liaoning Port Co., Ltd. or its wholly-owned subsidiaries. The issue of horizontal competition between Dalian Port and Yingkou Port will be resolved accordingly.</p> <p>Upon completion of the transaction, there remains horizontal competition between some of the port businesses directly operated by Liaoning Port Group and Liaoning Port Co., Ltd. after the merger. In order to solve and avoid the horizontal competition, the Group will continue to fulfill undertakings on avoiding horizontal competition, including:</p>	7 July 2020 to the end of 2022	Yes	Yes	Nil	Nil

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
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1. in relation to the horizontal competition between Liaoning Port Group and Liaoning Port Co., Ltd., under the principles of benefiting the development of Liaoning Port Co., Ltd. and safeguarding the interests of all Shareholders, in particular the minority Shareholders, and to the extent permitted by the applicable laws, regulations, regulatory documents and related supervisory rules and on the assumption that the relevant business profitability meets the basic income requirement for Liaoning Port Co., Ltd., China Merchant Group will use its best endeavours to facilitate resolving such competition in a steady manner through measures, including but not limited to, assets restructuring, business adjustment and entrusted management, before the end of 2022 in accordance with the relevant regulations and the requirements of relevant securities supervision and management departments.

Such measures include, but are not limited to:

- (1) Assets restructuring: To eliminate the overlap of business by gradually restructuring the overlapped assets between Liaoning Port Group and Liaoning Port Co., Ltd., through means such as assets purchase, assets replacement or other feasible manners using cash consideration, issuance of shares or other means as permitted by relevant laws and regulations;

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
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(2) Business adjustment: To sort out the business boundaries of Liaoning Port Group and Liaoning Port Co., Ltd., to use its best endeavours to achieve operation differentiation for Liaoning Port Group and Liaoning Port Co., Ltd., such as business differentiation in terms of business composition, product type, customer base, etc., through business classification, acquisition by a party of business competing with the other party, and other means;

(3) Entrusted management: To entrust, with full authority, the rights of operation related decision-making and management in respect of related overlapped assets by a party to the other party for unified management by way of signing an entrustment agreement; and

(4) Other feasible measures to the extent permissible by the laws and regulations and relevant policies,

the implementation of the above measures is subject to the performance of the necessary procedures, including approvals of the listed company, and approval by and filing with the securities supervision and management departments and other relevant competent authorities as required by the applicable laws, regulations, regulatory documents and relevant supervisory rules.

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
			<p>2. China Merchant Group will continue to treat the companies controlled by it fairly pursuant to the laws of economy and market competition rules in the industry, and will not, taking advantage of its position as the actual controller, procure such companies to make any arrangements or decisions in violation of the laws of economy and market competition rules and will conduct their businesses leveraging on their core competitive advantages developed based on their own operational conditions and regional features.</p> <p>3. China Merchant Group and other companies controlled by it undertake not to seek illegal profits taking advantage of its position as the actual controller, and not to harm the legitimate interests of Liaoning Port Co., Ltd. and other Shareholders in strict compliance with the laws, regulations, regulatory documents and relevant supervision and management rules as well as the "Articles of Association of Liaoning Port Co., Ltd." and other internal management rules of the Company.</p> <p>4. The above undertakings will continue in effect during the period when China Merchant Group has control over Liaoning Port Co., Ltd.. In the event of any losses to Liaoning Port Co., Ltd. arising from its failure to fulfill the above undertakings, China Merchant Group will assume the corresponding compensation liabilities.</p>					

Directors' Report

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

Directors' Report

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

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
	Resolve industry competition	PDA Group	<p>Upon completion of the transaction, the Company will actively take effective measures to avoid engage in business that constitutes horizontal competition with the principal business of Liaoning Port Co., Ltd., and ensure that the Company and other entities controlled by the Company strictly abide by laws, regulations, regulatory documents and relevant supervision and management rules and the Articles of Association of Liaoning Port Co., Ltd., not to seek improper benefits taking its voting rights and significant influence over shareholders of Liaoning Port Co., Ltd., nor harm the legitimate interests of the Liaoning Port Co., Ltd. and other shareholders.</p> <p>The above undertakings will continue in effect during the period when the Company or the actual controller of the Company has control over Liaoning Port Co., Ltd.. In the event of any losses to Liaoning Port Co., Ltd. arising from the Company's failure to fulfill the above undertakings, the Company will assume the corresponding compensation liabilities.</p>	7 July 2020, effective for a long term	No	Yes	Nil	Nil

Directors' Report

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

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
Resolve related party transaction		Yingkou Port Group	<p>1. Upon completion of the transaction, the Company undertakes that it will not taking its voting rights and significant influence on Liaoning Port Co., Ltd., seek any conditions or benefits more favorable than that of an independent third party in business operations, etc. from Liaoning Port Co., Ltd. for itself and other companies controlled by it that will be prejudicial to the legitimate interests of Liaoning Port Co., Ltd. and other Shareholders.</p> <p>2. The Company and other companies controlled by the Company will minimise and regulate their connected transactions with Liaoning Port Co., Ltd.; in respect of inevitable connected transactions on the business activities operated by Liaoning Port Co., Ltd., the Company and other companies controlled by the Company will perform decision-making procedures for the connected transactions in strict accordance with the laws, regulations and regulatory documents as well as internal management rules of Liaoning Port Co., Ltd. relating to connected transactions, to ensure fair pricing, and perform disclosure obligations in accordance with the laws.</p> <p>3. The above undertakings will continue in effect during the period when the Company (and/ or an entity controlled by the Company) is recognized as a related party of Liaoning Port Co., Ltd. in accordance with applicable regulations. In the event of any losses to Liaoning Port Co., Ltd. arising from the Company's failure to fulfill the above undertakings, the Company will assume the corresponding compensation liabilities.</p>	7 July 2020, effective for a long term	No	Yes	Nil	Nil

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
	Resolve industry competition	Yingkou Port Group	<p>Upon completion of the transaction, China Merchant Group remains to be the actual controller of Liaoning Port Co., Ltd. After the merger, Yingkou Port Group Corporation Limited (the "Company") is an indirect holding subsidiary of China Merchants Group Limited and directly holds shares of Liaoning Port Co., Ltd. after the merger. Regarding the avoidance of horizontal competition with Liaoning Port Co., Ltd. after the completion of the transaction, the Company makes the following explanations and undertakings:</p> <p>Prior to the transaction, Yingkou Port was primarily engaged in port business mainly in Bayuquan Port Area in Yingkou, Liaoning Province. The hinterland of goods sources overlapped with Dalian Port, and there was horizontal competition. In addition to carrying out port business operations through Yingkou Port, the Company also directly operates part of port business in Liaoning, which competes with Dalian Port in the same industry. Upon completion of the transaction, Yingkou Port will terminate its listing and deregistration. All existing assets and business of Yingkou Port will be undertaken and inherited by Liaoning Port Co., Ltd. or its wholly-owned subsidiaries. The issue of horizontal competition between Dalian Port and Yingkou Port will be resolved accordingly.</p>	7 July 2020 to before the end of 2022	Yes	Yes	Nil	Nil

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
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Upon completion of the transaction, there remains horizontal competition between some of the port businesses directly operated by the Company in Liaoning and those of Liaoning Port Co., Ltd. after the merger. In order to solve and avoid the horizontal competition, the Company undertakings:

1. in relation to the horizontal competition between the Company and Liaoning Port Co., Ltd., under the principles of benefiting the development of Liaoning Port Co., Ltd. and safeguarding the interests of all Shareholders, in particular the minority Shareholders, and to the extent permitted by the applicable laws, regulations, regulatory documents and related supervisory rules and on the assumption that the relevant business profitability meets the basic income requirement for a listed company, the Company will use its best endeavours to facilitate resolving such competition in a steady manner through measures, including but not limited to, assets restructuring, business adjustment and entrusted management, before the end of 2022 in accordance with the relevant regulations and the requirements of relevant securities supervision and management departments.

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
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Such measures include, but are not limited to:

- (1) Assets restructuring: To eliminate the overlap of business by gradually restructuring the overlapped assets between the Company and Liaoning Port Co., Ltd., through means such as assets purchase, assets replacement or other feasible manners using cash consideration, issuance of shares or other means as permitted by relevant laws and regulations;
- (2) Business adjustment: To sort out the business boundaries of the Company and Liaoning Port Co., Ltd., to use its best endeavours to achieve operation differentiation for the Company and Liaoning Port Co., Ltd., such as business differentiation in terms of business composition, product type, customer base, etc., through business classification, acquisition by a party of business competing with the other party, and other means;

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
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(3) Entrusted management: To entrust, with full authority, the rights of operation related decision-making and management in respect of related overlapped assets by a party to the other party for unified management by way of signing an entrustment agreement; and

(4) Other feasible measures to the extent permissible by the laws and regulations and relevant policies,

the implementation of the above measures is subject to the performance of the necessary procedures, including approvals of the listed company, and approval by and filing with the securities supervision and management departments and other relevant competent authorities as required by the applicable laws, regulations, regulatory documents and relevant supervisory rules.

Directors' Report

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether the undertaking is honored in a timely and strict manner	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
			<p>2. The Company will continue to treat the companies controlled by it fairly pursuant to the laws of economy and market competition rules in the industry, and will not procure companies controlled by the Company to make any arrangements or decisions in violation of the laws of economy and market competition rules and will conduct their businesses leveraging on their core competitive advantages developed based on their own operational conditions and regional features.</p> <p>3. The Company and other companies controlled by the Company undertake not to seek illegal profits taking advantage of its position as a shareholder, and not to harm the legitimate interests of the Company and other Shareholders in strict compliance with the laws, regulations, regulatory documents and relevant supervision and management rules as well as the "Articles of Association of Liaoning Port Co., Ltd." and other internal management rules of the Company.</p> <p>4. The above undertakings will continue in effect during the period when the Company or the actual controller of the Company has control over Liaoning Port Co., Ltd.. In the event of any losses to Liaoning Port Co., Ltd. arising from the Company's failure to fulfill the above undertakings, the Company will assume the corresponding compensation liabilities.</p>					

Directors' Report

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

Directors' Report

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

Directors' Report

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

Directors' Report

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

By Order of the Board

Wang Zhixian
Chairman

Dalian, PRC
29 March 2022

Corporate Governance Report

Introduction

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

A. Corporate Governance Practice

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

B. Directors’ Securities Transactions

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

Corporate Governance Report

C. Board of Directors

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

1. Board Composition

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

Executive Directors

Mr. Wang Zhixian (*appointed on 18 March 2022*)
Mr. Wei Minghui (*re-appointed on 29 June 2020*)
Dr. Zhang Yi (*appointed on 11 November 2021*)
Dr. Zhang Yi (*resigned on 24 February 2022*)
Mr. Qi Yue (*resigned on 11 November 2021*)
Mr. Sun Dequan (*resigned on 11 November 2021*)

Non-executive Directors

Mr. Cao Dong (*resigned on 11 November 2021*)
Mr. Yuan Yi (*resigned on 11 November 2021*)
Ms. Na Danhong (*resigned on 11 November 2021*)
Mr. Zhou Qinghong (*appointed on 11 November 2021*)
Mr. Si Zheng (*appointed on 11 November 2021*)
Dr. Xu Song (*appointed on 11 November 2021*)
Mr. Yang Bin (*appointed on 11 November 2021*)

Independent Non-executive Directors

Mr. Li Zhiwei (*appointed on 29 June 2020*)
Dr. Liu Chunyan (*appointed on 29 June 2020*)
Mr. Law Man Tat (*re-appointed on 29 June 2020*)

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

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

Corporate Governance Report

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

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

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

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

2. Operation of the Board

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

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

Corporate Governance Report

During the reporting period, the Board held a total of 9 meetings. The attendance of the directors at those board meetings is as follows:

Member of the Board	Number of meetings in his/her incumbency	Number of attendance in person	Number of attendance by his/her proxy	Attendance rate
WEI Minghui	9	9	0	100%
CAO Dong	7	6	1	100%
QI Yue	7	5	2	100%
SUN Dequan	7	5	2	100%
YUAN Yi	7	5	2	100%
NA Danhong	7	4	3	100%
LI Zhiwei	9	9	0	100%
LIU Chunyan	9	6	3	100%
LAW Man Tat	9	6	3	100%
ZHANG Yi	2	2	0	100%
ZHOU Qinghong	2	2	0	100%
SI Zheng	2	2	0	100%
XU Song	2	2	0	100%
YANG Bin	2	2	0	100%

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

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

Member of the Board	Number of meetings in his/her incumbency	Number of attendance	Attendance rate
WEI Minghui	5	5	100%
CAO Dong	4	3	75%
QI Yue	4	1	25%
SUN Dequan	4	2	50%
YUAN Yi	4	3	75%
NA Danhong	4	0	0%
LI Zhiwei	5	4	80%
LIU Chunyan	5	1	20%
LAW Man Tat	5	1	20%
ZHANG Yi	1	1	100%
ZHOU Qinghong	1	1	100%
SI Zheng	1	1	100%
XU Song	1	0	0%
YANG Bin	1	0	0%

Corporate Governance Report

3. Respective Responsibilities of the Board and the Management

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

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

The Board is also responsible for the preparation of accounts for each financial period to give a true and fair view of the financial status, operating results and cash flows of the Company for that period. In preparing the accounts for the year ended 31 December 2021, the directors have selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and prepared the accounts on a going concern basis.

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

The Board is responsible for the following corporate governance functions:

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

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

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

Corporate Governance Report

4. Nomination, Appointment and Removal of Directors

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

5. Continuing Professional Development of Directors

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

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

Directors	Type of training (Note)
Executive directors	
Mr. Wang Zhixian	A/B
Mr. Wei Minghui	A/B
Dr. Zhang Yi	A/B
Mr. Qi Yue	A/B
Mr. Sun Dequan	A/B
Non-executive directors	
Mr. Cao Dong	A/B
Mr. Yuan Yi	A/B
Ms. Na Danhong	A/B
Mr. Zhou Qinghong	A/B
Mr. Si Zheng	A/B
Dr. Xu Song	A/B
Mr. Yang Bing	A/B
Independent non-executive directors	
Mr. Li Zhiwei	A/B
Dr. Liu Chunyan	A/B
Mr. Law Man Tat	A/B

Notes:

Type of training

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

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

Corporate Governance Report

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

D. Chairman and General Manager

The posts of Chairman and General Manager of the Company are separate and held by different persons to ensure their respective independence of responsibility, accountability and the balance of power and authority between them. The Chairman plays a crucial role in setting the development strategy of the Company, and is responsible for ensuring that the Board is functioning properly and with well-formulated corporate governance practices and procedures, whilst the General Manager is mainly responsible for the day-to-day management of the Company’s operations, including organizing the implementation of strategies set by the Board, making day-to-day decisions and coordinating overall business operations.

E. Board Committees

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

Audit Committee

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

Corporate Governance Report

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

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

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

Mr. YUAN Yi (non-executive director, re-appointed as a member of the Audit Committee on 29 June 2020)

Mr. YUAN Yi (resigned as a member of the Audit Committee on 11 November 2021)

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

During the reporting period, the Audit Committee under the Board of the Company actively carried out relevant work and performed its duties in strict accordance with the relevant laws and regulations as well as the relevant provisions of the Articles of Association of the Company and the Terms of Reference of the Audit Committee of the Board. During the reporting period, the Audit Committee held a total of 5 meetings to review the Company's periodic reports, internal control, risk management and the placement and utilisation of proceeds and other related matters, and made proposals to the Board. The terms of reference of the Audit Committee have been disclosed on the websites of the Company and the Stock Exchange.

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

Members of the Audit Committee	Number of meetings in his/her incumbency	Number of attendance in person	Attendance rate
Mr. LI Zhiwei	5	5	100%
Mr. LAW Man Tat	5	5	100%
Mr. YUAN Yi	4	4	100%
Mr. ZHOU Qinghong	1	1	100%

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

Corporate Governance Report

Financial Management Committee

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

From the beginning of the reporting period to 11 November 2021, the Financial Management Committee consists of one non-executive director and two independent non-executive directors; and from 11 November 2021 to the end of the reporting period, the Financial Management Committee consists of one executive director and two independent non-executive directors, namely:

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

Mr. YUAN Yi (non-executive director, re-appointed as a member of the Financial Management Committee on 29 June 2020)

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

Mr. YUAN Yi (resigned as a member of the Financial Management Committee on 11 November 2021)

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

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

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

Members of the Financial Management Committee	Number of meetings in his/her incumbency	Number of attendance in person	Attendance rate
Mr. LAW Man Tat	5	5	100%
Mr. YUAN Yi	4	4	100%
Mr. LI Zhiwei	5	5	100%
Mr. WEI Minghui	1	1	100%

Corporate Governance Report

Nomination and Remuneration Committee

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

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

The remuneration of directors and supervisors (excluding employee representative supervisors) of the Company was reviewed by the Nomination and Remuneration Committee and the Board and shall be subject to final approval by the general meeting. In particular, remuneration of directors who concurrently served as senior management shall be determined by the Board under the delegation by the general meeting with reference to remuneration of senior management and appraisal measures. The remuneration of senior management is determined based on Salary Management Measures of Senior Management of Liaoning Port Co., Ltd., Organizational Performance Management Measures of Liaoning Port Co., Ltd. and Staff Post Performance Management Measures of Liaoning Port Co., Ltd..

Corporate Governance Report

From the beginning of the reporting period to 11 November 2021, the committee consists of one non-executive director and two independent non-executive directors; and from 11 November 2021 to the end of the reporting period, the committee consists of one executive director and two independent non-executive directors, namely:

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

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

Mr. CAO Dong (vice chairman, non-executive director, re-appointed as a member of the Nomination and Remuneration Committee on 29 June 2020)

Mr. CAO Dong (resigned as a member of the Nomination and Remuneration Committee on 11 November 2021)

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

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

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

Members of the Nomination and Remuneration Committee	Number of meetings in his/her incumbency	Number of attendance in person	Attendance rate
Dr. LIU Chunyan	2	2	100%
Mr. LI Zhiwei	2	2	100%
Mr. CAO Dong	2	2	100%
Dr. ZHANG Yi	0	0	0%

Corporate Governance Report

Strategy Development Committee

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

From the beginning of the reporting period to 11 November 2021, the committee consists of one non-executive director and two executive directors; and from 11 November 2021 to the end of the reporting period, the committee consists of two executive directors and three non-executive directors, namely:

Mr. WEI Minghui (chairman, executive director, appointed as the chairman of the Strategy Development Committee on 29 June 2020)

Mr. CAO Dong (vice chairman, non-executive director, re-appointed as a member of the Strategy Development Committee on 29 June 2020)

Mr. SUN Dequan (general manager, executive director, appointed as a member of the Strategy Development Committee on 29 June 2020)

Mr. WEI Minghui (resigned as the chairman of the Strategy Development Committee on 11 November 2021)

Mr. CAO Dong (resigned as a member of the Strategy Development Committee on 11 November 2021)

Mr. SUN Dequan (resigned as a member of the Strategy Development Committee on 11 November 2021)

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

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

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

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

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

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

Corporate Governance Report

F. Auditors

During the reporting period, Ernst & Young Hua Ming LLP was appointed as the PRC auditor of the Company for the year 2021 by the shareholders at the 2020 annual general meeting to conduct audit work on the Company's financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises, and to act as the overseas auditor of the Company in compliance with the relevant requirements of the Listing Rules of the Stock Exchange. Ernst & Young Hua Ming LLP was also appointed as the auditor of internal control of the Company for the year 2021 to audit the internal control of the financial statements of the Company and issue an audit report.

During the reporting period, the total fees paid and payable to the auditors of the Group (with the meaning ascribed to it under the Independent Auditor's Report) for audit service in respect of annual financial report were RMB4,980,000 and the fees paid and payable for annual internal control audit were RMB800,000. This remuneration is different from the "Audit fee" under "Administrative expenses" of Note IX (50) to Auditor's Report, due to the fact that item "Audit fee" under "Administrative expenses" also included fees payable to audit service providers other than Ernst & Young Hua Ming LLP for annual audit and other audit management services. During the reporting period, the auditors of the Group (including any entity that is under common control, ownership or management with the auditors, or an entity that would be reasonably concluded by a reasonable and informed third party knowing all relevant information to be part of the domestic or international business of the auditors) did not provide any non-audit services to the Group.

G. Senior Management's Interests in Shares

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

Details of remuneration payable to senior management in 2021 are as follows.

Name	Position	Pre-tax remuneration paid by the Company during the reporting period (RMB)
WEI Minghui	Chairman	1,251,600
WEI Minghui	General manager	113,800
CAO Yingfeng	Executive deputy general manager	933,200
SUN Dequan	General manager	962,900
QI Yue*	Vice general manager	0
TAI Jingang	Vice general manager	764,600
YIN Kaiyang	Vice general manager	764,600
LUO Dongxi	Vice general manager	764,600
WANG Ping	Chief financial officer	650,500
ZHANG Tie	Chief safety officer	764,600
WANG Huiying	Secretary to the board, joint company secretary	586,500
LEE, Kin Yu Arthur	Qualified accountant, joint company secretary	1,277,400

* Mr. QI Yue resigned as the vice general manager on 17 November 2021.

Corporate Governance Report

H. Company Secretary

During the reporting period, the joint company secretaries of the Company, Ms. Wang Huiying and Mr. Lee, Kin Yu Arthur, have complied with the requirements on a minimum of 15 hours dedicated for related professional training as set out in Rule 3.29 of the Listing Rules. Ms. Wang Huiying and Mr. Lee Kin Yu, Arthur also actively participated in trainings for learning and updating their professional knowledge about the Listing Rules and corporate governance to continuously improve their professional skills for acting as the joint company secretaries of the Company. On 28 March 2022, the Stock Exchange confirmed that Ms. Wang Huiying is qualified to act as the company secretary of the Company under Rule 3.28 of the Listing Rules.

I. Risk Management and Internal Control

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

Risk Management

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

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

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

Corporate Governance Report

Internal Control

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

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

1. *Internal Audit*

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

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

2. *Other Internal Control Procedures*

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

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

Corporate Governance Report

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

To comply with the requirements of the code provisions on risk management and internal control under the Listing Rules, the Board has reviewed the effectiveness of the risk management and internal control system of the Group for the year ended 31 December 2021 through the Audit Committee and with the assistance of the Risk Control Department and internal audit. In addition, the directors have reviewed the work scope and quality of the continuous supervision by the management over the risk management and internal control system. The directors also reviewed the extent and frequency of communication of monitoring results made by the management to the special committee of the Board to facilitate the relevant committee to review the risk management and internal control system of the Group.

With the assistance of the Audit Committee, the Board has assessed the effectiveness of the risk management and internal control systems by reviewing the management reports and internal audit findings, and believes that the Company's risk management and internal control systems for the year ended 31 December 2021 were effective and adequate.

J. Rights of Shareholders

Shareholders can put inquiries or questions to the Board by the e-mail ir@dlport.cn of the Company and the investor hotline 400-668-5666. According to the Articles of Association, Shareholders severally or jointly holding 10% or more of the Company's shares shall be entitled to request the Board to convene extraordinary general meetings, provided that such request shall be made in writing. The Board shall, in accordance with provisions of the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving such proposal of the same. If the Board agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after adopting the relevant resolution of the Board. Any changes to the original request made in the notice shall be subject to prior approval of the shareholders concerned. If the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such proposal, shareholders severally or jointly holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of extraordinary general meeting, provided that such proposal shall be made in writing. If the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of convening the general meeting shall be issued within five days after receiving such request. Any changes to the original request made in the notice shall require prior approval of the shareholders concerned. Failure of the Supervisory Committee to issue a notice of general meeting within the stipulated period shall be deemed as the failure of the Supervisory Committee to convene and preside over a general meeting, and shareholders severally or jointly holding 10% or more of the Company's shares for more than ninety consecutive days shall be entitled to convene and preside over the meeting on an unilateral basis. Whenever the Company convenes a general meeting, the Board, the Supervisory Committee and shareholder(s) severally or jointly holding more than 3% of the total number of the Company's shares shall have the right to propose motions to the Company.

Corporate Governance Report

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

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

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

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

Company website: www.liaoganggf.cn

Company e-mail: ir@dlport.cn

Dividend Policy

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

The Company's distributable profit of the year is calculated based on the net profit of the parent company of the year. The Company's profit over the recent three years, the distributed profit and the pre-distributed profit were all not be less than 40% of the distributable profit of the year. The pay-out ratios from 2019 to 2021 were 41.48%, 96.49% and 40.81%, respectively.

Corporate Governance Report

K. Investor Relations

1. Amendments to the Articles of Association of the Company

During the year, the Company's 2021 first extraordinary general meeting and 2021 third extraordinary general meeting were held on 27 January 2021 and 11 November 2021 respectively to consider and approve the amendments to the Articles of Association of the Company. For details of the amendments, please refer to the announcements regarding Proposed Change of Company Name; Proposed Amendments to Articles of Association; Notice of 2021 First Extraordinary General Meeting; Poll Results of the Extraordinary General Meeting Held on 27 January 2021: (i) Proposed Election of Directors; (2) Proposed Election of Supervisors; (3) Proposed Amendments to Articles of Association; and Notice of Extraordinary General Meeting; and Poll Results of the Extraordinary General Meeting Held on 11 November 2021 published on the websites of the Company and the Stock Exchange of Hong Kong.

Save as disclosed above, as of 31 December 2021, no significant change was made to the Articles of Association of the Company. The Articles of Association of the Company is available on the websites of the Shanghai Stock Exchange, the Stock Exchange of Hong Kong and the Company.

2. Convening of General Meetings

During the reporting period, five general meetings had been convened by the Company in total. The 2021 first extraordinary general meeting was held on 27 January 2021; the 2020 annual general meeting was held on 16 June 2021; the 2021 second extraordinary general meeting, the 2021 first A shareholders class meeting and the 2021 first H shareholders class meeting were held on 2 September 2021; the 2021 third extraordinary general meeting was held on 11 November 2021, and the 2021 fourth extraordinary general meeting was held on 14 December 2021.

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

Profiles of Directors, Supervisors and Senior Management

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

Directors

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

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

Mr. Si Zheng (司政先生), born in 1964, Chinese, was a deputy general manager of Yingkou Port Group Co., Ltd. (營口港務集團有限公司), a deputy secretary of the Party Committee, a director, the general manager of Yingkou Port Group Co., Ltd. (營口港務集團有限公司) and the chairman of Yingkou Port Liability Co., Ltd. (營口港務股份有限公司). Mr. Si is currently a member of the Party Committee, a deputy general manager and the chief digital officer of Liaoning Port Group Limited (遼寧港口集團有限公司), a director of Yingkou Port Group Co., Ltd. (營口港務集團有限公司) and a non-executive director of the Company. Mr. Si obtained his bachelor's degree of engineering in industrial and civil construction from the department of architectural engineering of Xi'an Highway College.

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

Profiles of Directors, Supervisors and Senior Management

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

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

Mr. Li Zhiwei (李志偉先生), born in 1958, Chinese, was the headman of inspection team of Agricultural Bank of China Headquarter and is currently an independent non-executive director of the Company. Mr. Li was graduated from finance department of Central Radio and Television University and global economy department of Jilin University.

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

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

Profiles of Directors, Supervisors and Senior Management

Supervisors

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

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

Mr. Wang Zhifeng (王志峰先生), born in 1955, Chinese. Mr. Wang held various positions including the head and the secretary of the Communist Party Committee of Dalian Branch of Agricultural Bank of China, and the chief supervisor of ABC Financial Leasing Co., Ltd., and the senior specialist of assets and liabilities department of the head office of Agricultural Bank of China. He is currently an independent supervisor of the Company. Mr. Wang graduated from Liaoning Shenyang Agricultural College with a master's degree in economic management.

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

Ms. Ma Yingzi (馬英姿女士), born in 1968, Chinese, served as a deputy general manager of joint venture management department of Yingkou Port Group Corporation Limited (營口港務集團有限公司), the manager of joint venture management department of Yingkou Port Group Corporation Limited (營口港務集團有限公司) and the manager of legal affairs department of Yingkou Port Group Corporation Limited (營口港務集團有限公司), a deputy director of legal department of Liaoning Port Group Limited (遼寧港口集團有限公司) and a director of the legal compliance department/risk control department of Yingkou Port Liability Co., Ltd. (營口港務股份有限公司). She is currently an employee representative supervisor of the Company. Ms. Ma was graduated from the department of law of Liaoning University.

Profiles of Directors, Supervisors and Senior Management

Senior Management

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

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

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

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

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

Mr. Zhang Tie (張鐵先生), born in 1968, Chinese, was the general manager of Dalian Port Passenger Transportation Company. He is currently the chief safety officer of the Company. Mr. Zhang Tie obtained a bachelor's degree in Transportation Management from Changsha Communications College and a master's degree in Transportation Management from Dalian Maritime University and is a senior economist.

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

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

Auditor's Report

Ernst & Young HM (2022) Shen Zi No. 60777447_E01

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

I. Opinion

We have audited the accompanying financial statements of Liaoning Port Co., Ltd., which comprise the consolidated and company balance sheets as at 31 December 2021, the consolidated and company income statements for the year then ended, the consolidated and company statements of changes in shareholders' equity for the year then ended, the consolidated and company cash flow statements for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial positions of the Company as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. Basis for Opinion

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

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how each of the following matters is handled in the audit is also based on this.

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

III. Key Audit Matters (continued)

Key Audit Matter:	How our audit addressed the Key Audit Matter:
Provision for bad debts of accounts receivable	
<p>As of 31 December 2021, the book balance of the accounts receivable in the consolidated financial statements was RMB3,322,349,479.76, and the provision for bad debts was RMB418,826,658.00. The balance of the accounts receivable of the Group is significant. The assessment of bad debt provisions involves complex and significant judgments and estimates by the management. Therefore, we identified provision for bad debts of accounts receivable as a key audit matter for the audit of the year.</p> <p>For the disclosure of the accounts receivable and the provision for bad debts, please refer to Note V.1 Key assumptions and uncertainties in accounting estimates, Note IX.4 Accounts receivable and Note IX.7 Other receivables to the financial report.</p>	<p>The audit procedures we performed include:</p> <ul style="list-style-type: none"> • Gained an understanding of and tested the internal control related to provision for bad debts of accounts receivable; • Evaluated whether the management's evaluation basis for credit rating of the counterparty to the receivables was reasonable; checked, on a sample basis, the supporting records such as contracts, bookkeeping vouchers and invoices, and whether the age of the accounts receivables was accurate; and evaluated the basis for the calculation of expected credit losses, including the management's estimation and calculation of expected credit losses in combination with historical loss rates and forward-looking considerations; • For goods in which the Group has a lien, checked such goods on spot and assessed the value thereof, obtained the legal opinion issued by the Group's external legal advisor and reply to the letter of confirmation, and evaluated the management's estimation of the probability, amount and discount rate of possible recovery of relevant receivables in the future, as well as the calculation of expected credit losses on relevant receivables. • Reviewed the disclosure of the receivables and the provision for bad debts in the financial report.

III. Key Audit Matters (continued)

Key Audit Matter:	How our audit addressed the Key Audit Matter:
Impairment of long-term equity investments	
<p>As of 31 December 2021, the book balance of long-term equity investments in the consolidated financial statements was RMB3,862,597,200.27, and provision for impairment was RMB8,468,465.03. The management has assessed whether the long-term equity investments have indicators of impairment. If there is any indicator of impairment, the management performs impairment testing by calculating the recoverable amount of long-term equity investments. It is expected that the recoverable amount of long-term equity investments relates to the assessment of fair value of long-term equity investments and forecast of the present value of expected future cash flows of long-term equity investments, as the management needs to make significant judgments and assumptions in the assessment and forecast, especially for the assessment methods and choice of relevant parameters, the investee's future business volume, gross profit margin and discount rate. Therefore, we identified the impairment of long-term equity investments as a key audit matter of the year.</p> <p>For the disclosure of long-term equity investments, please refer to Note V.1 Key assumptions and uncertainties in accounting estimates and Note IX.12 Long-term equity investments to the financial report.</p>	<p>The audit procedures we performed include:</p> <ul style="list-style-type: none"> • Analyzed and assessed the management's judgments on the indicators of impairment of long-term equity investments, and evaluated the important assumptions made and key parameters used by the management when determining the recoverable amount of long-term equity investments, especially the key data and assumptions about the future business volume, gross profit margin and discount rate of the investee in the management's impairment test, as well as fair value assessment methods and key parameters used for assessment, etc.; • As assisted by the internal valuer, evaluated the management's impairment test methods, models and key parameters; • Reviewed the disclosure of long-term equity investments and long-term equity impairments in the financial report.

Auditor's Report (continued)

Ernst & Young HM (2022) Shen Zi No. 60777447_E01

IV. Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Auditor's Report (continued)

Ernst & Young HM (2022) Shen Zi No. 60777447_E01

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

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

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

Ernst & Young Hua Ming LLP

Certified Public Accountant:

Wang Tianqing

(Project partner)

Beijing, the People's Republic of China
29 March 2022

Certified Public Accountant:

Xue Wei

Consolidated Balance Sheet

2021
In RMB

Item	Note	31 December 2021	31 December 2020 (Restated)	1 January 2020 (Restated)
Current assets				
Cash at bank and on hand	IX. 1	4,682,837,844.76	7,419,447,281.30	7,112,182,837.37
Including: Deposits with financial institutions		1,696,167,234.53	2,993,590,485.63	5,839,659,644.76
Financial assets held for trading	IX. 2	–	903,950,958.91	304,951,193.83
Notes receivable	IX. 3	382,699,154.88	409,666,882.28	579,608,899.92
Accounts receivable	IX. 4	2,484,558,788.25	1,913,470,160.89	1,506,248,625.05
Receivables financing	IX. 5	40,454,782.00	–	–
Advances to suppliers	IX. 6	57,266,286.24	36,860,762.57	36,324,717.19
Other receivables	IX. 7	418,964,033.51	442,948,729.54	757,148,704.17
Inventories	IX. 8	113,803,685.78	106,399,428.86	137,905,398.01
Non-current assets due within one year	IX. 9	25,705,000.00	–	–
Other current assets	IX. 10	477,689,360.75	72,798,850.63	76,704,463.36
Total current assets		8,683,978,936.17	11,305,543,054.98	10,511,074,838.90
Non-current assets				
Long-term receivables	IX. 11	4,706,562.92	80,486,851.34	–
Long-term equity investments	IX. 12	3,854,128,735.24	3,701,209,332.27	5,038,513,269.36
Investments in other equity instruments	IX. 13	179,291,854.27	204,067,639.27	189,782,564.95
Investment properties	IX. 14	184,436,193.34	202,727,314.03	193,819,795.94
Fixed assets	IX. 15	31,618,423,562.64	28,972,089,412.60	30,918,597,870.31
Construction in progress	IX. 16	2,697,449,538.01	2,648,649,114.25	1,987,233,578.39
Right-of-use assets	IX. 17	4,414,466,347.72	6,526,116,478.72	5,434,314,171.71
Intangible assets	IX. 18	5,624,837,547.39	3,330,626,488.21	3,166,138,187.94
Development expenditure	IX. 19	13,695,980.00	–	–
Goodwill	IX. 20	225,929,504.67	239,567,203.59	336,711,562.94
Long-term prepaid expenses	IX. 21	48,222,076.27	62,263,734.24	66,308,928.28
Deferred income tax assets	IX. 22	237,861,355.01	144,226,490.31	100,709,875.21
Other non-current assets	IX. 23	25,821,465.85	33,782,189.01	42,426,036.58
Total non-current assets		49,129,270,723.33	46,145,812,247.84	47,474,555,841.61
Total assets		57,813,249,659.50	57,451,355,302.82	57,985,630,680.51

Notes form an integral part of the financial statements

Consolidated Balance Sheet (continued)

2021
In RMB

Item	Note	31 December 2021	31 December 2020 (Restated)	1 January 2020 (Restated)
Current liabilities				
Short-term borrowings	IX.26	–	150,142,083.34	898,192,262.51
Accounts payable	IX.27	299,243,621.90	325,276,634.53	356,015,285.48
Advances from customers	IX.28	8,310,000.53	3,154,967.98	7,070,884.59
Contract liabilities	IX.29	394,018,044.43	255,839,053.10	244,166,662.27
Employee benefits payable	IX.30	283,539,639.27	327,005,950.16	324,673,155.60
Taxes payable	IX.31	157,612,682.63	119,073,940.80	125,791,036.22
Other payables	IX.32	5,211,704,627.42	702,588,201.79	945,419,655.61
Non-current liabilities due within one year	IX.33	1,317,029,437.70	2,739,874,519.62	865,527,502.11
Other current liabilities	IX.34	18,200,512.62	12,032,491.04	14,649,999.74
Total current liabilities		7,689,658,566.50	4,634,987,842.36	3,781,506,444.13
Non-current liabilities				
Long-term borrowings	IX.35	1,020,537,454.00	1,132,693,298.00	1,508,698,814.40
Bonds payable	IX.36	2,486,907,371.14	3,547,236,158.87	6,868,590,767.90
Lease liabilities	IX.37	4,479,123,277.25	6,557,286,700.42	5,402,844,712.20
Long-term payables	IX.38	17,500,000.00	44,070,000.00	32,500,000.00
Estimated liabilities	IX.39	212,308,104.33	32,760,218.42	32,760,218.42
Deferred income	IX.40	503,761,225.92	549,147,318.64	595,111,598.61
Deferred income tax liabilities	IX.22	288,311,027.10	381,864,183.86	380,895,403.80
Other non-current liabilities	IX.41	61,401,012.91	69,655,256.65	95,544,136.00
Total non-current liabilities		9,069,849,472.65	12,314,713,134.86	14,916,945,651.33
Total liabilities		16,759,508,039.15	16,949,700,977.22	18,698,452,095.46
Shareholders' equity				
Share capital	IX.42	23,987,065,816.00	12,894,535,999.00	12,894,535,999.00
Capital surplus	IX.43	9,022,246,406.02	20,226,360,298.43	20,224,558,032.62
Other comprehensive income	IX.44	59,093,962.51	84,557,142.33	70,943,358.93
Specific reserve	IX.45	92,693,542.25	77,238,967.01	33,734,678.41
Surplus reserve	IX.46	1,346,971,923.09	1,170,622,731.39	987,449,399.14
Including: Statutory reserve		1,345,998,388.72	1,169,649,197.02	986,475,864.77
Undistributed profits	IX.47	3,437,962,835.75	2,781,159,734.80	1,855,715,433.74
Total equity attributable to owners of the parent company		37,946,034,485.62	37,234,474,872.96	36,066,936,901.84
Minority interests		3,107,707,134.73	3,267,179,452.64	3,220,241,683.21
Total shareholders' equity		41,053,741,620.35	40,501,654,325.60	39,287,178,585.05
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		57,813,249,659.50	57,451,355,302.82	57,985,630,680.51

The financial statements are signed by:

Legal representative:

Wang Zhixian

Principal in charge of accounting:

Wang Ping

Head of accounting department:

Wang Jinsong

Notes form an integral part of the financial statements

Balance Sheet of the Parent Company

2021
In RMB

Item	Note	Balance at the end of the year	Balance at the beginning of the year
Current assets			
Cash at bank and on hand		2,081,978,764.72	2,890,703,086.36
Including: Deposits with financial institutions		863,351,231.30	211,914,381.99
Financial assets held for trading		–	903,950,958.91
Notes receivable		252,565,531.85	279,291,639.83
Accounts receivable	XVII.1	1,978,529,104.61	1,478,660,782.21
Advances to suppliers		9,405,814.73	5,910,586.68
Other receivables	XVII.2	2,623,324,500.83	1,389,553,234.41
Inventories		46,701,202.69	40,870,821.57
Non-current assets due within one year		110,223,671.10	–
Other current assets		10,411,440.85	12,739,784.37
Total current assets		7,113,140,031.38	7,001,680,894.34
Non-current assets			
Long-term receivables	XVII.3	1,681,514,831.66	630,862,768.60
Right-of-use assets		2,735,134,057.33	2,755,085,606.12
Long-term equity investments	XVII.4	23,082,375,022.83	7,287,274,646.47
Investments in other equity instruments		21,134,979.42	21,508,765.89
Fixed assets		9,325,063,258.12	9,826,865,835.67
Construction in progress		1,406,078,653.47	1,381,009,570.89
Intangible assets		515,672,752.77	533,857,484.08
Long-term prepaid expenses		28,536,201.67	30,160,693.44
Deferred income tax assets		119,345,469.44	89,363,920.45
Other non-current assets		1,860,000.00	1,860,000.00
Total non-current assets		38,916,715,226.71	22,557,849,291.61
TOTAL ASSETS		46,029,855,258.09	29,559,530,185.95

Notes form an integral part of the financial statements

Balance Sheet of the Parent Company (continued)

2021
In RMB

Item	Balance at the end of the year	Balance at the beginning of the year
Current liabilities		
Accounts payable	60,339,205.67	44,073,761.37
Advances from customers	458,333.00	899,609.94
Contract liabilities	74,430,867.97	39,939,352.06
Employee benefits payable	113,435,817.80	137,791,993.27
Taxes payable	15,227,183.51	32,758,690.51
Other payables	223,440,296.96	317,735,672.14
Non-current liabilities due within one year	1,197,901,486.87	2,555,794,955.36
Other current liabilities	7,865,610.81	2,199,097.88
Total current liabilities	1,693,098,802.59	3,131,193,132.53
Non-current liabilities		
Bonds payable	2,486,907,371.14	3,547,236,158.87
Lease liabilities	2,853,738,089.22	2,818,182,718.18
Long-term payables	—	7,500,000.00
Deferred income	459,502,577.60	496,017,018.33
Deferred income tax liabilities	—	1,710,427.10
Other non-current liabilities	61,401,012.91	69,655,256.65
Total non-current liabilities	5,861,549,050.87	6,940,301,579.13
Total liabilities	7,554,647,853.46	10,071,494,711.66
Shareholders' equity		
Share capital	23,987,065,816.00	12,894,535,999.00
Capital surplus	9,868,775,405.75	3,062,007,748.98
Other comprehensive income	5,426,191.44	5,131,281.29
Specific reserve	42,063,863.69	39,273,350.66
Surplus reserve	1,106,153,197.41	929,804,005.71
Undistributed profits	3,465,722,930.34	2,557,283,088.65
Total shareholders' equity	38,475,207,404.63	19,488,035,474.29
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	46,029,855,258.09	29,559,530,185.95

Notes form an integral part of the financial statements

Consolidated Income Statement

2021
In RMB

Item	Note	Amount for the year	Amount for last year (Restated)
I. Revenue	IX.48	12,347,554,608.01	12,124,932,151.55
Less: Cost of sales	IX.48	8,518,330,456.05	7,878,438,474.71
Taxes and surcharges	IX.49	129,281,474.13	113,054,426.45
General and administrative expenses	IX.50	799,342,392.20	820,173,656.48
Research and development expenses	IX.51	9,306,646.62	18,437,450.14
Financial expenses	IX.52	526,378,915.07	728,435,837.01
Including: Interest expenses		632,573,123.30	821,914,426.38
Interest income		104,567,205.11	96,437,344.68
Net exchange loss (net gain represented by “-”)		-3,101,268.89	1,641,423.32
Add: Other income	IX.53	148,959,925.94	119,095,777.84
Investment income (loss represented by “-”)	IX.54	381,121,868.19	380,143,929.40
Including: Investment income from associates and joint ventures		322,022,018.21	328,156,179.50
Gain on changes in fair value (loss represented by “-”)	IX.55	-	-323,118.00
Gain on credit impairment(loss represented by “-”)	IX.56	-114,702,724.03	-105,661,798.69
Asset impairment loss (loss represented by “-”)	IX.57	-59,679,538.84	-136,623,341.79
Gains on disposals of assets (loss represented by “-”)	IX.58	144,560,327.91	34,263,275.42
II. Operating profit (loss represented by “-”)		2,865,174,583.11	2,857,287,030.94
Add: Non-operating income	IX.59	32,065,509.49	16,792,501.38
Less: Non-operating expenses	IX.60	242,802,412.35	37,934,049.41
III. Total profit (total loss represented by “-”)		2,654,437,680.25	2,836,145,482.91
Less: Income tax expenses	IX.61	576,241,786.81	606,093,185.36
IV. Net profit (net loss represented by “-”)		2,078,195,893.44	2,230,052,297.55
Including: Net profit of the merged party before merger in business combination under the common control		471,795,901.00	1,279,235,071.84
(I) Classified by ownership of the equity			
1. Net profit attributable to shareholders of the parent company (net loss represented by “-”)		1,916,076,220.45	2,053,091,078.19
2. Gains or losses of minority interests (net loss represented by “-”)		162,119,672.99	176,961,219.36
(II) Classified by continuity of operations			
1. Profit or loss from continuing operations (net loss represented by “-”)		2,078,195,893.44	2,230,052,297.55
2. Profit or loss from discontinued operations (net loss represented by “-”)		-	-

Notes form an integral part of the financial statements

Consolidated Income Statement (continued)

2021
In RMB

Item	Note	Amount for the year	Amount for last year (Restated)
V. Other comprehensive income, net of tax	IX.44	-25,604,967.94	12,782,864.08
Other comprehensive income, net of tax, attributable to shareholders of the parent company		-25,463,179.82	13,613,783.40
(I) Other comprehensive income that may not be reclassified to profit or loss		-18,440,050.63	11,544,725.06
1. Changes in fair value of investments in other equity instruments		-18,440,050.63	11,544,725.06
(II) Other comprehensive income that will be reclassified to profit or loss		-7,023,129.19	2,069,058.34
1. Exchange differences on translation of foreign currency financial statements		-7,023,129.19	2,069,058.34
Other comprehensive income, net of tax, attributable to minority interests		-141,788.12	-830,919.32
VI. Total comprehensive income		2,052,590,925.50	2,242,835,161.63
Attributable to shareholders of the parent company		1,890,613,040.63	2,066,704,861.59
Attributable to minority interests		161,977,884.87	176,130,300.04
VII. Earnings per share:			
Basic earnings per share	IX.64	0.08	0.09
Diluted earnings per share	IX.64	0.08	0.09

Notes form an integral part of the financial statements

Income Statement of the Parent Company

2021
In RMB

Item	Note	Amount for the year	Amount for last year
I. Revenue	XVII.5	3,659,220,987.59	3,777,803,226.79
Less: Cost of sales	XVII.5	2,608,219,823.82	2,399,182,703.53
Taxes and surcharges		36,388,027.84	39,508,795.03
General and administrative expenses		373,273,525.20	401,551,385.99
Research and development expenses		42,123.27	39,994.06
Financial expenses		360,532,307.80	432,222,193.02
Including: Interest expenses		380,143,362.93	460,847,966.93
Interest income		21,477,885.63	27,429,166.09
Add: Other income		48,968,524.48	59,636,066.97
Investment income (loss represented by “-”)	XVII.6	1,624,009,590.51	484,153,170.88
Including: Investment income from associates and joint ventures		198,357,195.51	210,931,184.93
Gain on changes in fair value (loss represented by “-”)		-	-323,118.00
Credit impairment loss (loss represented by “-”)		-102,847,613.27	-136,598,137.21
Gains on disposals of assets (loss represented by “-”)		-838,263.95	2,070,687.68
II. Operating profit (loss represented by “-”)		1,850,057,417.43	914,236,825.48
Add: Non-operating income		34,031,514.46	2,558,203.95
Less: Non-operating expenses		64,888,043.38	26,304,112.22
III. Total profit (total loss represented by “-”)		1,819,200,888.51	890,490,917.21
Less: Income tax expenses		55,708,971.53	108,939,945.38
IV. Net profit (net loss represented by “-”)		1,763,491,916.98	781,550,971.83
Profit or loss from continuing operations (net loss represented by “-”)		1,763,491,916.98	781,550,971.83
Profit or loss from discontinued operations (net loss represented by “-”)		-	-
V. Other comprehensive income, net of tax		294,910.15	-1,387,695.38
(I) Other comprehensive income that may not be reclassified to profit or loss		294,910.15	-1,387,695.38
1. Changes in fair value of investments in other equity instruments		294,910.15	-1,387,695.38
(II) Other comprehensive income that will be reclassified to profit or loss		-	-
VI. Total comprehensive income		1,763,786,827.13	780,163,276.45

Notes form an integral part of the financial statements

Consolidated Cash Flow Statement

2021
In RMB

Item	Note	Amount for the year	Amount for last year (Restated)
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		11,813,867,848.82	11,860,489,632.51
Refund of taxes and surcharges		7,824,251.52	22,272,106.90
Cash received relating to other operating activities	IX.65	275,857,301.81	214,009,561.36
Sub-total of cash inflows		12,097,549,402.15	12,096,771,300.77
Cash paid for goods and services		4,048,714,009.01	3,828,676,526.85
Cash paid to and on behalf of employees		2,971,243,875.26	2,693,899,860.43
Payments of taxes and surcharges		926,685,581.36	1,069,346,922.75
Cash paid relating to other operating activities	IX.65	327,985,009.04	522,747,826.68
Sub-total of cash outflows		8,274,628,474.67	8,114,671,136.71
Net cash flows from operating activities	IX.65	3,822,920,927.48	3,982,100,164.06
II. Cash flows from investing activities			
Cash received from disposal of investments		4,401,289,174.31	6,076,018,306.20
Cash received from return on investments		274,448,107.97	666,546,481.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,866,442.59	1,301,329.51
Cash received relating to other investing activities	IX.65	63,436,920.00	28,976,737.55
Sub-total of cash inflows		4,749,040,644.87	6,772,842,854.97
Cash paid to acquire fixed assets, intangible assets and other long-term assets		3,824,348,372.46	469,677,076.01
Cash paid to acquire investments		3,500,000,000.00	5,500,000,000.00
Cash paid relating to other investing activities	IX.65	111,425,422.29	58,587,576.01
Sub-total of cash outflows		7,435,773,794.75	6,028,264,652.02
Net cash flows from investing activities		-2,686,733,149.88	744,578,202.95

Notes form an integral part of the financial statements

Consolidated Cash Flow Statement (continued)

2021
In RMB

Item	Note	Amount for the year	Amount for last year (Restated)
III. Cash flows from financing activities:			
Cash received from borrowings		932,000,000.00	1,452,000,000.00
Cash received from investment		2,081,810,399.02	—
Sub-total of cash inflows		3,013,810,399.02	1,452,000,000.00
Cash repayments of borrowings		3,582,077,922.00	4,167,945,011.20
Cash paid for distribution of dividends or profits or for interest expenses		1,566,072,609.32	1,533,467,724.64
Cash paid relating to other financing activities	IX.65	1,728,634,122.11	410,304,032.60
Sub-total of cash outflows		6,876,784,653.43	6,111,716,768.44
Net cash flows from financing activities		-3,862,974,254.41	-4,659,716,768.44
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		-4,797,159.65	-5,001,865.97
V. Net increase in cash and cash equivalents			
Add: Cash and cash equivalents at the beginning of the year		7,165,069,059.76	7,103,109,327.16
VI. Cash and cash equivalents at the end of the year	IX.66	4,433,485,423.30	7,165,069,059.76

Notes form an integral part of the financial statements

Cash Flow Statement of the Parent Company

2021
In RMB

Item	Note	Amount for the year	Amount for last year
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		3,285,554,251.41	3,271,044,888.76
Cash received relating to other operating activities		66,757,719.60	84,983,030.10
Sub-total of cash inflows		3,352,311,971.01	3,356,027,918.86
Cash paid for goods and services		1,218,059,277.09	1,087,410,736.06
Cash paid to and on behalf of employees		1,086,738,304.80	1,014,978,480.73
Payments of taxes and surcharges		227,796,616.19	313,514,231.43
Cash paid relating to other operating activities		149,862,582.74	90,533,915.79
Sub-total of cash outflows		2,682,456,780.82	2,506,437,364.01
Net cash flows from operating activities	XVII. 7	669,855,190.19	849,590,554.85
II. Cash flows from investing activities:			
Cash received from disposal of investments		4,433,415,448.43	5,831,018,306.20
Cash received from return on investments		391,645,183.17	616,619,222.65
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,975,908.24	795,450.00
Net cash received from disposal of subsidiaries and other business units		-	6,561,868.13
Cash received relating to other investing activities		40,000,000.00	240,022,915.21
Sub-total of cash inflows		4,868,036,539.84	6,695,017,762.19
Cash paid to acquire fixed assets, intangible assets and other long-term assets		189,930,402.72	241,462,393.79
Cash paid to acquire investments		3,500,000,000.00	5,500,000,000.00
Net cash paid to acquire subsidiaries and other business units		-	247,749,752.57
Cash paid relating to other investing activities		1,200,190,347.00	560,070,024.42
Sub-total of cash outflows		4,890,120,749.72	6,549,282,170.78
Net cash flows from investing activities		-22,084,209.88	145,735,591.41

Notes form an integral part of the financial statements

Cash Flow Statement of the Parent Company (continued)

2021
In RMB

Item	Note	Amount for the year	Amount for last year
III. Cash flows from financing activities:			
Cash received from investment		2,081,810,399.02	—
Sub-total of cash inflows		2,081,810,399.02	—
Cash repayments of borrowings		2,350,000,000.00	—
Cash paid for distribution of dividends or profits or for interest expenses		978,425,599.30	568,958,330.23
Cash paid relating to other financing activities		209,635,017.82	204,313,734.58
Sub-total of cash outflows		3,538,060,617.12	773,272,064.81
Net cash flows from financing activities		-1,456,250,218.10	-773,272,064.81
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		4.00	1,320,943.61
V. Net increase in cash and cash equivalents		-808,479,233.79	223,375,025.06
Add: Cash and cash equivalents at the beginning of the year		2,890,267,651.51	2,666,892,626.45
VI. Cash and cash equivalents at the end of the year	XVII. 7	2,081,788,417.72	2,890,267,651.51

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity

2021
In RMB

Item	Amount for the year										Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on translation of foreign currency financial statements	Specific reserve	Surplus reserve	Undistributed profit	Sub-total	Minority interest		
I. Closing balance of last year	12,884,535,999.00	2,940,527,279.56	84,557,142.33	39,945,751.57	70,976,410.86	974,684,269.46	2,387,731,706.23	19,353,012,866.44	2,668,066,848.37	22,021,099,734.81	
Add: Changes of accounting policies	-	-	-	-	-	-	-	-	-	-	
Correction of errors in prior periods	-	-	-	-	-	-	-	-	-	-	
Business combination under common control	-	17,265,833,018.87	-	-	6,262,556.15	195,938,462.93	393,427,948.57	17,881,461,986.52	599,092,604.27	18,460,554,590.79	
II. Opening balance of the year	12,884,535,999.00	20,226,360,298.43	84,557,142.33	39,945,751.57	77,238,967.01	1,170,622,731.39	2,781,159,734.80	37,234,474,872.96	3,267,179,452.64	40,501,654,325.60	
III. Changes for the year (decrease represented by "-")	-	-	-25,463,179.82	-7,023,129.19	-	-	1,916,076,220.45	1,890,613,040.63	161,977,884.87	2,052,590,325.50	
(I) Total comprehensive income	-	-	-25,463,179.82	-7,023,129.19	-	-	1,916,076,220.45	1,890,613,040.63	161,977,884.87	2,052,590,325.50	
(II) Capital contribution and withdrawal by shareholders	11,092,529,817.00	-11,204,113,892.41	-	-	-	-	-	-11,584,075.41	-95,464,798.65	-207,048,874.06	
1. Ordinary shares contributed by shareholders	11,092,529,817.00	-9,016,695,972.73	-	-	-	-	-	2,075,833,844.27	-	2,075,833,844.27	
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	
3. Amount of share-based payment included in owners' equity	-	-	-	-	-	-	-	-	-	-	
4. Disposal of subsidiaries	-	-2,187,417,919.68	-	-	-	-	-	-2,187,417,919.68	-95,464,798.65	-95,464,798.65	
5. Others	-	-	-	-	-	-	-	-	-	-2,187,417,919.68	

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

2021
In RMB

Item	Amount for the year								Total shareholders' equity	
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on translation of foreign currency financial statements	Specific reserve	Surplus reserve	Undistributed profit	Sub-total		Minority interest
III. Changes for the year (decrease represented by "-") (continued)										
(III) Accrual and usage of specific reserve										
1. Accrual of specific reserve	-	-	-	-	15,454,575.24	-	-	15,454,575.24	755,066.01	16,209,641.25
2. Usage of specific reserve	-	-	-	-	93,742,936.88	-	-	93,742,936.88	9,339,990.20	103,082,927.08
(IV) Profit distribution										
1. Appropriation to surplus reserve including: Statutory reserve	-	-	-	-	-	176,349,191.70	-1,259,273,119.50	-1,082,923,927.80	-226,740,470.14	-1,309,664,397.94
2. Appropriation to general risk reserve	-	-	-	-	-	176,349,191.70	-176,349,191.70	-	-	-
3. Profit distribution to shareholders	-	-	-	-	-	-	-	-	-	-
4. Appropriation to employee bonus and welfare fund	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-
(V) Internal carry-over of shareholders' equity										
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-	-	-	-	-	-	-	-	-	-
4. Other comprehensive income carried over to retained earnings	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	23,987,065,816.00	9,022,246,406.02	59,093,962.51	32,922,622.38	92,893,542.25	1,346,971,923.09	3,437,962,835.75	37,946,034,465.62	3,107,707,134.73	41,053,744,620.35

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

2021
In RMB

Item	Amount for the previous year (restated)										Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on translation of foreign currency financial statements	Specific reserve	Surplus reserve	Undistributed profits	Sub-total	Minority interest		
I. Closing balance of last year	12,894,535,999.00	2,938,747,542.52	70,943,358.93	37,876,693.23	38,503,545.54	886,529,171.28	1,930,530,105.98	18,769,789,723.25	2,634,625,867.48	21,404,415,590.73	
Add: Changes of accounting policies	-	-	-	-	-	-	-	-	-	-	
Correction of errors in prior periods	-	-	-	-	-	-	-	-	-	-	
Business combination under common control	-	17,265,810,490.10	-	-	-4,768,867.13	90,920,227.86	-74,814,672.24	17,297,147,178.59	585,615,815.73	17,882,762,994.32	
II. Opening balance of the year	12,894,535,999.00	20,224,558,032.62	70,943,358.93	37,876,693.23	33,734,678.41	987,449,399.14	1,855,715,433.74	36,066,936,901.84	3,220,241,683.21	39,287,178,585.05	
III. Changes for the year (decrease represented by "-")											
(I) Total comprehensive income	-	-	13,613,733.40	2,069,056.34	-	-	2,053,091,078.19	2,066,704,861.59	176,130,300.04	2,242,895,161.63	
(II) Capital contribution and withdrawal by shareholders	-	1,802,265.81	-	-	-	-	-	1,802,265.81	51,639,090.28	53,441,356.09	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	
3. Amount of share-based payment included in owners' equity	-	-	-	-	-	-	-	-	-	-	
4. Business combinations not involving entities under common control	-	-	-	-	-	-	-	-	31,931,688.82	31,931,688.82	
5. Disposal of subsidiaries	-	-	-	-	-	-	-	-	19,707,421.46	19,707,421.46	
6. Others	-	1,802,265.81	-	-	-	-	-	1,802,265.81	-	1,802,265.81	

Notes form an integral part of the financial statements

Consolidated Statement of Changes in Shareholders' Equity (continued)

2021
In RMB

Item	Amount for the previous year (restated)										Total shareholders' equity	
	Share capital	Capital surplus	Other comprehensive income	Including: Exchange differences on translation of foreign currency financial statements	Specific reserve	Surplus reserve	Unappropriated profits	Sub-total	Minority interests			
III. Changes for the year (decrease represented by "-") (continued)												
(III) Accrual and usage of specific reserve												
1. Accrual of specific reserve	-	-	-	-	43,504,288.60	-	-	43,504,288.60	2,398,461.02	45,902,749.62		
2. Usage of specific reserve	-	-	-	-	111,549,981.73	-	-	111,549,981.73	10,111,030.66	121,661,012.39		
(IV) Profit distribution					-68,045,693.13	-	-	-68,045,693.13	-7,712,569.64	-75,758,262.77		
1. Appropriation to surplus reserve	-	-	-	-	-	183,173,332.25	-1,127,646,777.13	-944,473,444.88	-183,230,081.91	-1,127,703,526.79		
Including: Statutory reserve	-	-	-	-	-	183,173,332.25	-183,173,332.25	-	-	-		
2. Appropriation to general risk reserve	-	-	-	-	-	183,173,332.25	-183,173,332.25	-	-	-		
3. Profit distribution to shareholders	-	-	-	-	-	-	-	-581,488,438.88	-176,259,861.95	-757,748,300.83		
4. Appropriation to employee bonus and welfare fund	-	-	-	-	-	-	-	-6,498,188.61	-6,970,219.96	-13,468,408.57		
5. Others	-	-	-	-	-	-	-	-356,486,817.69	-	-356,486,817.69		
(V) Internal carry-over of shareholders' equity												
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-	-	-	-		
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-	-	-	-		
3. Surplus reserve to cover losses	-	-	-	-	-	-	-	-	-	-		
4. Other comprehensive income carried over to retained earnings	-	-	-	-	-	-	-	-	-	-		
IV. Closing balance of the year	12,894,535,999.00	20,226,360,298.43	84,557,142.33	39,945,751.57	77,239,967.01	1,170,622,731.39	2,781,159,794.80	37,294,474,872.96	3,267,179,452.64	40,501,654,325.60		

Notes form an integral part of the financial statements

Statement of Changes in Shareholders' Equity of the Parent Company

2021
In RMB

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

Notes form an integral part of the financial statements

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

2021
In RMB

Item	Amount for the previous year							Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits		
I. Closing balance of last year	12,894,535,999.00	3,047,794,637.96	6,518,976.67	30,179,695.36	851,648,908.53	2,124,672,469.98	18,955,350,687.50	
Add: Changes of accounting policies	-	-	-	-	-	-	-	
Correction of errors in prior periods	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	
II. Opening balance of the year	12,894,535,999.00	3,047,794,637.96	6,518,976.67	30,179,695.36	851,648,908.53	2,124,672,469.98	18,955,350,687.50	
III. Changes for the year (decrease represented by "-")								
(I) Total comprehensive income	-	-	-1,387,695.38	-	-	781,550,971.83	780,163,276.45	
(II) Capital contribution and withdrawal by shareholders	-	14,213,111.02	-	-	-	-	14,213,111.02	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-	
3. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-	
4. Others	-	14,213,111.02	-	-	-	-	14,213,111.02	
(III) Accrual and usage of specific reserve	-	-	-	9,093,655.30	-	-	9,093,655.30	
1. Accrual of specific reserve	-	-	-	26,910,690.46	-	-	26,910,690.46	
2. Usage of specific reserve	-	-	-	-17,817,035.16	-	-	-17,817,035.16	
(IV) Profit distribution	-	-	-	-	78,155,097.18	-348,940,353.16	-270,785,255.98	
1. Appropriation to surplus reserve	-	-	-	-	78,155,097.18	-78,155,097.18	-	
Including: Statutory reserve	-	-	-	-	78,155,097.18	-78,155,097.18	-	
Discretionary reserve	-	-	-	-	-	-	-	
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	
3. Profit distribution to shareholders	-	-	-	-	-	-270,785,255.98	-270,785,255.98	
4. Others	-	-	-	-	-	-	-	
V) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-	
1. Transfer of capital reserve to capital	-	-	-	-	-	-	-	
2. Transfer of surplus reserve to capital	-	-	-	-	-	-	-	
3. Surplus reserve to cover losses	-	-	-	-	-	-	-	
4. Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	
IV. Closing balance of the year	12,894,535,999.00	3,062,007,748.98	5,131,281.29	39,273,350.66	929,804,005.71	2,557,283,088.65	19,488,035,474.29	

Notes form an integral part of the financial statements

Notes to the Financial Statements

2021
In RMB

I. General information

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

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

In order to promote the integration of Liaoning Port, 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”) on February 2018, respectively. The de facto controller of the Company and Yingkou Port changed from Dalian SASAC and Yingkou SASAC to Liaoning SASAC, respectively. On 30 September 2019, the de facto controller of Liaoning Port Group was changed from Liaoning SASAC to China Merchants Group Limited (hereinafter referred to as “China Merchants Group”), and therefore the ultimate de facto controller of the Company and Yingkou Port was changed to China Merchants Group.

According to the approval of 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 the Reply on Approval of Dalian Port (PDA) Company Limited’s Merger with Yingkou Port Liability Co., Ltd. by Absorption and Fundraising (Zheng Jian Xu Ke [2020] No. 3690) issued by China Securities Regulatory Commission, the Company has completed the merger by absorption through share swap on 4 February 2021. The Company (or its wholly-own subsidiaries) has inherited and taken over all assets, liabilities, businesses, personnel, contracts and all other rights and obligations of Yingkou Port. On 29 January 2021, upon the approval of Decision on the Cessation of Listing of the Shares of Yingkou Port Liability Co., Ltd. ([2021] No. 3690) by the Shanghai Stock Exchange, Yingkou Port will be delisted and deregistered. 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 had issued 1,363,636,363 RMB ordinary shares (A shares) to eight specific investors including Anshan Iron & Steel Co. Ltd. on 17 November 2021. Total share capital of the Company increased from 22,623,429,453 to 23,987,065,816, in which Yingkou Port Group has 28.83% equity interests.

Notes to the Financial Statements (continued)

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In RMB

I. General information (continued)

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

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage and etc.; providing facilities and services for passenger waiting, embarking and disembarking; tallying and tugging services for vessels sailing on international and domestic lines; 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. For changes in the current year, see Note VIII.

II. Basis for the preparation of financial statements

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

The financial statements are presented on a going concern basis.

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

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

The financial statements are prepared by the Group in compliance with the Accounting Standards for Business Enterprises, and give a true and complete view of the consolidated and parent company's financial positions of the Group as at 31 December 2021 and the consolidated and parent company's operating results and cash flows of the Group for 2021.

Notes to the Financial Statements (continued)

2021
In RMB

IV. Significant accounting policies and accounting estimates of the Company

1. Accounting year

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

2. Recording currency

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

3. Book-keeping basis and measurement principle

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

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

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

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

Notes to the Financial Statements (continued)

2021
In RMB

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

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

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

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

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

4. Business combinations

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

4.1 Business combinations involving entities under common control

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

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

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

Notes to the Financial Statements (continued)

2021
In RMB

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

4. Business combinations (continued)

4.2 Business combination not involving entities under common control

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

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

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

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

5. Goodwill

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

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

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

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

Notes to the Financial Statements (continued)

2021
In RMB

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

6. Consolidated financial statements

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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In RMB

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

6. Consolidated financial statements (continued)

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

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

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

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

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

Notes to the Financial Statements (continued)

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In RMB

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

7. Joint arrangement

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

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

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

8. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term (which generally refers to a maturity within three months from the date of purchase), highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Financial instruments

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

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

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

Notes to the Financial Statements (continued)

2021
In RMB

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

9. Financial instruments (continued)

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

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

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

9.1 Classification, recognition and measurement of financial assets

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

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

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

Notes to the Financial Statements (continued)

2021
In RMB

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

9. Financial instruments (continued)

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

2021
In RMB

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

9. Financial instruments (continued)

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

9.1.1 Financial assets at amortised cost

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

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

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

9.1.2 Financial assets at fair value through other comprehensive income

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

Notes to the Financial Statements (continued)

2021
In RMB

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

9. Financial instruments (continued)

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

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

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

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

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

9.2 *Impairment of financial instruments*

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

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

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

Notes to the Financial Statements (continued)

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In RMB

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

9. Financial instruments (continued)

9.2 Impairment of financial instruments (continued)

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

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

For the disclosure of the Group's criteria on the significant increase in credit risk, the definition of credit impaired assets, and the assumption of measurement on expected credit loss, please refer to Note XII.3(2).

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

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

9. Financial instruments (continued)

9.2 Impairment of financial instruments (continued)

9.2.1 Write-down of financial assets

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

9.3 Transfer of financial assets

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

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

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

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

9. Financial instruments (continued)

9.3 Transfer of financial assets (continued)

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

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

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

For transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognise the transferred financial asset in its entirety. Consideration received from transfer of assets should be recognised as a liability upon receipt.

9.4 Classification of financial liabilities and equity instruments

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

Notes to the Financial Statements (continued)

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

9. Financial instruments (continued)

9.4 Classification of financial liabilities and equity instruments (continued)

9.4.1 Classification and measurement of financial liabilities

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

9.4.1.1 Other financial liabilities

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

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

Financial guarantee contracts

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

Notes to the Financial Statements (continued)

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

9. Financial instruments (continued)

9.4 Classification of financial liabilities and equity instruments (continued)

9.4.2 Derecognition of financial liabilities

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

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

9.5 Offsetting financial assets and financial liabilities

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

10. Receivables financing

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

11. Inventories

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

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

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

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

Notes to the Financial Statements (continued)

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

11. Inventories (continued)

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

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

The Group adopts a perpetual inventory system.

12. Long-term equity investments

12.1 Basis for determining joint control and significant influence over the investee

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

12.2 Determination of investment cost

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

Notes to the Financial Statements (continued)

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

12. Long-term equity investments (continued)

12.2 Determination of investment cost (continued)

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

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

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

12.3 Subsequent measurement and recognition method for profit or loss

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

12. Long-term equity investments (continued)

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

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

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

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

Notes to the Financial Statements (continued)

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

12. Long-term equity investments (continued)

12.4 Disposal of long-term equity investments

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

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

Notes to the Financial Statements (continued)

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

12. Long-term equity investments (continued)

12.4 Disposal of long-term equity investments (continued)

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

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

13. Investment properties

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

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

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

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

Notes to the Financial Statements (continued)

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

14. Fixed assets and depreciation

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

15. Construction in progress

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

16. Intangible assets

16.1 Intangible assets

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

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

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

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

16.2 Research and development expenditure

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

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

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

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

16. Intangible assets (continued)

16.2 Research and development expenditure (continued)

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

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

17. Long-term prepaid expenses

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

18. Impairment of non-financial assets other than goodwill

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

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

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

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

Notes to the Financial Statements (continued)

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

19. Provisions

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

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

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

20. Employee compensation

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

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

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

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

Notes to the Financial Statements (continued)

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

20. Employee compensation (continued)

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

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

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

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

21. Revenue recognition

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

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

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

21. Revenue recognition (continued)

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

Contract on rendering of services

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

Significant financing component

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

Contract on sales of goods

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

Notes to the Financial Statements (continued)

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

21. Revenue recognition (continued)

Main responsible person/agent

With respect to trading business, if the Group obtains the control over the trading goods from the third party and then transfers the goods to the customer, the Group has the right to determine at its discretion the price of the relevant goods, that is, the Group is able to control the goods before transferring them to the customer. With respect to freight forwarding business, if the Group can direct the transportation services provided by the third party on behalf of the Group to the customer and bears the primary responsibility for providing transportation services for the customer, the Group has the right to determine at its discretion the price of service provision. Therefore, the Group is the main responsible person and recognises the revenue based on the total considerations collected or payable. Otherwise, the Group should be the agent and recognise the revenue based on the amount of the commission or handling fee that it is expected to charge, which shall be the net amount of the total considerations collected or payable after deduction of payments due to other relevant parties, or determined based on the established commission amount or proportion.

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

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

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

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

Notes to the Financial Statements (continued)

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

21. Revenue recognition (continued)

Main responsible person/agent (continued)

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

Cost of contract acquisition

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

Cost of performance of contract

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

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

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

Notes to the Financial Statements (continued)

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

22. Government grants

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

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

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

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

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

Government grants related to the daily activities of the Group shall be included in other income or set off against relevant costs and expenses in accordance with the essence of economic operations. Government grants unrelated to the daily activities of the Group shall be included in the non-operating income and expenses.

23. Borrowing costs

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

Notes to the Financial Statements (continued)

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

23. Borrowing costs (continued)

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

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

24. Income tax

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

24.1 Current income tax

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

24.2 Deferred income tax asset and deferred income tax liability

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

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

Notes to the Financial Statements (continued)

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

24. Income tax (continued)

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

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

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

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

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

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

24.3 *Offset of income tax*

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

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

Notes to the Financial Statements (continued)

2021
In RMB

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

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

25.1 Foreign currency business

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

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

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

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

25.2 Translation of foreign currency financial statements

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

Notes to the Financial Statements (continued)

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In RMB

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

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

25.2 Translation of foreign currency financial statements (continued)

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

The balance at the beginning of the period and the actual number of the previous year are shown in accordance with the amount converted from the financial statements of the previous year.

26. Leases

A lease refers to a contract assigning a lessor’s right to use an asset to a lessee for a certain period of time for consideration.

For a contract entered into or amended after the initial implementation date, the Group evaluates whether the contract is a lease or contains a lease on the contract commencement or amendment date. The Group shall not reassess whether a contract is a lease or contains a lease unless there are changes to the contract terms and conditions.

26.1 As lessee

26.1.1 Separation of lease

For a contract that contains one or more lease components and non-lease components at the same time, the Group separates non-lease components from each lease component, and allocates the consideration of the contract on the basis of the relative stand-alone price of each lease component and the aggregate stand-alone prices of the non-lease components.

As a practical expedient, the Group accounts for leases with similar characteristics as a portfolio, provided that the Group can reasonably expect that its effects on the financial statements would not differ materially from those resulting from accounting for each lease within the portfolio on a separate basis.

Notes to the Financial Statements (continued)

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In RMB

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

26. Leases (continued)

26.1 As lessee (continued)

26.1.2 Right-of-use assets

Except for short-term leases and low-value asset leases, the Group recognises right-of-use assets for leases on the commencement date of lease term. The commencement date of lease term refers to the date from which a leased asset is provided by the lessor for the Group's use.

Right-of-use assets are initially measured at costs. These costs include:

- The amount at which lease liabilities are initially measured;
- Lease payments made at or before the commencement date of lease term, net of the lease incentive amount already enjoyed when there is a lease incentive;
- The initial direct costs incurred by the Company as a result of implementation of the new standard on lease;
- The costs expected to be incurred by the Company for the purpose of demolition and removal of leased assets, recovery of the premises where the leased assets are located or restoration of the leased assets to the condition agreed upon in the lease terms as a result of implementation of the new standard on lease;

If lease liabilities are remeasured after the commencement date of lease term, the carrying amount of right-of-use assets shall be adjusted accordingly.

If the Group is reasonably certain to obtain ownership of leased assets upon expiry of the lease term, right-of-use assets are depreciated over the remaining useful life of the leased assets. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

The Group determines whether the right-of-use assets are impaired or not and accounts for the impairment under the relevant regulations of the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets.

Notes to the Financial Statements (continued)

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In RMB

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

26. Leases (continued)

26.1 As lessee (continued)

26.1.3 Lease liabilities

Except for short-term leases and low-value asset leases, the Group initially measures lease liabilities on the commencement date of lease term according to the present value of outstanding lease payments on that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate, or uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Lease payments refer to the amount paid by the Group to a lessor which is related to the right to use lease assets during the lease term, including:

- Fixed payments and substantially fixed payments (deduction of related lease incentive amount, if any);
- Variable lease payments which depend on an index or a rate;
- The exercise price of an option which the Company reasonably determines that the purchase option is to be exercised as a result of implementation of the new standard on lease;
- The amount payable upon exercising an option to terminate a lease, provided that the exercising of such option by the Company can be reflected over the lease term as a result of implementation of the new standard on lease;
- Estimated amount due based on the residual value of the guarantee provided by the Company as a result of implementation of the new standard on lease.

After the commencement date of lease term, the Group recognises interest expenses on lease liabilities in each period during the lease term by using the fixed periodic interest rate. If it is to be included in relevant asset cost in accordance with the Accounting Standards for Business Enterprises No. 17 – Borrowing Costs or other relevant standard, such other standard shall prevail.

Notes to the Financial Statements (continued)

2021
In RMB

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

26. Leases (continued)

26.1 As lessee (continued)

26.1.3 Lease liabilities (continued)

Upon occurrence of the following cases after the commencement date of lease term, the Group shall remeasure lease liabilities and adjust the right-of-use assets correspondingly:

- In the event of any changes in the lease term or the assessment results of purchase option, the Group shall remeasure lease liabilities according to their present value calculated using the lease payments after the changes and the revised discount rate;
- In the event of any changes in the amounts payable estimated by residual value of the guarantee or the index or ratio used to determine lease payments, the Group shall remeasure lease liabilities according to their present value calculated using the lease payments after the changes and the original discount rate, or the revised discount rate if the change of lease payments is due to a movement in floating interest rate.

26.1.4 Short-term leases and low-value asset leases

For short-term leases of buildings, transportation equipment and others, and low-value asset leases, the Group chooses not to recognise right-of-use assets and lease liabilities. A short-term lease refers to a lease that, at the commencement date, has a lease term of less than 12 months and does not contain a purchase option. A low-value asset lease refers to a lease where a single lease asset has a value of less than RMB50,000 when being a new asset. The Group recognises lease payments on short-term leases and low-value asset leases in current profit or loss or the cost of relevant assets on a straight-line basis or otherwise on a systematic and reasonable basis in each period over the lease term.

Notes to the Financial Statements (continued)

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

26. Leases (continued)

26.1 As lessee (continued)

26.1.5 Modification of lease

If modification of lease happens and meets the following conditions at the same time, the Company will conduct accounting treatment for the modification of lease as a separate lease as a result of implementation of the new standard on lease:

- The modification of lease expands the scope of lease by increasing the rights of use of one or more leased assets;
- The increased consideration and the stand-alone price for the increase in scope of the lease are commensurate with the amount adjusted in accordance with the circumstance of the contract.

If accounting treatment for the modification of lease as a separate lease is not conducted, the Group shall, on the effective date of modification of lease, reallocate the modified consideration of the contract, and redetermine the lease term and remeasure lease liabilities according to their present value calculated using the lease payments after the modification and the revised discount rate.

26.2 As lessor

During each period over the lease term, the Group uses the straight-line method to recognise the lease receipts from an operating lease as rental income, unless other systematic and reasonable methods can better reflect the consumption pattern of economic benefits arising from the use of leased assets. The initial direct costs related to an operating lease incurred by the lessor are capitalised, and are apportioned on the same basis as that used for the recognition of the rental income over the lease term. Such costs are charged to profit or loss for the current period by stages.

26.2.1 Separation of lease

For a contract that contains both lease and non-lease components, the Group shall allocate the consideration of the contract according to the Accounting Standards for Business Enterprises No. 14 – Revenue in respect of allocation of transaction price, on the basis of their respective standalone prices.

26.2.2 Classification of lease

A lease that transfers substantially all the risks and rewards incidental to the ownership of an asset is a finance lease. All the other leases are operating leases.

Notes to the Financial Statements (continued)

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

26. Leases (continued)

26.2 As lessor (continued)

26.2.3 Recording operating leasing business as a lessor

The Group recognises lease receipts from an operating lease as rental income on a straight-line basis or otherwise on a systematic and reasonable basis in each period over the lease term. The Group capitalises, when incurred, initial direct costs incurred in relation to an operating lease and apportions such costs on the same basis as that used for the recognition of rental income over the lease term. Such costs will be charged to profit or loss for the current period by stages.

The Group recognises any variable lease receipts relating to an operating lease not included in the lease receipts, in profit or loss for the current period as incurred.

26.2.4 Modification of lease

When an operating lease is modified, the Group accounts for it as a new lease from the effective date of the modification, and accounts for the advanced lease receipts or lease receivables relating to the original lease as receipts of the new lease.

27. Production safety funds

Production safety fund is accrued by the Group in accordance with the Administrative Measures for Accrual and Usage of Production Safety Expenses of the Enterprises (Cai Qi [2012] No. 16) jointly issued by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, which is charged to the cost of related products or recognised in profit or loss for the current period, and transferred to the specific reserve. As production safety fund accrued is utilised, if it is of expenditure nature, the cost is directly charged against the specific reserve. For the production safety fund used that is formed into a fixed asset, the cost is collected under the “Construction in progress” line item and will be recognised as fixed asset when the safety projects are completed and get ready for their intended use. Meanwhile, the cost of fixed asset is offset against the specific reserve, and accumulated depreciation of the same amount is recognised. For such fixed asset, there will be no further depreciation in the subsequent periods.

28. Profit distribution

The cash dividend of the Company will be recognised as liability when approved by the general meeting.

Notes to the Financial Statements (continued)

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V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates

In the application of the accounting policies as described in Note IV, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed by the Group regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

1. Key assumptions and uncertainties in accounting estimates

The followings are the key assumptions and uncertainties in accounting estimates at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods:

1.1 Business model

The classification of financial assets upon initial recognition depends on the business model of the Group for managing financial assets. When judging business model, the Group considers corporate evaluation and way of reporting performance of financial asset to key management personnel, the risks affecting performance of financial asset and their management and the way in which relevant business management personnel are paid. When evaluating whether to take contractual cash flow as the goal, the Group is required to analyse and judge the reasons, time, frequency and value of the sale of financial assets before the due date.

1.2 Characteristics of contractual cash flow

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flow. Judgment should be made on whether the contractual cash flow is only for the payment of the principal and the interest based on the outstanding principal, including the judgment on whether there is any significant difference when compared with the benchmark cash flow during the evaluation on the revision of the time value of money, and the judgment on whether the fair value of the prepayment characteristics is insignificant for the financial assets with prepayment characteristics.

1.3 Recognition of expected credit loss

Significant increase in credit risks: In evaluating expected credit loss on financial assets, the Group is required to make a judgment about whether the credit risks of financial assets have increased significantly since acquisition thereof by considering qualitative and quantitative information and combining the forward-looking information.

Notes to the Financial Statements (continued)

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V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

1. Key assumptions and uncertainties in accounting estimates (continued)

1.3 Recognition of expected credit loss (continued)

Establishment of asset portfolio with similar credit risk characteristics: When expected credit losses are measured on a portfolio basis, financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics of these financial instruments on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the financial instruments. This may result in establishment of a new portfolio or assets moving to an existing portfolio of assets that better reflects the similar credit risk characteristics of that group of assets.

1.4 Determination of performance progress of port operation contracts

The Group determines the performance progress of port operation contracts according to the investment method. In this regard, the Group determines the performance progress according to the proportion of the accumulative actual port operation costs in the total costs, and recognises the revenue accordingly. The accumulative actual costs include the direct cost and indirect cost incurred by the Group during the provision of port operation services to customers.

1.5 Impairment of goodwill

As at 31 December 2021, the carrying amount of goodwill was RMB225,929,504.67. The Group conducts an impairment test on goodwill at least annually. When conducting an impairment test on goodwill, the present value of projected future cash flow of the underlying assets or portfolio of assets incorporating such goodwill will be calculated, and projection of the future cash flow of such assets or portfolio of assets will be made, and a pre-tax interest rate shall be determined which can properly reflect the prevailing time value of currency in the market as well as the specific risks concerning such assets, which all involve judgments made by the management.

1.6 Recognition of deferred income tax

When it is probable that enough taxable income will be available against which the deductible temporary differences and deductible losses are applied in the future periods, deferred income tax assets shall be recognised by the Group for all the deductible temporary differences and deductible losses that have not been used. This requires the management of the Group to use a lot of judgments to estimate the time and amount of the taxable income in the future and determine the amount of the deferred income tax assets that should be recognised according to the tax planning strategy.

Notes to the Financial Statements (continued)

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V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

1. Key assumptions and uncertainties in accounting estimates (continued)

1.7 *Estimated useful life and estimated residual value of fixed assets and intangible assets*

The Group estimates the useful life and residue value of fixed assets and intangible assets. This estimate is made based on the historical experience of actual useful life and residue value of fixed assets and intangible assets with shared natures and functions, and is subject to material change as a result of technological innovation and severe industry competition. If the estimated useful life and residue value of fixed assets or intangible assets are lower than the estimates previously made, the Group will increase the depreciation/amortisation, or write-off or write-down of fixed assets or intangible assets with backward technologies.

1.8 *Impairment of non-current assets other than financial assets (except for goodwill)*

The Group will judge if non-current assets other than financial assets have any sign of impairment on the balance sheet date, and conduct an impairment test when there is any sign of impairment. In addition, intangible assets with uncertain useful life shall be subject to an annual impairment test. The recoverable amount of an asset or asset group is determined at the higher of the value in use of the asset or asset group and the net amount of its fair value less the disposal expenses. In estimating its value in use, the future cash flow of the asset or asset group will be projected after discounting at a discount rate. The management makes accounting estimates in connection with the use of the asset and estimates future cash flows on a reasonable and well-founded basis, and determines the present value of future cash flows by using a discount rate which reflects the prevailing time value of currency in the market as well as the specific risks concerning such asset.

1.9 *Lease term of lease contracts that are certain to have an option to renew the lease*

A lease term is the period during which the Group has the right to use the leased asset and is irrevocable. Where the Group has an option to renew the lease and reasonably determines to exercise the option, the lease term shall also include the period covered by the option to renew the lease. In assessing whether it is reasonably determined to exercise the option to renew the lease, the Group will consider all relevant facts and circumstances that bring economic benefits to the exercise of the renewal option of the Group, including the expected changes in facts and circumstances from the commencement date of the lease term to the date of exercise of the option. The Group believes that the Group can reasonably determine that it will exercise the option to renew the lease as the leased asset is crucial to its operation and it is hard to obtain appropriate alternative asset. Therefore, the lease term includes the period covered by the option to renew the lease.

Notes to the Financial Statements (continued)

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V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

1. Key assumptions and uncertainties in accounting estimates (continued)

1.10 Consolidation scope – the Group holding 50% or less equity interests of the investees

The Group believes that even if the Group only holds 50% or less of the equity interests, it has control over Dalian Haijia Automobile Terminal Co., Ltd., Dalian Golden Bay Grain Logistics Co., Ltd., Dalian Harbour ECL Logistics Co., Ltd. and Dalian Container Terminal Co., Ltd. According to the joint venture contract entered into between the Company and the other shareholders of Dalian Haijia Automobile Terminal Co., Ltd., the other shareholders give consent to the decisions made by the Company on significant financial and operational policies. The Company has de-facto control over Dalian Haijia Automobile Terminal Co., Ltd.. Pursuant to the acting-in-concert agreement signed by and between the Group and another shareholder of each of Dalian Container Terminal Co., Ltd., Dalian Golden Bay Grain Logistics Co., Ltd. and Dalian Harbour ECL Logistics Co., Ltd., such shareholders give consent to the decisions made by the Company on significant financial and operational policies. The Company has de-facto control over the above three companies.

VI. Changes in accounting policies and accounting estimates and explanations on correction of accounting errors

1. Changes in and impacts of accounting estimates

1.1 Changes in accounting estimates and reasons for the changes

As stated in Note I, the Company completed the share swap and merger of Yingkou Port on 4 February 2021. There are certain differences in estimated use life and net residual value rate of some fixed assets and investment properties of the Company and Yingkou Port. In order to regulate the management of the fixed assets and investment properties of the Group, based on the specific conditions of fixed assets and investment properties and with reference to the accounting estimates in relation to fixed assets and investment properties of China Merchants Group, the ultimate controller of the Group, the Group has comprehensively sorted out various types of fixed assets and investment properties, and revalued the depreciation life and net residual value rate of fixed assets and investment properties. The life of depreciation and net residual value rate of fixed assets and investment properties before and after the adjustment of the Group's accounting estimates are as follows:

Category	Before adjustment		After adjustment	
	Depreciation period	Net residual value rate	Depreciation period	Net residual value rate
Buildings	20 – 45 years	5 – 10%	5 – 30 years	5%
Port and terminal facilities	18 – 50 years	4 – 10%	5 – 50 years	5%
Automobiles and ships	8 – 28 years	5%	5 – 25 years	5%
Machinery, furniture, appliances and other equipment	5 – 11 years	0 – 10%	3 – 15 years	5%, 15%

Notes to the Financial Statements (continued)

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VI. Changes in accounting policies and accounting estimates and explanations on correction of accounting errors (continued)

1. Changes in and impacts of accounting estimates (continued)

1.1 Changes in accounting estimates and reasons for the changes (continued)

The changes in accounting estimates above have been considered and approved at the second meeting in 2021 of the sixth session of the board of directors convened on 25 March 2021 of the Company, and took effect from 1 April 2021.

1.2 Financial impact of the changes in accounting estimates

The change in calculation of accounting estimates adopts the future applicable method, and its impact on the Group's consolidated financial statements for 2021 is as follows:

	Fixed assets	Investment properties	Total
Impact of change in accounting estimates on the depreciation charges in the year	180,464,744.69	32,250,104.71	212,714,849.40
Impact of change in accounting estimates on the total profit in the year	-180,464,744.69	-32,250,104.71	-212,714,849.40
Impact of change in accounting estimates on the net profit in the year	-138,106,714.03	-23,650,695.53	-161,757,409.56
Impact of change in accounting estimates on the owners' equity at the end of the year	-138,106,714.03	-23,650,695.53	-161,757,409.56

The affected amount of the change in accounting estimates on the consolidated financial statements in the future period cannot be determined.

Notes to the Financial Statements (continued)

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VII. Taxes

1. Major categories of taxes and respective tax rates

Taxes	Basis of calculating tax	Tax rate
Value-added tax (VAT) (Note 1)	Revenues from port handling, sales of goods, transport income, interest income from related party borrowings, project construction, leasing of real estate and labor dispatch services	6%, 13%, 9%, %, 10%, 5% and 6%
City maintenance and construction tax	Turnover taxes paid	7%
Educational surcharge	Turnover taxes paid	5%
Property tax	70% of the cost of the property or rental income from the rental of the property	1.2% or 12%
Corporate income tax (Note 2)	Taxable income	25%

Note 1: Output VAT of the Group's revenues from port handling, sales of goods, transport income, interest income from related party borrowings, project construction, leasing of real estate and labor dispatch services is calculated at a tax rate of 6%, 13%, 9%, 6%, 10%, 5% and 6%, respectively, which is levied after deducting deductible input VAT for the current period.

Note 2: It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group which enjoy tax preferences (see Note VII. 2 for details).

2. Tax preference and approvals

Property tax and land use tax

According to the Tentative Regulations of the People's Republic of China on Urban Land Use Tax and the Regulations on Land Use Tax Exemption of Port Land of Transport Department (Guo Shui Di [1989] No. 123), certain land used for dock is exempted from land use tax. Accordingly, the lands held by the Group used for dock are exempted from land use tax.

According to the Tentative Regulations of the People's Republic of China on Urban Land Use Tax, the land reclaimed from hill excavating and offshore filling and the reclaimed waste land will be exempted from land use tax for 5 to 10 years starting from the month of use. Accordingly, all lands reclaimed from offshore filling held by the Group were exempted from land use tax for the period.

Notes to the Financial Statements (continued)

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VII. Taxes (continued)

2. Tax preference and approvals (continued)

Property tax and land use tax (continued)

According to the Tentative Regulations of the People's Republic of China on Urban Land Use Tax and the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of the Preferential Policies for Urban Land Use Tax Regarding the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (Cai Shui [2020] No. 16), from 1 January 2020 to 31 December 2022, the urban land use tax on the lands for bulk commodity storage facilities owned by the logistics enterprises (including for self-use and lease purpose) shall be calculated based on 50% of the applicable tax for the relevant grade of the land. Accordingly, the land use tax on the lands for bulk commodity storage facilities held by the Group is calculated at half of the relevant tax rate.

VAT

According to the Notice on Policies Related to Deepening Value-Added Tax Reform issued by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Notice No. 39 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019), the Group shall, from 1 April 2019 to 31 December 2021, deduct additional 10% of current deductible input tax from VAT payable.

Corporate income tax

Dalian Port Logistics Network Co., Ltd., Dalian Portsoft Technology Co., Ltd. and Dalian Jifa South Coast International Logistics Co., Ltd., subsidiaries of the Group, have obtained on 9 October 2020, 3 December 2020 and 19 November 2021, respectively, the Certificate of the High and New Technological Enterprise (Certificates No. GR202021200315, No. GR202021200857 and No. GR202121200628 respectively) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance and Dalian Tax Service, State Taxation Administration, and the term of validity of above certificates is three years.

Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained on 21 September 2015 the Certificate of the High and New Technological Enterprise (Certificate No. GR201521200005) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance and Dalian Tax Service, State Taxation Administration, and the term of validity is three years. In September 2018, with the approval of Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance and Dalian Tax Service, State Taxation Administration, the expiry time of the Certificate of the High and New Technological Enterprise granted to Dalian Port Logistics Technology Co., Ltd. was postponed to 15 November 2021.

Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, for the current year, the income tax rate applicable to the above companies is 15%.

Notes to the Financial Statements (continued)

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VII. Taxes (continued)

2. Tax preference and approvals (continued)

Corporate income tax (continued)

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementation of Inclusive Tax Relief Policy for Small Low-profit Enterprises ([2019] No. 13), the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT 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 EIT at 20% tax rate from 1 January 2019 to 31 December 2021. 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 Gangrun Gas Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd., Asia Pacific Ports Investment Co., Ltd. and Qinhuangdao Jigang Shipping Agency Co., Ltd., for the year.

VIII. Business combinations and consolidated financial statements

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year

Investee	Place of registration	Major place of business	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Remark
					Direct	Indirect		
Subsidiaries invested by PDA Group by equity injection on the date of incorporation of the Company								
Dalian Port Container Development Co., Ltd.	Dalian	Dalian	Container services	296,411	100	-	100	
Dalian Port Jifa Logistics Co., Ltd. ("Jifa Logistics")	Dalian	Dalian	Logistics services	117,940	-	100	100	
Dalian Port Logistics Technology Co., Ltd.	Dalian	Dalian	Software development	1,000	-	100	100	Note 6
Dalian Jifa Shipping Agency Co., Ltd.	Dalian	Dalian	Vessel agency	550	-	100	100	
Dalian International Logistics Park Development Co., Ltd.	Dalian	Dalian	Property development	15,000	-	100	100	
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Dalian	Dalian	Transportation	4,923	-	97.36	97.36	
Dalian International Container Services Co., Ltd.	Dalian	Dalian	Logistics service	USD1,440,000	-	55	60	Note 2
Dalian Jifa International Freight Co., Ltd.	Dalian	Dalian	Logistics service	500	-	100	100	Note 8
Dalian Jifa Port Logistics Co., Ltd. (大连集发港口物流有限公司)	Dalian	Dalian	Technical services	1,200	-	100	100	

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

Investee	Place of registration	Major place of business	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Remark
					Direct	Indirect		
Dalian Jifa Shipping Management Co., Ltd.	Dalian	Dalian	Management services	41,500	100	–	100	
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	Dalian	Dalian	Wholesale & agency	1,000	60	–	60	
Subsidiaries acquired through establishment or investment								
Dalian Dilangsirui Caravan Co., Ltd.	Dalian	Dalian	Manufacturing sector	10,000	51	–	51	
Dalian Ganghong International Trade Co., Ltd.	Dalian	Dalian	Trading sector	2,000	–	51	60	Notes 2, 9
Asia Pacific Ports Company Limited	Hong Kong	Hong Kong	Logistics service	HKD75,000,000	100	–	100	
Harbour Full Group Limited	British Virgin Islands	British Virgin Islands	Logistics service	USD50,000	–	100	100	
Asia Pacific Ports Investment Co., Ltd.	Hong Kong	Hong Kong	Logistics service	HKD1	–	100	100	
Asia Pacific Ports (Dalian) Co., Ltd.	Dalian	Dalian	Logistics service	USD31,580,000	100	–	100	
Dalian Container Terminal Co., Ltd.	Dalian	Dalian	Terminal services	348,000	–	48.15	55.56	Note 4
Heilongjiang Suimu Logistics Co., Ltd.	Muling	Muling	Logistics service	4,500	–	91.67	91.67	
Qinhuangdao Jigang Shipping Agency Co., Ltd.	Qinhuangdao	Qinhuangdao	Logistics service	500	–	100	100	
Dalian Port Grain and Oil Trading Co., Ltd.	Dalian	Dalian	Trading sector	2,500	100	–	100	
Dalian Steel Logistics Park Co., Ltd.	Dalian	Dalian	Trading sector	800	100	–	100	Note 10
Dalian Haijia Automobile Terminal Co., Ltd.	Dalian	Dalian	Construction and operation	40,000	50	–	100	Note 1
Caofeidian Port Container Logistics Co., Ltd.	Tangshan	Tangshan	Vessel agency	50	–	51	51	
Dalian Zhuanghe Gangxing Investment Co., Ltd.	Dalian	Dalian	Property development	8,000	100	–	100	
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Tongliao	Tongliao	Freight services	1,000	–	51	51	
Dalian Gangrun Gas Co., Ltd.	Dalian	Dalian	Sale of fuel gas	1,000	51	–	51	
Dalian Port Lianheng Supply Chain Management Co., Ltd.	Dalian	Dalian	Supply chain management services	2,000	–	51	51	

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

Investee	Place of registration	Major place of business	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Remark
					Direct	Indirect		
Dalian Jifa South Coast International Logistics Co., Ltd.	Dalian	Dalian	Terminal services	1,500	–	100	100	
Dalian Dilangsirui Tourism Development Co., Ltd.	Dalian	Dalian	Tourist project development	3,000	–	100	100	
Subsidiaries acquired through business combinations involving enterprises under common control								
Dalian Ocean Shipping Tally Co., Ltd.	Dalian	Dalian	Tallying services	630.14	84	–	84	
Dalian Portsoft Technology Co., Ltd.	Dalian	Dalian	Computer system service	1,000	49	–	60	Notes 2, 3, 6
Dalian Portsoft Network Co., Ltd.	Dalian	Dalian	Computer system service	1,000	–	100	100	Note 6
Dalian Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision services	1,000	75	–	75	
Dalian Port Telecommunications Engineering Co., Ltd.	Dalian	Dalian	Telecommunication services	1,000	45	–	65	Notes 5, 14
Dalian Golden Bay Grain Logistics Co., Ltd.	Dalian	Dalian	Logistics services	9,733	37.50	–	75	Note 5
Dalian Port Group Zhuanghe Terminal Co., Ltd.	Dalian	Dalian	Terminal services	10,000	60	–	60	Note 11
Dalian Port Power Supply Co., Ltd.	Dalian	Dalian	Engineering services	11,000	100	–	100	
Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd.	Dalian	Dalian	Supervision services	10	–	100	100	
Dalian Port Haiheng Ship Management Co., Ltd.	Dalian	Dalian	Service industry	500	100	–	100	
Liaoning Port Holdings (Yingkou) Co., Ltd. (遼港控股(營口)有限公司) ("Yingkou Ltd.")	Yingkou	Yingkou	Terminal services	1,000,000	100	–	100	Note 7

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

Investee	Place of registration	Major place of business	Nature of business	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Remark
					Direct	Indirect		
Yingkou Xingang Ore Terminal Co., Ltd. (營口新港礦石碼頭有限公司) ("Xingang Ore Terminal")	Yingkou	Yingkou	Terminal services	358,006.30	-	88	90.1	Notes 7, 13
Yingkou New Century Container Terminal Co., Ltd. (營口新世紀集裝箱碼頭有限公司) ("New Century Container Terminal")	Yingkou	Yingkou	Terminal services	4,000	-	60	60	Note 7
Yingkou Port Bulk Cargo Terminal Co., Ltd. (營口港散貨碼頭有限公司) ("Bulk Cargo Terminal")	Yingkou	Yingkou	Terminal services	50,000	100	-	100	Note 12
Subsidiaries acquired through business combinations not involving entities under common control								
DCT Logistics Co., Ltd. ("DCT Logistics")	Dalian	Dalian	Logistics services	15,538.70	-	100	100	
Dalian Port Logistics Network Co., Ltd.	Dalian	Dalian	Information services	3,200	-	79.03	79.03	Note 6
Dalian Jiyi Logistics Co., Ltd.	Dalian	Dalian	Freight services	10,000	-	100	100	
Dalian Port Lvshun Harbour Service Co., Ltd.	Dalian	Dalian	Terminal services	35,000	60	-	60	
Liaoning Con-Rail International Logistics Co., Ltd.	Shenyang	Shenyang	Logistics services	1,600	-	100	100	
Dalian Harbour ECL Logistics Co., Ltd.	Dalian	Dalian	Terminal services	USD9,000,000	50	-	75	Note 5

Note 1: Shareholding percentage in subsidiaries is different from voting right percentage. Based on the joint venture contract signed with other shareholders, other shareholders will align with the decision made by the Company in respect of significant operating matters of joint ventures. The Company, in fact, has effective control over the subsidiary.

Note 2: Shareholding percentage in subsidiaries is different from voting right percentage. Shareholding percentage is determined based on the share of contribution as stated in the investment agreement, while voting right percentage is determined based on the voting manner of the highest decision-making organization in accordance with the articles of associations of the investee. As a result, there is inconsistency.

Note 3: The Company has the effective control over the subsidiary, as it has the majority voting rights in the board of directors.

Note 4: Based on the concerted action agreement signed with another shareholder, the decision made by such shareholder aligns with that of the subsidiary of the Company, Dalian Port Container Development Co., Ltd. The Company, in fact, has the effective control over the subsidiary.

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

1. Basic information on the subsidiaries included in the scope of consolidated statements during the year (continued)

- Note 5: Based on the concerted action agreement signed with some of the other shareholders, the decision made by such shareholders aligns with that of the Company. The Company, in fact, has the effective control over the subsidiary.
- Note 6: Due to change in equity interest, the Group's subsidiaries, Dalian Portsoft Technology Co., Ltd., Dalian Portsoft Network Co., Ltd., Dalian Port Logistics Technology Co., Ltd. and Dalian Port Logistics Network Co., Ltd. were no longer included into the Group's scope of combination since 9 February 2021.
- Note 7: On 4 February 2021, the Company completed the share swap with Yingkou Port and incorporated Yingkou Ltd., Xingang Ore Terminal and New Century Container Terminal into the Group's scope of combination.
- Note 8: In January 2021, Dalian Jifa Shipping Agency Co., Ltd. merged by absorption with Dalian Jifa International Freight Co., Ltd.. In September 2021, Dalian Jifa International Freight Co., Ltd. completed the deregistration procedures.
- Note 9: In October 2021, Dalian Port Container Development Co., Ltd. disposed all its equity interests in its subsidiary, Dalian Ganghong International Trade Co., Ltd., which was no longer included in the Group's scope of combination. See Note VIII. 2 for details.
- Note 10: In October 2021, Dalian Steel Logistics Park Co., Ltd. completed the deregistration procedures.
- Note 11: In December 2021, Dalian Port Group Zhuanghe Terminal Co., Ltd. completed the deregistration procedures.
- Note 12: In December 2021, the Company acquired 100% equity interests of Bulk Cargo Terminal held by Yingkou Group from Yingkou Group. See Note VIII.3.
- Note 13: In October 2021, Yingkou Ltd., a subsidiary of the Company, signed a capital increase agreement with Xingang Ore Terminal, pursuant to which, Yingkou Ltd. subscribed for all proposed increased registered capital of RMB3,909,862,800 from Xingang Ore Terminal and other shareholders agreed to waive their rights of first refusal. Upon completion of the subscription contribution, the shareholding of Yingkou Ltd. in Xingang Ore Terminal would increase from 88% to 90.1%. As of the date of these financial statements, Yingkou Ltd. has not paid for the subscribed capital contribution. Pursuant to the capital increase agreement, supplemental agreement for joint operation and the articles of association, the voting rights in the resolutions of a general meeting shall be exercised by the shareholders according to their proportion of subscribed capital contributions. All shareholders shall share the Company's profits and risks and losses according to their proportion of actual capital contributions. Therefore, there are circumstances in which the shareholding ratio is different from the voting rights ratio.
- Note 14: Dalian Port Logistics Network Co., Ltd., a subsidiary of the Group, held 20% equity interests of Dalian Port Telecommunications Engineering Co., Ltd.. The Group disposed of all equity interests held in Dalian Port Logistics Network Co., Ltd. and the shareholding of the Group in Dalian Port Telecommunications Engineering Co., Ltd. decreased from 65% to 45% accordingly.

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

2. Changes in the scope of consolidation and reasons therefor during the year

- (1) For companies newly included in the scope of consolidation during the year, please see Note VIII.3.
- (2) Companies excluded from the scope of consolidation during the year

Name of enterprise	Place of registration	Nature of business	Total shareholding held by the Group (%)	Total voting right percentage of the Group (%)	Reason for not being a subsidiary
Dalian Port Logistics Network Co., Ltd.	Dalian	Information services	79.03	79.03	Note 1
Dalian Port Logistics Technology Co., Ltd.	Dalian	Software development	100	100	Note 1
Dalian Portsoft Technology Co., Ltd.	Dalian	Computer system service	49	49	Note 1
Dalian Portsoft Network Co., Ltd.	Dalian	Computer system service	100	100	Note 1
Dalian Jifa International Freight Co., Ltd.	Dalian	Logistics services	100	100	Note 2
Dalian Port Group Zhuanghe Terminal Co., Ltd.	Dalian	Terminal services	60	60	Note 3
Dalian Steel Logistics Park Co., Ltd.	Dalian	Trading sector	100	100	Note 4
Dalian Ganghong International Trade Co., Ltd.	Dalian	Trading sector	51	51	Note 5

Note 1: In accordance with the agreement on capital increase by subscription for equity interests of China Merchants Holdings (International) Information Technology Company Limited ("CMHIT") between China Merchants Port Group Co., Ltd., China Merchants Port Holdings Company Limited, Dalian Port Container Development Co., Ltd., Dalian Port Jifa Logistics Co., Ltd., Yingkou Port Group Co., Ltd. and CMHIT, Dalian Port Container Development Co., Ltd. and Jifa Logistics, both being a subsidiary of the Company, made a capital increase in CMHIT at the consideration of the 49.63% and 29.4% equity interests they held in Dalian Port Logistics Network Co., Ltd.. Such capital increase had been complete on 9 February 2021, and the Group's shareholding in CMHIT after the capital contribution was 35.64%. Based on the articles of association of CMHIT, the Group has no control over it. Therefore, since 9 February 2021, the Group ceased to include Dalian Port Logistics Network Co., Ltd. and its subsidiaries Dalian Portsoft Technology Co., Ltd., Dalian Portsoft Network Co., Ltd. and Dalian Port Logistics Technology Co., Ltd. into the scope of combination.

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

2. Changes in the scope of consolidation and reasons therefor during the year (continued)

(2) Companies excluded from the scope of consolidation during the year (continued)

Note 1: (Continued)

Relevant financial information of Dalian Port Logistics Network Co., Ltd. and its subsidiaries are presented below:

Item	Carrying value as at 9 February 2021	Carrying value as at 31 December 2020
Current assets	131,545,011.75	140,838,127.92
Non-current assets	25,038,861.20	25,521,725.73
Current liabilities	85,858,408.46	56,894,215.88
Non-current liabilities	722,630.73	720,376.12
Total owner's equity	70,002,833.76	108,745,261.65
Less: Minority interests	21,520,506.24	41,364,442.15
Equity attributable to shareholders of the parent company	48,482,327.52	
Add: Goodwill recognised when acquiring Dalian Port Logistic Network Co., Ltd.	7,419,238.63	
Gain and loss of disposal	10,675,233.85	
Consideration of disposal	66,576,800.00	
Item	During the period from 1 January to 9 February 2021	
Revenue		17,645,190.40
Cost of sales		11,129,241.28
Net loss		-92,738.60

Note 2: In January 2021, Dalian Jifa Shipping Agency Co., Ltd., a subsidiary of the Company, has merged with Dalian Jifa International Freight Co., Ltd. by absorption. In September 2021, Dalian Jifa International Freight Co., Ltd. had completed the de-registration procedures with the administration for industry and commerce. The de-registration procedures of the company did not significantly affect the merger of the Company on 31 December 2021, the financial position of the Company and the merger during the year 2021 and the operation results and cash flows of the Company.

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

2. Changes in the scope of consolidation and reasons therefor during the year (continued)

(2) Companies excluded from the scope of consolidation during the year (continued)

Note 3: In December 2021, Dalian Port Group Zhuanghe Terminal Co., Ltd., a subsidiary of the Company, has completed the de-registration procedures with the administration for industry and commerce. The de-registration procedures of the company did not significantly affect the merger of the Company on 31 December 2021, the financial position of the Company and the merger during the year 2021 and the operation results and cash flows of the Company.

Note 4: In October 2021, Dalian Steel Logistics Park Co., Ltd., a subsidiary of the Company, has completed the de-registration procedures with the administration for industry and commerce. The de-registration procedures of the company did not significantly affect the merger of the Company on 31 December 2021, the financial position of the Company and the merger during the year 2021 and the operation results and cash flows of the Company.

Note 5: On 25 October 2021, Dalian Port Container Development Co., Ltd., a subsidiary of the Company, transferred its 51% equity interests in Dalian Ganghong International Trade Co., Ltd. to a third party at the consideration of the assessed value. The Group excluded Dalian Ganghong International Trade Co., Ltd. from the scope of consolidation from 25 October 2021.

Relevant financial information of Dalian Ganghong International Trade Co., Ltd. is presented as follows:

Items	Carrying value as at 25 October 2021	Carrying value as at 31 December 2020
Current assets	26,470,068.17	26,673,437.53
Non-current assets	4,695.42	6,642.25
Current liabilities	3,733,031.32	3,888,873.26
Total owner's equity	22,741,732.27	22,791,206.52
Less: Minority interests	11,228,774.96	11,252,345.72
Equity attributable to shareholders of the parent company	11,512,957.31	
Gain and loss of disposal	111,064.69	
Consideration of disposal	11,624,022.00	
Item	During the period from 1 January to 25 October 2021	
Revenue		-
Cost of sales		-
Net loss		-49,474.25

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

3. Information on business combinations involving entities under common control during the year

(1) Business combinations involving entities under common control during the year

Company name	Combination date	Net book value	De facto controller	Status from the beginning of the year to the combination date			
				Revenue	Net profit	Net increase in cash	Net cash flow from operating activities
Yingkou Port (Note 1)	4 February 2021	16,426,254,312.01	China Merchants Group	501,267,625.82	181,566,605.37	-10,722,250.58	37,340,359.23
Coal business, barge business and hydropower business in Yingkou Port Group (Note 2)	14 December 2021	1,930,866,484.93	China Merchants Group	641,631,141.05	290,229,295.63	46,064,095.72	205,922,574.96

Note 1: As stated in Note 1, the Company completed the additional issuance of 9,728,893,454 shares to former shareholders of Yingkou Port on 4 February 2021 and the delivery and confirmation of all assets, liabilities, businesses, personnel, contracts and all other rights and obligation with Yingkou Port, therefore, the combination date of the merger by absorption through share swap is determined to be 4 February 2021. Through the transaction, the Group acquired several new subsidiaries, namely Yingkou Ltd., Xingang Ore Terminal and New Century Container Terminal. The Company and Yingkou Port were both controlled by the ultimate controller, China Merchants Group, before and after the merger, and such control was not temporary. Therefore, the merger is a business combination under the common control. In accordance with the accounting treatment principles for business combinations under the common control, the Group included the assets and liabilities of Yingkou Port (including the goodwill arising from China Merchants Group's acquisition of Yingkou Port) into the consolidated financial statements based on their carrying amount in the financial statements of ultimate controller China Merchants Group, and retrospectively adjusted the comparative information, as if the reporting entity upon combination has existed since the ultimate controller has control over it.

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

3. Information on business combinations involving entities under common control during the year (continued)

(1) Business combinations involving entities under common control during the year (continued)

Note 2: Upon the approval at the seventh meeting in 2021 of the sixth session of the board of directors convened on 28 October 2021, Yingkou Ltd., a wholly-owned subsidiary of the Company intended to acquire the assets and lands related to coal business, barge business and hydropower business in Bayuquan Port Area at a cash consideration of RMB8,524,108,000 from Yingkou Port Group, among which the consideration of coal business, barge business and hydropower business was confirmed at RMB2,341,776,800 based on the assessed value. As part of the transaction, Yingkou Port Group newly established a wholly-owned subsidiary, Bulk Cargo Terminal, and injected the coal business related assets and liabilities related to coal business and other parts of assets to the Bulk Cargo Terminal on November 2021. On 14 December 2021, the fourth extraordinary general meeting of the Company in 2021 has approved the aforementioned assets acquisition transactions and has confirmed the delivery of relevant assets with Yingkou Port Group. Upon this transaction, Yingkou Ltd. obtained 100% equity shareholdings of interests in Bulk Cargo Terminal, the assets related to barge business and hydropower business and other assets abovementioned, and took over the personnels related to the abovementioned coal business, barge business and hydropower business of Yingkou Port Group, and has continued to operate these businesses. In view of that the assets acquisition in relation to the coal business, barge business and hydropower business of Yingkou Port Group by Yingkou Ltd. constitutes a business combination, and Yingkou Ltd. and the operator of these businesses were both controlled by the ultimate controller, China Merchants Group, before and after the merger, and the control was not temporary. Therefore, the merger is a business combination under the common control. The combination date was determined to be on 14 December 2021. In accordance with the accounting treatment principles for business combinations under the common control, the Group included the related assets and liabilities of these businesses (including the goodwill arising from China Merchants Group's acquisition of correspondent assets) into the consolidated financial statements based on their carrying amount in the financial statements of China Merchants Group, and retrospectively adjusted the comparative data, as if the reporting entity upon combination has existed since the ultimate controller has control over it.

(2) Combination costs

Company name	Combination costs	RMB: Yuan
Yingkou Port	Carrying amount of equity securities issued	9,728,893,454.00
Coal business, barge business and hydropower business in Yingkou Port Group	Cash consideration paid	2,341,776,759.19

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

3. Information on business combinations involving entities under common control during the year (continued)

(3) Adjustments to the amounts regarding business combination under common control at the beginning of the year (continued)

The carrying amount of the assets and liabilities of Yingkou Port at the date of combination and the balance sheet date of previous accounting period are as follows:

Item	4 February 2021	31 December 2020
Assets:		
Cash on hand	2,871,764,060.58	2,878,969,644.50
Notes receivable	237,585,580.11	122,227,397.91
Accounts receivable	302,587,012.69	134,222,467.95
Prepayments	16,156,676.31	1,849,496.49
Other receivables	4,746,301.01	575,275.11
Inventories	26,539,518.65	30,020,380.08
Other current assets	9,835,362.96	15,057,027.55
Long-term equity investment	510,839,110.66	506,093,768.02
Fixed assets	11,056,829,548.75	11,115,094,556.53
Construction in progress	758,639,043.79	755,713,153.67
Right-of-use assets	4,230,624,464.10	3,532,541,767.64
Goodwill	219,133,513.00	219,133,513.00
Intangible assets	1,396,945,269.02	1,401,135,916.59
Liabilities:		
Accounts payable	151,025,532.33	142,649,134.18
Contract liabilities	151,695,987.25	98,224,546.84
Employee benefits payable	59,566,537.05	68,232,900.53
Taxes payable	41,440,509.51	18,401,393.52
Other payables	38,465,572.86	38,113,172.31
Current portion of non-current liabilities	156,424,292.91	127,423,433.83
Lease liabilities	4,153,348,208.50	3,510,234,045.40
Estimated liability	32,760,218.42	32,760,218.42
Deferred income	37,496,629.22	38,121,573.04
Deferred income tax liability	393,747,661.57	197,653,680.57
Net assets	16,426,254,312.01	16,440,820,266.40
Less: Minority interests	604,762,518.42	599,092,604.27
Net assets received	15,821,491,793.59	15,841,727,662.13

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

3. Information on business combinations involving entities under common control during the year (continued)

(3) Adjustments to the amounts regarding business combination under common control at the beginning of the year (continued)

The carrying amount of the assets and liabilities of coal business, barge business and hydropower business in Yingkou Port Group at the date of combination and the balance sheet date of previous accounting period are as follows:

Item	14 December 2021	31 December 2020
Assets:		
Cash on hand	100,000.00	28,730,820.89
Accounts receivable	102,966,306.12	26,710,849.33
Prepayments	387,233.31	196,902.50
Inventories	635,136.00	50,087.40
Other current assets	367,733,405.68	148,401.66
Fixed assets	1,739,905,131.77	1,827,041,288.34
Intangible assets	256,431,350.33	262,228,440.05
Deferred income tax assets	86,253,775.98	–
Liabilities:		
Accounts payable	1,081,015.62	177,377.32
Contract liabilities	–	29,666,743.91
Employee benefits payable	2,518,604.05	3,360,608.67
Taxes payable	150,923.03	830,394.45
Other payables	467,646,365.03	202,387.68
Deferred income tax liability	–	71,134,953.75
Net assets	2,083,015,431.46	2,039,734,324.39
Net assets received	2,083,015,431.46	2,039,734,324.39

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

4. Information on major non-wholly-owned subsidiaries

(1) Minority shareholders

31 December 2021

No.	Enterprise name	Shareholding percentage of minority shareholders (%)	Profit or loss of the current year attributable to minority shareholders	Dividend paid to minority shareholders for the current year	Accumulated minority interests at the end of the year
1	Dalian Container Terminal Co., Ltd.	51.85	120,783,037.74	146,090,251.91	2,019,922,171.69
2	Dalian Haijia Automobile Terminal Co., Ltd.	50.00	-3,449,985.17	-	208,268,441.00
3	Dalian Port Lvshun Harbour Service Co., Ltd.	40.00	34,429.97	-	139,469,088.93
4	Dalian Golden Bay Grain Logistics Co., Ltd.	62.50	-1,444,880.87	47,234,703.91	68,096,502.52
5	Xingang Ore Terminal	12.00	16,686,711.12	42,185,464.46	485,825,819.92

31 December 2020

No.	Enterprise name	Shareholding percentage of minority shareholders (%)	Profit or loss of the current year attributable to minority shareholders	Dividend paid to minority shareholders for the current year	Accumulated minority interests at the end of the year
1	Dalian Container Terminal Co., Ltd.	51.85	164,405,693.20	235,873,530.62	2,006,763,238.60
2	Dalian Haijia Automobile Terminal Co., Ltd.	50.00	-5,353,660.56	-	210,432,397.68
3	Dalian Port Lvshun Harbour Service Co., Ltd.	40.00	-197,921.10	-	139,574,981.64
4	Dalian Golden Bay Grain Logistics Co., Ltd.	62.50	-1,239,133.09	-	117,607,006.62
5	Xingang Ore Terminal	12.00	6,622,294.48	-	532,434,312.12

Notes to the Financial Statements (continued)

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VIII. Business combinations and consolidated financial statements (continued)

4. Information on major non-wholly-owned subsidiaries (continued)

(2) Key financial information

Item	Dalian Container Terminal Co., Ltd.	Dalian Haijia Automobile Terminal Co., Ltd.	Dalian Port Lvshun Harbour Service Co., Ltd.	Dalian Golden Bay Grain Logistics Co., Ltd.	Yingkou Xingang Ore Terminal Co., Ltd.
31 December 2021					
Current assets	343,331,166.88	61,563,604.01	60,013,511.18	76,974,168.28	446,693,839.22
Non-current assets	7,010,321,199.80	318,507,972.60	299,380,856.47	35,695,902.51	3,815,590,937.12
Total assets	7,353,652,366.68	380,071,576.61	359,394,367.65	112,670,070.79	4,262,284,776.34
Current liabilities	409,661,662.00	8,331,299.18	12,630,284.77	1,875,543.49	110,357,911.40
Non-current liabilities	3,203,384,858.48	-	4,626,974.23	623,280.50	103,378,365.61
Total liabilities	3,613,046,520.48	8,331,299.18	17,257,259.00	2,498,823.99	213,736,277.01
2021					
Revenue	1,274,438,108.66	20,975,330.08	59,949,102.41	4,726,102.26	606,197,690.79
Net profit/(loss)	208,081,888.00	-7,998,220.14	675,730.18	-2,342,853.77	139,055,926.00
Total comprehensive income	208,081,888.00	-7,998,220.14	675,730.18	-2,342,853.77	139,055,926.00
Net cash flows from operating activities	721,329,181.19	4,978,663.48	21,582,622.05	4,990,217.25	148,131,095.97
31 December 2020					
Current assets	426,517,908.60	51,330,815.43	42,272,101.85	149,598,107.63	2,158,688,757.35
Non-current assets	7,273,195,238.10	340,291,401.21	310,770,080.23	40,119,462.81	2,398,945,774.89
Total assets	7,699,713,146.70	391,622,216.64	353,042,182.08	189,717,570.44	4,557,634,532.24
Current liabilities	633,893,607.10	11,885,356.81	7,087,497.42	607,663.72	39,970,653.30
Non-current liabilities	3,325,515,457.48	-	4,493,306.19	1,020,279.89	80,711,278.04
Total liabilities	3,959,409,064.58	11,885,356.81	11,580,803.61	1,627,943.61	120,681,931.34
2020					
Revenue	1,314,119,260.45	20,838,323.17	55,042,747.18	4,007,136.28	542,558,895.23
Net profit/(loss)	295,031,988.00	-6,554,748.27	488,382.75	-2,045,263.95	55,185,787.31
Total comprehensive income	295,031,988.00	-6,554,748.27	488,382.75	-2,045,263.95	55,185,787.31
Net cash flows from operating activities	836,111,075.96	6,957,975.46	12,165,803.82	1,812,151.15	211,999,644.42

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements

1. Cash at bank and on hand

Item	Closing balance			Opening balance		
	Amount in original currency	Conversion rate	Amount in RMB	Amount in original currency	Conversion rate	Amount in RMB
Cash on hand	-	-	24,152.18	-	-	199,008.22
Of which: RMB	24,152.18	1.0000	24,152.18	199,008.22	1.0000	199,008.22
Cash at bank	-	-	4,466,705,892.18	-	-	7,203,140,472.68
Of which: RMB	4,375,735,649.37	1.0000	4,375,735,649.37	7,146,175,519.09	1.0000	7,146,175,519.09
USD	14,154,763.81	6.3674	90,129,043.08	8,665,029.06	6.5249	56,538,448.11
HKD	1,028,384.85	0.8165	839,676.23	506,469.03	0.8416	426,244.34
Japanese Yen	27,500.00	0.0554	1,523.50	4,132.00	0.0632	261.14
Other cash balances	-	-	216,107,800.40	-	-	216,107,800.40
Of which: RMB	216,107,800.40	1.0000	216,107,800.40	216,107,800.40	1.0000	216,107,800.40
Total	-	-	4,682,837,844.76	-	-	7,419,447,281.30
Of which: Interest receivable from bank deposits	-	-	8,953,749.99	-	-	32,983,891.79
Total amount restricted usage due to reasons including pledges, charges or lock up (Note IX. 24)	-	-	240,398,671.47	-	-	221,394,329.75

As at 31 December 2021, the use rights of the Group's cash at bank and on hand of RMB240,398,671.47 (31 December 2020: RMB221,394,329.75) were restricted.

Interest income earned on current deposits is calculated by using the current deposit interest rate. The terms of short-term time deposits vary from seven days to six months depending on the cash requirements of the Group, and earn interests at the respective bank time deposit rates.

2. Financial assets held for trading

Item	31 December 2021	31 December 2020 (Restated)
Financial assets at fair value through current profit or loss		
Investments in debt instruments (Note)	-	903,950,958.91

Note: Investments in equity instruments represented structured deposits. As at 31 December 2021, the Group has disposed all structured deposits.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

3. Notes receivable

(1) *Classification of notes receivable*

Type	31 December 2021	31 December 2020 (Restated)
Bank acceptance notes	382,699,154.88	409,666,882.28
Less: Provision for bad debts on notes receivable (Note)	—	—
Total	382,699,154.88	409,666,882.28

Note: The Group believes that the credit rating of the acceptor of bank acceptance notes it held is relatively high and there is no significant credit risk, and hence no credit loss provision has been made.

(2) *As at 31 December 2021, the Group had no pledged notes receivable (31 December 2020: Nil).*

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

Type	31 December 2021		31 December 2020 (Restated)	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	118,249,731.60	433,700.00	369,619,352.08	3,779,998.22

(4) *As at 31 December 2021, there were no discounted notes or notes that were recognised as accounts receivable due to the drawer's liability to perform (31 December 2020: Nil).*

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

4. Accounts receivable

(1) Overall situation of accounts receivable

Item	31 December 2021	31 December 2020 (Restated)
Accounts receivable	2,815,897,612.48	2,148,618,934.00
Less: Credit loss provision	331,338,824.23	235,148,773.11
Total	2,484,558,788.25	1,913,470,160.89

(2) The overall aging of accounts receivable

Item	31 December 2021			31 December 2020 (Restated)		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,267,897,767.45	45.02	72,227,407.29	1,225,441,872.56	57.03	56,428,808.62
1 to 2 years (including 2 years)	654,370,784.28	23.24	73,979,986.37	681,781,198.69	31.73	56,557,852.84
2 to 3 years (including 3 years)	675,178,206.36	23.98	79,265,171.14	136,080,906.59	6.33	17,990,321.88
Over 3 years	218,450,854.39	7.76	105,866,259.43	105,314,956.16	4.91	104,171,789.77
Total	2,815,897,612.48	100.00	331,338,824.23	2,148,618,934.00	100.00	235,148,773.11

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

	Balance as at the beginning of the year	Provision for the year	Disposal of subsidiaries in the year	Recovery or reversal during the year	Balance as at the end of the year
2021	235,148,773.11	115,061,903.76	-547,602.64	-18,324,250.00	331,338,824.23
2020 (Restated)	142,062,437.68	118,805,076.71	–	-25,718,741.28	235,148,773.11

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

4. Accounts receivable (continued)

(4) Accounts receivable with amounts of provision for the bad debts are as follow:

As at 31 December 2021, 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
Portfolio A	642,641,030.12	0.00%-0.10%	72,110.87
Portfolio B	25,605,127.86	0.10%-0.30%	63,945.25
Portfolio C	2,052,997,992.34	0.30%-50.00%	236,623,611.02
Portfolio D	94,653,462.16	50.00%-100.00%	94,579,157.09
Total	2,815,897,612.48		331,338,824.23

As at 31 December 2020, details of accounts receivable of which provision for bad debts is made according to its credit risk rating are as follows (restated):

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss for the entire duration
Portfolio A	522,610,521.12	0.00%-0.10%	101,335.89
Portfolio B	42,148,867.03	0.10%-0.30%	55,173.96
Portfolio C	1,468,360,033.92	0.30%-50.00%	120,929,772.55
Portfolio D	115,499,511.93	50.00%-100.00%	114,062,490.71
Total	2,148,618,934.00		235,148,773.11

(5) As at 31 December 2021, no significant amounts due from shareholders who held more than 5% (inclusive) of the voting rights of the Group (31 December 2020: Nil).

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

4. Accounts receivable (continued)

(6) *The top five entities by the amounts of accounts receivable as at 31 December 2021 were summarised as below*

Name of entity	Relationship with the Group	Amount	Ageing	Credit loss provision	Proportion to the total accounts receivable (%)
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司)	Client	2,019,280,004.00	Within 4 years	233,867,784.05	71.71
Angang Steel Company Limited	Client	40,541,220.81	Within 1 year	4,054.12	1.44
Dalian Port Bulk Cargo Logistics Center Co., Ltd	Related party	39,012,215.00	Within 1 year	3,901.22	1.39
Vale International SA	Client	36,431,881.00	Within 1 year	3,643.19	1.29
BMW Brilliance Automotives Ltd.	Client	35,350,517.65	Within 1 year	3,535.05	1.26
Total		2,170,615,838.46		233,882,917.63	77.09

5. Receivables financing

(1) *Classification of receivables financing*

Type	31 December 2021	31 December 2020 (Restated)
Bank acceptance notes measured at fair value	40,454,782.00	—

(2) *As at 30 December 2021, the Group has no receivables financing pledged (31 December 2020: Nil).*

(3) *As at 30 December 2021, the Group's receivables financing which have been endorsed or discounted but not mature yet as at the balance sheet date are as follows:*

Type	31 December 2021		31 December 2020 (Restated)	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	288,398,660.07	8,253,435.95	—	—

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

6. Prepayments

(1) *An ageing analysis of prepayments is as follows:*

Item	31 December 2021			31 December 2020 (Restated)		
	Carrying amount		Provision for impairment	Carrying amount		Provision for impairment
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year (including 1 year)	55,274,104.67	96.52	-	32,484,490.34	88.13	-
1 to 2 years (including 2 years)	1,193,166.84	2.08	-	4,012,690.84	10.89	-
2 to 3 years (including 3 years)	749,444.00	1.31	-	34,054.51	0.09	-
Over 3 years	49,570.73	0.09	-	329,526.88	0.89	-
Total	57,266,286.24	100.00	-	36,860,762.57	100.00	-

As at 31 December 2021, the Group has no significant prepayments aged over 1 year (31 December 2020: Nil).

(2) *Five largest prepayments by debtor at the end of the year*

Name of entity	Relationship with the Group	Amount	Ageing	Proportion to the total prepayments (%)	Reasons for unsettlement
China Railway International Multimodal Transport Co., Ltd. (中鐵國際多式聯運有限公司)	Third party	9,000,000.00	Within 1 year	15.72	The condition for settlement is unsatisfied
Collection and Settlement Center of China Railway Harbin Bureau Group Co., Ltd.	Third party	8,244,642.63	Within 1 year	14.40	The condition for settlement is unsatisfied
State Grid Liaoning Electric Power Co., Ltd.	Third party	5,416,362.12	Within 1 year	9.46	The condition for settlement is unsatisfied
The special account for transportation revenue of Baicheng Station of China Railway Shenyang Group Co., Ltd.	Third party	2,157,004.50	Within 1 year	3.77	The condition for settlement is unsatisfied
Shenyang China Resources Heating Co., Ltd.	Third party	1,944,746.58	Within 1 year	3.40	The condition for settlement is unsatisfied
Total		26,762,755.83		46.75	

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables

Item	31 December 2021	31 December 2020 (Restated)
Interest receivable	1,750,685.21	284,496.05
Dividends receivable	153,329,320.58	134,533,521.74
Other receivables	263,884,027.72	308,130,711.75
Total	418,964,033.51	442,948,729.54

(1) Interest receivable

1) Classification of interest receivable

Item	31 December 2021	31 December 2020 (Restated)
Borrowings from related parties	1,803,884.62	284,496.05
Less: Credit loss provision	53,199.41	–
Book value	1,750,685.21	284,496.05

As at 31 December 2021, the Group has no significant amount of overdue interest (31 December 2020: Nil).

2) Provision for credit loss of interest receivable

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	–	–	–	–
Provision for the year	53,199.41	–	–	53,199.41
Closing balance	53,199.41	–	–	53,199.41

In 2021, the provision for bad debts was RMB53,199.41 (2020: Nil), and no received or reversed provision for bad debts (2020: Nil).

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(2) Dividends receivable

1) Presentation of dividends receivable

Investee	31 December 2021	31 December 2020 (Restated)
Dalian Port Yidu Cold Chain Co., Ltd.	88,189,824.35	88,189,824.35
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23
Dalian Port Logistic Network Co., Ltd.	13,295,232.49	–
Dalian Automobile Terminal Co., Ltd.	11,200,000.00	9,600,000.00
Dalian Port Logistics Technology Co., Ltd.	10,000,000.00	–
Dalian Singamas International Container Co., Ltd.	8,350,187.78	9,645,058.97
China United Tally (Dalian) Co., Ltd.	1,112,267.52	371,505.93
Dalian Port Design and Research Institute Co., Ltd.	696,000.00	696,000.00
Dalian Dagang China Shipping Container Terminal Co., Ltd.	637,328.53	1,380,738.26
Taicang Xinggang Tug Co., Ltd.	–	2,142,855.00
Total	155,988,379.90	134,533,521.74
Less: Credit loss provision	2,659,059.32	–
Book value	153,329,320.58	134,533,521.74

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(2) Dividends receivable (continued)

2) Material dividend receivables aged over 1 year

Investee	31 December 2021	31 December 2020 (Restated)	Reasons for unrecover	Closing balance of credit loss provision
Dalian Port Yidu Cold Chain Co., Ltd.	88,189,824.35	88,189,824.35	Delay of payment	2,645,694.73
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23	Delay of payment	6,752.26
Dalian Port Logistics Technology Co., Ltd. (Note)	10,000,000.00	–	Delay of payment	3,000.00
Dalian Singamas International Container Co., Ltd.	8,350,187.78	9,645,058.97	Delay of payment	2,282.80
Total	129,047,551.36	120,342,422.55		2,657,729.79

Note: As stated in Note VIII.2, Dalian Port Logistics Technology Co., Ltd. will no longer be included in the consolidation scope of the Group since 9 February 2021.

3) Movements in provision for credit losses on dividends receivable

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	–	–	–	–
Provision for the year	2,659,059.32	–	–	2,659,059.32
Closing balance	2,659,059.32	–	–	2,659,059.32

In 2021, the provision for bad debts was RMB2,659,059.32 (2020: Nil), and no received or reversed provision for bad debts (2020: Nil).

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables

1) Other receivables by nature

Amount by nature	31 December 2021	31 December 2020 (Restated)
Receivables from agency purchase	–	24,548,099.95
Receivables from income of entrusted management services	85,232,416.60	77,156,780.52
Receivables from project payment and guarantee deposit	31,943,816.99	39,194,600.74
Borrowings from related parties	23,000,000.00	23,000,000.00
Settlement to be transferred	17,897,611.31	67,808,592.90
Port construction and miscellaneous expenses	12,130,777.70	16,634,912.62
Receivables from freights, deposit and security deposit	32,661,486.89	36,733,725.35
Government subsidies receivable	89,578,655.40	41,021,809.25
Public infrastructure maintenance expenses	7,128,371.74	3,408,748.58
Others	49,086,466.13	48,699,477.83
Subtotal	348,659,602.76	378,206,747.74
Less: Credit loss provision	84,775,575.04	70,076,035.99
Total	263,884,027.72	308,130,711.75

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables (continued)

2) Ageing analysis

Item	31 December 2021			31 December 2020 (Restated)		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	161,254,527.10	46.25	1,708,531.97	179,905,224.23	47.57	1,113,523.07
1 to 2 years (including 2 years)	36,011,047.76	10.33	1,477,163.87	70,685,446.16	18.69	2,091,522.43
2 to 3 years (including 3 years)	33,579,609.74	9.63	2,498,966.08	92,620,580.50	24.49	36,773,788.01
Over 3 years	117,814,418.16	33.79	79,090,913.12	34,995,496.85	9.25	30,097,202.48
Total	348,659,602.76	100.00	84,775,575.04	378,206,747.74	100.00	70,076,035.99

3) Details of other receivable of which provision for bad debts is made according to the portfolio of credit risk rating are as follows:

31 December 2021

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
Portfolio A	195,218,551.80	0.00%-0.10%	28,591.00	-
Portfolio B	31,163,873.75	0.10%-0.30%	24,603.87	-
Portfolio C	69,343,889.11	0.30%-50.00%	-	33,411,438.46
Portfolio D	52,933,288.10	50.00%-100.00%	-	51,310,941.71
Total	348,659,602.76		53,194.87	84,722,380.17

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables (continued)

3) Details of other receivable of which provision for bad debts is made according to the portfolio of credit risk rating are as follows: (continued)

31 December 2020 (Restated)

Rating	Book balance of estimated default	Expected credit loss rate	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
Portfolio A	218,704,556.32	0.00%-0.10%	21,925.12	–
Portfolio B	37,322,257.45	0.10%-0.30%	56,433.67	–
Portfolio C	84,156,809.35	0.30%-50.00%	–	34,111,476.83
Portfolio D	38,023,124.62	50.00%-100.00%	–	35,886,200.37
Total	378,206,747.74		78,358.79	69,997,677.20

4) Movements in the provision for bad debts of expected credit losses over the next 12 months and the entire duration are as follows:

31 December 2021

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	78,358.79	34,111,476.83	35,886,200.37	70,076,035.99
– transfer into stage II	-814.57	814.57	–	–
– transfer into stage III	–	-6,544,829.18	6,544,829.18	–
Provision for the year	533,461.12	5,843,976.24	8,879,912.16	15,257,349.52
Disposal of subsidiaries for the year	-557,810.47	–	–	-557,810.47
Closing balance	53,194.87	33,411,438.46	51,310,941.71	84,775,575.04

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables (continued)

4) *Movements in the provision for bad debts of expected credit losses over the next 12 months and the entire duration are as follows: (continued)*

31 December 2020 (Restated)

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	143,151.87	32,686,515.09	25,471,402.70	58,301,069.66
– transfer into stage II	-1,507.97	1,507.97	–	–
– transfer into stage III	–	-7,756,273.65	7,756,273.65	–
– transfer back to stage I	855.61	-855.61	–	–
Provision for the year	115.08	9,180,583.03	2,658,524.02	11,839,222.13
Reversal for the year	-64,255.80	–	–	-64,255.80
Closing balance	78,358.79	34,111,476.83	35,886,200.37	70,076,035.99

In 2021, the provision for bad debts was RMB15,257,349.52 (2020: RMB11,839,222.13), and no received or reversed provision for bad debts (2020: RMB64,255.80).

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables (continued)

5) Movements in book balance of other receivables

31 December 2021

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	256,026,813.77	84,156,809.35	38,023,124.62	378,206,747.74
– transfer into stage II	-1,275,249.00	1,275,249.00	–	–
– transfer into stage III	–	-15,391,779.14	15,391,779.14	–
Derecognition for the year	-24,473,716.46	-696,390.10	-481,615.66	-25,651,722.22
Disposal of subsidiaries for the year	-3,895,422.76	–	–	-3,895,422.76
Closing balance	226,382,425.55	69,343,889.11	52,933,288.10	348,659,602.76

31 December 2020 (Restated)

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss over the next 12 months	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	370,576,506.60	116,260,093.43	27,846,650.69	514,683,250.72
– transfer into stage II	-426,297.25	426,297.25	–	–
– transfer into stage III	–	-28,551,435.13	28,551,435.13	–
– transfer back to stage I	3,290.82	-3,290.82	–	–
Derecognition for the year	-114,126,686.40	-3,974,855.38	-18,374,961.20	-136,476,502.98
Closing balance	256,026,813.77	84,156,809.35	38,023,124.62	378,206,747.74

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables (continued)

6) Debts of shareholders holding 5% or more shares of the Company with voting rights

Name of entity	Closing balance		Opening balance (Restated)	
	Outstanding amount	Provision for credit losses	Outstanding amount	Provision for credit losses
PDA Group	1,773,920.80	19,950.24	7,732,229.34	18,608.75

7) Other receivables of the top five debtors by closing balances

31 December 2021

Name of entity	Relationship with the Group	Amount	Ageing	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	86,278,685.21	Within 4 years	24.75	30,041,937.15	Receivables from income of entrusted management services
Dalian Shipping and Logistics Development Service Center(大連市航運和物流發展服務中心)	Government agency	50,059,802.61	Within 1 year	14.36	5,005.98	Receivables from government grants
Dalian Vanguard International Logistics Co., Ltd.	Related party	23,000,000.00	Within 3 years	6.60	11,500.00	Borrowings from related parties
People's Government of Horqin District, Tongliao	Government agency	21,551,660.79	Within 3 years	6.18	3,475.75	Receivables from government grants
China Merchants Gangrong Big Data Co., Ltd. ("China Merchants Gangrong")	Related party	17,897,611.31	Within 1 year	5.13	1,789.76	Others
Total		198,787,759.92		57.02	30,063,708.64	

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables (continued)

7) Other receivables of the top five debtors by closing balances (continued)

31 December 2020 (Restated)

Name of entity	Relationship with the Group	Amount	Ageing	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	78,903,440.58	Within 4 years	20.86	24,046,302.93	Receivables from income of entrusted management services
China Merchants Gangrong People's Government of Horqin District, Tongliao	Related party Government agency	67,808,592.90 23,116,217.25	Within 1 year Within 2 years	17.93 6.11	6,780.86 3,813.94	Others Receivables from government grants
Dalian Vanguard International Logistics Co., Ltd.	Related party	23,000,000.00	Within 2 years	6.08	46,000.00	Borrowings from related parties
Shanghai Younet Trading Co., Ltd. (上海優內特貿易有限公司)	Third party	20,652,465.57	Within 2 years	5.46	4,054.45	Receivables from agency purchase
Total		213,480,716.30		56.44	24,106,952.18	

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables (continued)

8) The receivables from government grants

As at 31 December 2021, the receivables from government grants were as follows:

Government grants		Amount	Ageing	Basis
Dalian Jiye Logistics Co., Ltd.	Subsidy to China-Europe Railway Lines	50,059,802.61	Within 1 year	Opinions on the Support Policy of Dalian China-Europe Railway Lines and Administrative Measures for the Special Funds of Dalian China-Europe Railway Lines
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	21,551,660.79	Within 1 year, 1-2 years and 2-3 years	Reply of Horqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	12,359,192.00	3-4 years, 4-5 years and over 5 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and meeting minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	4,446,400.00	3-4 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
Yingkou Ltd.	Subsidy for inspection warehousing	1,161,600.00	Within 1 year	Notice on Appropriating the Pilot Funds for Exempting Foreign Trade Enterprises from Storage Cost for Lifting and Shifting
Total		89,578,655.40		

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

7. Other receivables (continued)

(3) Other receivables (continued)

8) The receivables from government grants (continued)

As at 31 December 2020, the receivables from government grants were as follows: (Restated)

	Government grants	Amount	Ageing	Basis
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	23,116,217.25	Within 1 year and 1-2 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	12,859,192.00	2-3 years and 4-5 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	5,046,400.00	Within 1 year and 2-3 years	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
Total		41,021,809.25		

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

8. Inventories

(1) Classification of inventories

Item	31 December 2021			31 December 2020 (Restated)		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	97,769,561.70	9,246,496.78	88,523,064.92	88,873,053.66	9,247,116.06	79,625,937.60
Finished goods	4,044,357.69	-	4,044,357.69	3,759,268.33	-	3,759,268.33
Turnover materials	12,230,371.35	-	12,230,371.35	9,319,387.14	-	9,319,387.14
Others	9,005,891.82	-	9,005,891.82	13,694,835.79	-	13,694,835.79
Total	123,050,182.56	9,246,496.78	113,803,685.78	115,646,544.92	9,247,116.06	106,399,428.86

(2) Provision for decline in the value of inventories

Item	31 December 2020 (Restated)	31 December 2020 (Restated)		Decrease in the year		31 December 2021
		Provision	Others	Reversal or write-off	Others	
Raw materials	9,247,116.06	-	-	619.28	-	9,246,496.78

Item	1 January 2020 (Restated)	Increase in the year		Decrease in the year		31 December 2020 (Restated)
		Provision	Others	Reversal or write-off	Others	
Raw materials	7,803,794.80	1,457,110.59	-	13,789.33	-	9,247,116.06

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

9. Non-current assets due within one year

Item	31 December 2021	31 December 2020 (Restated)
Long-term receivables due within one year	26,500,000.00	–
Less: Provision for impairment	795,000.00	–
Total	25,705,000.00	–

10. Other current assets

Item	31 December 2021	31 December 2020 (Restated)
Input VAT to be deducted	472,067,266.37	68,987,848.46
Prepaid income tax	5,433,991.46	522,427.50
Prepaid expenses	188,102.92	3,288,574.67
Sub-total	477,689,360.75	72,798,850.63
Less: Provision for impairment	–	–
Total	477,689,360.75	72,798,850.63

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

11. Long-term receivables

Item	31 December 2021			31 December 2020 (Restated)		
	Book value	Credit loss provision	Carrying amount	Book value	Credit loss provision	Carrying amount
Loans due from joint ventures and associates	31,207,503.67	795,940.75	30,411,562.92	81,287,330.07	800,478.73	80,486,851.34
Less: long-term receivables due within one year (Note IX.9)	26,500,000.00	795,000.00	25,705,000.00	-	-	-
Long-term receivables due after one year	4,707,503.67	940.75	4,706,562.92	81,287,330.07	800,478.73	80,486,851.34

For information on loans due from joint ventures and associates, please refer Note XI. 5(5).

12. Long-term equity investments

(1) Classification of long-term equity investments

Item	Opening balance (Restated)	Increase in the year	Decrease in the year	Other increase (decrease)	Impact of change	Closing balance
					in scope of combination	
Investment in joint ventures	2,006,148,454.14	-	-6,638,758.61	49,264,348.61	-	2,048,774,044.14
Investment in associates	1,695,060,878.13	66,576,800.00	-	52,185,478.00	-	1,813,823,156.13
Sub-total	3,701,209,332.27	66,576,800.00	-6,638,758.61	101,449,826.61	-	3,862,597,200.27
Less: Provision for impairment of long-term equity investments	-	8,468,465.03	-	-	-	8,468,465.03
Total	3,701,209,332.27	58,108,334.97	-6,638,758.61	101,449,826.61	-	3,854,128,735.24

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments

31 December 2021

Investee	Investment costs	Opening balance (Restated)	Impact of change in scope of combination	Increase in investment	Decrease in investment	Share of profit/(loss) under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits	Provision for impairment	Others	Closing balance	Balance of provision for impairment at the end of the year
Joint ventures													
Dalian Port Tong Shipping Agency Co., Ltd.	1,311,300.00	1,101,914.01	-	-	-	169,740.18	-	-	-	-	-	1,271,654.19	-
VTTI Terminals Dalian Co., Ltd.	86,878,185.37	168,159,960.71	-	-	-	26,033,515.16	-	-	-10,000,000.00	-	-	184,193,475.87	-
Dalian Port PetroChina International Terminal Co., Ltd.	125,000,000.00	236,830,040.06	-	-	-	29,447,598.04	-	-	-30,000,000.00	-	-	236,277,638.10	-
Dalian United International Shipping Agency Co., Ltd.	2,175,192.85	15,789,101.15	-	-	-	5,016,362.00	-	-	-4,650,000.00	-	-	16,155,463.15	-
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	31,306,730.37	-	-	-	1,150,561.66	117,348.27	-	-	-	-	32,574,640.50	-
Dalian Port You Cokai Chan Co., Ltd.	260,500,000.00	316,307,215.82	-	-	-	45,814,694.66	-127,197.09	-	-	-	-	361,994,703.39	-
China United (aly) Dalian Co., Ltd.	5,103,200.33	3,906,906.83	-	-	-	-1,359,472.88	45,680.63	-	-1,112,267.52	-	-	1,480,827.06	-
China Oil Dock Management (Dalian) Co., Ltd.	16,301,068.34	30,477,066.76	-	-	-	10,706,406.14	-	-	-17,804,039.90	-	-	23,381,453.02	-
Leorning Electronic Port Co., Ltd. (Note 1)	5,400,000.00	5,928,170.11	-	-	-5,335,998.75	-247,500.00	-	-	-	-	-344,670.36	-	-
Dalian Degang China Shipping Container Terminal Co., Ltd.	5,798,464.21	7,289,659.66	-	-	-	637,465.63	-	-15,515.57	-637,328.53	-	-	7,274,261.19	-
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	16,390,677.72	-	-	-	-1,056,094.81	-	-	-	-	-	15,334,583.11	-
China United International Rail Containers (Dalian) Co., Ltd.	214,000,000.00	170,545,652.78	-	-	-	1,212,811.99	-	399,912.45	-	-	-	171,758,464.77	-
Dalian Changyong Isard Port Co., Ltd.	246,000,000.00	134,440,061.46	-	-	-	659,351.83	-	-	-	-	-	135,099,325.76	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	4,000,000.00	16,138,619.57	-	-	-	8,002,366.29	-	37,758.03	-	-	-	24,178,763.89	-
Cojfield Dalian Port Consulting Co., Ltd.	3,000,000.00	1,326,593.72	-	-	-1,302,758.86	-23,834.86	-	-	-	-	-	-	-
Dalian Changyong Isard Port Investment and Development Co., Ltd.	463,147,800.00	365,188,464.66	-	-	-	-7,395,118.81	509,088.77	-	-	-	-	358,302,444.62	-
Dalian Sunrui Jife Supply Chain Management Co., Ltd.	10,000,000.00	8,762,317.01	-	-	-	-263,851.98	-	-	-	8,468,465.03	-	-	8,468,465.03
H&O International Logistics Co., Ltd.	23,000,000.00	22,233,627.75	-	-	-	5,686,145.71	-	-	-	-	-	27,921,773.46	-
Cojfield Changyong Terminals (Dalian) Co., Ltd.	14,627,723.47	7,985,145.40	-	-	-	-82,913.95	-	-	-	-	-	7,902,231.45	-
Walborg Senda Container Service Co., Ltd.	1,500,000.00	2,515,396.08	-	-	-	51,961.77	-	-	-839,946.15	-	-	1,727,412.70	-
Dalian Port Yangu Gan Logistics Co., Ltd.	49,980,000.00	35,815,532.61	-	-	-	-1,969,048.80	-	-	-	-	-	33,846,283.81	-
China Shipping Gang Jian Co., Ltd.	90,000,000.00	93,454,339.62	-	-	-	-1,524,259.04	-	-	-	-	-	91,930,080.58	-
Dalian New Silk Road International Logistics Co., Ltd.	2,000,000.00	2,125,922.95	-	-	-	-359,902.44	-	-	-	-	-	1,767,020.51	-
Yingkou Container Terminals Company Limited	16,458,680.85	81,331,494.44	-	-	-	33,047,378.22	246,493.23	-	-40,892,650.76	-	-	73,732,915.13	-
Sinogram Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限公司)	192,118,114.69	230,808,022.85	-	-	-	792,120.00	-	-	-	-	-	231,600,142.85	-
Sub-total	1,896,299,740.11	2,006,148,454.14	-	-	-6,636,758.61	154,331,492.11	1,213,558.72	-105,936,031.86	8,468,465.03	-344,670.36	-	2,040,305,579.11	8,468,465.03

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

31 December 2021 (continued)

Investee	Investment costs	Opening balance (Restated)	Impact of change in scope of combination	Movements for the year						Balance of provision for impairment at the end of the year		
				Increase in investment	Decrease in investment	Share of profit/(loss) recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividends and profits		Provision for impairment	Closing balance
Associates												
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,288,520.00	39,564,912.51	-	-	-	11,037,670.12	-	625,444.48	-4,400,000.00	-	-	46,828,027.11
Dalian Vopak Port Engineering Testing Co., Ltd.	2,000,000.00	3,979,643.96	-	-	-	-840,063.00	-	-	-	-	-	3,139,580.96
Dalian Puj Storage Facility Co., Ltd.	239,636,434.98	103,728,192.79	-	-	-	-4,889,094.25	-	-	-	-	-	98,839,098.54
Taiyang Yitong Tug Co., Ltd.	6,233,613.00	12,681,717.99	-	-	-	4,619,048.43	-	-	-5,999,984.00	-	-	11,300,772.42
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司) (Note 2)	520,000,000.00	672,600,617.82	-	-	-	112,587,584.97	-	171,503.78	-87,246,658.73	-	-	688,113,647.84
Dalian North Of Petroleum Logistics Co., Ltd.	60,000,000.00	77,461,299.24	-	-	-	5,806,038.54	-	-7,457.57	-8,000,000.00	-	-	75,261,880.21
Sino Hai Bo Hai Tian Feny Co., Ltd.	274,500,266.56	241,523,908.68	-	-	-	-9,035,319.51	-	-	-	-	-	232,488,589.17
COC International Logistics Co., Ltd.	90,000,000.00	122,342,891.02	-	-	-	2,220,668.84	-	-	-	-	-	124,563,560.86
Dalian Shenyang Railway Bureau Yungang Logistics Co., Ltd.	5,600,000.00	5,980,920.69	-	-	-	2,648.53	-	-	-	-	-	5,983,569.22
Dalian Automobile Terminal Co., Ltd.	152,503,640.00	178,005,556.61	-	-	-	13,384,067.92	-	189,915.34	-11,200,000.00	-	-	180,379,539.87
Dalian Singamas International Container Co., Ltd.	43,729,517.84	43,257,166.09	-	-	-	161,913.80	-	-	16,928.24	-	-	43,465,007.93
Liaoning Electronic Port Co., Ltd. (Note 1)	600,000.00	-	-	-	-	301,229.11	-	-	-	-	344,670.36	645,899.47
China Merchants International Technology Company Limited (招商局國際科技有限公司) (Note 3)	66,576,800.00	-	-	-	-	66,576,800.00	-	-	-	-	-	88,888,832.80
Angang Yingkou Port Co., Ltd.	213,224,500.00	193,954,250.73	-	-	-	10,000,000.00	-	-	-	-	-	203,954,250.73
Sub-total	1,694,883,312.38	1,695,060,678.13	-	-	-	167,690,526.10	-	996,334.27	-116,846,652.73	-	-	1,813,823,156.13
Total	3,593,193,052.49	3,701,209,332.27	-	-	-	66,576,800.00	-	2,209,892.99	-222,782,084.59	-	-	3,854,128,735.24
												8,468,465.03

Note 1: As stated in Note VIII.2, Dalian Port Logistics Network Co., Ltd. was no longer included into the Group's scope of combination since 9 February 2021. The shareholding ratio of the Group in Liaoning Electronic Port Co., Ltd. was decreased from 50% to 5%, and Liaoning Electronic Port Co., Ltd. was accordingly changed to an associate of the Group.

Note 2: In April 2021, PetroChina Dalian LNG Co., Ltd., an associate of the Group, was renamed as National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司).

Note 3: In April 2021, China Merchants Holdings (International) Information Technology Co., Ltd., an associate of the Group, was renamed as China Merchants International Technology Company Limited (招商局國際科技有限公司).

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

31 December 2020 (Restated)

Investee	Movement for the year										Closing balance of provision for impairment	
	Investment costs	Opening balance	Impact of change in scope of combination	Increase in investment	Decrease in investment	Investment loss or gain recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividend and profits	Provision for impairment		Closing balance
Joint ventures												
Dalian Port Longji Shipping Agency Co., Ltd.	1,311,300.00	1,213,114.02	-	-	-	238,739.99	-	-	-350,000.00	-	-	1,101,914.01
Dalian Harbour EQ Logistics Co., Ltd.	30,111,142.43	31,943,743.61	-31,931,666.81	-	-	-	-	-12,074.80	-	-	-	-
VTTI Terminals Dalian Co., Ltd.	88,878,165.37	165,965,277.50	-	-	-	24,694,683.21	-	-	22,500,000.00	-	-	168,159,960.71
Dalian Port PelcoChina International Terminal Co., Ltd.	125,000,000.00	286,553,790.29	-	-	-	29,276,449.77	-	-	-29,000,000.00	-	-	286,830,140.06
Dalian United International Shipping Agency Co., Ltd.	2,115,192.85	10,712,923.02	-	-	-	5,076,178.13	-	-	-	-	-	15,789,101.15
Dalian Vanguard International Logistics Co., Ltd.	37,000,000.00	30,277,277.26	-	-	-	927,673.57	-	101,679.54	-	-	-	31,306,730.37
Dalian Port Yudu Cold Chain Co., Ltd.	260,500,000.00	284,445,508.17	-	-	-	31,515,000.00	-	346,707.65	-	-	-	316,307,215.82
China United Taty (Dalian) Co., Ltd.	5,103,200.33	3,150,876.54	-	-	-	1,109,029.28	-	18,506.94	-371,505.93	-	-	3,906,306.83
China Oil Dock Management (Dalian) Co., Ltd.	16,301,666.34	19,843,325.81	-	-	-	19,121,226.16	-	-	-8,467,465.19	-	-	30,477,066.78
Liaoning Electronic Port Co., Ltd.	6,000,000.00	3,922,630.20	-	-	-	2,005,639.91	-	-	-	-	-	5,928,170.11
Dalian Dagang China Shipping Container Terminal Co., Ltd.	5,788,464.21	7,306,041.68	-	-	-	1,381,055.27	-	-16,673.03	-1,380,738.26	-	-	7,289,659.66
Dalian Jilong Logistics Co., Ltd.	21,000,000.00	22,721,482.99	-	-	-	6,330,865.27	-	-	-	-	-	16,390,677.72
China United International P&I Containers (Dalian) Co., Ltd.	214,000,000.00	174,011,209.99	-	-	-	3,465,557.21	-	-	-	-	-	170,545,632.78
Dalian Changyong Island Port Co., Ltd.	248,000,000.00	138,942,816.08	-	-	-	-4,954,714.60	-	451,980.00	-	-	-	134,440,061.48
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	4,000,000.00	14,828,483.72	-	-	-	10,033,254.93	-	-18,436.42	-8,724,682.66	-	-	16,138,619.57
Original Dalian Port Consulting Co., Ltd.	3,000,000.00	32,112,819	-	-	-	405,464.93	-	-	-	-	-	1,326,539.72
Dalian Changyong Island Port Investment and Development Co., Ltd.	463,147,600.00	888,103,380.67	-	-	-	-24,219,665.20	-	1,284,748.99	-	-	-	865,168,464.66
Dalian Shunde Jia Supply Chain Management Co., Ltd.	10,000,000.00	8,424,554.03	-	-	-	1,578,365.19	-	-	-1,250,542.21	-	-	8,752,317.01
Heilou International Logistics Co., Ltd.	23,000,000.00	22,233,627.15	-	-	-	-	-	-	-	-	-	22,233,627.15
Original Changyong Terminals (Dalian) Co., Ltd.	14,627,723.47	8,081,200.67	-	-	-	-96,655.27	-	-	-	-	-	7,985,145.40
Weileng Senda Container Service Co., Ltd.	1,500,000.00	2,865,662.98	-	-	-	129,333.10	-	-	-	-	-	2,515,336.08
Dalian Port Xiangyu Grain Logistics Co., Ltd.	49,980,000.00	37,317,843.08	-	-	-	-1,502,510.47	-	-	-	-	-	35,815,332.61
China Shipping Gang Lian Co., Ltd.	90,000,000.00	96,861,318.99	-	-	-	-3,406,979.37	-	-	-	-	-	93,454,339.62
Dalian New Silk Road International Logistics Co., Ltd.	2,000,000.00	2,103,278.32	-	-	-	22,844.63	-	-	-	-	-	2,125,922.95
Yingkou Container Terminals Company Limited	16,459,680.85	72,576,136.63	-	-	-	40,832,477.36	-	22,328.77	-32,161,688.32	-	-	81,331,494.44
Singnan Yingkou Storage and Transportation Co., Ltd. (伊特羅港口儲運有限公司)	192,118,114.69	228,153,335.18	-	-	-	2,654,687.67	-	-	-	-	-	230,808,022.85
Sub-total	1,929,010,822.54	2,013,032,188.17	-31,931,666.81	-	-	127,115,865.71	-	2,188,841.64	-104,226,602.57	-	-	2,036,146,154.14

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

31 December 2020 (Restated) (continued)

Investee	Investment costs	Opening balance	Impact of change in scope of combination	Movement for the year						Closing balance	Closing balance of provision for impairment		
				Increase in investment	Decrease in investment	Investment loss or gain recognised under equity method	Adjustment of other comprehensive income	Other changes in equity	Declare cash dividend and profits			Provision for impairment	
Associates													
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	20,288,920.00	44,505,541.15	-	-	-	15,059,371.36	-	-	-20,000,000.00	-	-	39,564,912.51	-
Dalian Wenyang Port Engineering Testing Co., Ltd.	2,000,000.00	3,888,781.24	-	-	533,827.21	-	-	-	-400,000.00	-	-	3,979,643.96	-
Dalian Puj Storage Facility Co., Ltd.	239,686,434.98	104,593,030.77	-	-	-86,837.98	-	-	-	-	-	-	103,728,192.79	-
Taizang Xinggang Tug Co., Ltd.	6,233,613.00	10,144,666.43	-	-	4,679,906.56	-	-	-	-2,142,855.00	-	-	12,691,717.99	-
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團天然氣有限公司)	520,000,000.00	702,722,083.30	-	-	97,338,249.17	-	-	-462,467.77	-126,997,246.68	-	-	672,601,617.82	-
Dalian North Of Petroleum Logistics Co., Ltd.	60,000,000.00	73,291,607.84	-	-	8,023,909.41	-	-	139,781.99	-4,000,000.00	-	-	77,461,239.24	-
Sino Ball Beata Train Ferry Co., Ltd.	274,500,286.56	242,861,827.81	-	-	-1,337,919.13	-	-	-	-	-	-	241,523,908.68	-
CDC International Logistics Co., Ltd.	90,000,000.00	138,072,756.88	-	-	-15,730,065.86	-	-	-	-	-	-	122,342,691.02	-
Dalian Port Group Financial Co., Ltd.	800,000,000.00	892,291,788.16	-	-	37,671,174.84	-	-	-	-	-	-	-	-
Dalian Shenyang Railway Bureau Yungang Logistics Co., Ltd.	5,600,000.00	5,940,920.69	-	-	20,000.00	-	-	-	-9,800,000.00	-	-	5,960,920.69	-
Dalian Aluomobile Terminal Co., Ltd.	132,303,640.00	172,700,578.83	-	-	14,973,663.80	-	-	-88,881.02	-	-	-	178,005,556.61	-
Dalian Singsamas International Container Co., Ltd.	43,729,517.84	43,219,407.10	-	-	3,131,822.44	-	-	4,790.97	-3,098,994.42	-	-	43,257,166.09	-
Angang Yingkou Port Co., Ltd.	213,224,500.00	190,511,263.92	-	-	11,709,173.80	-	-	-	-8,266,186.99	-	-	193,954,230.73	-
Yingkou Port Group Finance Co., Ltd. (營口港集團財務有限公司)	245,000,000.00	401,815,627.07	-	-	25,820,037.66	-	-	-	-181,655,664.73	-	-	-	-
Sub-total	2,672,716,512.38	3,025,511,091.19	-	-	201,040,483.79	-	-	-386,675,633	-356,141,148.02	-	-	1,665,060,378.13	-
Total	4,601,727,394.92	5,038,519,269.36	-31,931,666.81	-	328,166,179.50	-	-	1,822,265.81	-460,367,750.59	-	-	3,701,209,332.27	-

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(3) *Change in provision for impairment of long-term equity investment is as follows:*

Item	Opening balance	Impact of change		Closing balance	
		in scope of combination	Increase in the year		Decrease in the year
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	-	-	8,468,465.03	-	8,468,465.03

(4) *Investment in joint ventures*

Name of investee	Place of registration	Business nature	Registered capital (RMB0'000)	Shareholding percentage(%)		Voting right Percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Port Tongli Shipping Agency Co., Ltd.	Dalian	Domestic freight and shipping agency	60	50	-	50	Equity method
VTTI Terminals Dalian Co., Ltd.	Dalian	Construction and operation of storage tank harbor	USD28,000,000	50	-	50	Equity method
Dalian Port PetroChina International Terminal Co., Ltd.	Dalian	Oil product harbor, loading and discharging, advisory services	25,000	50	-	50	Equity method
Dalian United International Shipping Agency Co., Ltd.	Dalian	Shipping agency, shipment technical advisory services	500	-	50	50	Equity method
Dalian Vanguard International Logistics Co., Ltd.	Dalian	Storage of international containers	7,400	-	50	50	Equity method
Dalian Port Yidu Cold Chain Co., Ltd. (Note 1)	Dalian	Agency of trade warehousing and freight	52,100	-	46.6	50	Equity method
China United Tally (Dalian) Co., Ltd.	Dalian	Ship tally and others	280	50	-	50	Equity method
China Oil Dock Management (Dalian) Co., Ltd.	Dalian	Oil product dock services	1,000	49	-	49	Equity method
Dalian Dagang China Shipping Container Terminal Co., Ltd. (Note 2)	Dalian	Container dock services	1,000	-	57	57	Equity method
Dalian Jilong Logistics Co., Ltd.	Dalian	Logistics storage	7,000	-	30	30	Equity method
China United International Rail Containers (Dalian) Co., Ltd.	Dalian	International container services	53,500	-	40	40	Equity method
Odfjell Changxing Terminals (Dalian) Co., Ltd.	Dalian	Development and construction of dock and harbor warehousing facilities	5,000	40	-	40	Equity method

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(4) Investment in joint ventures (continued)

Name of investee	Place of registration	Business nature	Registered capital (RMB0'000)	Shareholding percentage(%)		Voting right Percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Changxing Island Port Co., Ltd.	Dalian	Port services	62,000	40	-	40	Equity method
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Dalian	Bulk cargo logistics	1,000	40	-	40	Equity method
Odfjell Dalian Port Consulting Co., Ltd. (Note 3)	Dalian	Technical training	600	50	-	50	Equity method
Dalian Changxing Island Port Investment and Development Co., Ltd.	Dalian	Development and construction of dock facilities	95,000	46.58	-	46.58	Equity method
China Shipping Gang Lian Co., Ltd.	Dalian	Shipping services for Hong Kong	30,000	30	-	30	Equity method
Dalian New Silk Road International Logistics Co., Ltd.	Dalian	Domestic and international freight forwarding service	1,000	-	40	40	Equity method
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	Dalian	Import and export of goods & technology	5,000	-	20	20	Equity method
Ha'ou International Logistics Co., Ltd.	Harbin	International freight agency	10,000	-	23	23	Equity method
Dalian Port Xiangyu Grain Logistics Co., Ltd. (Note 2)	Dalian	Freight agency	9,800	51	-	51	Equity method
Weifang Senda Container Service Co., Ltd.	Weifang	Discharging and storage	500	-	50	50	Equity method
Yingkou Container Terminals Company Limited	Yingkou	Loading and discharging of containers	800	-	50	50	Equity method
Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司)	Yingkou	Grain and oil storage and processing	39,315.24	-	48.3	48.3	Equity method

Note 1: Under the investment contract, the shareholder, China Development Fund Co., Ltd. ("China Development Fund"), obtains fixed income each year and does not participate in the Company's decision-making, and thus Jifa Logistics recognises the investment income at 50% of the net profit of Dalian Port Yidu Cold Chain Co., Ltd., net of the income of China Development Fund.

Note 2: In accordance with the Company's Articles of Association, all significant events are jointly decided by investors, and thus it is a joint venture under common control of the Group and other investors.

Note 3: In March 2021, Odfjell Dalian Port Consulting Co., Ltd., a joint venture of the Group, has completed the de-registration procedures with the administration for industry and commerce.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(5) Key financial information of important joint ventures

31 December 2021

Item	Dalian	China United		Dalian Port		Dalian	Sinograin
	Changxing Island Port Investment and Development Co., Ltd.	Rail Containers International (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	PetroChina International Terminal Co., Ltd.	VTTI Terminals Dalian Co., Ltd.	Changxing Island Port Co., Ltd.	Yingkou Storage and Transportation Co., Ltd. (中儲糧 營口儲運有限 責任公司)
Current assets	307,301,586.88	81,435,626.84	426,165,143.08	56,377,608.01	81,288,769.04	69,437,741.69	1,872,422,516.30
Including: Cash and cash equivalents	13,219,204.47	46,150,275.04	5,062,515.44	56,297,359.01	59,936,127.27	6,792,944.72	6,065,485.81
Non-current assets	4,356,496,771.19	359,134,357.02	706,031,118.59	421,716,536.86	383,567,875.31	1,882,668,196.05	431,765,345.69
Total assets	4,663,798,358.07	440,569,983.86	1,132,196,261.67	478,094,144.87	464,856,644.35	1,952,105,937.74	2,304,187,861.99
Current liabilities	162,879,430.53	11,173,821.93	308,347,624.42	5,538,868.67	30,501,059.30	641,980,862.77	1,655,183,324.37
Non-current liabilities	3,731,699,424.27	-	99,859,230.47	-	65,968,633.31	970,876,760.57	169,501,136.27
Total liabilities	3,894,578,854.80	11,173,821.93	408,206,854.89	5,538,868.67	96,469,692.61	1,612,857,623.34	1,824,684,460.64
Net assets	769,219,503.27	429,396,161.93	723,989,406.78	472,555,276.20	368,386,951.74	339,248,314.40	479,503,401.35
Share of net assets based on shareholding percentage	358,302,444.62	171,758,464.77	361,994,703.39	236,277,638.10	184,193,475.87	135,699,325.76	231,600,142.85
Carrying amount of investment in joint ventures	358,302,444.62	171,758,464.77	361,994,703.39	236,277,638.10	184,193,475.87	135,699,325.76	231,600,142.85

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(5) Key financial information of important joint ventures (continued)

2021

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	VTTI Terminals Dalian Co., Ltd.	Dalian Changxing Island Port Co., Ltd.	Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧 營口儲運有限 責任公司)
	Revenue	480,692,409.78	73,627,020.69	383,162,754.99	104,285,714.30	122,188,878.39	228,058,286.98
Financial expenses	234,317,050.89	-880,877.75	4,983,020.01	-897,854.61	-723,072.35	98,826,752.99	9,317,851.77
Income tax expenses	-	-	6,168,580.32	19,576,129.35	15,920,569.56	-	-
Net profit/(loss)	-15,876,167.48	3,032,029.98	91,629,369.32	58,895,196.08	52,067,030.32	2,148,379.58	1,640,000.00
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-15,876,167.48	3,032,029.98	91,629,369.32	58,895,196.08	52,067,030.32	2,148,379.58	1,640,000.00
Dividends received from joint ventures in the year	-	-	-	30,000,000.00	10,000,000.00	-	-

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(5) Key financial information of important joint ventures (continued)

31 December 2020 (Restated)

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	VTTI Terminals Dalian Co., Ltd.	Dalian Changxing Island Port Co., Ltd.	Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧 營口儲運有限 責任公司)
Current assets	367,032,717.96	73,156,760.49	500,237,666.11	43,654,628.41	82,613,409.62	65,945,721.96	2,049,990,056.61
Including: Cash and cash equivalents	103,003,310.89	36,140,519.36	7,636,452.97	43,755,296.41	60,779,648.20	4,214,479.05	384,171.13
Non-current assets	4,521,259,756.22	368,773,824.87	660,331,894.50	438,651,807.73	393,373,965.48	1,960,094,239.60	455,690,681.23
Total assets	4,888,292,474.18	441,930,585.36	1,160,569,560.61	482,306,436.14	475,987,375.10	2,026,039,961.56	2,505,680,737.84
Current liabilities	166,653,582.97	15,566,453.40	419,905,158.50	8,646,356.02	71,675,714.68	653,473,087.99	1,807,015,184.73
Non-current liabilities	3,925,974,213.51	-	108,049,970.47	-	67,991,739.00	1,036,466,719.86	220,802,151.76
Total liabilities	4,092,627,796.48	15,566,453.40	527,955,128.97	8,646,356.02	139,667,453.68	1,689,939,807.85	2,027,817,336.49
Net assets	795,664,677.70	426,364,131.96	632,614,431.64	473,660,080.12	336,319,921.42	336,100,153.71	477,863,401.35
Share of net assets based on shareholding percentage	370,620,606.87	170,545,652.78	316,307,215.82	236,830,040.06	168,159,960.71	134,440,061.48	230,808,022.85
Adjustments	-5,432,142.21	-	-	-	-	-	-
Carrying amount of investment in joint ventures	365,188,464.66	170,545,652.78	316,307,215.82	236,830,040.06	168,159,960.71	134,440,061.48	230,808,022.85

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(5) Key financial information of important joint ventures (continued)

2020 (Restated)

Item	Dalian Changxing Island Port Investment and Development Co., Ltd.	China United International Rail Containers (Dalian) Co., Ltd.	Dalian Port Yidu Cold Chain Co., Ltd.	Dalian Port PetroChina International Terminal Co., Ltd.	VTTI Terminals Dalian Co., Ltd.	Dalian Changxing Island Port Co., Ltd.	Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧 營口儲運有限 責任公司)
Revenue	444,454,633.56	72,994,223.12	341,435,284.02	104,571,428.59	115,662,424.03	190,497,719.95	837,375,434.53
Financial expenses	244,842,979.17	-487,261.62	17,342,659.25	-276,248.01	-503,262.59	100,131,290.39	9,124,331.17
Income tax expenses	-	-	11,979,134.04	19,643,439.61	15,629,936.04	-	-
Net profit/(loss)	-51,974,377.85	-8,663,893.03	63,030,000.00	58,552,499.54	49,389,366.42	-12,386,786.50	5,496,247.77
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-51,974,377.85	-8,663,893.03	63,030,000.00	58,552,499.54	49,389,366.42	-12,386,786.50	5,496,247.77
Dividends received from joint ventures in the period	-	-	-	29,000,000.00	22,500,000.00	-	-

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(6) Investment in associates

Name of investee	Place of registration	Business nature	Registered capital (RMB'0,000)	Shareholding percentage (%)		Voting right percentage (%)	Accounting treatment
				Direct	Indirect		
Dalian Puji Storage Facility Co., Ltd.	Dalian	Other storage services	USD80,000,000	-	40	40	Equity method
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Dalian	Crude oil tank leasing services	10,000	20	-	20	Equity method
Taicang Xinggang Tug Co., Ltd.	Suzhou	Vessel tugging services	1,349.5	42.86	-	42.86	Equity method
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司) (Note 1)	Dalian	LNG related services	260,000	20	-	20	Equity method
Dalian North Oil Petroleum Logistics Co., Ltd.	Dalian	Development and construction of storage tank of petroleum and petroleum products	30,000	20	-	20	Equity method
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Dalian	Engineering testing	500	-	40	40	Equity method
Dalian Port Group Financial Co., Ltd. (Note 2)	Dalian	Financial services	200,000	40	-	40	Equity method
Sino Rail Bohai Train Ferry Co., Ltd.	Yantai	Ferry transportation	120,000	17.5	-	17.5	Equity method
CDC International Logistics Co., Ltd.	Wuhu	International freight agency	30,000	30	-	30	Equity method
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	Dalian	Domestic and international freight	2,800	-	20	20	Equity method
Dalian Automobile Terminal Co., Ltd.	Dalian	Domestic and international import and export, discharging and storage services	40,000	32	-	32	Equity method
Dalian Singamas International Container Co., Ltd.	Dalian	Container services	USD13,250,000	-	43.63	43.63	Equity method
Liaoning Electronic Port Co., Ltd.	Dalian	Computer system services, data processing, etc.	1,200	-	5	5	Equity method
China Merchants International Technology Company Limited (招商局國際科技有限公司)	Dalian	Computer system services, data processing, etc.	8,784.8	-	35.64	35.64	Equity method
Angang Yingkou Port Co., Ltd.	Yingkou	Port engineering construction, loading, unloading and handling	80,154.58	-	20	20	Equity method
Yingkou Port Group Finance Co., Ltd. (營口港務集團財務有限公司) (Note 2)	Yingkou	Financial services	50,000	-	49	49	Equity method

Note 1: In April 2021, PetroChina Dalian LNG Co., Ltd., an associate of the Group, was renamed as National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司)。

Note 2: In September 2020, Dalian Port Group Financial Co., Ltd. and Yingkou Port Group Finance Co., Ltd. (營口港務集團財務有限公司), associates of the Group, have completed the de-registration procedures with the administration for industry and commerce.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(7) Key financial information of important associates

31 December 2021

Item	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司)					
	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Angang Yingkou Port Co., Ltd.	
Current assets	1,638,336,304.72	692,081,269.93	232,811,713.08	16,315,497.35	107,767,298.97	606,915,149.67
Non-current assets	2,108,471,862.70	579,188,127.88	1,526,127,744.06	417,443,097.39	525,973,224.82	453,449,235.01
Total assets	3,746,808,167.42	1,271,269,397.81	1,758,939,457.14	433,758,594.74	633,740,523.79	1,060,364,384.68
Current liabilities	256,239,928.22	540,441,054.89	151,956,606.35	16,544,540.61	77,722,018.73	40,593,131.03
Non-current liabilities	-	315,617,143.39	252,126,280.33	113,050,000.00	-	-
Total liabilities	256,239,928.22	856,058,198.28	404,082,886.68	129,594,540.61	77,722,018.73	40,593,131.03
Minority interests	-	-	26,350,346.63	-	-	-
Equity attributable to shareholders of the parent company	3,490,568,239.20	415,211,199.53	1,328,506,223.83	304,164,054.13	556,018,505.06	1,019,771,253.65
Share of net assets based on shareholding percentage	698,113,647.84	124,563,359.86	232,488,589.17	121,665,621.65	177,925,921.62	203,954,250.73
Adjustments	-	-	-	-22,826,523.11	2,453,618.25	-
Carrying amount of investment in associates	698,113,647.84	124,563,359.86	232,488,589.17	98,839,098.54	180,379,539.87	203,954,250.73

Notes to the Financial Statements (continued)

2021
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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(7) Key financial information of important associates (continued)

2021

Item	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集 團大連液化 天然氣有限公司)	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Angang Yingkou Port Co., Ltd.
	Revenue	1,149,290,152.29	1,140,581,227.88	416,076,078.04	41,326,426.62	206,718,669.86
Financial expenses	134,124.56	23,300,597.06	12,396,044.77	7,521,354.87	-944,010.56	-16,260,073.42
Income tax expenses	189,208,042.63	1.11	2,175,565.68	-	15,125,969.64	26,885,052.28
Net profit/(loss)	562,937,924.85	7,402,229.47	-51,630,397.20	-12,222,735.63	41,825,212.25	50,000,000.00
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	562,937,924.85	7,402,229.47	-51,630,397.20	-12,222,735.63	41,825,212.25	50,000,000.00
Dividends received from associates in the year	87,246,058.73	-	-	-	11,200,000.00	-

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(7) Key financial information of important associates (continued)

31 December 2020 (Restated)

Item	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網 集團大連液化 天然氣有限公司)	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Angang Yingkou Port Co., Ltd.
Current assets	8,326,688.93	584,851,893.38	203,386,637.28	82,518,513.71	89,305,083.97	573,418,440.98
Non-current assets	3,454,483,465.32	604,566,507.06	1,645,570,203.12	446,167,603.88	521,180,784.43	469,478,474.10
Total assets	3,462,810,154.25	1,189,418,400.44	1,848,956,840.40	528,686,117.59	610,485,868.40	1,042,896,915.08
Current liabilities	95,955,004.55	460,876,945.54	392,054,407.60	70,895,526.46	61,886,061.02	73,125,661.43
Non-current liabilities	3,852,060.60	327,110,060.69	52,151,758.31	139,550,000.00	-	-
Total liabilities	99,807,065.15	787,987,006.23	444,206,165.91	210,445,526.46	61,886,061.02	73,125,661.43
Minority interests	-	-6,377,575.86	24,614,053.46	-	-	-
Equity attributable to shareholders of the parent company	3,363,003,089.10	407,808,970.07	1,380,136,621.03	318,240,591.13	548,599,807.38	969,771,253.65
Share of net assets based on shareholding percentage	672,600,617.82	122,342,691.02	241,523,908.68	127,296,236.45	175,551,938.36	193,954,250.73
Adjustments	-	-	-	-23,568,043.66	2,453,618.25	-
Carrying amount of investment in associates	672,600,617.82	122,342,691.02	241,523,908.68	103,728,192.79	178,005,556.61	193,954,250.73

Notes to the Financial Statements (continued)

2021
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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(7) Key financial information of important associates (continued)

2020 (Restated)

Item	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網 集團大連液化 天然氣有限公司)	CDC International Logistics Co., Ltd.	Sino Rail Bohai Train Ferry Co., Ltd.	Dalian Puji Storage Facility Co., Ltd.	Dalian Automobile Terminal Co., Ltd.	Angang Yingkou Port Co., Ltd.
Revenue	1,053,759,206.58	909,553,407.03	374,571,484.83	39,581,155.96	154,019,995.42	320,445,873.50
Financial expenses	249,979.77	24,553,488.30	16,613,964.02	12,776,278.13	123,818.92	-16,223,706.82
Income tax expenses	161,978,697.52	610,709.83	1,265,844.11	-	16,068,578.30	20,446,785.67
Net profit/(loss)	486,691,245.85	-52,433,552.87	-7,645,252.17	-2,162,094.95	46,792,683.75	59,552,463.45
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	486,691,245.85	-52,433,552.87	-7,645,252.17	-2,162,094.95	46,792,683.75	59,552,463.45
Dividends received from associates in the year	126,997,246.88	-	-	-	9,600,000.00	8,266,186.99

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

12. Long-term equity investments (continued)

(8) Summary information of other unimportant joint ventures and associates

Item	31 December 2021	31 December 2020 (Restated)
Joint ventures:		
Aggregate carrying amount of investments	360,479,383.75	383,869,035.78
Aggregate amount of the following items calculated in the Group's equity proportion	-	-
Net profit	57,566,529.24	71,605,012.07
Other comprehensive income	-	-
Total comprehensive income	57,566,529.24	71,605,012.07
Associates:		
Aggregate carrying amount of investments	275,484,670.12	182,905,660.48
Aggregate amount of the following items calculated in the Group's equity proportion	-	-
Net profit	43,422,618.13	94,952,224.99
Other comprehensive income	-	-
Total comprehensive income	43,422,618.13	94,952,224.99

13. Investments in other equity instruments

Item	Changes in fair value accumulated in other comprehensive income	31 December 2021	31 December 2020 (Restated)	Dividend income	Reason for being designated as investments in other equity instruments
Jinzhou New Age Container Terminal Co., Ltd.	45,686,196.29	98,529,830.29	122,664,867.55	10,212,840.09	Non-trading equity instrument and will not be sold in foreseeable future
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	-16,216,233.88	43,783,766.12	46,336,955.14	-	
Dalian Port Design and Research Institute Co., Ltd.	1,534,192.72	2,168,792.72	2,924,996.00	290,000.00	
Da-In Ferry Co., Ltd.	8,257,843.03	10,157,900.53	9,329,608.03	-	
Fujian Ninglian Port Co., Ltd.	-1,022,921.11	10,977,078.89	11,412,157.86	-	
Dalian Xin Beiliang Co., Ltd.	-2,509,914.28	13,674,485.72	11,399,054.69	-	
Total	35,729,162.77	179,291,854.27	204,067,639.27	10,502,840.09	

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

14. Investment properties

Investment properties measured at cost

2021

Item	Buildings	Land use rights	Terminal facilities	Total
I. Original value				
Opening	182,714,220.80	33,546,415.49	100,893,640.92	317,154,277.21
Transfer from intangible assets	-	15,492,579.04	-	15,492,579.04
Closing	182,714,220.80	49,038,994.53	100,893,640.92	332,646,856.25
II. Accumulated depreciation and accumulated amortisation				
Opening	57,183,306.60	8,572,494.11	48,671,162.47	114,426,963.18
Provision for the year	22,985,874.59	724,434.35	4,923,622.70	28,633,931.64
Transfer from intangible assets	-	5,149,768.09	-	5,149,768.09
Closing	80,169,181.19	14,446,696.55	53,594,785.17	148,210,662.91
III. Provision for impairment				
Opening	-	-	-	-
Closing	-	-	-	-
IV. Net amount				
Opening	125,530,914.20	24,973,921.38	52,222,478.45	202,727,314.03
Closing	102,545,039.61	34,592,297.98	47,298,855.75	184,436,193.34

Notes to the Financial Statements (continued)

2021
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IX. Notes to items of the consolidated financial statements (continued)

14. Investment properties (continued)

Investment properties measured at cost (continued)

2020 (Restated)

Item	Buildings	Land use rights	Terminal facilities	Total
I. Original value				
Opening	151,239,241.57	32,680,161.25	100,514,624.92	284,434,027.74
Transfer from construction in progress	746,464.43	–	379,016.00	1,125,480.43
Transfer from fixed assets	30,728,514.80	–	–	30,728,514.80
Transfer from intangible assets	–	866,254.24	–	866,254.24
Closing	182,714,220.80	33,546,415.49	100,893,640.92	317,154,277.21
II. Accumulated depreciation and accumulated amortisation				
Opening	36,729,130.59	7,653,839.91	46,231,261.30	90,614,231.80
Provision for the year	4,580,599.59	714,121.92	2,439,901.17	7,734,622.68
Transfer from fixed assets	15,873,576.42	–	–	15,873,576.42
Transfer from intangible assets	–	204,532.28	–	204,532.28
Closing	57,183,306.60	8,572,494.11	48,671,162.47	114,426,963.18
III. Provision for impairment				
Opening	–	–	–	–
Closing	–	–	–	–
IV. Net amount				
Opening	114,510,110.98	25,026,321.34	54,283,363.62	193,819,795.94
Closing	125,530,914.20	24,973,921.38	52,222,478.45	202,727,314.03

15. Fixed assets

Item	31 December 2021	31 December 2020 (Restated)
Fixed assets	31,611,841,070.16	28,950,374,777.92
Disposal of fixed assets	6,582,492.48	21,714,634.68
Total	31,618,423,562.64	28,972,089,412.60

Notes to the Financial Statements (continued)

2021
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IX. Notes to items of the consolidated financial statements (continued)

15. Fixed assets (continued)

(1) Fixed assets

1) Breakdown of fixed assets

2021

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
I. Original book value					
Opening balance	3,431,970,729.98	29,904,778,932.10	4,220,610,819.31	10,893,884,586.47	48,451,245,067.86
Increase in change of scope of combination	-	-	-	-	-
Purchase	54,454,019.60	3,133,341,474.39	17,572,255.06	631,465,123.78	3,836,832,872.83
Transfer from construction in progress	5,803,046.85	832,126,579.52	14,693,386.78	78,109,893.63	930,732,906.78
Disposal or obsolescence	391,021.00	3,649,477.88	20,544,391.53	117,822,013.34	142,406,903.75
Decrease in change of scope of combination	694,564.30	458,919.75	1,983,174.36	28,671,815.17	31,808,473.58
Transfer to construction in progress	-	111,929,543.50	-	-	111,929,543.50
Closing balance	3,491,142,211.13	33,754,209,044.88	4,230,348,895.26	11,456,965,775.37	52,932,665,926.64
II. Accumulated depreciation					
Opening balance	938,464,921.83	9,443,225,974.30	2,063,338,901.56	7,055,840,492.25	19,500,870,289.94
Provision	149,107,707.61	890,988,024.68	184,483,129.78	554,287,634.11	1,778,866,496.18
Transfer from construction in progress	-	193,513,471.25	-	-	193,513,471.25
Disposal or obsolescence	155,768.16	1,823,089.94	19,782,473.04	104,269,858.30	126,031,189.44
Decrease in change of scope of combination	209,783.10	75,536.90	1,413,820.39	22,002,608.35	23,701,748.74
Transfer to construction in progress	-	47,685,076.23	-	-	47,685,076.23
Closing balance	1,087,207,078.18	10,478,143,767.16	2,226,625,737.91	7,483,855,659.71	21,275,832,242.96

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

15. Fixed assets (continued)

(1) Fixed assets (continued)

1) Breakdown of fixed assets (continued)

2021 (continued)

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
III. Provision for impairment					
Opening balance	-	-	-	-	-
Provision (Note 1)	-	44,992,613.52	-	-	44,992,613.52
Decrease in change of scope of combination	-	-	-	-	-
Closing balance	-	44,992,613.52	-	-	44,992,613.52
IV. Carrying amount					
Opening	2,493,505,808.15	20,461,552,957.80	2,157,271,917.75	3,838,044,094.22	28,950,374,777.92
Closing	2,403,935,132.95	23,231,072,664.20	2,003,723,157.35	3,973,110,115.66	31,611,841,070.16
Pledged net assets at the end of year	-	-	-	-	-

Note 1: Heilongjiang Suimu Logistics Co., Ltd., a subsidiary of the Group, suspended part of its business operation in 2021 and provided for impairment of fixed assets of RMB44,992,613.52 based on the estimated recoverable amount of its assets.

Note 2: Some of the assets of DCT Logistics, a subsidiary of the Company, were seized, frozen and detained by the major warehousing client due to its involvement in lawsuits. As at 31 December 2021, its fixed assets with a carrying amount of RMB34,591,936.86 were seized (31 December 2020: Nil). Please refer to Note IX. 24 and Note XIII.1.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

15. Fixed assets (continued)

(1) Fixed assets (continued)

1) Breakdown of fixed assets (continued)

2020 (Restated)

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
I. Original book value					
Opening balance	3,358,125,523.28	30,609,254,885.47	4,184,038,390.52	10,985,373,014.89	49,136,791,814.16
Increase in change of scope of combination	22,306,290.76	-	1,468,340.57	76,755.06	23,851,386.39
Purchase	2,001,043.95	11,821,910.03	6,513,698.31	45,164,953.84	65,501,606.13
Transfer from construction in progress	36,210,594.91	65,092,171.83	81,608,247.42	65,705,569.19	248,616,583.35
Internal reclassification	44,645,559.88	4,057,438.57	7,684,478.01	-56,387,476.46	-
Disposal or obsolescence	589,768.00	3,160,185.02	60,377,249.20	124,552,847.95	188,680,050.17
Transfer to investment properties	30,728,514.80	-	-	-	30,728,514.80
Transfer to construction in progress	-	782,201,818.69	-	-	782,201,818.69
Decrease in change of scope of combination	-	85,470.09	325,086.32	21,495,382.10	21,905,938.51
Closing balance	3,431,970,729.98	29,904,778,932.10	4,220,610,819.31	10,893,884,586.47	48,451,245,067.86
II. Accumulated depreciation					
Opening balance	834,579,533.19	8,841,999,191.19	1,957,789,649.83	6,605,207,927.68	18,239,576,301.89
Provision	104,742,409.67	799,126,812.67	154,108,262.40	597,549,846.92	1,655,527,331.66
Internal reclassification	15,552,234.09	-1,650,033.10	7,095,408.25	-20,997,609.24	-
Disposal or obsolescence	535,678.70	2,670,214.55	55,477,483.92	118,223,588.99	176,906,966.16
Transfer to investment properties	15,873,576.42	-	-	-	15,873,576.42
Transfer to construction in progress	-	193,513,471.25	-	-	193,513,471.25
Decrease in change of scope of combination	-	66,310.66	176,935.00	7,696,084.12	7,939,329.78
Closing balance	938,464,921.83	9,443,225,974.30	2,063,338,901.56	7,055,840,492.25	19,500,870,289.94

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

15. Fixed assets (continued)

(1) Fixed assets (continued)

1) Breakdown of fixed assets (continued)

2020 (Restated) (continued)

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
III. Provision for impairment					
Opening balance	-	-	-	-	-
Provision (Note)	-	-	-	13,765,697.89	13,765,697.89
Decrease in change of scope of combination	-	-	-	13,765,697.89	13,765,697.89
Closing balance	-	-	-	-	-
IV. Carrying amount					
Opening	2,523,545,990.09	21,767,255,694.28	2,226,248,740.69	4,380,165,087.21	30,897,215,512.27
Closing	2,493,505,808.15	20,461,552,957.80	2,157,271,917.75	3,838,044,094.22	28,950,374,777.92

Note: The main physical assets of Dalian Port Senlida Timber Trading Centre Co., Ltd., a subsidiary of the Company, were seized by creditors, which led to the termination of its microwave log processing project and application for bankruptcy liquidation. As a result, an impairment provision of RMB13,765,697.89 was made for fixed assets based on the realizable value of the assets. Senlida was taken over by the bankruptcy liquidation administrator appointed by the court on 22 July 2020, and will no longer be included in the scope of combination since that day.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

15. Fixed assets (continued)

(1) Fixed assets (continued)

2) Fixed assets leased out under operating leases

2021

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
I. Original book value					
Opening balance	14,903,961.39	1,443,480,885.23	1,071,074,475.99	510,197,841.12	3,039,657,163.73
Increase in the year	1,652,227.48	33,890,958.12	19,842,992.41	23,343,194.02	78,729,372.03
Decrease in the year	6,081,400.33	58,042,504.78	21,059,672.49	19,778,317.62	104,961,895.22
Closing balance	10,474,788.54	1,419,329,338.57	1,069,857,795.91	513,762,717.52	3,013,424,640.54
II. Accumulated depreciation					
Opening balance	4,546,082.61	648,552,963.84	434,423,560.02	351,769,663.38	1,439,292,269.85
Increase in the year	1,110,671.00	57,458,640.29	37,447,984.38	48,303,369.95	144,320,665.62
Decrease in the year	1,428,296.25	12,077,806.45	14,997,346.67	17,763,577.31	46,267,026.68
Closing balance	4,228,457.36	693,933,797.68	456,874,197.73	382,309,456.02	1,537,345,908.79
III. Carrying amount					
Opening	10,357,878.78	794,927,921.39	636,650,915.97	158,428,177.74	1,600,364,893.88
Closing	6,246,331.18	725,395,540.89	612,983,598.18	131,453,261.50	1,476,078,731.75

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

15. Fixed assets (continued)

(1) Fixed assets (continued)

2) Fixed assets leased out under operating leases (continued)

2020 (Restated)

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Total
I. Original book value					
Opening balance	13,759,510.37	1,405,183,770.98	1,083,188,179.89	528,035,618.50	3,030,167,079.74
Increase in the year	2,176,964.71	51,860,241.36	–	10,743,035.33	64,780,241.40
Decrease in the year	1,032,513.69	13,563,127.11	12,113,703.90	28,580,812.71	55,290,157.41
Closing balance	14,903,961.39	1,443,480,885.23	1,071,074,475.99	510,197,841.12	3,039,657,163.73
II. Accumulated depreciation					
Opening balance	3,515,411.05	601,714,568.86	402,679,675.06	340,189,573.71	1,348,099,228.68
Increase in the year	1,299,041.07	47,193,511.81	42,888,127.13	37,714,171.70	129,094,851.71
Decrease in the year	268,369.51	355,116.83	11,144,242.17	26,134,082.03	37,901,810.54
Closing balance	4,546,082.61	648,552,963.84	434,423,560.02	351,769,663.38	1,439,292,269.85
III. Carrying amount					
Opening	10,244,099.32	803,469,202.12	680,508,504.83	187,846,044.79	1,682,067,851.06
Closing	10,357,878.78	794,927,921.39	636,650,915.97	158,428,177.74	1,600,364,893.88

3) Fixed assets pending certificates of ownership

Item	31 December 2021 Carrying amount	31 December 2020 (Restated) Carrying amount
Buildings	918,257,983.67	1,026,455,022.31

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

15. Fixed assets (continued)

(1) Fixed assets (continued)

4) Others

Item	Amount
1. Original value of fixed assets fully depreciated in the year but still in use	5,749,138,031.98
2. Original value of fixed assets not in use at the end of the year	–
3. Disposal and retirement of fixed assets at the end of the year	
(1) Original value of fixed assets disposed and retired in the year	142,406,903.75
(2) Net value of fixed assets disposed and retired in the year	16,375,714.31
(3) Gains and losses from disposal and retirement of fixed assets in the year	5,264,945.41

(2) Disposal of fixed assets

Item	31 December 2021	31 December 2020 (Restated)
Buildings	–	1,215,716.42
Port and terminal facilities	164,816.00	12,120,295.89
Automobiles and ships	1,464,424.79	229,516.32
Machinery, furniture, appliances and other equipment	4,953,251.69	8,149,106.05
Total	6,582,492.48	21,714,634.68

16. Construction in progress

(1) Construction in progress

Item	31 December 2021			31 December 2020 (Restated)		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Dayao Bay No. 13-16 Berths in Phase II	722,465,600.62	–	722,465,600.62	722,441,503.06	–	722,441,503.06
No.19-21 Berths						
Construction in progress	520,158,654.93	–	520,158,654.93	520,158,654.93	–	520,158,654.93
Xingang No. 18-21 Berths	351,516,342.18	–	351,516,342.18	351,516,342.18	–	351,516,342.18
Dayao Bay North Shore						
Automotive Logistics Centre	148,898,592.13	–	148,898,592.13	148,898,592.13	–	148,898,592.13
Renovation of No. 59-60 Berths	559,801,158.70	–	559,801,158.70	733,515,641.21	–	733,515,641.21
Others	394,609,189.45	–	394,609,189.45	172,118,380.74	–	172,118,380.74
Total	2,697,449,538.01	–	2,697,449,538.01	2,648,649,114.25	–	2,648,649,114.25

Notes to the Financial Statements (continued)

2021
In RMB

IX. Notes to items of the consolidated financial statements (continued)

16. Construction in progress (continued)

(2) Book balance and changes of construction in progress at the end of the period

2021

Item	Budget	Opening balance	Additions in the year	Transferred to fixed assets, intangible assets, investment properties and long-term prepaid expenses	Impact of change in scope of combination	Other decreases	Closing balance	% of investment to budget	Progress of construction (%)	Accumulative amount of capitalized interests	Including: Interests capitalized in current year	Capitalisation rate (%)	Source of funds
Dayao Bay No. 13-16 Berths in Phase II	3,783,000,000.00	722,441,503.06	24,097.56	-	-	-	722,465,600.62	93	93	237,311,095.64	-	-	Self-owned funds, loans from financial institutions and other sources
No.19-21 Berths Construction in progress	2,515,823,200.00	520,188,654.93	-	-	-	-	520,188,654.93	21	21	70,396,661.32	-	-	Self-owned funds and loans from financial institutions
Xingang No. 18 - 21 Berths	413,770,000.00	351,516,342.18	-	-	-	-	351,516,342.18	86	86	83,522,029.54	-	-	Loans from financial institutions and other sources
Dayao Bay North Shore Automotive Logistics Centre	450,000,000.00	148,888,592.13	-	-	-	-	148,888,592.13	33	33	8,054,440.28	-	-	Self-owned funds and loans from financial institutions
Renovation of No. 59-60 Berths	1,201,126,300.00	733,515,641.21	414,973,864.93	588,688,347.44	-	-	559,801,158.70	47	47	-	-	-	Self-owned funds
Others	1,012,046,819.94	172,118,380.74	375,534,686.85	153,043,880.14	-	-	394,609,189.45	-	-	6,090,158.98	-	-	
Total	9,375,765,319.94	2,646,649,114.25	790,532,651.34	741,732,227.58	-	-	2,697,449,538.01			405,374,385.76	-	-	

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

16. Construction in progress (continued)

(2) Book balance and changes of construction in progress at the end of the period (continued)

2020 (Restated)

Item	Budget	Opening balance	Additions in the year	Transferred to fixed assets, intangible assets, investment properties and long-term prepaid expenses	Impact of change in scope of combination	Other decreases	Closing balance	% of investment to budget	Progress of construction (%)	Accumulative amount of capitalized interests	Including: Interests capitalized in current year	Capitalisation rate (%)	Source of funds
Dayao Bay No. 13-16 Berths in Phase II	3,783,000,000.00	721,798,253.63	643,249.43	-	-	-	722,441,503.06	93	93	237,311,055.64	-	-	Self-owned funds, loans from financial institutions and other sources
No.19-21 Berths Construction in progress	2,515,823,200.00	520,158,654.93	-	-	-	-	520,158,654.93	21	21	70,396,661.32	-	-	Self-owned funds and loans from financial institutions
Xingang No. 18 - 21 Berths	413,770,000.00	351,587,042.76	-	-	-	70,700.58	351,516,342.18	86	86	83,522,029.54	-	-	Loans from financial institutions and other sources
Dayao Bay North Shore Automotive Logistics Centre	450,000,000.00	148,898,592.13	-	-	-	-	148,898,592.13	33	33	8,054,440.28	-	-	Self-owned funds and loans from financial institutions
Renovation of No. 59-60 Berths	1,149,100,000.00	-	733,515,641.21	-	-	-	733,515,641.21	13	13	-	-	-	Self-owned funds
Others	875,055,214.92	244,791,034.94	226,406,283.25	267,603,205.72	-31,329,529.96	176,201.77	172,118,380.74	-	-	6,090,153.98	1,313,900.96	5.27	
Total	9,186,746,414.92	1,987,233,676.39	960,595,173.89	267,603,205.72	-31,329,529.96	246,902.35	2,646,649,114.25			406,374,365.76	1,313,900.96		

Notes to the Financial Statements (continued)

2021
In RMB

IX. Notes to items of the consolidated financial statements (continued)

17. Right-of-use assets

2021

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Others	Total
I. Original value						
Opening balance	138,228,953.70	5,137,393,887.58	4,567,750.68	90,153.22	1,818,628,126.37	7,098,908,871.55
Increase in the year	10,050,309.77	914,685,302.44	2,691,402.98	-	71,892,889.95	999,319,905.14
Decrease in the year	4,780,497.72	2,675,156,386.08	2,722,671.58	90,153.22	505,835,296.94	3,188,585,005.54
Decrease in change of scope of combination	-389,830.77	-	-	-	-	-389,830.77
Closing balance	143,108,934.98	3,376,922,803.94	4,536,482.08	-	1,384,685,719.38	4,909,253,940.38
II. Accumulated depreciation						
Opening balance	16,911,552.25	374,171,727.08	1,472,792.20	5,634.58	180,230,686.72	572,792,392.83
Increase in the year	19,603,166.65	245,819,441.98	648,524.26	4,695.50	58,173,251.42	324,249,079.81
Decrease in the year	2,126,477.47	328,219,162.95	793,076.69	10,330.08	70,974,889.11	402,123,936.30
Decrease in change of scope of combination	-129,943.68	-	-	-	-	-129,943.68
Closing balance	34,258,297.75	291,772,006.11	1,328,239.77	-	167,429,049.03	494,787,592.66
III. Provision for impairment						
Opening balance	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
IV. Net amount						
Opening balance	121,317,401.45	4,763,222,160.50	3,094,958.48	84,518.64	1,638,397,439.65	6,526,116,478.72
Closing balance	108,850,637.23	3,085,150,797.83	3,208,242.31	-	1,217,256,670.35	4,414,466,347.72

Notes to the Financial Statements (continued)

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In RMB

IX. Notes to items of the consolidated financial statements (continued)

17. Right-of-use assets (continued)

2020 (Restated)

Item	Buildings	Port and terminal facilities	Automobiles and ships	Machinery, furniture, appliances and other equipment	Others	Total
I. Original value						
Opening balance	179,301,078.24	3,710,894,518.56	4,630,678.87	-	1,831,077,920.42	5,725,904,196.09
Increase in the year	739,518.84	1,986,505,557.44	526,060.97	90,153.22	2,688,089.13	1,990,549,379.60
Decrease in the year	41,811,643.38	560,006,188.42	588,989.16	-	15,137,883.18	617,544,704.14
Closing balance	138,228,953.70	5,137,393,887.58	4,567,750.68	90,153.22	1,818,628,126.37	7,098,908,871.55
II. Accumulated depreciation						
Opening balance	16,758,428.52	159,577,570.76	1,154,593.11	-	114,099,431.99	291,590,024.38
Provision for the year	22,306,386.89	214,594,156.32	880,987.00	5,634.58	74,013,814.63	311,800,979.42
Decrease in the year	22,153,263.16	-	562,787.91	-	7,882,559.90	30,598,610.97
Closing balance	16,911,552.25	374,171,727.08	1,472,792.20	5,634.58	180,230,686.72	572,792,392.83
III. Provision for impairment						
Opening balance	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
IV. Net amount						
Opening balance	162,542,649.72	3,551,316,947.80	3,476,085.76	-	1,716,978,488.43	5,434,314,171.71
Closing balance	121,317,401.45	4,763,222,160.50	3,094,958.48	84,518.64	1,638,397,439.65	6,526,116,478.72

Notes to the Financial Statements (continued)

2021
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IX. Notes to items of the consolidated financial statements (continued)

18. Intangible assets

2021

Item	Land use rights	Software	Port facility use rights	Others	Total
I. Original book value					
1. Opening balance	3,653,002,938.01	362,211,777.26	407,216,152.62	66,086,080.90	4,488,516,948.79
2. Increase in the year					
(1) Additions	2,431,716,339.89	6,942,051.40	-	-	2,438,658,391.29
(2) Transfer from construction in progress	-	4,512,792.05	-	-	4,512,792.05
(3) Increase in change of scope of combination	-	-	-	-	-
(4) Other increases	-	-	-	-	-
3. Decrease in the year					
(1) Disposal	-	255,207.54	-	-	255,207.54
(2) Decrease in change of scope of combination	-	78,567,520.62	-	-	78,567,520.62
(3) Transfer to investment properties	15,492,579.04	-	-	-	15,492,579.04
(4) Other decreases	12,608,120.00	-	-	-	12,608,120.00
4. Closing balance	6,056,618,578.86	294,843,892.55	407,216,152.62	66,086,080.90	6,824,764,704.93
II. Accumulated amortisation					
1. Opening balance	700,793,615.20	262,174,126.95	132,937,908.48	61,984,809.95	1,157,890,460.58
2. Increase in the year					
(1) Provision	95,210,553.97	17,685,424.80	9,320,368.82	2,916,256.20	125,132,603.79
(2) Increase in change of scope of combination	-	-	-	-	-
(3) Other increases	-	-	-	-	-
3. Decrease in the year					
(1) Disposal	-	210,867.99	-	-	210,867.99
(2) Decrease in change of scope of combination	-	77,735,270.75	-	-	77,735,270.75
(3) Transfer to investment properties	5,149,768.09	-	-	-	5,149,768.09
4. Closing balance	790,854,401.08	201,913,413.01	142,258,277.30	64,901,066.15	1,199,927,157.54
III. Provision for impairment					
1. Opening balance	-	-	-	-	-
2. Increase in the year	-	-	-	-	-
3. Decrease in the year	-	-	-	-	-
4. Closing balance	-	-	-	-	-
IV. Carrying amount					
1. Closing balance	5,265,764,177.78	92,930,479.54	264,957,875.32	1,185,014.75	5,624,837,547.39
2. Opening balance	2,952,209,322.81	100,037,650.31	274,278,244.14	4,101,270.95	3,330,626,488.21
Pledged net assets at the end of the year (Note)	22,410,394.75	-	-	-	22,410,394.75

Note: Some of the assets of DCT Logistics, a subsidiary of the Company, were seized, frozen and detained by the major warehousing client due to its involvement in lawsuits. As at 31 December 2021, its intangible assets with a carrying amount of RMB22,410,394.75 were seized (31 December 2020: Nil). Please refer to Note IX. 24 and Note XIII.1.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

18. Intangible assets (continued)

2020 (Restated)

Item	Land use rights	Software	Port facility use rights	Others	Total
I. Original book value					
1. Opening balance	3,382,472,009.77	354,911,003.80	407,216,152.62	66,086,080.90	4,210,685,247.09
2. Increase in the year					
(1) Additions	259,832,878.62	2,603,252.92	-	-	262,436,131.54
(2) Transfer from construction in progress	-	6,458,704.95	-	-	6,458,704.95
(3) Increase in change of scope of combination	11,564,303.86	-	-	-	11,564,303.86
3. Decrease in the year					
(1) Disposal	-	1,480,000.00	-	-	1,480,000.00
(2) Decrease in change of scope of combination	-	281,184.41	-	-	281,184.41
(3) Transfer to investment properties	866,254.24	-	-	-	866,254.24
4. Closing balance	3,653,002,938.01	362,211,777.26	407,216,152.62	66,086,080.90	4,488,516,948.79
II. Accumulated amortisation					
1. Opening balance	619,911,404.16	241,949,561.80	123,617,539.33	59,068,553.86	1,044,547,059.15
2. Increase in the year					
(1) Provision	81,086,743.32	21,815,654.83	9,320,369.15	2,916,256.09	115,139,023.39
3. Decrease in the year					
(1) Disposal	-	1,480,000.00	-	-	1,480,000.00
(2) Decrease in change of scope of combination	-	111,089.68	-	-	111,089.68
(3) Transfer to investment properties	204,532.28	-	-	-	204,532.28
4. Closing balance	700,793,615.20	262,174,126.95	132,937,908.48	61,984,809.95	1,157,890,460.58
III. Provision for impairment					
1. Opening balance	-	-	-	-	-
2. Increase in the year	-	-	-	-	-
3. Decrease in the year	-	-	-	-	-
4. Closing balance	-	-	-	-	-
IV. Carrying amount					
1. Closing balance	2,952,209,322.81	100,037,650.31	274,278,244.14	4,101,270.95	3,330,626,488.21
2. Opening balance	2,762,560,605.61	112,961,442.00	283,598,613.29	7,017,527.04	3,166,138,187.94

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

18. Intangible assets (continued)

The Group's management believes that no provision for impairment of intangible assets is required at the balance sheet date.

As at 31 December 2021, the intangible assets for which the certificate of title had not been obtained are as follows:

Item	31 December 2021 Carrying amount	31 December 2020 (Restated) Carrying amount
Land use rights	3,580,730.90	4,520,236.17

19. Development expenditure

Item	Opening balance (Restated)	Impact of change in scope of combination	Increase in the year		Decrease in the year			Affected amount of translation of foreign currency financial statements	Closing balance
			Internal development expenditure	Others	Transfer to intangible assets	Included in current profit or loss	Others		
Research and development of smart terminal	-	-	-	16,285,732.44	-	2,589,752.44	-	-	13,695,980.00
Others	-	-	5,785,148.27	931,745.91	-	6,716,894.18	-	-	-
Total	-	-	5,785,148.27	17,217,478.35	-	9,306,646.62	-	-	13,695,980.00

The proportion of development expenditure in current year to the total research and development expenditure of the year was 59.54 % (2020: Nil). No intangible assets generated from the Company's internal research and development in the year (2020: Nil).

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

20. Goodwill

(1) The breakdown of goodwill is as follows:

2021

Investee	Source	Opening balance (Restated)	Increase in the year	Decrease in the year	Closing balance
Liaoning Con-Rail International logistics Co., Ltd.	Corporate combination	4,398,401.85	-	-	4,398,401.85
Dalian Jiye Logistics Co., Ltd.	Corporate combination	2,397,589.82	-	-	2,397,589.82
DCT Logistics	Corporate combination	6,218,460.29	-	-	6,218,460.29
Dalian Port Logistic Network Co., Ltd. (Note 1)	Corporate combination	7,419,238.63	-	7,419,238.63	-
Yingkou Ltd. (Note 2)	Corporate combination	219,133,513.00	-	-	219,133,513.00
Coal business, barge business and hydropower business in Yingkou Port Group (Note 3)	Business combination	97,144,359.35	-	-	97,144,359.35
Total		336,711,562.94	-	7,419,238.63	329,292,324.31
Provision for impairment of goodwill		97,144,359.35	6,218,460.29	-	103,362,819.64
Total net goodwill		239,567,203.59	-6,218,460.29	7,419,238.63	225,929,504.67

Note 1: As stated in Note VIII.2, Dalian Port Logistic Network Co., Ltd. ceased to be included into the scope of combination of the Group since 9 February 2021, and goodwill in connection thereof of RMB7,419,238.63 was written off accordingly.

Note 3: As stated in Note VIII.3, the Company's merger by absorption through share swap constitutes a business combination under common control, and relevant assets and liabilities of Yingkou Port were included in the Group's consolidated financial statements at the carrying amount of China Merchants Group, its ultimate controller, and the comparative financial statements were retrospectively adjusted, which includes in particular the goodwill that should be allocated to Yingkou Port when the ultimate controller, China Merchants Group, acquired Liaoning Port Group from a third party, of RMB219,133,513.00.

Note 3: As stated in Note VIII.3, Yingkou Ltd., a wholly-owned subsidiary of the Company acquired the assets related to coal business, barge business and hydropower business from Yingkou Port Group in current year, which constitutes a business combination under the common control, and assets and liabilities in connection with these businesses were included in the Group's consolidated financial statements at the carrying amount of China Merchants Group, its ultimate controller, and the comparative financial statements were retrospectively adjusted, which includes in particular the goodwill that should be allocated to these businesses when the ultimate controller, China Merchants Group, acquired Liaoning Port Group from a third party, of RMB97,144,359.35. Based on the result of the testing on goodwill impairment, full impairment provision was made on such goodwill as at 31 December 2020.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

20. Goodwill (continued)

(1) The breakdown of goodwill is as follows: (continued)

2020 (Restated)

Investee	Source	Opening balance	Increase in the year	Decrease in the year	Closing balance
Liaoning Con-Rail International logistics Co., Ltd.	Corporate combination	4,398,401.85	-	-	4,398,401.85
Dalian Jiyi Logistics Co., Ltd.	Corporate combination	2,397,589.82	-	-	2,397,589.82
DCT Logistics	Corporate combination	6,218,460.29	-	-	6,218,460.29
Dalian Port Logistic Network Co., Ltd.	Corporate combination	7,419,238.63	-	-	7,419,238.63
Yingkou Ltd.	Corporate combination	219,133,513.00	-	-	219,133,513.00
Coal business, barge business and hydropower business in Yingkou Port Group	Business combination	97,144,359.35	-	-	97,144,359.35
Total		336,711,562.94	-	-	336,711,562.94
Provision for impairment of goodwill		-	97,144,359.35	-	97,144,359.35
Total net goodwill		336,711,562.94	-97,144,359.35	-	239,567,203.59

(2) Details of provision for impairment of goodwill are as follows:

2021

Item	Opening balance	Provision for the year	Decrease for the year	Closing balance
DCT Logistics	-	6,218,460.29	-	6,218,460.29
Coal business, barge business and hydropower business in Yingkou Port Group	97,144,359.35	-	-	97,144,359.35
Total	97,144,359.35	6,218,460.29	-	103,362,819.64

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

20. Goodwill (continued)

(2) Details of provision for impairment of goodwill are as follows: (continued)

2020 (Restated)

Item	Opening balance	Provision for the year	Decrease for the year	Closing balance
Coal business, barge business and hydropower business in Yingkou Port Group	-	97,144,359.35	-	97,144,359.35

As at 31 December 2021, the measurement basis for the recoverable amount of the above asset group is as follows:

The recoverable amount of the asset group (Liaoning Con-Rail International Logistics Co., Ltd., Dalian Jiyi Logistics Co., Ltd. and Yingkou Ltd.) was determined according to the present value of expected future cash flows of the asset group. The expected future cash flows were based on financial budgets covering a five-year period approved by management. Cash flows beyond the five-year period are estimated on the basis of fixed growth rate (as described in the table below), and calculated using cash flows expectation method. The main assumptions for the recoverable amount for such asset groups are as follows:

	Liaoning Con-Rail International Logistics Co., Ltd.	Dalian Jiyi Logistics Co., Ltd.	Yingkou Ltd.
Discount rate	14%	15%	10%
Growth rate	3%	3%	3%

The discount rates adopted above are before-tax discount rates which reflect the specific risk related to the relevant asset group. The growth rates are determined with reference to the expected growth rate of the industry and do not exceed the average growth rate of the industry for a long term. The key assumptions made in determining cash flow projections also include budgetary gross margins, which are determined based on past experience and forecast on market developments by the management.

The recoverable amount of the asset group of DCT Logistics is determined based on the net amount of fair value minus disposal expenses. The net amount after fair value minus disposal expenses is determined based on the Group's appraisal value. The Group evaluate the fair value of the major assets of DCT Logistics adopting market method. In determining the fair value of the appraised asset, the Group collects data of comparable transactions, and then adjust the difference between the comparable asset and the appraised asset.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

21. Long-term prepaid expenses

The long-term prepaid expenses are listed as follows by item:

2021

Item	Opening balance	Increase in the year	Amortisation in the year	Impact of change in scope of combination	Closing balance
Public facilities in a bonded port	5,985,469.72	-	1,627,708.81	-	4,357,760.91
Decoration	1,782,610.83	1,474,568.97	641,040.28	-157,263.23	2,458,876.29
Site development expenses	7,966,500.11	-	1,620,305.04	-	6,346,195.07
Environmental reconstruction expenses	18,289,920.86	-	1,197,833.40	-	17,092,087.46
Reconstruction of No.6 bridge	9,308,563.30	-	5,873,408.52	-	3,435,154.78
Berth dredging costs	9,829,559.99	2,198,578.74	2,268,360.00	-	9,759,778.73
Others	9,101,109.43	634,273.01	4,963,159.41	-	4,772,223.03
Total	62,263,734.24	4,307,420.72	18,191,815.46	-157,263.23	48,222,076.27

2020 (Restated)

Item	Opening balance	Increase in the year	Amortisation in the year	Closing balance
Public facilities in a bonded port	6,840,537.16	-	855,067.44	5,985,469.72
Decoration	2,674,763.31	412,282.96	1,304,435.44	1,782,610.83
Site development expenses	9,586,805.15	-	1,620,305.04	7,966,500.11
Environmental reconstruction expenses	19,487,754.26	-	1,197,833.40	18,289,920.86
Reconstruction of No.6 bridge	15,172,971.82	-	5,864,408.52	9,308,563.30
Berth dredging costs	-	11,341,799.99	1,512,240.00	9,829,559.99
Others	12,546,096.58	813,627.19	4,258,614.34	9,101,109.43
Total	66,308,928.28	12,567,710.14	16,612,904.18	62,263,734.24

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

22. Deferred income tax

(1) Deferred income tax assets before offsetting

Item	31 December 2021		31 December 2020 (Restated)	
	Deferred income tax assets	Deductible temporary differences and deductible losses	Deferred income tax assets	Deductible temporary differences and deductible losses
Unrealised profit of intra-group transaction	178,393,205.55	713,572,822.20	191,491,629.97	765,966,519.88
Depreciation of fixed assets	378,497,228.86	1,513,988,915.44	373,714,710.77	1,494,858,843.08
Provision for asset impairments	96,503,798.42	386,015,193.68	73,136,486.25	292,545,945.00
Estimated liabilities	14,661,066.96	58,644,267.84	14,661,066.96	58,644,267.84
Accrued expenses	-	-	4,398,513.18	17,594,052.72
Changes in fair value of other equity instrument investments	627,478.57	2,509,914.28	1,196,336.33	4,785,345.32
Right-of-use assets/Lease liabilities	56,071,198.49	224,284,793.96	56,994,392.45	227,977,569.80
Adjustment to fair value of corporate/business combined assets	86,071,634.95	344,286,539.80	-	-
Others	9,254,935.90	37,019,743.60	11,146,598.01	44,586,392.04
Total	820,080,547.70	3,280,322,190.80	726,739,733.92	2,906,958,935.68

1) Deductible temporary differences and deductible losses that are not recognised as deferred income tax assets

Item	31 December 2021	31 December 2020 (Restated)
Deductible losses	481,831,189.98	579,320,965.14
Deductible temporary differences	295,261,972.14	35,484,305.46
Total	777,093,162.12	614,805,270.60

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

22. Deferred income tax (continued)

(1) Deferred income tax assets before offsetting (continued)

2) Deductible losses that are not recognised as deferred income tax assets will expire in the following years

Year	31 December 2021	31 December 2020 (Restated)
2021	–	45,583,069.03
2022	90,263,106.25	122,658,530.96
2023	123,471,539.21	150,588,729.67
2024	107,673,033.34	116,881,970.67
2025	89,268,092.36	143,608,664.81
2026	71,155,418.82	–
Total	481,831,189.98	579,320,965.14

(2) Deferred income tax liabilities before offsetting

Item	31 December 2021		31 December 2020 (Restated)	
	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences
Adjustment to fair value of corporate/business combined assets	735,859,052.59	2,943,436,210.36	816,434,617.28	3,265,738,469.12
Depreciation of fixed assets	78,451,506.74	313,806,026.96	83,194,949.70	332,779,798.80
Changes in fair value of investments in other equity instruments	9,559,769.26	38,239,077.05	16,322,573.27	65,290,293.09
Realisation of business combination in stages	37,891,003.77	151,564,015.08	37,891,003.77	151,564,015.08
Others	8,768,887.43	35,075,549.72	10,534,283.45	42,137,133.79
Total	870,530,219.79	3,482,120,879.17	964,377,427.47	3,857,509,709.88

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

22. Deferred income tax (continued)

(3) *Deferred income tax assets or liabilities presented at net amount after offsetting*

Item	31 December 2021		31 December 2020 (Restated)	
	Offset amount of deferred income tax assets and liabilities at the end of the year	Remaining deferred income tax assets or liabilities after offset at the end of the year	Offset amount of deferred income tax assets and liabilities at the beginning of the year	Remaining deferred income tax assets or liabilities after offset at the beginning of the year
Deferred income tax assets	-582,219,192.69	237,861,355.01	-582,513,243.61	144,226,490.31
Deferred income tax liabilities	-582,219,192.69	288,311,027.10	-582,513,243.61	381,864,183.86

23. Other non-current assets

Item	31 December 2021	31 December 2020 (Restated)
Guarantee payment for land bidding	1,860,000.00	1,860,000.00
VAT input to be deducted	13,838,491.15	31,922,189.01
Construction prepayments	10,122,974.70	–
Total	25,821,465.85	33,782,189.01

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

24. Assets with restricted ownership or use right

Item	31 December 2021	31 December 2020 (Restated)
Cash at bank and on hand (Note 1)	240,398,671.47	221,394,329.75
Fixed assets (Note 2)	34,591,936.86	—
Intangible assets (Note 3)	22,410,394.75	—
Total	297,401,003.08	221,394,329.75

Note 1: At at 31 December 2021, a bank deposit of RMB4,060,076.35 (31 December 2020: RMB3,286,529.35) was pledged as the Group's project performance guarantee.

At at 31 December 2021, a bank deposit of RMB2,000,000.00 (31 December 2020: RMB2,000,000.00) were pledged as the guarantee for purchase of electricity.

At at 31 December 2021, a bank deposit of RMB216,107,800.40 (31 December 2020: RMB216,107,800.40) was pledged as collateral for the Group's guarantee. See note XIII. 1 for details.

At at 31 December 2021, bank deposits of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB18,230,794.72 (31 December 2020: Nil) were frozen by the court due to litigation. See note XIII.1 for details.

Note 2: As at 31 December 2021, fixed assets of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB34,591,936.86 (31 December 2020: Nil) were compulsorily preserved by the court due to litigation. See note XIII.1 for details.

Note 3: As at 31 December 2021, intangible assets of DCT Logistics, a subsidiary of the Company, with carrying amount of RMB22,410,394.75 (31 December 2020: Nil) were compulsorily preserved by the court due to litigation. See note XIII.1 for details.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

25. Provision for asset impairments and provision for credit loss

31 December 2021

Item	Opening balance	Impact of change in scope of combination	Provision in the year	Reversal in the year	Write-off in the year	Closing balance
Provision for bad debts	306,025,287.83	-1,105,413.11	133,031,512.01	-18,328,787.98	-	419,622,598.75
Provision for decline in value of inventories	9,247,116.06	-	-	-	-619.28	9,246,496.78
Provision for impairment of long-term equity investment	-	-	8,468,465.03	-	-	8,468,465.03
Provision for impairment of fixed assets	-	-	44,992,613.52	-	-	44,992,613.52
Provision for impairment of goodwill	97,144,359.35	-	6,218,460.29	-	-	103,362,819.64
Total	412,416,763.24	-1,105,413.11	192,711,050.85	-18,328,787.98	-619.28	585,692,993.72

31 December 2020 (Restated)

Item	Opening balance	Impact of change in scope of combination	Provision in the year	Reversal in the year	Write-off in the year	Closing balance
Provision for bad debts	200,363,507.34	-	131,444,777.57	-25,782,997.08	-	306,025,287.83
Provision for decline in value of inventories	7,803,794.80	-	1,457,110.59	-	-13,789.33	9,247,116.06
Provision for impairment of goodwill	-	-	97,144,359.35	-	-	97,144,359.35
Provision for impairment of fixed assets	-	-13,765,697.89	13,765,697.89	-	-	-
Provision for impairment of construction in progress	-	-24,256,173.96	24,256,173.96	-	-	-
Total	208,167,302.14	-38,021,871.85	268,068,119.36	-25,782,997.08	-13,789.33	412,416,763.24

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

26. Short-term borrowings

(1) Classification of short-term borrowings

Classification	31 December 2021	31 December 2020 (Restated)
Credit borrowings	-	150,000,000.00
Interest payable on short-term borrowings	-	142,083.34
Total	-	150,142,083.34

As at 31 December 2021, the Group had no short-term borrowings (31 December 2020: the annual interest rate for short-term borrowings was 3.1%).

27. Accounts payable

(1) Breakdown of accounts payable

Aging	31 December 2021		31 December 2020 (Restated)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	266,927,636.69	89.20	275,237,440.99	84.61
1 to 2 years (including 2 years)	3,838,076.28	1.28	15,642,701.80	4.81
2 to 3 years (including 3 years)	1,103,354.68	0.37	12,615,005.83	3.88
Over 3 years	27,374,554.25	9.15	21,781,485.91	6.70
Total	299,243,621.90	100.00	325,276,634.53	100.00

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

27. Accounts payable (continued)

(2) Significant accounts payable aged over 1 year

Name of entity	Amount owed	Aging	Reason for unsettlement
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱 國際貿易有限公司)	8,000,000.00	Above 3 years	Not yet settled

(3) Amount by nature

Nature	31 December 2021	31 December 2020 (Restated)
Vessel rental and shipping freight	153,941,213.41	146,721,710.62
Payment for purchase of goods	7,114,150.69	6,686,939.41
Payment for purchase of supplementary materials	138,188,257.80	171,867,984.50
Total	299,243,621.90	325,276,634.53

28. Advances from customers

(1) Breakdown of aging of advances from customers

Aging	31 December 2021		31 December 2020 (Restated)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	8,310,000.53	100.00	3,154,967.98	100.00

As at 31 December 2021, the Group had no significant advances from customers aged over one year.

(2) Nature of advances from customers

Nature	31 December 2021	31 December 2020 (Restated)
Rental fees	8,310,000.53	3,154,967.98

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

29. Contract liabilities

(1) Contract liabilities

Item	31 December 2021	31 December 2020 (Restated)
Miscellaneous expenses	342,520,731.08	203,086,738.71
All-in charges for cargo handling due within one year	13,728,000.00	17,700,000.00
Freight	22,750,876.88	18,747,060.75
Others	15,018,436.47	16,305,253.64
Total	394,018,044.43	255,839,053.10

(2) Revenue recognized in the current year and included in the opening carrying amount of contract liabilities

Revenue recognized in the current year and included in the opening carrying amount of contract liabilities amounted to RMB229,478,299.47, including RMB194,527,512.59 from miscellaneous expenses, RMB10,593,138.00 generated from all-in charges for cargo handling due within one year, RMB17,980,068.83 from freight and contract income of RMB6,377,580.05 generated from other contracts.

(3) Qualitative and quantitative analysis on relevant contract liabilities

Contract liabilities mainly represent payments received by the Group for providing port operations services to customers. The payment shall be collected in accordance with the payment time agreed in the contract. The Group 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 increase in contract liabilities at the end of the year of RMB138,178,991.33 was mainly due to the increase in advances from customers arising from the increase in business volume of bulk and general cargo terminal and relevant logistics services at the end of the year.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

30. Employee benefits payable

(1) Classification of employee benefits payable

Item	Opening balance (Restated)	Increase in the year	Decrease in the year	Closing balance
I. Short-term benefits	325,362,445.99	2,689,259,058.33	2,734,183,196.30	280,438,308.02
II. Post-employment benefits – defined contribution plan	1,643,504.17	245,512,403.83	244,054,576.75	3,101,331.25
III. Termination benefits	–	863,065.44	863,065.44	–
Total	327,005,950.16	2,935,634,527.60	2,979,100,838.49	283,539,639.27

(2) Short-term employee benefits

Item	Opening balance (Restated)	Increase in the year	Decrease in the year	Closing balance
I. Wages and salaries, bonus, allowances and subsidies	282,833,780.10	1,451,362,240.83	1,500,145,456.82	234,050,564.11
II. Staff welfare	–	94,523,889.97	94,523,889.97	–
III. Social insurance contributions	4,977,448.27	129,356,093.30	127,104,369.93	7,229,171.64
Including: Medical insurance	4,891,387.73	106,514,536.70	104,262,943.63	7,142,980.80
Work injury insurance	30,139.98	12,390,155.27	12,390,024.97	30,270.28
Maternity insurance	55,920.56	8,420,536.38	8,420,536.38	55,920.56
Others	–	2,030,864.95	2,030,864.95	–
IV. Housing funds	3,969,100.00	154,250,670.40	152,852,005.40	5,367,765.00
V. Labour union funds and employee education funds	3,199,069.99	34,106,514.98	33,209,224.17	4,096,360.80
VI. Labour costs	10,728,518.20	786,318,656.96	786,308,808.25	10,738,366.91
VII. Other short-term employee benefits	19,654,529.43	39,340,991.89	40,039,441.76	18,956,079.56
Total	325,362,445.99	2,689,259,058.33	2,734,183,196.30	280,438,308.02

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

30. Employee benefits payable (continued)

(3) Defined contribution plans

Item	Opening balance (Restated)	Increase in the year	Decrease in the year	Closing balance
I. Basic pensions	601,034.00	204,341,418.86	204,339,319.82	603,133.04
II. Unemployment insurance	31,710.17	6,316,105.18	6,316,067.08	31,748.27
III. Payment of annuity	1,010,760.00	34,854,879.79	33,399,189.85	2,466,449.94
Total	1,643,504.17	245,512,403.83	244,054,576.75	3,101,331.25

31. Taxes payable

Item	Opening balance (Restated)	Provision in the year	Tax paid in the year	Closing balance
VAT	6,710,593.56	234,859,286.98	221,614,166.65	19,955,713.89
Corporate income tax	93,514,574.85	605,086,915.48	596,613,896.40	101,987,593.93
City maintenance and construction tax	366,566.65	16,043,705.27	15,518,463.34	891,808.58
Individual income tax	3,303,444.21	32,339,283.41	30,852,255.01	4,790,472.61
Educational surcharge	261,857.64	11,468,803.42	11,053,352.68	677,308.38
Other tax payable	14,916,903.89	113,899,130.53	99,506,249.18	29,309,785.24
Total	119,073,940.80	1,013,697,125.09	975,158,383.26	157,612,682.63

32. Other payables

Item	31 December 2021	31 December 2020 (Restated)
Interest payable	—	—
Dividends payable	109,959,372.43	153,269,260.93
Other payables	5,101,745,254.99	549,318,940.86
Total	5,211,704,627.42	702,588,201.79

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IX. Notes to items of the consolidated financial statements (continued)

32. Other payables (continued)

(1) Dividends payable

Item	Name of entity	31 December 2021	31 December 2020 (Restated)
Dividends of ordinary shares	Singapore Dalian Port Investment Pte. Ltd.	51,396,226.34	73,256,442.62
	COSCO SHIPPING Ports Development Co., Ltd.	7,235,007.25	10,312,253.08
	Nippon Yusen Kabushiki Kaisha	13,540,928.86	19,300,255.07
	COSCO SHIPPING Ports (Dalian) Limited	8,598,984.02	12,256,366.36
	China Shipping Terminal Development Co., Ltd.	21,724,789.52	30,964,934.78
	Dalian Bonded Zhengtong Co., Ltd.	5,779,554.22	5,779,554.22
	United States Sankyo Holdings Limited	935,490.12	777,474.89
	NYK Bulk & Projects Carriers Ltd.	748,392.10	621,979.91
Total		109,959,372.43	153,269,260.93

As at 31 December 2021, the balance of dividends payable aged over 1 year amounted to RMB5,779,554.22, which are dividends payable to be paid.

(2) Other payables

1) Other payables presented by nature

Item	31 December 2021	31 December 2020 (Restated)
Port construction and security expenses	1,791,804.52	29,604,205.19
Project expenses and guarantee deposit	320,667,434.62	259,250,008.80
Land compensation	7,500,000.00	35,070,000.00
Deposit and security deposit	84,051,731.32	48,971,868.43
Freight	5,780,651.87	7,180,847.55
Late fee	48,829,620.29	28,567,859.10
Last payment for assets acquisition (Note)	4,429,144,304.85	–
Others	203,979,707.52	140,674,151.79
Total	5,101,745,254.99	549,318,940.86

Note: As stated in Note VIII.3, Yingkou Ltd., a wholly-owned subsidiary of the Company, acquired related business and assets from Yingkou Port Group at the transaction consideration of RMB8,524,108,020.02 (excluding tax). In accordance with the transaction agreement, Yingkou Ltd. had made the first instalment of transaction amount totalling RMB4,524,108,020.02 to Yingkou Port Group on 14 December 2021, among which the settlement of bank acceptance notes was RMB179,826,643.55, and the remaining amount of RMB4,000,000,000.00 will be settled before 30 September 2022. In addition, the VAT of RMB429,144,304.85 related to the acquisition was outstanding as of 31 December 2021.

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IX. Notes to items of the consolidated financial statements (continued)

32. Other payables (continued)

(2) Other payables (continued)

2) Aging analysis of other payables

Aging	31 December 2021		31 December 2020 (Restated)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	4,925,423,546.71	96.54	301,395,557.38	54.87
1 to 2 years (including 2 years)	28,685,225.08	0.56	98,917,890.49	18.00
2 to 3 years (including 3 years)	72,734,675.50	1.43	65,350,566.18	11.90
Over 3 years	74,901,807.70	1.47	83,654,926.81	15.23
Total	5,101,745,254.99	100.00	549,318,940.86	100.00

3) Important other payables aged over one year

Name of entity	Amount owed	Aging	Reasons for non-repayment
Ocean Harvest Container Co., Ltd.	44,818,975.46	2-3 years	The condition for payment is unsatisfied
Muling Economic Development District Infrastructure Construction and Investment Co., Ltd.* (穆稜經濟開發區基礎設施建設投資有限公司)	14,006,954.00	Over 3 years	The condition for payment is unsatisfied
Dalian Beiliang Enterprise Group Co., Ltd.	7,500,000.00	Over 3 years	The condition for payment is unsatisfied
Total	66,325,929.46		

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

33. Non-current liabilities due within one year

Item	31 December 2021	31 December 2020 (Restated)
Long-term borrowings due within one year	13,346,515.48	7,569,355.88
Including: Credit borrowings	13,346,515.48	7,569,355.88
Long-term payables due within one year	7,570,000.00	32,557,811.11
Lease liabilities due within one year	140,945,888.73	188,762,319.58
Bonds payable due within one year	1,155,167,033.49	2,510,985,033.05
Total	1,317,029,437.70	2,739,874,519.62

34. Other current liabilities

Item	31 December 2021	31 December 2020 (Restated)
Output VAT on pending	18,200,512.62	12,032,491.04

35. Long-term borrowings

Type of borrowings	31 December 2021	31 December 2020 (Restated)
Credit borrowings	1,033,883,969.48	1,140,262,653.88
Less: Long-term borrowings due within one year (Note IX. 33)	13,346,515.48	7,569,355.88
Long-term borrowings due after one year	1,020,537,454.00	1,132,693,298.00

On 31 December 2021, the annual interest rate of the above borrowings was 3%-4.57% (31 December 2020: 3%-4.9%).

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

35. Long-term borrowings (continued)

The top five long-term borrowings by amount at the end of the year:

Lender	Commence date of borrowing	Termination date of borrowing	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	Statutory currency	Foreign currency	Statutory currency
Industrial and Commercial Bank of China	29 November 2017	28 November 2027	RMB	1-year LPR+0.05%	-	376,000,000.00	-	408,000,000.00
Industrial and Commercial Bank of China	2 May 2018	1 May 2028	RMB	1-year LPR+0.05%	-	288,000,000.00	-	396,000,000.00
China Development Bank	30 June 2020	30 June 2023	RMB	1-year LPR-0.85%	-	120,000,000.00	-	120,000,000.00
China Development Bank	23 August 2021	23 August 2024	RMB	1-year LPR-0.30%	-	100,000,000.00	-	-
Bank of China Limited	7 December 2015	6 March 2028	RMB	5-year LPR-0.75%	-	93,992,000.00	-	93,992,000.00

The maturity date of long-term borrowings is analyzed as follows:

Item	31 December 2021	31 December 2020 (Restated)
Expired within 1 year (including 1 year)	13,346,515.48	7,569,355.88
Expired within 2 years (including 2 years)	221,555,044.00	154,155,844.00
Expired within 3 to 5 years (including 3 years and 5 years)	604,784,810.00	620,463,532.00
Over 5 years	194,197,600.00	358,073,922.00
Total	1,033,883,969.48	1,140,262,653.88

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

36. Bonds payable

Item	31 December 2021	31 December 2020 (Restated)
Corporate bonds	2,486,907,371.14	3,547,236,158.87

(1) Change in bonds payable

Name of bonds	Par value	Date of issuance	Duration	Issue size	Opening balance	Issuance in the year	Accrued interests at par value	Amortisation of premium/ discount	Repayment in the year	Closing balance
Corporate bond (Note 1)	100.00	23 May 2011	10 years	2,350,000,000.00	2,425,373,005.71	-	47,940,137.70	1,236,856.59	2,474,550,000.00	-
Corporate bond (Note 2)	100.00	26 April 2017	5 years	1,070,000,000.00	1,103,122,200.80	-	51,359,999.98	1,470,175.57	51,360,000.00	1,104,592,376.35
Medium-term note (Note 3)	100.00	3 August 2018	5 years	2,500,000,000.00	2,529,725,985.41	-	122,250,000.00	7,756,042.87	122,250,000.00	2,537,482,028.28
Total				5,920,000,000.00	6,058,221,191.92	-	221,550,137.68	10,463,075.03	2,648,160,000.00	3,642,074,404.63
Less: Current portion of bonds payable due within 1 year					2,510,985,033.05					1,155,167,033.49
Bonds payable due after 1 year					3,547,236,158.87					2,486,907,371.14

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

36. Bonds payable (continued)

(1) Change in bonds payable (continued)

Note 1: Under Regulatory Permission [2011] No. 699 approved by China Securities Regulatory Commission, the Company issued corporate bonds on 23 May 2011. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 5.30%, which is payable every year. The related issuance expense amounts to RMB25,156,495.00. Such bonds were secured with an unconditional and irrevocable guarantee provided by PDA Group, an indirect controlling shareholder of the Company. The Company had settled such corporate bonds on 22 May 2021.

Note 2: Under Regulatory Permission [2016] No. 3075 approved by China Securities Regulatory Commission, the Company issued corporate bonds on 26 April 2017. The interest of such bonds is calculated by adopting the simple interest method on an annual basis at a fixed annual interest rate of 4.80%, which is payable every year. The related issuance expense amounts to RMB6,360,413.25.

Note 3: According to the Notice of Acceptance of Registration (ZhongShiXieZhu [2018] MTN360) issued by National Association of Financial Market Institutional Investors on 25 June 2018, the Company issued medium-term notes on 3 August 2018. The bond pays interest once a year at a fixed annual rate of 4.89%, and the relevant issuance fee is RMB38,056,000.00.

37. Lease liabilities

(1) Lease liabilities

Item	31 December 2021	31 December 2020 (Restated)
Lease liabilities	8,737,298,312.64	13,012,559,703.83
Unrecognised finance costs	4,117,229,146.66	6,266,510,683.83
Less: lease liabilities due within 1 year (Note IX. 33)	140,945,888.73	188,762,319.58
Lease liabilities due after 1 year	4,479,123,277.25	6,557,286,700.42

(2) Term of lease liabilities

Item	Closing balance
The first anniversary after the balance sheet date	140,945,888.73
The second anniversary after the balance sheet date	146,780,324.71
The third anniversary after the balance sheet date	150,170,933.46
Years thereafter	4,182,172,019.08
Total	4,620,069,165.98

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

38. Long-term payables

Item	31 December 2021	31 December 2020 (Restated)
Bond underwriting fee	7,500,000.00	15,000,000.00
Equity repurchase (Note 1)	17,500,000.00	17,500,000.00
Borrowings from related parties (Note 2)	70,000.00	44,127,811.11
Total	25,070,000.00	76,627,811.11
Less: long-term payables due within 1 year (Note IX. 33)	7,570,000.00	32,557,811.11
Long-term payables due after 1 year	17,500,000.00	44,070,000.00

Note 1: China Development Fund made capital contribution of RMB35,000,000.00 to Dalian Port Yidu Cold Chain Co., Ltd., a joint venture of Jifa Logistics, a subsidiary of the Group. After the capital increase, the shareholding ratio of Jifa Logistics decreased from 50% to 46.6%. According to the investment contract, Jifa Logistics has the obligation to unconditionally repurchase the shares held by the China Development Fund before the capital increase since 10 December 2030. The Group confirms the long-term payable according to the repurchase obligation.

Note 2: Dalian Gangrun Gas Co., Ltd., a subsidiary of the Group, obtained borrowings of RMB70,000.00 from its another shareholder, Dalian FTZ Huarun Gas Co., Ltd. The borrowings was interest-free with a term of 24 months commencing from 23 August 2020.

The maturity date of long-term payable is analyzed as follows:

Item	31 December 2021	31 December 2020 (Restated)
Due within 1 year (including 1 year)	7,570,000.00	32,557,811.11
Due within 2 years (including 2 years)	-	26,570,000.00
Due within 3 to 5 years (including 3 years and 5 years)	-	-
Over 5 years	17,500,000.00	17,500,000.00
Total	25,070,000.00	76,627,811.11

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

39. Estimated liabilities

Item	Opening balance (Restated)	Increase in the year	Decrease in the year	Closing balance
Pending litigation (Note)	32,760,218.42	179,547,885.91	–	212,308,104.33

Note: Yingkou Ltd. and DCT Logistics, subsidiaries of the Group, provided for provisions of RMB32,760,218.42 and RMB179,547,885.91 respectively for pending litigations. See Note XIII.1 for details.

40. Deferred income

Item	Opening balance (Restated)	Increase in the year	Decrease in the year	Closing balance
Government grants	549,147,318.64	200,000.00	45,586,092.72	503,761,225.92

Items involved in government grants are as follows:

Item	Opening balance (Restated)	Increase in the year	Included in other income in the year	Included in non-operating income in the year	Decrease in others	Closing balance	Related to assets/income
Relocation compensation	336,601,742.93	–	25,903,836.39	–	–	310,697,906.54	Related to assets
Production safety	25,812,139.35	–	1,271,978.56	–	–	24,540,160.79	Related to assets
Sea-rail combined transport subsidies	10,106,907.27	–	2,829,452.91	–	–	7,277,454.36	Related to assets
Transport junction passenger station project	102,605,414.88	–	4,773,910.88	–	–	97,831,504.00	Related to assets
Operation subsidies	8,250,000.00	–	–	–	–	8,250,000.00	Related to assets
Energy conservation and emission reduction special fund	7,986,627.47	–	939,966.24	258,299.14	–	6,788,362.09	Related to assets
Equipment reconstruction subsidies	53,011,136.00	–	8,676,663.82	–	–	44,334,472.18	Related to assets
Others	4,773,350.74	200,000.00	638,844.69	–	293,140.09	4,041,365.96	Related to assets
Total	549,147,318.64	200,000.00	45,034,653.49	258,299.14	293,140.09	503,761,225.92	

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

41. Other non-current liabilities

Item	31 December 2020 (Restated)	Increase in the year	Decrease in the year	31 December 2021
All-in charges for cargo handling	87,355,256.65	–	12,226,243.74	75,129,012.91
Less: All-in charges for cargo handling due within 1 year	17,700,000.00			13,728,000.00
Other non-current liabilities due after 1 year	69,655,256.65			61,401,012.91

On 18 January 2013, the Company entered into a cooperation agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd. Chinatex Grains and Oils (Heilongjiang) Co., Ltd. paid in advance the all-in charges for full-service logistics including distribution services and port operations to the Company with an amount of RMB112 million. The first seven years were the deduction period for prepaid the all-in charges for full-service logistics of the contract, the interest rate was with reference to the People's Bank of China Loan Rate and the last three years represent the preferential period. On 1 June 2016, the Company signed a supplementary agreement with Chinatex Grains and Oils (Heilongjiang) Co., Ltd., and the cooperation period was extended for three years, that is, the first year to the seventh year is the interest-bearing deduction period for prepaid the all-in charges for full-service logistics. The eighth to tenth years are non-interest-bearing deduction periods, and the eleventh to thirteenth years are preferential periods.

42. Share capital

Item	Opening balance (Restated)		Increase in the year	Decrease in the year	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
RMB-denominated ordinary shares (Note 1)	7,735,820,000.00	59.99	11,092,529,817.00	–	18,828,349,817.00	78.49
Foreign shares listed overseas (Note 2)	5,158,715,999.00	40.01	–	–	5,158,715,999.00	21.51
Total	12,894,535,999.00	100.00	11,092,529,817.00	–	23,987,065,816.00	100.00

Note 1: As mentioned in Note I, the Company had issued 9,728,893,454 RMB ordinary shares this year to merge with Yingkou Port by absorption through share swap and 1,363,636,363 RMB ordinary shares (A shares) to eight specific investors including Anshan Iron & Steel Co. Ltd., for fundraising. Ernst & Young Hua Ming LLP has verified the above new share capital and issued the capital verification report Ernst & Young Hua Ming (2021) Yan Zi No. 60777447_E01 and No. 60777447_E03.

Note 2: As at 31 December 2021, 722,166,000 shares of foreign shares overseas listed were held by PDA Group through HKSCC Nominees Limited (31 December 2020: 722,166,000).

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

43. Capital surplus

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
Capital premium	17,844,155,512.30	717,440,063.56	9,734,136,036.29	8,827,459,539.57
Including: Ordinary shares invested by shareholders (Note 1)	17,844,155,512.30	717,440,063.56	9,734,136,036.29	8,827,459,539.57
Other capital surplus	2,382,204,786.13	2,209,892.99	2,189,627,812.67	194,786,866.45
Including: Other changes in owners' equity after deducting net profit or loss, profit distribution, change in other comprehensive income of investees under equity method (Note 2)	19,820,548.67	2,209,892.99	–	22,030,441.66
Others (Note 3)	2,362,384,237.46	–	2,189,627,812.67	172,756,424.79
Total	20,226,360,298.43	719,649,956.55	11,923,763,848.96	9,022,246,406.02
2020 (Restated)				
Capital premium	17,844,155,512.30	–	–	17,844,155,512.30
Including: Ordinary shares invested by shareholders	17,844,155,512.30	–	–	17,844,155,512.30
Other capital surplus	2,380,402,520.32	1,802,265.81	–	2,382,204,786.13
Including: Other changes in owners' equity after deducting net profit or loss, profit distribution, change in other comprehensive income of investees under equity method (Note 2)	18,018,282.86	1,802,265.81	–	19,820,548.67
Others	2,362,384,237.46	–	–	2,362,384,237.46
Total	20,224,558,032.62	1,802,265.81	–	20,226,360,298.43

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

43. Capital surplus (continued)

Note 1: As mentioned in Note I, the Company merged with Yingkou Port by absorption through share swap, constituting a business combination under the common control and retrospectively adjusted the comparative financial statements. On 4 February 2021, the combination day, the Company had issued 9,728,893,454 RMB ordinary shares to the former shareholders of Yingkou Port and paid RMB5,242,582.29 of stamp duty, resulting in a decrease of RMB9,734,136,036.29 in capital reserves. In order to raise fund, the Company had issued 1,363,636,363 RMB ordinary shares to eight specific investors including Anshan Iron & Steel Co. Ltd., and net value of the fund raised was RMB2,082,149,999.02 after deducting the issuance and underwriting expenses. The stamp duty paid was RMB1,073,572.46, and the increases in share capitals and capital reserves were RMB1,363,636,363.00 and RMB717,440,063.56, respectively.

Note 2: The joint ventures and affiliates invested by the Group made appropriation to special reserves this year, resulting in an increase in the Group's capital reserve of RMB2,209,892.99 (2020: RMB1,802,265.81).

Note 3: As mentioned in Note VIII.3, Yingkou Ltd., a subsidiary of the Company, acquired the assets related to coal business, barge business and hydropower business from Yingkou Port Group, constituting a business combination under the common control and retrospectively adjusted the related items in comparative consolidated financial statements. On 14 December 2021, the combination day, Yingkou Ltd., paid relevant transaction consideration totaling RMB2,341,776,759.19 to Yingkou Port Group. There was an increase of RMB152,148,946.52 in capital surplus due to deferred taxes arising from the changes of tax bases of such assets on the combination day, which resulted in a decrease in capital surplus of RMB2,189,627,812.67 in total.

44. Other comprehensive income

Cumulative balance of other comprehensive income attributable to the parent company in the consolidated balance sheet is as follows:

31 December 2021

	Opening balance	Increase or decrease	Closing balance
Changes in fair value of other equity instrument investments	44,611,390.76	-18,440,050.63	26,171,340.13
Differences on translation of foreign currency financial statements	39,945,751.57	-7,023,129.19	32,922,622.38
Total	84,557,142.33	-25,463,179.82	59,093,962.51

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

44. Other comprehensive income (continued)

31 December 2020 (Restated)

	Opening balance	Increase or decrease	Closing balance
Changes in fair value of other equity instrument investments	33,066,665.70	11,544,725.06	44,611,390.76
Differences on translation of foreign currency financial statements	37,876,693.23	2,069,058.34	39,945,751.57
Total	70,943,358.93	13,613,783.40	84,557,142.33

The current amount of other comprehensive income in the consolidated income statement:

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	Amount incurred before tax	Less: Previously included in other comprehensive income, transferred to current profit and loss	Less: Previously included in other comprehensive income, transferred to current retained earnings	Less: Income tax	Attributable to shareholders of the parent company	Attributable to minority shareholders
Changes in fair value of other equity instrument investments	-24,775,785.00	-	-	-6,193,946.25	-18,440,050.63	-141,788.12
Differences on translation of foreign currency financial statements	-7,023,129.19	-	-	-	-7,023,129.19	-
Total	-31,798,914.19	-	-	-6,193,946.25	-25,463,179.82	-141,788.12

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

44. Other comprehensive income (continued)

2020 (Restated)

	Amount incurred before tax	Less: Previously included in other comprehensive income, transferred to current profit and loss	Less: Previously included in other comprehensive income, transferred to current retained earnings	Less: Income tax	Attributable to shareholders of the parent company	Attributable to minority shareholders
Changes in fair value of other equity instrument investments	14,285,074.32	-	-	3,571,268.58	11,544,725.06	-830,919.32
Differences on translation of foreign currency financial statements	2,069,058.34	-	-	-	2,069,058.34	-
Total	16,354,132.66	-	-	3,571,268.58	13,613,783.40	-830,919.32

45. Special reserves

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
31 December 2021				
Safety production fee	77,238,967.01	93,742,936.88	78,288,361.64	92,693,542.25
31 December 2020 (Restated)				
Safety production fee	33,734,678.41	111,549,981.73	68,045,693.13	77,238,967.01

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

46. Surplus reserve

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
31 December 2021				
Statutory surplus reserve	1,169,649,197.02	176,349,191.70	-	1,345,998,388.72
Reserve fund	353,065.88	-	-	353,065.88
Discretionary surplus reserve	620,468.49	-	-	620,468.49
Total	1,170,622,731.39	176,349,191.70	-	1,346,971,923.09
31 December 2020 (Restated)				
Statutory surplus reserve	986,475,864.77	183,173,332.25	-	1,169,649,197.02
Reserve fund	353,065.88	-	-	353,065.88
Discretionary surplus reserve	620,468.49	-	-	620,468.49
Total	987,449,399.14	183,173,332.25	-	1,170,622,731.39

In accordance with the Company Law of the PRC and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital.

After the Company makes appropriation to the statutory surplus reserve, it can make appropriation to the discretionary surplus reserve. The discretionary surplus reserve can be used to make up for the loss in previous years or increase the paid-in capital after approval.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

47. Undistributed profits

Item	31 December 2021	31 December 2020 (Restated)
Undistributed profit at the end of last year before adjustment	2,387,731,786.23	1,930,530,105.98
Total amount of undistributed profit at the beginning of the year after adjustment (Notes 1&3)	393,427,948.57	-74,814,672.24
Undistributed profit at the beginning of the year after adjustment	2,781,159,734.80	1,855,715,433.74
Increase in the year	1,916,076,220.45	2,053,091,078.19
Among which: Net profit attributable to the parent company in the year	1,916,076,220.45	2,053,091,078.19
Decrease in the year	1,259,273,119.50	1,127,646,777.13
Among which: Appropriation to statutory surplus reserve in the year	176,349,191.70	183,173,332.25
Distribution of profits (Note 2)	678,702,883.59	581,488,438.58
Appropriation to employees' bonus and welfare fund in subsidiaries	5,123,909.13	6,498,188.61
Other (Note 3)	399,097,135.08	356,486,817.69
Closing balance in the year	3,437,962,835.75	2,781,159,734.80

Note 1: As mentioned in Note VIII.3, the Company merged with Yingkou Port by absorption through share swap, constituting a business combination under the common control. The retrospectively adjustment of the related items in comparative consolidated financial statements found the total decrease in undistributed profits on 1 January 2021 was RMB692,934,749.52 (1 January 2020: undistributed profits was increased by RMB43,847,285.01).

Note: 2 According to the resolution of the Board of Directors held on 25 March 2021 of the Company, the profit distribution for 2020 is calculated based on the number of ordinary shares outstanding 22,623,429,453 shares, and a cash dividend of RMB0.3 (including tax) is distributed to all shareholders for every 10 shares. Cash dividends of RMB678,702,883.59 were distributed. The above dividend distribution plan has been approved by the Company's shareholders meeting held on 16 June 2021.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

47. Undistributed profits (continued)

Note 3: As mentioned in Note VIII.3, Yingkou Ltd., a subsidiary of the Company, acquired the assets related to coal business, barge business and hydropower business from Yingkou Port Group, constituting a business combination under the common control and retrospectively adjusted the related items in comparative consolidated financial statements. The undistributed profit on 1 January 2021 decreased by RMB299,506,800.95 (1 January 2020: undistributed profit was decreased by RMB118,661,957.25). In 2021, such business units submitted profits of RMB399,097,135.08 to their former owner Yingkou Port Group (2020: RMB356,486,817.69).

48. Revenue and cost

Item	2021		2020 (Restated)	
	Revenue	Cost	Revenue	Cost
Principal operations	11,881,383,284.89	8,077,067,297.50	11,687,259,835.10	7,476,448,861.61
Other operations	466,171,323.12	441,263,158.55	437,672,316.45	401,989,613.10
Total	12,347,554,608.01	8,518,330,456.05	12,124,932,151.55	7,878,438,474.71

Revenue is as follows:

Item	2021	2020 (Restated)
Revenue arising from the transactions with the customers	12,122,414,522.05	11,907,111,420.87
Leasing income	225,140,085.96	217,820,730.68
Total	12,347,554,608.01	12,124,932,151.55

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

48. Revenue and cost (continued)

The composition of the revenue is as follows:

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Major operating region	Commodity	Labour services or services	Others	Total
Dalian	87,901,007.23	6,068,961,343.45	308,093,866.45	6,464,956,217.13
Yingkou	83,207,579.91	5,532,431,435.71	167,900,825.50	5,783,539,841.12
Others	–	98,958,629.00	99,920.76	99,058,549.76
Total	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01

Principal business segment	Commodity	Labour services or services	Others	Total
Container terminal and related logistics and trading services	920,203.69	3,586,249,938.27	126,376,827.36	3,713,546,969.32
Oil/liquefied chemicals terminal and related logistics and trading services	27,229,543.36	1,677,227,892.45	45,924,674.26	1,750,382,110.07
Bulk and general cargo terminal and related logistics services	600,115.66	4,701,119,929.74	36,467,699.97	4,738,187,745.37
Bulk grain terminal and related logistics and trading services	–	529,282,588.48	9,658,017.79	538,940,606.27
Passenger and roll-on/roll-off terminal and related logistics services	1,537,114.31	135,168,072.81	10,810,626.40	147,515,813.52
Port value-added and ancillary services	140,821,610.12	963,090,281.62	119,233,897.35	1,223,145,789.09
Automobile terminal and related logistics services and trading services	–	56,107,698.89	3,271,931.22	59,379,630.11
Others	–	52,105,005.90	124,350,938.36	176,455,944.26
Total	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

48. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2021 (continued)

Reporting segment	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	34,199,124.29	-	-	34,199,124.29
Revenue from electricity supply services	136,909,462.85	-	-	136,909,462.85
Recognised over a certain period				
Revenue from logistics services	-	634,639,553.37	-	634,639,553.37
Revenue from project construction and inspection services	-	125,357,114.44	-	125,357,114.44
Revenue from transportation	-	1,251,368,537.72	-	1,251,368,537.72
Revenue from port operation services	-	9,247,244,053.32	-	9,247,244,053.32
Revenue from port management services	-	383,907,664.89	-	383,907,664.89
Revenue from tallying services	-	53,942,760.66	-	53,942,760.66
Revenue from information services	-	3,891,723.76	-	3,891,723.76
Others	-	-	250,954,526.75	250,954,526.75
Others				
Revenue from leasing services	-	-	225,140,085.96	225,140,085.96
Total	171,108,587.14	11,700,351,408.16	476,094,612.71	12,347,554,608.01

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

48. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2020

Major operating region	Commodity	Labour services or services	Others	Total
Dalian	101,208,402.97	6,015,521,455.95	311,084,124.30	6,427,813,983.22
Yingkou	70,171,686.46	5,376,897,977.66	164,259,588.28	5,611,329,252.40
Others	37,320.24	85,746,942.86	4,652.83	85,788,915.93
Total	171,417,409.67	11,478,166,376.47	475,348,365.41	12,124,932,151.55

Principal business segment	Commodity	Labour services or services	Others	Total
Container terminal and related logistics and trading services	7,854,489.53	3,352,297,068.92	119,023,887.98	3,479,175,446.43
Oil/liquefied chemicals terminal and related logistics and trading services	28,259,579.98	1,749,517,068.51	53,630,978.72	1,831,407,627.21
Bulk and general cargo terminal and related logistics services	561,962.70	4,499,337,366.89	34,528,477.64	4,534,427,807.23
Bulk grain terminal and related logistics and trading services	–	540,196,093.59	15,777,924.61	555,974,018.20
Passenger and roll-on/roll-off terminal and related logistics services	520,799.55	129,830,489.89	10,720,658.51	141,071,947.95
Port value-added and ancillary services	119,116,152.76	1,113,618,873.16	110,945,473.88	1,343,680,499.80
Automobile terminal and related logistics services and trading services	15,104,425.15	47,488,351.78	1,592,220.06	64,184,996.99
Others	–	45,881,063.73	129,128,744.01	175,009,807.74
Total	171,417,409.67	11,478,166,376.47	475,348,365.41	12,124,932,151.55

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

48. Revenue and cost (continued)

The composition of the revenue is as follows: (continued)

2020 (continued)

Reporting segment	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	29,022,738.01	–	–	29,022,738.01
Revenue from electricity supply services	120,664,056.79	–	–	120,664,056.79
Revenue from commodity trading	21,730,614.87	–	–	21,730,614.87
Recognised over a certain period				
Revenue from logistics services	–	400,011,522.70	–	400,011,522.70
Revenue from project construction and inspection services	–	135,794,647.87	–	135,794,647.87
Revenue from transportation	–	1,240,372,207.96	–	1,240,372,207.96
Revenue from port operation services	–	9,251,685,744.52	–	9,251,685,744.52
Revenue from port management services	–	314,740,050.23	–	314,740,050.23
Revenue from tallying services	–	57,845,573.22	–	57,845,573.22
Revenue from information services	–	77,716,629.97	–	77,716,629.97
Others	–	–	257,527,634.73	257,527,634.73
Others				
Revenue from leasing services	–	–	217,820,730.68	217,820,730.68
Total	171,417,409.67	11,478,166,376.47	475,348,365.41	12,124,932,151.55

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

48. Revenue and cost (continued)

The information on performance obligations of the Group is as follows:

Sales of goods

Performance obligations are satisfied when delivering goods to customers. For old customers, the contract price is usually due and payable within 30 to 90 days after the goods are delivered; for new customers, prepayment is usually required.

Port operation services

Performance obligations are satisfied within the time frame of service provision. For old customers, the customer usually pays the contract price after the operation is completed and upon confirmed by the customer; for new customers, prepayment is usually required.

Logistics and agency services

Performance obligations are satisfied within the time frame of service provision. For old customers, the customer usually pays the contract price after the logistics service is completed and upon confirmed by the customer; for new customers, prepayment is usually required.

Engineering construction and supervision services

Performance obligations are satisfied within the time frame when the service is provided, and the contract price is usually paid within 30 days after the settlement of each project node. Under general circumstance, the customer retains a certain percentage of guarantee deposit, which is usually paid after the expiration of the warranty period.

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

Item	2021	2020 (Restated)
Within 1 year	464,717,261.63	322,003,106.97
Over 1 year	61,874,705.90	70,164,034.74
Total	526,591,967.53	392,167,141.71

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

49. Taxes and surcharges

Item	2021	2020 (Restated)
Land use tax	41,205,240.86	33,155,164.07
Property tax	23,701,403.51	22,434,517.20
City maintenance and construction tax	16,043,705.27	20,346,671.03
Educational surcharge	11,468,803.42	14,536,550.99
Environmental protection tax	4,895,285.86	7,107,444.14
Stamp duty	23,711,639.70	4,224,804.85
Vehicle and vessel use tax	2,806,117.68	2,924,579.40
Others	5,449,277.83	8,324,694.77
Total	129,281,474.13	113,054,426.45

50. Administrative expenses

Item	2021	2020 (Restated)
Payroll	535,427,741.79	518,709,639.80
Labour cost	26,302,029.26	25,106,983.67
Depreciation and amortisation	52,604,752.07	48,050,836.74
Business entertainment expense	15,141,826.60	17,303,546.15
Office charges	8,922,827.74	9,930,177.37
Agency engagement expenses	31,423,938.81	68,761,752.51
Including: Audit fee	5,818,371.68	11,384,196.28
Property insurance premium	5,969,946.99	6,196,451.81
Water, power and other energy consumption cost	2,973,401.20	5,154,255.61
Telephone charges and internet access charges	41,133,724.75	29,267,141.14
Vehicle expenses	14,438,714.34	13,739,380.57
Others	65,003,488.65	77,953,491.11
Total	799,342,392.20	820,173,656.48

51. Research and development expenses

Item	2021	2020 (Restated)
Payroll	8,162,286.34	16,853,630.24
Depreciation and amortisation	212,614.37	1,366,820.94
Others	931,745.91	216,998.96
Total	9,306,646.62	18,437,450.14

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

52. Financial expenses

Item	2021	2020 (Restated)
Interest expenses	632,573,123.30	823,228,327.34
Including: Bank and other borrowings	52,321,814.16	88,044,644.98
Interest of bonds	232,013,212.71	371,892,106.38
Interest expenses of lease liabilities	348,238,096.43	363,291,575.98
Less: Capitalised interest expenses	–	1,313,900.96
Less: Interest income	104,567,205.11	96,437,344.68
Net foreign exchange losses (“-” for net gain)	-3,101,268.89	1,641,423.32
Others	1,474,265.77	1,317,331.99
Total	526,378,915.07	728,435,837.01

The amount of capitalised borrowing costs has been included in construction in progress.

53. Other income

Item	2021	2020 (Restated)
Government subsidies related to daily activities	111,098,221.73	88,688,166.70
Refund of commission for paying individual income tax	1,428,968.11	1,711,595.74
Additional deduction of VAT	36,432,736.10	28,696,015.40
Total	148,959,925.94	119,095,777.84

Government subsidies related to daily activities are as follows:

Item	2021	2020 (Restated)	Related to assets/income
Relocation compensation	25,903,836.39	27,031,975.66	Related to assets
Production safety fund	1,271,978.56	1,271,978.56	Related to assets
Vessel acquisition subsidies	–	517,478.20	Related to assets
Energy conservation and emission reduction special fund	939,966.24	874,605.92	Related to assets
Equipment reconstruction subsidies	8,676,663.82	8,060,273.15	Related to assets
Sea-rail combined transport subsidies	2,829,452.91	2,191,030.92	Related to assets
Transport junction passenger station project	4,773,910.88	3,412,885.44	Related to assets
Others related to assets	638,844.69	1,044,191.76	Related to assets
Operation subsidies	65,273,786.29	35,473,163.49	Related to income
Stable position subsidies	570,213.07	8,736,233.16	Related to income
Container subsidies	69,860.00	59,780.00	Related to income
Others related to income	149,708.88	14,570.44	Related to income
Total	111,098,221.73	88,688,166.70	

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

54. Investment income

Item	2021	2020 (Restated)
Investment income from long-term equity investments under the equity method	322,022,018.21	328,156,179.50
Investment income from disposal of subsidiaries	19,639,517.15	13,548,342.78
Investment income from disposal of long-term equity investments	15,589.45	–
Investment income from held-for-trading financial assets during the period of holding	–	53,190.00
Dividend income from other investments on hand in equity instruments	10,502,840.09	1,134,967.00
Investment income from disposal of held-for-trading financial assets	25,965,850.49	31,878,450.06
Others	2,976,052.80	5,372,800.06
Total	381,121,868.19	380,143,929.40

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

55. Gains on changes in fair value

Item	2021	2020 (Restated)
Financial assets at fair value through current profit or loss	–	-323,118.00
Including: Investments in equity instruments held for trading	–	-323,118.00

56. Credit impairment losses

Item	2021	2020 (Restated)
Impairment losses on accounts receivable	-96,737,653.76	-93,086,353.63
Impairment losses on other receivables	-17,969,608.25	-11,774,966.33
Impairment losses on non-current assets due within 1 year	-795,000.00	–
Impairment losses on long-term receivables	799,537.98	-800,478.73
Total	-114,702,724.03	-105,661,798.69

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

57. Impairment losses on assets

Item	2021	2020 (Restated)
Impairment losses on inventories	–	-1,457,110.59
Impairment loss on long-term equity investment	-8,468,465.03	–
Impairment losses on fixed assets	-44,992,613.52	-13,765,697.89
Impairment losses on construction in progress	–	-24,256,173.96
Impairment losses on goodwill	-6,218,460.29	-97,144,359.35
Total	-59,679,538.84	-136,623,341.79

58. Gain on disposal of assets

Item	2021	2020 (Restated)	Amount recognized as non-recurring profit or loss
Gain on disposal of non-current assets	144,560,327.91	34,263,275.42	144,560,327.91
Including: Gain on disposal of fixed assets	3,448,479.65	-335,654.07	3,448,479.65
Gain on disposal of right-of-use assets	141,111,848.26	34,598,929.49	141,111,848.26

59. Non-operating income

Item	2021	2020 (Restated)	Amount recognized as non-recurring profit or loss
Government grants	258,299.14	3,260,520.36	258,299.14
Income from demolition compensation	11,670,135.87	–	11,670,135.87
Late fee	95,833.33	1,682,714.85	95,833.33
Income from refund of port construction handling fees	53,046.17	1,878,245.55	53,046.17
Insurance claims	258,200.86	1,572,940.20	258,200.86
Forfeiture and penalty income	9,486,004.47	2,747,855.78	9,486,004.47
Amount requiring no payment	–	2,486,067.14	–
Revenues from disposal of waste and old materials	7,387,186.76	45,461.89	7,387,186.76
Others	2,856,802.89	3,118,695.61	2,856,802.89
Total	32,065,509.49	16,792,501.38	32,065,509.49

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

59. Non-operating income (continued)

Details of government grants not related to daily activities are as follows:

Item	2021	2020 (Restated)
Energy conservation and emission reduction special fund	258,299.14	259,860.36
Operation subsidies	-	3,000,660.00
Total	258,299.14	3,260,520.36

60. Non-operating expenses

Item	2021	2020 (Restated)	Amount recognized as non-recurring profit or loss
Losses on obsolescence of fixed assets	12,891,563.62	9,825,344.83	12,891,563.62
Late fee	46,449,148.03	23,953,579.27	46,449,148.03
Estimated compensation of pending lawsuits (Note XIII.1)	179,547,885.91	-	179,547,885.91
Others	3,913,814.79	4,155,125.31	3,913,814.79
Total	242,802,412.35	37,934,049.41	242,802,412.35

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

61. Income tax expenses

(1) Income tax expenses

Item	2021	2020 (Restated)
Current income tax expenses	605,086,915.48	652,212,288.98
Deferred income tax expenses	-28,845,128.67	-46,119,103.62
Total	576,241,786.81	606,093,185.36

(2) The reconciliation of the accounting profit to the income tax expenses

Item	2021	2020 (Restated)
Accounting profit	2,654,437,680.25	2,836,145,482.91
Income tax expense at the rate of 25% (2020: 25%)	663,609,420.06	709,036,370.73
Tax impact of expenses not deductible for tax purposes	6,703,683.00	10,876,046.90
Tax impact of income not subject to tax	-169,098,365.77	-146,981,519.41
Tax impact of unrecognised deductible losses and deductible temporary differences in the year	83,048,640.42	38,675,225.35
Tax impact of utilisation of unrecognized deductible losses and deductible temporary differences in previous years	-8,767,420.69	-1,734,609.15
Effect of different tax rates applicable to subsidiaries	-2,723,286.32	-4,081,179.54
Supplement (refund) tax charges of the former year	4,511,783.93	-9,052,329.76
Others	-1,042,667.82	9,355,180.24
Total	576,241,786.81	606,093,185.36

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

62. Classification of expenses by nature

The operating costs, administrative expenses and research and development expenses classified in the Company's profits classified by nature are as follows:

Item	2021	2020 (Restated)
Cost of goods sold	97,003,741.14	137,602,514.55
Labor cost	2,935,634,527.60	2,796,548,869.79
Depreciation and amortisation	2,275,073,926.88	2,106,814,861.33
Out-sourced operation expenses	803,730,551.40	700,740,497.08
Logistics services costs	602,978,028.62	450,513,611.49
Cost for tank leasing	266,731,132.30	257,952,831.18
Repair charges	245,556,759.13	269,637,125.26
Fuel expenses	242,027,989.82	247,461,545.57
Materials expenses	224,151,300.02	241,548,376.79
Electricity expenses	182,108,437.23	169,921,459.46
Production safety fund	113,143,517.93	135,826,062.55
Rentals	109,802,100.06	117,176,842.69
Railway usage fees and weighing fees	106,660,896.12	122,539,226.75
IT expenses	73,410,107.69	75,900,317.32
Commuting cost	37,684,374.49	36,159,181.05
Agency engagement expenses	31,423,938.81	68,761,752.51
Insurance expenses	30,539,066.00	29,576,031.97
Office expenses	18,280,902.49	20,621,989.44
Property management expenses	15,851,962.79	15,317,998.12
Water expenses	14,997,536.43	18,151,768.66
Business entertainment expenses	15,141,826.60	17,303,546.15
Travel expenses	8,287,405.86	8,685,376.22
Other expenses	876,759,465.46	672,287,795.40
Total	9,326,979,494.87	8,717,049,581.33

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

63. Lease

(1) Lessor of operating leases

Item	2021	2020 (Restated)
I. Income		
Leasing income	225,140,085.96	217,820,730.68
II. Undiscounted lease receipts that will be received each year of five consecutive fiscal years after the balance sheet date		
The first year	83,626,072.61	79,729,698.10
The second year	33,511,879.65	51,095,486.50
The third year	27,155,550.23	34,835,239.09
The fourth year	13,650,680.09	22,616,561.23
The fifth year	467,200.00	14,333,425.15

- The Group leases part of buildings for a lease term of 0.5-30 years, forming an operating lease. According to the lease contract, the rental is required to be adjusted every year according to the market rental situation. The Group also leases part of vessels, storage facilities, machinery and equipment, land use rights, etc., for a lease term of 1-30 years, forming an operating lease.
- The Group is of the view that there was no improper use of lease assets, and the unguaranteed balance of such asset will not expose significant risks to the Group.
- Income for the year relating to operating leases amounted to RMB225,140,085.96 (2020: RMB217,820,730.68); there was no income related to variable lease payments that were not included in the lease receipts.

(2) Lessee of leases

Item	2021	2020 (Restated)
Interest expenses of lease liabilities	348,238,096.43	363,291,575.98
Short-term lease expenses included in current profit or loss	109,780,372.15	117,008,260.40
Low-value asset lease expenses	21,727.91	168,582.29
Total cash outflows related to lease	631,548,527.46	519,877,071.09

Fixed assets under operating lease include buildings and land use rights, warehouse, vehicles, port and terminal facilities and other equipment leased from related parties and third parties by the Group. The Group has the option to renew or terminate the lease. The lease term includes the period covered by an option to renew the lease.

Please refer to Note IX. 17 for details of right-of-use assets; refer to Note IV. 26 for details of short-term leases and low-value asset leases using simplified treatment; and refer to Note IX. 37 for details of lease liabilities.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

64. Earnings per share (“EPS”)

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

The calculation of the basic EPS is as follows:

Item	2021	2020 (Restated)
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	1,916,076,220.45	2,053,091,078.19
Continuing operation	1,916,076,220.45	2,053,091,078.19
Shares		
Weighted average number of ordinary shares in issue	22,850,702,180.17	22,623,429,453.00
Basic earnings per share	0.08	0.09

As at 31 December 2021 and 31 December 2020, there were no dilutive potential ordinary shares in issue.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

65. Items of the consolidated statement of cash flows

(1) Other cash received/paid relating to operating/investing/financing activities

Item	2021	2020 (Restated)
Other cash received relating to operating activities		
Bank interest income received	128,597,346.91	68,884,072.06
Government grants received	19,135,690.20	38,165,056.76
Deposits and margins received	81,836,836.99	50,248,582.79
Others	46,287,427.71	56,711,849.75
Total	275,857,301.81	214,009,561.36
Other cash paid relating to operating activities		
Payment of operating cost, administrative expenses and other daily expenses	193,528,499.21	223,652,081.61
Payment of deposits and margins	75,645,642.85	42,371,167.36
Payment of restricted cash with financial institutions	18,230,794.72	216,107,800.40
Others	40,580,072.26	40,616,777.31
Total	327,985,009.04	522,747,826.68
Other cash received relating to investing activities		
Cash received from restricted cash with financial institutions	828,800.00	2,234,715.21
Net cash from subsidiaries received	-	1,662,174.84
Borrowings from related parties	50,000,000.00	25,000,000.00
Retured land premium received	12,608,120.00	-
Others	-	79,847.50
Total	63,436,920.00	28,976,737.55
Other cash paid relating to investing activities		
Restricted cash with financial institutions	1,602,347.00	3,878,353.77
Borrowings from related parties	-	54,700,000.00
Disposal of cash and cash equivalents held by the subsidiaries	109,823,075.29	-
Others	-	9,222.24
Total	111,425,422.29	58,587,576.01
Other cash paid relating to financing activities		
Consideration of business combinations under common control	1,193,478,207.87	-
Lease payment paid	521,746,427.40	402,700,228.40
Bonds issuance expense paid	7,500,000.00	7,500,000.00
Shares issuance expense paid	5,909,486.84	103,804.20
Total	1,728,634,122.11	410,304,032.60

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

65. Items of the consolidated statement of cash flows (continued)

(2) Supplementary information to the statement of cash flows

Item	2021	2020 (Restated)
1.Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,078,195,893.44	2,230,052,297.55
Add: Provision for credit impairments	114,702,724.03	105,661,798.69
Provision for assets impairments	59,679,538.84	136,623,341.79
Depreciation of fixed assets	1,778,866,496.18	1,655,527,331.66
Depreciation of investment properties	28,633,931.64	7,734,622.68
Amortisation of intangible assets	125,132,603.79	115,139,023.39
Provision for depreciation of right-of-use assets	324,249,079.81	311,800,979.42
Amortisation of long-term prepaid expenses	18,191,815.46	16,612,904.18
Amortisation of deferred income	-45,292,952.63	-44,664,279.97
Losses from disposal of fixed assets, intangible assets and other long-term assets (“-” for gain)	-144,560,327.91	-34,263,275.42
Losses on obsolescence of fixed assets (“-” for gain)	12,891,563.62	9,825,344.83
Financial expenses (“-” for gain)	629,471,854.41	823,555,849.70
Losses on investment (“-” for gain)	-381,121,868.19	-380,143,929.40
Losses or gains on changes in fair value (“-” for gain)	-	323,118.00
Decrease in deferred income tax assets (“-” for increase)	-7,949,946.46	-42,327,221.40
Increase in deferred income tax liabilities (“-” for decrease)	-20,895,182.21	-3,791,882.22
Decrease in inventories (“-” for increase)	-7,404,256.92	30,062,647.89
Increase in special reserve (“-” for decrease)	16,209,641.25	45,902,749.62
Decrease in operating receivables (“-” for increase)	-1,216,661,285.18	-648,153,582.51
Increase in operating payables (“-” for decrease)	460,581,604.51	-353,377,674.42
Net cash flows from operating activities	3,822,920,927.48	3,982,100,164.06
2.Major non-cash transactions of investing activities and financing activities:		
Acquisition of assets and businesses paid by bills (note)	179,826,643.55	-
Acquisition of assets paid by bills	140,045,301.69	310,934,331.13
Lease liabilities paid by bills	82,632,592.94	175,571,668.06
3.Net changes in cash and cash equivalents:		
Cash at the end of the year	4,433,485,423.30	7,165,069,059.76
Less: Cash at the beginning of the year	7,165,069,059.76	7,103,109,327.16
Net increase in cash and cash equivalents	-2,731,583,636.46	61,959,732.60

Note: As at 14 December 2021, Yingkou Ltd. paid the first instalment of transaction amount of RMB4,524,108,020.02 to Yingkou Port Group, of which RMB179,826,643.55 was paid by bills, please refer to Note VIII. 3 for details.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

65. Items of the consolidated statement of cash flows (continued)

(3) Net cash from disposal of subsidiaries this year

Item	Amount for the year
I. Relating information about disposal of subsidiaries	
1. Price of disposal of subsidiaries	78,200,822.00
2. Cash or cash equivalents received this year from disposal of subsidiaries this year	11,624,022.00
Less: Cash and cash equivalents held by the subsidiaries at the date when control is lost	121,447,097.29
Add: Cash or cash equivalents received this year from disposal of subsidiaries in the prior periods	-
3. Net cash receipts of disposal of subsidiaries	-109,823,075.29
4. Disposal of net assets of subsidiaries	92,744,566.03
Current assets	158,015,079.92
Non-current assets	25,043,556.62
Current liabilities	89,591,439.78
Non-current liabilities	722,630.73

66. Cash and cash equivalents

Item	2021	2020 (Restated)
Cash and cash equivalents	4,433,485,423.30	7,165,069,059.76
Including: Cash on hand	24,152.18	199,008.22
Bank deposits that can be readily drawn on demand	4,433,461,271.12	7,164,870,051.54
Other cash balances that can be readily drawn on demand	-	-

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

67. Monetary items denominated in foreign currencies

Item	Balance of foreign currency at the end of the year	Exchange rate	Equivalent RMB balance at the end of the year
Cash at bank and on hand			
Including: USD	14,154,763.81	6.3674	90,129,043.08
JPY	27,500.00	0.0554	1,523.50
HKD	1,028,384.85	0.8165	839,676.23
Accounts receivable			
Including: USD	1,446,736.25	6.3674	9,211,948.40
JPY	220,764.00	0.0554	12,230.33
KRW	43,210,000.00	0.0054	233,334.00
Other receivables			
Including: USD	6,330,742.17	6.3674	40,310,367.69
Accounts payable			
Including: USD	1,337,633.80	6.3674	8,517,249.46
Other payable			
Including: USD	10,160,005.44	6.3674	64,692,818.64

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

68. 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 and trading services	loading and discharging, storage and transshipment of oil products and liquefied chemicals, port management services and oil trade business;
(2)	Container terminal and related logistics and trading services	loading and discharging, storage and transshipment of containers, leasing of terminals and various container logistics services, trading business and sales of properties;
(3)	Bulk and general cargo terminal and related logistics services	loading and discharging of ore, general cargo and provision of related logistics services and steel trading
(4)	Bulk grains terminal and related logistics and trading services	loading and discharging of grains and provision of related logistics services and unprocessed grains trading operation
(5)	Passenger and roll-on, roll-off terminal and related logistics services	passenger transportation, general cargo roll-on and roll-off and provision of related logistics services
(6)	Port value-added and ancillary services	tallying, tugging, transportation, power supply, information technology and construction services
(7)	Automobile terminal and related logistics and trading services	loading and discharging of automobile and provision of related logistics and trade services

Management monitors the results of the Group's operating segments 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 as these assets and liabilities are managed by the Group.

The above reporting segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the above reportable segments.

Inter-segment revenue is eliminated on consolidation. Inter-segment sales and purchases are conducted in accordance with the terms mutually agreed between the parties.

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

68. Segment information (continued)

Reportable segment information

2021

Item	Oil/liquefied	Container	Bulk and	Bulk grains	Passenger		Automobile			
	chemicals terminal and related logistics and trading services	terminal and related logistics and trading services	general cargo terminal and related logistics services	terminal and related logistics and trading services	and roll on, roll-off terminal and related logistics services	Port value- added and ancillary services	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	1,750,382	3,713,547	4,738,188	538,941	147,516	1,223,146	59,380	176,455	-	12,347,555
Inter-segment revenue	1,337	5,260	18,664	3,783	269	227,291	-	196,140	-452,744	-
Total revenue of segment	1,751,719	3,718,807	4,756,852	542,724	147,785	1,450,437	59,380	372,595	-452,744	12,347,555
Cost of sales	1,114,301	2,526,483	3,196,291	463,130	154,449	883,284	47,198	133,194	-	8,518,330
Taxes and surcharges	21,655	20,862	27,051	2,339	3,262	5,183	2,536	46,393	-	129,281
Administrative expenses	52,462	187,120	116,239	39,135	31,477	151,961	16,673	204,275	-	799,342
Research and development expenses	-	5,736	-	-	-	3,528	-	43	-	9,307
Financial expenses	90,907	51,150	143,385	747	-88	15,833	-1,459	225,904	-	526,379
Assets impairment losses	-	-59,680	-	-	-	-	-	-	-	-59,680
Credit impairment losses	-116,237	-12,463	19,629	-1	44	2,401	-4	-8,072	-	-114,703
Investment income	188,306	120,395	19,148	-1,177	-10,560	23,438	15,605	25,967	-	381,122
Including: Investment income from associates and joint ventures	188,291	108,528	8,862	-1,177	-10,560	12,473	15,605	-	-	322,022
Gains on disposals of assets	10,643	36	133,237	-	-	201	-	443	-	144,560
Other income	32,464	70,198	5,608	807	6,107	3,751	239	29,786	-	148,960
Operating profit	586,233	1,040,682	1,432,844	33,219	-45,993	193,148	10,272	-385,230	-	2,865,175
Non-operating income	166	2,073	4,609	9,536	27	14,629	2	1,023	-	32,065
Non-operating expenses	12	180,142	47,301	-573	5	2,886	23	13,006	-	242,802
Total profit	586,387	862,613	1,390,152	43,328	-45,971	204,891	10,251	-397,213	-	2,654,438
Income tax	115,013	241,368	378,617	15,022	-10,234	9,417	935	-173,896	-	576,242
Net profit	471,374	621,245	1,011,535	28,306	-35,737	195,474	9,316	-223,317	-	2,078,196
Total assets	10,493,039	12,647,106	18,132,113	2,791,406	1,507,782	3,686,142	869,743	11,210,254	-3,524,335	57,813,250
Total liabilities	2,383,737	3,931,931	4,338,050	273,527	42,490	620,629	18,777	8,674,702	-3,524,335	16,759,508

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

68. Segment information (continued)

Reportable segment information (continued)

2021 (continued)

Item	Oil/liquefied	Container	Bulk and	Bulk grains	Passenger		Automobile			
	chemicals terminal and related logistics and trading services	terminal and related logistics and trading services	general cargo terminal and related logistics services	terminal and related logistics and trading services	and roll on, roll-off terminal and related logistics services	Port value-added and ancillary services	terminal and related logistics and trading services	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supplementary information										
Depreciation and amortization expenses	381,735	551,712	645,388	137,537	53,946	200,989	13,745	290,022	-	2,275,074
Long-term equity investments in associates and joint ventures	1,631,532	947,389	159,878	265,446	324,419	220,521	304,944	-	-	3,854,129
Capital expenditures ⁽ⁱ⁾	65,578	59,503	5,671,795	31,846	8,160	14,272	2,755	1,152,178	-	7,006,087

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

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

68. Segment information (continued)

Reportable segment information (continued)

2020

Item	Oil/liquefied	chemicals	Container	Bulk and	Bulk grains	Passenger and	Automobile	Others	Elimination	Total
	terminal and related logistics and trading services	terminal and related logistics and trading services	general cargo terminal and related logistics services	terminal and related logistics and trading services	roll on, roll-off terminal and related logistics services	Port value-added and ancillary services	terminal and related logistics and trading services			
	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	1,831,408	3,479,175	4,534,428	555,974	141,072	1,343,680	64,185	175,010	-	12,124,932
Inter-segment revenue	1,225	6,171	1,396	3,728	102	252,967	-	210,545	-476,134	-
Total revenue of segment	1,832,633	3,485,346	4,535,824	559,702	141,174	1,596,647	64,185	385,555	-476,134	12,124,932
Cost of sales	1,087,631	2,112,346	3,051,968	428,187	139,831	864,481	71,729	122,265	-	7,878,438
Taxes and surcharges	22,245	16,985	21,076	3,938	3,031	7,024	2,433	36,322	-	113,054
Administrative expenses	51,788	189,443	110,156	36,873	28,818	154,586	17,863	230,647	-	820,174
Research and development expenses	-	2,561	-	-	-	15,836	-	40	-	18,437
Financial expenses	106,987	85,832	164,682	772	583	5,239	-985	365,326	-	728,436
Assets impairment losses	-	-38,022	-70,380	-	-	-1,457	-	-26,764	-	-136,623
Credit impairment losses	-117,371	19,267	-663	1,900	74	-770	-4	-8,095	-	-105,682
Investment income	171,005	91,298	5,099	1,152	-4,745	84,231	173	31,931	-	380,144
Including: Investment income from associates and joint ventures	169,858	74,014	5,099	1,152	-4,745	83,535	-757	-	-	328,156
Gain on changes in fair value	-	-	-	-	-	-323	-	-	-	-323
Gains on disposals of assets	-	7,016	25,142	-	-	-293	-	2,398	-	34,263
Others income	40,543	32,759	4,358	686	4,975	6,564	183	29,027	-	119,095
Operating profit	656,934	1,184,326	1,150,102	89,942	-30,887	384,466	-26,503	-551,093	-	2,857,287
Non-operating income	2,570	6,938	753	2,633	117	2,560	6	1,216	-	16,793
Non-operating expenses	-	867	24,346	557	316	2,208	-	9,641	-	37,935
Total profit	659,504	1,190,397	1,126,509	92,018	-31,086	384,818	-26,497	-559,518	-	2,836,145
Income tax	142,096	278,083	344,060	23,313	-6,356	35,479	960	-211,542	-	606,093
Net profit	517,408	912,314	782,449	68,705	-24,730	349,339	-27,457	-347,976	-	2,230,052
Total assets	10,593,372	12,359,112	14,488,593	2,954,832	1,521,602	3,280,868	889,309	13,378,286	-2,014,619	57,451,355
Total liabilities	2,719,241	4,083,953	4,363,414	210,326	36,428	569,901	23,278	6,957,779	-2,014,619	16,949,701

Notes to the Financial Statements (continued)

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IX. Notes to items of the consolidated financial statements (continued)

68. Segment information (continued)

Reportable segment information (continued)

2020 (continued)

Item	Oil/liquefied chemicals terminal and related logistics and trading services RMB'000	Container terminal and related logistics and trading services RMB'000	Bulk and general cargo terminal and related logistics services RMB'000	Bulk grains terminal and related logistics and trading services RMB'000	Passenger and roll-on, roll-off terminal and related logistics services RMB'000	Port value- added and ancillary services RMB'000	Automobile terminal and related logistics and trading services RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Supplementary information										
Depreciation and amortization expenses	370,133	499,095	628,526	125,902	43,430	200,416	11,565	227,748	-	2,106,815
Long-term equity investments in associates and joint ventures	1,600,696	827,534	150,579	266,623	334,978	220,451	300,348	-	-	3,701,209
Capital expenditures ⁽ⁱ⁾	57,647	19,246	55,452	25,554	9,083	14,067	1,906	518,055	-	701,010

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

X. Interests in other entities

1. Interests in subsidiaries are discussed in Note VIII. 1.

2. Interests in joint ventures and associates are discussed in Note IX. 12.

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties

1. Related parties with controlling relationship

Name of related parties	Relationships with related parties
China Merchants Group	Ultimate controlling party
Liaoning Port Group	Indirect controlling shareholder
PDA Group	Indirect controlling shareholder
Yingkou Port Group	Parent company

2. For related information of subsidiaries, please refer to Note VIII. 1.

3. For related information of joint ventures and associates, please refer to Note IX. 12.

4. Main related parties that transacted with the Group but without control relationship:

Name of related parties	Relationship with the Group
Beijing Yinggang Yaou International Supply Chain Management Co., Ltd. (Note 2)	Subsidiary of the parent
Liaoning Harbour Engineering Technology Co., Ltd.	Subsidiary of the parent
Panjin Port Group Co., Ltd. (盤錦港集團有限公司)	Subsidiary of the parent
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Subsidiary of the parent
Yingkou Gangfeng Hotel Co., Ltd.	Subsidiary of the parent
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Subsidiary of the parent
Faku Yinggang Logistics Co., Ltd. (法庫營港物流有限公司)	Subsidiary of the parent
Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	Subsidiary of the parent
Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司)	Subsidiary of the parent
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Subsidiary of the parent
Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司)	Subsidiary of the parent
Yingkou Ocean Shipping Tally Co., Ltd.	Subsidiary of the parent
Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd. (營口港務集團保稅貨物儲運有限公司)	Subsidiary of the parent
Liaoning New Silk Road International Logistics Co., Ltd. (遼寧新絲路國際物流有限公司)	Subsidiary of the parent
Liaoning Gangfeng Logistics Co., Ltd. (遼寧港豐物流有限公司)	Subsidiary of the parent
Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司)	Subsidiary of the parent
Yingkou Port Fairy Island Pier Co., Ltd. (營口港仙人島碼頭有限公司)	Subsidiary of the parent
China Merchants Gangrong	Subsidiary of the parent
Suizhong Port Group Co., Ltd. (綏中港集團有限公司)	Subsidiary of the parent

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

Name of related parties	Relationship with the Group
Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司)	Subsidiary of the parent
Yingkou Port Hospital (Note 1)	Subsidiary of the parent
Yingkou Port Real Estate Development Co., Ltd. (營口港房地產開發有限責任公司)	Subsidiary of the parent
Liaoning Gangwan Financial Holding Group Co., Ltd. (遼寧港灣金融控股集團有限公司)	Subsidiary of the parent
Yingkou Wanheng Building Materials Inspection & Testing Co., Ltd. (營口萬衡建材檢測有限公司) (Note 2)	Subsidiary of the parent
Yingkou Port Zhanqian Real Estate Development and Construction Co., Ltd. (營口港站前房地產開發建設有限公司)	Subsidiary of the parent
Panjin Port Logistics Development Co., Ltd. (盤錦港物流發展有限公司)	Subsidiary of the parent
Shenyang Yinggang Lugang Service Co., Ltd. (瀋陽營港陸港服務有限公司)	Subsidiary of the parent
Liaoning Ganghang Modern Supply Chain Co., Ltd. (遼寧港航現代供應鏈有限公司)	Subsidiary of the parent
Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧蒼源光伏有限公司)	Subsidiary of the parent
Yingkou Port Group Trading Co., Ltd. (營口港務集團貿易有限公司) (Note 2)	Subsidiary of the parent
Yingkou Fairy Island Port Area Development & Construction Co., Ltd. (營口仙人島港區建設有限公司)	Subsidiary of the parent
Yingkou Port Property Management Co., Ltd. (營口港物業管理有限公司) (Note 2)	Subsidiary of the parent
Jilin Inland Port Logistics Co., Ltd.	Joint venture of the parent
Yingkou Port Gaizhou Logistics Co., Ltd.	Joint venture of the parent
Yingkou Ocean Shipping Agency Co., Ltd.	Joint venture of the parent
Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	Joint venture of the parent
Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司)	Joint venture of the parent
Yingkou Gangyue Sugar Storage Co., Ltd. (營口港悅食糖儲備有限公司)	Joint venture of the parent
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	Joint venture of the parent
Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	Joint venture of the parent
Yingkou Economic and Technological Development Zone Yugang Logistics Co. Ltd. (營口經濟技術開發區裕港物流有限公司)	Joint venture of the parent
Yingkou Gangjun Logistics Co., Ltd. (營口港駿物流有限公司)	Joint venture of the parent
Yingkou Duty Free Foreign Supply Port Service Company Limited (營口中免對外供應港口服務有限責任公司)	Joint venture of the parent
Yingkou COSCO Shipping Container Service Co., Ltd. (營口中遠海運集裝箱服務有限公司)	Associate of the parent
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧沈哈紅運物流有限公司)	Associate of the parent

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

Name of related parties	Relationship with the Group
Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	Associate of the parent
Yingkou Hui Feng Logistics Co., Ltd. (營口匯豐物流有限公司)	Associate of the parent
Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司)	Associate of the parent
Yingkou Haihui Shipping Agency Co., Ltd. (營口海德船務代理有限公司)	Associate of the parent
Angang International Trade Yingkou Port Co., Ltd. (鞍鋼國貿營口港務有限公司)	Associate of the parent
Yingkou Vessel Fuel Supply Co., Ltd. (營口船舶燃料供應有限公司)	Associate of the parent
Yingkou Zhonglian Tally Co., Ltd. (營口中聯理貨有限公司)	Associate of the parent
Yingkou Xintonghe Logistics Co., Ltd. (營口新通合物流有限公司)	Associate of the parent
Dalian Port Real Estate Co., Ltd.	Controlled by the same ultimate party
China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平灣開發投資有限公司)	Controlled by the same ultimate party
Dalian Harbour Building Co., Ltd.	Controlled by the same ultimate party
Dalian Hongyu Building Co., Ltd.	Controlled by the same ultimate party
Dalian United King Port Auto Trade Co., Ltd.	Controlled by the same ultimate party
Dalian Taiping Bay Investment & Development Co., Ltd.	Controlled by the same ultimate party
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Controlled by the same ultimate party
Dalian Taiping Bay Port Company Limited	Controlled by the same ultimate party
Dalian Wanfeng Properties Co., Ltd.	Controlled by the same ultimate party
Jinzhou Liaoxi PDA Properties Co., Ltd.	Controlled by the same ultimate party
Dalian Wantong Ronghai Shipping Co., Ltd.	Controlled by the same ultimate party
Ocean Harvest Container Co., Ltd.	Controlled by the same ultimate party
Yingkou Gangxin Technology Co., Ltd.	Controlled by the same ultimate party
Dandong Port Group Co., Ltd.	Controlled by the same ultimate party
Dalian Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate party
China Marine Shipping Agency Liaoning Co., Ltd.	Controlled by the same ultimate party
Shandong Yantai Sinotrans Shipping Agency Co., Ltd. (山東煙台中外運船務代理有限公司)	Controlled by the same ultimate party
Shenzhen Haiqin Engineering Supervision & Management Company Limited	Controlled by the same ultimate party
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Controlled by the same ultimate party
Shenzhen Merchants Ro-Ro Transportation Co., Ltd.	Controlled by the same ultimate party
Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司)	Controlled by the same ultimate party
Dalian Yongde Property Management Co., Ltd. (大連永德物業管理有限公司)	Controlled by the same ultimate party
Dalian Taiping Bay Construction Engineering Co., Ltd.	Controlled by the same ultimate party
China Merchants Port Group Co., Ltd.	Controlled by the same ultimate party

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

Name of related parties	Relationship with the Group
Shantou China Merchants Port Group Co., Ltd.	Controlled by the same ultimate party
Yingkou Foreign Transportation Warehousing Company Limited (營口外運倉儲有限公司)	Controlled by the same ultimate party
Dalian Port Real Estate Group Co., Ltd. (大連港地產集團有限公司)	Controlled by the same ultimate party
Dalian Taiping Bay Investment & Holding Co., Ltd.	Controlled by the same ultimate party
Dalian Taiping Bay Modern Agricultural Science and Technology Development Co., Ltd.	Controlled by the same ultimate party
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	Controlled by the same ultimate party
China Merchants Health Industry (Qichun) Co., Ltd. (招商局健康產業(蕪春)有限公司)	Controlled by the same ultimate party
AVIC Property Management Co., Ltd. (中航物業管理有限公司)	Controlled by the same ultimate party
China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司)	Controlled by the same ultimate party
Dalian Port Huitong Occupational Training School	Controlled by the same ultimate party
Minghua (Shekou) Seaman Service Company Minghua International Conference Center (明華(蛇口)海員服務公司明華國際會議中心)	Controlled by the same ultimate party
China Merchants Great Stone Trade Logistics Co., Ltd.	Controlled by the same ultimate party
Shenzhen China Merchants Property Management Co., Ltd.	Controlled by the same ultimate party
Shenyang Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	Controlled by the same ultimate party
Xia Men Bay China Merchants Terminals Co., Ltd.	Controlled by the same ultimate party
China Merchants Group Finance Co., Ltd.	Controlled by the same ultimate party
China Merchants Securities Co., Ltd.	Controlled by the same ultimate party
China Communications Import & Export Co., Ltd.	Controlled by the same ultimate party
Sinotrans Northeastern Co., Ltd.	Controlled by the same ultimate party
Sinotrans North China Co., Ltd.	Controlled by the same ultimate party
Sinotrans (Tangshan) Logistics Co., Ltd.(中外運(唐山)物流有限公司)	Controlled by the same ultimate party
China Merchants International Technology Company Limited (招商局國際科技有限公司)	Controlled by the same ultimate party
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate party
Sinotrans Sunny Express Co., Ltd.	Controlled by the same ultimate party
Sinotrans Integrated Logistics Co., Ltd.	Controlled by the same ultimate party
Sinotrans Liaoning Container Co., Ltd.	Controlled by the same ultimate party
Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	Controlled by the same ultimate party
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Controlled by the same ultimate party
Dalian Port Security Services Co., Ltd.	Controlled by the same ultimate party

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

Name of related parties	Relationship with the Group
Dalian Port North Shore Container Terminal Co., Ltd.	Controlled by the same ultimate party
Dalian Port North Shore Automobile Terminal Co., Ltd.	Controlled by the same ultimate party
Dalian Port North Shore Investment and Development Co., Ltd.	Controlled by the same ultimate party
Dalian Port Petty Loan Co., Ltd.	Controlled by the same ultimate party
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Controlled by the same ultimate party
Dalian Port Petroleum & Chemical Co., Ltd.	Controlled by the same ultimate party
Dalian Gangtai Insurance Brokers Co., Ltd.	Controlled by the same ultimate party
Dalian Port Investment and Financing Holding Group Co., Ltd.	Controlled by the same ultimate party
Dalian Port Wantong Logistics Co., Ltd.	Controlled by the same ultimate party
Dalian Portsoft Technology Co., Ltd. (Note 3)	Controlled by the same ultimate party
Dalian Portsoft Network Co., Ltd. (Note 3)	Controlled by the same ultimate party
Dalian Port Logistics Technology Co., Ltd. (Note 3)	Controlled by the same ultimate party
Dalian Port Logistics Network Co., Ltd. (Note 3)	Controlled by the same ultimate party
China Merchants Food (China) Co., Ltd. (招商局食品(中國)有限公司)	Controlled by the same ultimate party
Dalian International Shipping Center Building Co., Ltd. (大連國際航運中心大廈有限公司)	Controlled by the same ultimate party
Sinotrans Liaoning Company Limited (中國外運遼寧有限公司)	Controlled by the same ultimate party
Nanjing Tanker Corporation	Controlled by the same ultimate party
China Merchants Logistics Group (Tianjin) Co., Ltd. (招商局物流集團(天津)有限公司)	Controlled by the same ultimate party
Dalian Harbour City Construction Development Co., Ltd. (Note 2)	Controlled by the same ultimate party
Yingkou Port Shipping Agency Co., Ltd. (營口港務船舶代理有限公司) (Note 2)	Controlled by the same ultimate party
Dalian Port Hospital (Note 2)	Controlled by the same ultimate party
Dalian Dagang Hongyu Housekeeping Service Co., Ltd. (Note 2)	Controlled by the same ultimate party
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the company controlled by the same ultimate party
Dalian Creative Industry Project Development Co., Ltd.	Joint venture of the company controlled by the same ultimate party
Dalian Jingda International Freight Forwarding Co., Ltd.	Joint venture of the company controlled by the same ultimate party
Dalian Port Machinery Co., Ltd.	Joint venture of the company controlled by the same ultimate party
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Beiyin Qiche Logistics Information Consulting Co., Ltd. (大連北銀汽車物流信息諮詢有限公司)	Associate of the company controlled by the same ultimate party

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Dalian Equity Trading Center Corp., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Gangrong International Trade Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Yuxiang Marine Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Machinery and Electric Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Design and Research Institute Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Gangming Port Automobile Inspection Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Landscape Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Industrial Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Industrial Co., Ltd. (Xingang Gas Station)	Associate of the company controlled by the same ultimate party
Dalian Port Tongda Media Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Harbour Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Property Management Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Gangxin Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Life Raft Inspection Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Wanpeng Foundation Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian CITIC Harbour Investment Co., Ltd.	Associate of the company controlled by the same ultimate party

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

4. Main related parties that transacted with the Group but without control relationship: (continued)

Name of related parties	Relationship with the Group
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the company controlled by the same ultimate party
Dalian Equipment Finance Lease Co., Ltd.	Associate of the company controlled by the same ultimate party
Datong Securities Co., Ltd.	Associate of the company controlled by the same ultimate party
Ganghe (Shanghai) Economic and Trade Co., Ltd.	Associate of the company controlled by the same ultimate party
Xingyun Digital Clustering (Beijing) Technology Co., Ltd.	Associate of the company controlled by the same ultimate party
China Merchants Bank Co., Ltd.	Associate of the company controlled by the same ultimate party

Note 1: Yingkou Port Hospital was incorporated as a subsidiary by the Yingkou Port Group in March 2021 and Dalian Port Hospital was incorporated as a subsidiary by the PDA Group in March 2021.

Note 2 On 14 December 2021, Beijing Yinggang Yaou International Supply Chain Management Co., Ltd. has completed the de-registration procedures; on 23 November 2021, Yingkou Wanheng Building Materials Inspection & Testing Co., Ltd. has completed the de-registration procedures; on 3 December 2021, Yingkou Port Group Trading Co., Ltd. has completed the de-registration procedures; on 16 April 2021, Yingkou Port Property Management Co., Ltd. has completed the de-registration procedures; on 28 January 2021, Dalian Harbour City Construction Development Co., Ltd. has completed the de-registration procedures; on 17 November 2020, Yingkou Port Shipping Agency Co., Ltd. has completed the de-registration procedures; on 6 November 2020, Dalian Dagang Hongyu Housekeeping Service Co., Ltd. has completed the de-registration procedures.

Note 3: On 9 February 2021, subsidiaries of the Group, Dalian Port Container Development Co., Ltd. and Jifa Logistics increased capitals to China Merchants International Technology Company Limited by the 49.63% and 29.4% of shares they held in Dalian Port Logistics Network Co., Ltd. Such capital increase has completed on 9 February 2021, and the Group's shareholding in China Merchants International Technology Company Limited after the capital increase was 35.64%. Based on the articles of association of China Merchants International Technology Company Limited, the Group has no control over it. Therefore, since 9 February 2021, the Group no longer incorporates Dalian Port Logistics Network Co., Ltd. and its subsidiaries Dalian Portsoft Technology Co., Ltd., Dalian Portsoft Network Co., Ltd. and Dalian Port Logistics Technology Co., Ltd. into the scope of combination. Please refer to the details described in Note VIII. 2.

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows:

(1) Revenue and Expenses

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Yingkou Port Group	Parent company	Revenue	Comprehensive services	Agreement	7,372,879.51	11,576,874.07
PDA Group	Indirect controlling shareholder	Revenue	Comprehensive services	Agreement	15,085,690.02	21,362,765.94
Liaoning Port Group	Indirect controlling shareholder	Revenue	Comprehensive services	Agreement	3,887,148.88	7,135,227.04
Yingkou Port Fairy Island Pier Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	21,493,555.84	19,179,324.37
Suizhong Port Group Co., Ltd. (綏中港集團有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	2,337,205.83	2,090.26
Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd. (營口港務集團保稅貨物儲運有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	1,562,738.42	1,376,054.77
Panjin Port Group Co., Ltd. (盤錦港集團有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	1,225,193.71	2,387,219.11
Liaoning Harbour Engineering Technology Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	957,498.49	1,575,555.57
Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	784,145.63	68,321.74
Yingkou Gangfeng Hotel Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	721,778.00	1,109,534.78
Beijing Yinggang Yaou International Supply Chain Management Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	632,461.72	735,674.50
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	684,237.09	172,077.99
Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	372,125.66	373,367.88
Liaoning New Silk Road International Logistics Co., Ltd. (遼寧新絲路國際物流有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	359,783.10	1,009,531.32

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
China Merchants Gangrong	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	163,060.60	83,771.80
Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	107,708.43	24,888.98
Yingkou Ocean Shipping Tally Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	96,067.19	554,150.34
Yingkou Port Hospital	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	51,705.62	-
Yingkou Port Real Estate Development Co., Ltd. (營口港房地產開發有限責任公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	20,218.90	26,351.78
Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	18,068.48	18,432.51
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	11,298.22	20,443.93
Liaoning Gangwan Financial Holding Group Co., Ltd. (遼寧港灣金融控股集團有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	3,424.78	5,787.61
Yingkou Wanheng Building Materials Inspection & Testing Co., Ltd. (營口萬衡建材檢測有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	3,413.17	5,064.26
Yingkou Port Zhanqian Real Estate Development and Construction Co., Ltd. (營口港站前房地產開發建設有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	1,168.14	-
Panjin Port Logistics Development Co., Ltd. (盤錦港物流發展有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	823.01	7,668.14
Yingkou Port Property Management Co., Ltd. (營口港物業管理有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	854,579.55
Shenyang Yinggang Lugang Service Co., Ltd. (瀋陽營港陸港服務有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	188,286.79
Liaoning Ganghang Modern Supply Chain Co., Ltd. (遼寧港航現代供應鏈有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	23,228.30

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	3,675.47
Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧 蒼源光伏有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	619.47
Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	533.63
Yingkou Port Group Trading Co., Ltd. (營口港務集團貿易有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	424.78
Yingkou Fairy Island Port Area Development & Construction Co., Ltd. (營口仙人島港區建設有限公司)	Subsidiary of the parent	Revenue	Comprehensive services	Agreement	-	132.74
China Oil Dock Management (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	58,046,158.78	78,195,917.99
Dalian Port Yidu Cold Chain Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	50,760,480.96	38,845,582.33
Dalian Changxing Island Port Investment and Development Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	20,576,248.61	20,224,711.87
Dalian United International Shipping Agency Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	11,501,679.35	9,556,184.74
Dalian Changxing Island Port Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	6,914,884.66	6,258,859.94
Odfjell Terminals (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	6,387,664.85	4,683,202.04
Dalian New Silk Road International Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	4,741,047.55	2,945,431.36
Dalian Shunde Jifa Supply Chain Management Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	2,209,945.74	11,524,362.39
China United International Rail Containers (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,710,900.45	2,265,323.77
Dalian Vanguard International Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,668,410.78	1,724,394.52

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,370,507.92	4,010,499.07
China Shipping Gang Lian Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	1,143,099.50	849,056.60
Weifang Senda Container Service Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	912,558.54	712,264.12
China United Tally (Dalian) Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	795,550.49	1,727,193.51
Dalian Port PetroChina International Terminal Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	705,744.88	755,516.50
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	580,495.04	552,016.05
Ha'ou International Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	471,698.11	471,698.11
Dalian Jilong Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	212,146.41	908,076.36
Dalian Port Tongli Shipping Agency Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	142,154.37	142,725.93
Dalian Port Xiangyu Grain Logistics Co., Ltd.	Joint venture	Revenue	Comprehensive services	Agreement	9,149.40	197,025.54
Dalian Automobile Terminal Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	71,453,884.44	27,014,293.92
Taicang Xinggong Tug Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	14,062,512.30	14,284,905.66
Angang Yingkou Port Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	9,867,924.49	6,905,855.03
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	9,172,077.73	9,224,905.72
Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	3,100,160.42	5,504,374.02
Dalian North Oil Petroleum Logistics Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	2,195,394.85	7,242,926.67
Dalian Singamas International Container Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	1,537,508.95	1,446,942.22
Dalian Puji Storage Facility Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	1,497,634.12	1,452,869.89
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (國家管網集團大連液化天然氣有限公司)	Associate	Revenue	Comprehensive services	Agreement	549,460.01	584,856.22
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Associate	Revenue	Comprehensive services	Agreement	30,957.04	55,880.78

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Yingkou Container Terminals Company Limited	Joint venture of the parent	Revenue	Comprehensive services	Agreement	6,840,923.33	8,974,500.09
Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	5,417,208.18	6,930,286.57
Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	3,685,335.73	8,784,859.21
Jilin Inland Port Logistics Co., Ltd.	Joint venture of the parent	Revenue	Comprehensive services	Agreement	1,402,491.51	319,046.09
Yingkou Gangyue Sugar Storage Co., Ltd. (營口港悅食糖儲備有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	122,159.51	-
Yingkou Ocean Shipping Agency Co., Ltd.	Joint venture of the parent	Revenue	Comprehensive services	Agreement	104,351.29	180,971.13
Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	48,005.01	-
Yingkou Port Gaizhou Logistics Co., Ltd.	Joint venture of the parent	Revenue	Comprehensive services	Agreement	20,000.00	-
Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	12,643.66	958.49
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	12,548.08	-
Yingkou Economic and Technological Development Zone Yugang Logistics Co. Ltd. (營口經濟技術開發區裕港物流有限公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	12,472.66	1,698.12
Yingkou Duty Free Foreign Supply Port Service Company Limited (營口中免對外供應港口服務有限責任公司)	Joint venture of the parent	Revenue	Comprehensive services	Agreement	3,338.88	-
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧沈哈紅運物流有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	896,611.00	-
Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	865,237.49	337,711.97
Yingkou Haihui Shipping Agency Co., Ltd. (營口海德船務代理有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	405,471.91	276,813.46

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Yingkou COSCO Shipping Container Service Co., Ltd. (營口中遠海運集裝箱服務有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	246,080.11	273,917.56
Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	124,309.46	–
Yingkou Zhonglian Tally Co., Ltd. (營口中聯理貨有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	20,062.68	–
Yingkou Vessel Fuel Supply Co., Ltd. (營口船舶燃料供應有限責任公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	16,518.87	–
Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司)	Associate of the parent	Revenue	Comprehensive services	Agreement	292.04	904.86
Dalian Port Wantong Logistics Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	82,042,513.62	68,756,748.45
China Marine Shipping Agency Liaoning Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	42,980,029.42	50,760,750.41
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	32,861,436.07	30,449,212.36
Dandong Port Group Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	6,355,299.15	6,862,811.70
Dalian Port Petroleum & Chemical Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	4,250,995.27	1,263,178.70
Shenzhen Merchants Ro-Ro Transportation Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,282,787.27	1,522,761.30
Dalian Port Hospital	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,976,417.93	–
Dalian Wanfeng Properties Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,495,079.83	1,272,467.57
Dalian Port North Shore Investment and Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,314,221.53	284,288.95

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Hongyu Building Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,174,485.04	1,760,611.93
Dalian Harbour Building Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	727,850.56	700,490.34
Dalian Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	719,809.48	933,467.63
Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	633,318.08	637,045.77
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	415,978.62	-
Yingkou Gangxin Technology Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	477,746.63	-
Dalian Port Logistics Technology Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	370,526.10	-
Sinotrans (Tangshan) Logistics Co., Ltd. (中外運(唐山)物流有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	324,531.79	1,603,728.15
Dalian Portsoft Technology Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	321,706.91	-
Dalian Taiping Bay Investment & Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	210,689.61	956,581.79
Dalian Port North Shore Automobile Terminal Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	164,254.99	546,450.46
China Communications Import & Export Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	132,814.25	179,954.29
Dalian Port Logistics Network Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	131,750.09	-
China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平洋開發投資有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	119,056.59	8,059.43

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Taiping Bay Port Company Limited	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	101,797.84	331,043.18
Dalian Yongde Property Management Co., Ltd. (大連永德物業管理有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	76,086.00	-
Sinotrans Liaoning Company Limited (中國外運遼寧有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	113,462.32	-
Dalian Port Security Services Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	49,352.56	3,912.22
Dalian United King Port Auto Trade Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	48,606.82	60,636.08
China Merchants Group Finance Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	55,061.21	17,850.50
Dalian Port Real Estate Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	38,600.31	50,833.62
Dalian Port North Shore Container Terminal Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	30,226.44	32,660.42
Dalian Portsoft Network Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	27,473.35	-
Sinotrans Northeastern Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	27,140.19	20,089,514.23
Dalian Northeast Asia International Shipping Center of Shipping Exchange Market Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	20,637.92	21,793.86
Dalian Port Investment and Financing Holding Group Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	19,884.41	53,724.04
Dalian Wantong Ronghai Shipping Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	18,494.62	10,578.52
PDA Group (Jinzhou) Liaoxi Port Investment and Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	14,281.04	1,698.11

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian International Shipping Center Building Co., Ltd. (大連國際航運中心大廈有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	5,036.71	-
Sinotrans Sunny Express Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	3,475.47	2,315,981.15
Dalian Taiping Bay Construction Engineering Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	2,839.62	1,292.46
Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,375.94	1,495.90
Dalian Harbour City Construction Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,144.95	16,255.87
China Merchants Port Group Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	849.45	544,869.03
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	3,610,195.73
China Merchants Logistics Group (Tianjin) Co., Ltd. (招商局物流集團(天津)有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	2,055,333.02
Shantou China Merchants Port Group Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	420,151.33
Xia Men Bay China Merchants Terminals Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	103,571.68
Nanjing Tanker Corporation	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	101,886.79
Yingkou Port Group Finance Co., Ltd. (營口港務集團財務有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	39,735.16
Shenzhen Haiqin Engineering Supervision & Management Company Limited	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	33,962.26

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Port Petty Loan Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	20,925.22
Yingkou Port Shipping Agency Co., Ltd. (營口港務船舶代理有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	18,349.51
Dalian Gangtai Insurance Brokers Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	10,566.04
Sinotrans Liaoning Container Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	7,778.87
Yingkou Foreign Transportation Warehousing Company Limited (營口外運倉儲有限公司)	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	2,360.30
Dalian Port Real Estate Group Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	2,264.15
Shenyang Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	2,238.67
Dalian Taiping Bay Investment & Holding Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	566.04
Dalian Taiping Bay Modern Agricultural Science and Technology Development Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	566.04
Xinghai International Commercial Factoring (Tianjin) Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	566.04
Dalian Dagang Hongyu Housekeeping Service Co., Ltd.	Controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	386.24
Dalian Port Machinery Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	733,625.36	602,538.48
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	170,970.66	176,944.79

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Creative Industry Project Development Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	38,893.86	45,938.65
Liaoning Electronic Port Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	2,495,095.21
Dalian Port Group Financial Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	46,936.43
Sino Rail Bohai Train Ferry Co., Ltd	Joint venture of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	5,433.96
Dalian Port Design and Research Institute Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	11,156,265.04	17,396,942.97
Dalian Port Industrial Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,984,316.12	1,971,002.08
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,787,696.73	-
Ganghe (Shanghai) Economic and Trade Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,106,897.17	4,424,933.95
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,090,386.73	740,326.59
Dalian CITIC Harbour Investment Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	1,065,512.01	1,383,018.04

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Harbour Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	857,539.48	1,095,776.22
Dalian Port Machinery and Electric Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	196,294.61	536,310.63
Dalian Port Property Management Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	106,355.26	117,518.97
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	53,749.27	43,265.79
Dalian Port Landscape Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	49,588.23	38,884.51
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	40,760.90	9,307.34
Dalian Gangxin Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	15,884.42	20,168.18
Dalian Gangming Port Automobile Inspection Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	3,178.90	2,166.03
Dalian Port Industrial Co., Ltd. (Xingang Gas Station)	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	937.61	877.97

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Port Tongda Media Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	911.91	895.40
Dalian Beiyin Qiche Logistics Information Consulting Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	588.08	-
Datong Securities Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	243,893.80
Dalian Equity Trading Center Corp., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	175,345.63
Dalian Equipment Finance Lease Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	3,396.23
Dalian Wanpeng Foundation Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	1,441.28
Dalian Gangrong International Trade Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	566.04
Dalian Yuxiang Marine Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Revenue	Comprehensive services	Agreement	-	566.04
Total					565,136,978.93	586,294,822.56

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Yingkou Port Group	Parent company	Expenses	Comprehensive services	Agreement	134,700,805.76	153,700,919.33
PDA Group	Indirect controlling shareholder	Expenses	Comprehensive services	Agreement	32,302,061.77	33,237,485.00
Liaoning Port Group	Indirect controlling shareholder	Expenses	Comprehensive services	Agreement	84,513.80	5,673.87
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	16,043,278.64	15,104,977.00
Liaoning Huiyuan Photovoltaic Co., Ltd. (遼寧奮源光伏有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	6,263,837.15	7,273,083.23
Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	4,542,252.20	5,268,530.00
Yingkou Port Engineering Supervision Consultation Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	4,542,405.60	3,772,203.00
Liaoning Harbour Shipping Engineering Technology Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	3,857,607.04	137,962.00
Yingkou Port Hospital	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	3,787,545.00	-
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	2,918,711.77	2,159,083.00
Yingkou Port Tank Cleaning Co., Ltd. (營口港清洗艙有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	2,379,552.56	1,089,466.00
Yingkou Port Foreign Economic Cooperation Development Co., Ltd. (營口港對外經濟合作發展有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	656,988.68	-
Faku Yinggang Logistics Co., Ltd. (法庫營港物流有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	602,696.24	565,960.40
Yingkou Gangfeng Hotel Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	478,805.24	3,936,909.00

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Yingkou Hongyun Port Container Development Co., Ltd. (營口紅運港口集裝箱發展有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	50,839.73	199,048.80
Yingkou Ocean Shipping Tally Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	-	11,946.32
Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	-	1,130,340.00
Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司)	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	-	813,263.30
Panjin Port Group Co., Ltd.	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	-	573,560.80
China Merchants Gangrong	Subsidiary of the parent	Expenses	Comprehensive services	Agreement	-	4,292.45
Dalian Changxing Island Port Investment and Development Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	191,108,490.49	192,000,000.00
China United International Rail Containers (Dalian) Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	25,410,934.23	10,383,626.00
Weifang Senda Container Service Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	5,850,325.43	1,620,714.11
China United Tally (Dalian) Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	2,213,455.29	1,682,447.00
Dalian Port Tongli Shipping Agency Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	751,722.12	887,694.80
Dalian Changxing Island Port Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	201,180.97	208,175.10
Dalian United International Shipping Agency Co., Ltd.	Joint venture	Expenses	Comprehensive services	Agreement	168,133.71	1,865,287.00
Dalian Automobile Terminal Co., Ltd.	Associate	Expenses	Comprehensive services	Agreement	1,238,358.30	1,327,708.00
Dalian Singamas International Container Co., Ltd.	Associate	Expenses	Comprehensive services	Agreement	964,438.90	-
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Associate	Expenses	Comprehensive services	Agreement	418,463.29	502,916.60
Sinograin Yingkou Storage and Transportation Co., Ltd. (中儲糧營口儲運有限責任公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	23,908,831.90	23,379,988.00

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Yingkou Port Jixing Logistics Co., Ltd. (營口港吉星物流有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	6,980,502.81	4,573,505.00
Yingkou Gangyue Sugar Storage Co., Ltd. (營口港悅食糖儲備有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	4,090,524.67	461,897.00
Yingkou Gangjun Logistics Co., Ltd. (營口港駿物流有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	3,548,666.42	-
Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	Joint venture of the parent	Expenses	Comprehensive services	Agreement	2,040,172.06	-
Yingkou Ocean Shipping Agency Co., Ltd.	Joint venture of the parent	Expenses	Comprehensive services	Agreement	1,184,371.27	49,880.13
Jilin Inland Port Logistics Co., Ltd.	Joint venture of the parent	Expenses	Comprehensive services	Agreement	3,469.43	-
Yingkou Container Terminals Company Limited	Joint venture of the parent	Expenses	Comprehensive services	Agreement	-	5,139,345.00
Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	76,112,483.87	66,196,201.00
Yingkou Huifeng Logistics Co., Ltd. (營口滙豐物流有限公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	28,363,037.58	71,479,423.00
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧沈哈紅運物流有限公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	10,479,344.63	9,987,005.00
Yingkou Vessel Fuel Supply Co., Ltd. (營口船舶燃料供應有限責任公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	24,113.58	-
Yingkou COSCO Shipping Container Service Co., Ltd. (營口中遠海運集裝箱服務有限公司)	Associate of the parent	Expenses	Comprehensive services	Agreement	-	70,047.17
Yingkou Gangxin Technology Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	25,930,494.34	2,225,809.00
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	23,881,837.23	10,928,584.29
Dalian Port Logistics Technology Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	19,947,765.98	-

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Portsoft Technology Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	7,054,984.09	-
Dandong Port Group Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	6,345,933.31	2,132,173.00
Dalian Port Logistics Network Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	16,381,556.71	-
Dalian Portsoft Network Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	4,551,785.55	-
Sinotrans Container Lines Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	2,012,657.66	-
Shenzhen Haiqin Engineering Supervision & Management Company Limited	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,524,089.17	315,301.80
China Merchants Securities Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,500,000.00	1,500,000.00
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,026,658.39	688,031.00
China Merchants Food (China) Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	466,400.81	56,900.00
China Merchants Health Industry (Qichun) Co., Ltd. (招商局健康產業(蕪春)有限公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	209,982.30	-
AVIC Property Management Co., Ltd. (中航物業管理有限公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	188,679.25	-
China Communications Import & Export Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	99,322.84	115,127.80
China Marine Shipping Agency Liaoning Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	97,974.82	153,705.00
China Merchants Investment Development Co., Ltd. (招商局投資發展有限公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	88,842.46	-

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Port Security Services Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	8,585,933.23	6,445,906.00
Dalian Port Hospital	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	6,071,938.32	-
Dalian Hongyu Building Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	4,715,214.10	5,011,847.00
Dalian Harbour Building Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,940,248.79	1,973,774.00
Dalian Port Huitong Occupational Training School	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	26,300.99	-
Dalian Port City Comprehensive Development Co., Ltd. (大連港城綜合開發有限公司)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,651.36	853.20
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	857.14	-
Dalian Port North Shore Investment and Development Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	235.85
Shenzhen China Merchants Property Management Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	1,313,061.00
Shandong Yantai Sinotrans Shipping Agency Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	924,971.30
Dalian Sinotrans Logistics Co., Ltd.	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	162,231.90
Minghua (Shekou) Seaman Service Company Minghua International Conference Center (明華(蛇口)海員服務公司明華國際會議中心)	Controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	6,226.41
Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	65,799,339.13	57,230,906.00

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Port Machinery Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	18,705,021.80	19,542,831.00
China Oil Dock Management (Dalian) Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	14,169,025.67	15,047,307.00
Dalian Vanguard International Logistics Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	263,407.00
Dalian Port Yidu Cold Chain Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	177,516.40
Dalian Jilong Logistics Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	58,869.48
Dalian Port Group Financial Co., Ltd.	Joint venture of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	659.43
Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	33,995,081.67	29,208,481.00
Dalian Port Industrial Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	33,974,943.61	35,102,497.00
Dalian Port Xingang Construction Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	7,820,299.09	4,646,957.00
Dalian Port Machinery and Electric Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	6,101,507.85	3,894,834.00

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(1) Revenue and Expenses (continued)

Name of related parties	Relation	Types of related party transactions	Content of related transactions	Pricing method and decision-making procedure of related transactions	Cumulative amount in the current year	Cumulative amount in the previous year (Restated)
Dalian Port Landscape Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	2,324,555.60	2,439,212.00
Dalian Harbour Engineering Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,460,380.36	5,048,988.00
Dalian Port Property Management Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	1,035,394.04	879,234.70
Dalian Port Rixing Boiler Installation Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	952,911.96	411,702.50
Dalian Life Raft Inspection Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	124,693.11	178,555.70
Xingyun Digital Clustering (Beijing) Technology Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	22,803.42	-
Dalian Port Design and Research Institute Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	12,264.15	2,381,456.00
Dalian Equipment Finance Lease Co., Ltd.	Associate of the company controlled by the same ultimate party	Expenses	Comprehensive services	Agreement	-	1,273,437.00
Total					917,422,252.43	832,542,153.17

Note 1: Comprehensive services include handling, storage, agency, tallying, information, containers ancillary services, equipment and technology maintenance, water and electricity supply and other services.

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Interest receivable	Dalian Changxing Island Port Co., Ltd.	1,773,313.76	253,925.21
Interest receivable	Dalian Vanguard International Logistics Co., Ltd.	30,570.86	30,570.84
Total		1,803,884.62	284,496.05
Contract liabilities	Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司)	2,701,019.15	1,591,721.80
Contract liabilities	Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧沈哈紅運物流有限公司)	2,149,425.08	2,622,323.82
Contract liabilities	Sinotrans Northeastern Co., Ltd.	2,142,930.37	426,683.80
Contract liabilities	Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	1,882,558.33	–
Contract liabilities	Yingkou Ocean Shipping Agency Co., Ltd.	1,536,313.26	718,280.35
Contract liabilities	Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限責任公司)	756,710.80	1,921,983.41
Contract liabilities	Dalian Port Wantong Logistics Co., Ltd.	505,200.00	–
Contract liabilities	PDA Group	368,943.61	368,943.61
Contract liabilities	National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd.	363,128.05	331,978.77
Contract liabilities	Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	338,186.06	13,189.28
Contract liabilities	Dalian Port Industrial Co., Ltd.	181,312.83	181,312.82
Contract liabilities	Dalian Sinotrans Logistics Co., Ltd.	131,939.61	131,939.60
Contract liabilities	China United International Rail Containers (Dalian) Co., Ltd.	51,547.17	54,640.00
Contract liabilities	Dalian Singamas International Container Co., Ltd.	50,868.24	50,882.38
Contract liabilities	China Marine Shipping Agency Liaoning Co., Ltd.	50,000.00	50,000.00
Contract liabilities	Dalian Harbour Engineering Co., Ltd.	32,656.17	32,115.81
Contract liabilities	Ganghe (Shanghai) Economic and Trade Co., Ltd.	25,178.30	–
Contract liabilities	Dalian Port Property Management Co., Ltd.	21,020.28	21,020.28
Contract liabilities	Dalian Wanpeng Port Engineering Testing Co., Ltd.	19,611.36	18,530.62
Contract liabilities	Dalian Port Landscape Engineering Co., Ltd.	19,453.21	19,453.21
Contract liabilities	Dalian Port Rixing Boiler Installation Co., Ltd.	16,553.24	16,553.24

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Contract liabilities	Yingkou Haihui Shipping Agent Co., Ltd. (營口海德船務代理有限公司)	10,451.89	159,975.00
Contract liabilities	Dalian Puji Storage Facility Co., Ltd.	4,611.50	4,611.49
Contract liabilities	Dalian Port Xingang Construction Engineering Co., Ltd.	4,322.94	4,322.94
Contract liabilities	Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	4,061.76	4,061.76
Contract liabilities	Odfjell Terminals (Dalian) Co., Ltd.	2,809.91	2,809.91
Contract liabilities	Yingkou Xintonghe Logistics Co., Ltd.	1,519.36	–
Contract liabilities	Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	2.70	–
Contract liabilities	Dandong Port Group Co., Ltd.	–	3,466,038.51
Contract liabilities	Yingkou Gangxin Technology Co., Ltd.	–	854,883.16
Contract liabilities	Liaoning Port Group	–	397,718.50
Contract liabilities	Dalian Port Yidu Cold Chain Co., Ltd.	–	100,292.40
Contract liabilities	Dalian United International Shipping Agency Co., Ltd.	–	16,231.21
Contract liabilities	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	–	2,161.47
Contract liabilities	Shenyang Sinotrans Logistics Co., Ltd.	–	754.00
Total		13,372,335.18	13,585,413.15
Prepayments	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	1,300,000.00	1,615,250.00
Prepayments	China United International Rail Containers (Dalian) Co., Ltd.	1,211,063.55	1,715,222.15
Prepayments	Dalian Harbour Engineering Co., Ltd.	930,000.00	–
Prepayments	Hoi Tung (Shanghai) Company Limited	912,000.00	–
Prepayments	Dalian Port Machinery Co., Ltd.	624,669.00	36,669.00
Prepayments	Dalian Gangtai Insurance Brokers Co., Ltd.	200,000.00	–
Prepayments	Dalian United International Shipping Agency Co., Ltd.	157,832.20	–
Prepayments	Dalian Port Industrial Co., Ltd.	112,547.06	–
Prepayments	Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	104,320.00	–

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Prepayments	Dandong Port Group Co., Ltd.	86,209.88	331,682.19
Prepayments	Yingkou Gangxin Technology Co., Ltd.	30,643.00	502,243.00
Prepayments	Dalian Port Logistics Network Co., Ltd.	10,348.00	–
Prepayments	Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	8,100.00	8,100.00
Total		5,687,732.69	4,209,166.34
Accounts receivable	Dalian Port Bulk Cargo Logistics Center Co., Ltd.	39,012,215.00	21,102,212.00
Accounts receivable	Dalian Port Yidu Cold Chain Co., Ltd.	28,974,971.90	18,741,698.35
Accounts receivable	Huaneng Yingkou Port Co., Ltd.	28,525,610.93	34,771,514.77
Accounts receivable	Dalian Automobile Terminal Co., Ltd.	19,468,964.14	10,199,440.43
Accounts receivable	Dalian Changxing Island Port Co., Ltd.	8,633,667.45	5,827,570.40
Accounts receivable	Yingkou Ocean Shipping Agency Co., Ltd.	8,548,224.58	1,248,207.93
Accounts receivable	Dalian Port Design and Research Institute Co., Ltd.	8,380,939.19	2,287,996.24
Accounts receivable	Dalian Creative Industry Project Development Co., Ltd.	5,336,904.90	5,336,904.90
Accounts receivable	Yingkou Gangjun Logistics Co., Ltd.	2,800,000.00	2,800,000.00
Accounts receivable	Sinotrans Container Lines Co., Ltd.	2,512,518.60	1,880,524.00
Accounts receivable	Dalian Shunde Jifa Supply Chain Management Co., Ltd.	2,138,812.21	–
Accounts receivable	China Oil Dock Management (Dalian) Co., Ltd.	1,308,000.00	2,760,000.00
Accounts receivable	China Marine Shipping Agency Liaoning Co., Ltd.	1,289,286.15	2,686,290.00
Accounts receivable	Dalian Vanguard International Logistics Co., Ltd.	1,264,189.00	315,000.00
Accounts receivable	Dalian United International Shipping Agency Co., Ltd.	625,019.77	739,514.81
Accounts receivable	China Merchants Gangrong	553,094.00	–
Accounts receivable	Liaoning Harbour Engineering Technology Co., Ltd.	525,583.33	–
Accounts receivable	Yingkou Huifeng Logistics Co., Ltd. (營口匯豐物流有限公司)	374,731.80	–
Accounts receivable	Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	211,495.68	3,537,952.92
Accounts receivable	Sinotrans Northeastern Co., Ltd.	216,247.00	–
Accounts receivable	Dalian Port City Comprehensive Development Co., Ltd.	196,800.00	–

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Accounts receivable	Dalian Jilong Logistics Co., Ltd.	157,611.37	17,032.74
Accounts receivable	PDA Group	133,251.24	272,113.00
Accounts receivable	China Merchants Great Stone Trade Logistics Co., Ltd.	12,285.00	—
Accounts receivable	Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	116,652.50	26,373.00
Accounts receivable	Dalian CITIC Harbour Investment Co., Ltd.	99,577.00	—
Accounts receivable	Weifang Senda Container Service Co., Ltd.	47,790.00	—
Accounts receivable	Dalian Port Property Management Co., Ltd.	28,389.17	16,816.36
Accounts receivable	Dalian Port North Shore Automobile Terminal Co., Ltd.	23,471.56	—
Accounts receivable	China Merchants Logistics Group (Tianjin) Co., Ltd. (招商局物流集團(天津)有限公司)	17,070.00	—
Accounts receivable	Dalian Gangxin Construction Engineering Co., Ltd.	11,112.27	53,143.50
Accounts receivable	Dalian Harbour Engineering Co., Ltd.	9,756.30	18,161.87
Accounts receivable	China United International Rail Containers (Dalian) Co., Ltd.	7,871.00	42,017.00
Accounts receivable	Dalian Port Wantong Logistics Co., Ltd.	2,783.00	46,182.00
Accounts receivable	Yingkou Port Group	—	3,183,629.00
Accounts receivable	Liaoning Electronic Port Co., Ltd.	—	1,994,801.00
Accounts receivable	Yingkou Port Group Bonded Goods Storage and Transportation Co., Ltd.	—	1,380,820.57
Accounts receivable	Dalian North Oil Petroleum Logistics Co., Ltd.	—	1,001,260.00
Accounts receivable	Yingkou Gangxin Technology Co., Ltd.	—	469,128.85
Accounts receivable	China United Tally (Dalian) Co., Ltd.	—	215,000.00
Accounts receivable	Liaoning Port Group	—	188,200.00
Accounts receivable	Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	—	172,626.21
Accounts receivable	Xia Men Bay China Merchants Terminals Co., Ltd.	—	117,036.00
Accounts receivable	Yingkou Port Shipping Agency Co., Ltd. (營口港船貨代理有限公司)	—	77,216.63
Accounts receivable	Dalian Taiping Bay Investment & Development Co., Ltd.	—	65,600.00

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Accounts receivable	Dalian Dagang China Shipping Container Terminal Co., Ltd.	-	46,119.00
Accounts receivable	Dalian Port Machinery and Electric Co., Ltd.	-	33,532.57
Accounts receivable	Yingkou Container Terminals Company Limited	-	6,500.00
Accounts receivable	Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	-	5,163.00
Accounts receivable	Dalian Port Security Services Co., Ltd.	-	4,420.80
Total		161,564,896.04	123,687,719.85
Other receivables	Dalian Changxing Island Port Investment and Development Co., Ltd.	86,278,685.21	78,903,440.58
Other receivables	Dalian Vanguard International Logistics Co., Ltd.	23,000,000.00	23,000,000.00
Other receivables	China Merchants Gangrong	17,897,611.31	67,808,592.90
Other receivables	Dalian Changxing Island Port Co., Ltd.	13,841,105.77	11,673,488.77
Other receivables	Dalian Port Yidu Cold Chain Co., Ltd.	6,681,642.61	8,670,816.52
Other receivables	China Merchants Investment Development Company Limited	2,906,537.39	-
Other receivables	Dalian Port Design and Research Institute Co., Ltd.	2,865,398.84	3,246,260.10
Other receivables	PDA Group	1,773,920.80	7,732,229.34
Other receivables	Dalian Port Machinery Co., Ltd.	1,718,262.00	1,835,684.80
Other receivables	China Marine Shipping Agency Liaoning Co., Ltd.	1,198,552.00	3,960,722.60
Other receivables	Dandong Port Group Co., Ltd.	1,052,467.50	-
Other receivables	Dalian Port Machinery and Electric Co., Ltd.	987,372.53	2,533,094.35
Other receivables	Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	470,656.00	470,656.00
Other receivables	Dalian North Oil Petroleum Logistics Co., Ltd.	408,800.00	548,800.00
Other receivables	Dalian Automobile Terminal Co., Ltd.	360,268.83	261,030.35
Other receivables	Dalian United International Shipping Agency Co., Ltd.	334,318.36	296,475.20
Other receivables	Dalian Port Bulk Cargo Logistics Center Co., Ltd.	320,000.00	-
Other receivables	Dalian Port North Shore Investment and Development Co., Ltd.	293,617.10	41,846.00
Other receivables	Dalian Sinotrans Logistics Co., Ltd.	180,000.00	130,000.00
Other receivables	Dalian Port North Shore Automobile Terminal Co., Ltd.	165,563.00	203,616.00

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Other receivables	Dalian Harbour Engineering Co., Ltd.	161,472.84	375,736.16
Other receivables	Yingkou Ocean Shipping Agency Co., Ltd.	123,216.48	–
Other receivables	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	110,000.00	130,000.00
Other receivables	Dalian Yongde Property Management Co., Ltd.	82,933.74	–
Other receivables	Dalian Wanfeng Properties Co., Ltd.	68,647.95	522,855.97
Other receivables	Dalian Port Logistics Technology Co., Ltd.	65,320.31	–
Other receivables	Dalian Port City Comprehensive Development Co., Ltd.	55,951.45	–
Other receivables	Sinotrans Container Lines Co., Ltd.	48,572.00	32,914.40
Other receivables	Dalian Taiping Bay Investment & Development Co., Ltd.	44,880.00	249,325.35
Other receivables	China Merchants Taiping Bay Development Investment Co., Ltd.	25,200.00	–
Other receivables	Dalian Jilong Logistics Co., Ltd.	20,000.00	21,572.00
Other receivables	Dalian Port Petroleum & Chemical Co., Ltd.	18,222.32	55,615.51
Other receivables	Dalian Port Xingang Construction Engineering Co., Ltd.	12,000.00	12,000.00
Other receivables	Dalian Taiping Bay Port Company Limited	8,783.65	8,783.65
Other receivables	Dalian Port PetroChina International Terminal Co., Ltd.	5,511.08	176,769.85
Other receivables	Odfjell Terminals (Dalian) Co., Ltd.	5,000.00	101,054.00
Other receivables	Dalian CITIC Harbour Investment Co., Ltd.	4,424.40	–
Other receivables	Dalian Gangxin Construction Engineering	2,734.01	10,821.80
Other receivables	Liaoning Port Group	2,025.00	279,187.00
Other receivables	Jinzhou Liaoxi PDA Properties Co., Ltd.	–	360,500.00
Other receivables	Dalian Hongyu Building Co., Ltd.	–	323,634.00
Other receivables	Dalian Port Wantong Logistics Co., Ltd.	–	100,000.00
Other receivables	Yingkou COSCO Shipping Container Service Co., Ltd.	–	50,000.00
Other receivables	Dalian Dagang China Shipping Container Terminal Co., Ltd.	–	45,555.00
Other receivables	China Communications Import & Export Co., Ltd.	–	45,000.00
Other receivables	Dalian Port Petty Loan Co., Ltd.	–	21,600.00
Total		163,599,674.48	214,239,678.20

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Long-term receivables	Dalian Puji Storage Facility Co., Ltd.	4,707,503.67	54,787,330.07
Long-term receivables	Dalian Changxing Island Port Co., Ltd.	-	26,500,000.00
Total		4,707,503.67	81,287,330.07
Other non-current assets due within one year	Dalian Changxing Island Port Co., Ltd.	26,500,000.00	-
Total		26,500,000.00	-
Advances from customers	Dalian Automobile Terminal Co., Ltd.	150,793.64	-
Total		150,793.64	-
Accounts payable	Dalian Port Machinery and Electric Co., Ltd.	6,109,782.26	-
Accounts payable	Yingkou Huifeng Logistics Co., Ltd.	6,001,947.63	8,559,228.82
Accounts payable	Angang International Trade Yingkou Port Co., Ltd.	5,417,391.95	5,417,391.95
Accounts payable	Dalian Port Machinery Co., Ltd.	4,622,367.00	224,079.73
Accounts payable	Dalian Port Xingang Construction Engineering Co., Ltd.	3,966,724.97	-
Accounts payable	Yingkou Port Gaizhou Logistics Co., Ltd.	3,619,771.39	1,488,895.46
Accounts payable	Dalian Harbour Engineering Co., Ltd.	2,650,744.65	332,807.91
Accounts payable	Yingkou Port Engineering Design and Research Institute Co., Ltd.	1,543,622.00	-
Accounts payable	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	1,369,330.46	14,124.42
Accounts payable	China United International Rail Containers (Dalian) Co., Ltd.	1,224,234.25	1,272,998.35
Accounts payable	Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	1,183,908.78	153,690.00
Accounts payable	Dalian Port Logistics Technology Co., Ltd.	1,087,180.00	-
Accounts payable	Dalian Port Wantong Logistics Co., Ltd.	960,000.00	930,900.00

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Accounts payable	Dalian Port Rixing Boiler Installation Co., Ltd.	949,716.55	–
Accounts payable	Weifang Senda Container Service Co., Ltd.	948,937.66	1,890,156.96
Accounts payable	Dandong Port Group Co., Ltd.	397,922.40	155,470.00
Accounts payable	Dalian Port Design and Research Institute Co., Ltd.	318,000.00	–
Accounts payable	Liaoning Harbour Engineering Technology Co., Ltd.	270,703.80	384,613.15
Accounts payable	Dalian Port Logistics Network Co., Ltd.	240,000.60	–
Accounts payable	PDA Group	182,033.79	240,433.79
Accounts payable	Dalian Port Industrial Co., Ltd.	158,000.00	–
Accounts payable	Yingkou Ocean Shipping Agency Co., Ltd.	115,042.85	–
Accounts payable	Dalian Automobile Terminal Co., Ltd.	102,897.32	301,183.11
Accounts payable	Dalian Singamas International Container Co., Ltd.	72,353.88	350,686.20
Accounts payable	Dalian Portsoft Technology Co., Ltd.	56,400.00	–
Accounts payable	Dalian Portsoft Network Co., Ltd.	28,470.00	–
Accounts payable	Yingkou Gangxin Technology Co., Ltd.	21,450.00	1,180,000.00
Accounts payable	Beidahuang Logistics Co., Ltd. (北大荒物流股份有限公司)	19,040.00	–
Accounts payable	Dalian Jilong Logistics Co., Ltd.	7,375.47	7,375.47
Accounts payable	Xingyun Digital Clustering (Beijing) Technology Co., Ltd.	4,179.28	–
Accounts payable	Jilin Inland Port Logistics Co., Ltd.	2,450.00	347,832.00
Accounts payable	Dalian United International Shipping Agency Co., Ltd.	420.00	343,302.71
Accounts payable	Dalian Shenyang Railway Bureau Yuangang Logistics Co., Ltd.	23.20	23.20
Accounts payable	Dalian Changxing Island Port Investment and Development Co., Ltd.	–	17,205,000.00
Accounts payable	China United Tally (Dalian) Co., Ltd.	–	885,712.84
Accounts payable	Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司)	–	600,150.06
Accounts payable	Dalian Life Raft Inspection Co., Ltd.	–	131,549.50
Accounts payable	Shandong Yantai Sinotrans Shipping Agency Co., Ltd. (山東煙台中外運船務代理有限公司)	–	71,130.17
Accounts payable	Dalian Vanguard International Logistics Co., Ltd.	–	26,450.00
Accounts payable	Dalian Port Yidu Cold Chain Co., Ltd.	–	3,769.00
Total		43,652,422.14	42,518,954.80

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Other payables	Yingkou Port Group	4,500,206,371.31	–
Other payables	Ocean Harvest Container Co., Ltd.	44,818,975.46	45,927,589.44
Other payables	Dalian United International Shipping Agency Co., Ltd.	21,192,179.44	1,975,566.07
Other payables	Dalian Harbour Engineering Co., Ltd.	15,441,872.92	8,672,322.00
Other payables	Dalian Port Machinery and Electric Co., Ltd.	13,956,205.39	33,324,231.48
Other payables	Dalian Port Rixing Boiler Installation Co., Ltd.	8,818,093.76	13,241,678.47
Other payables	Dalian Port Machinery Co., Ltd.	2,676,545.32	6,716,728.62
Other payables	Dalian Port Xingang Construction Engineering Co., Ltd.	2,474,400.25	3,027,913.25
Other payables	Yingkou Port Engineering Design and Research Institute Co., Ltd.	1,614,224.00	70,602.00
Other payables	Dalian Port Logistics Network Co., Ltd.	1,520,350.00	–
Other payables	PDA Group	1,460,446.88	2,617,133.16
Other payables	Dalian Port Logistics Technology Co., Ltd.	1,345,755.00	–
Other payables	Dalian Portsoft Technology Co., Ltd.	1,237,507.89	–
Other payables	Dalian Port Yidu Cold Chain Co., Ltd.	1,109,480.00	942,100.00
Other payables	Yingkou Huifeng Logistics Co., Ltd. (营口滙豐物流有限公司)	1,070,700.00	45,900.00
Other payables	Yingkou Gangxin Technology Co., Ltd.	866,333.78	212,536.57
Other payables	Dalian Portsoft Network Co., Ltd.	812,617.56	–
Other payables	Yingkou Port Engineering Supervision Consulting Co., Ltd.	562,164.00	–
Other payables	Hoi Tung (Shanghai) Company Limited	484,000.00	3,524,000.00
Other payables	Dalian Sinotrans Logistics Co., Ltd.	465,700.00	188,500.00
Other payables	Dalian Port Landscape Engineering Co., Ltd.	456,154.00	455,912.00
Other payables	Dalian Port Design and Research Institute Co., Ltd.	390,280.55	973,018.98
Other payables	Dandong Port Group Co., Ltd.	337,366.00	–
Other payables	Yingkou Port Group Construction and Installation Engineering Co., Ltd.	136,028.72	–
Other payables	China Marine Shipping Agency Liaoning Co., Ltd.	101,000.00	746,000.00
Other payables	Dalian CITIC Harbour Investment Co., Ltd.	100,000.00	150,000.00
Other payables	Shenzhen Haiqin Engineering Supervision & Management Company Limited	100,000.00	334,219.90
Other payables	Dalian Changxing Island Port Co., Ltd.	70,000.00	–
Other payables	Dalian Port Industrial Co., Ltd.	55,424.55	159,208.00

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Other payables	Dalian Wanpeng Foundation Engineering Co., Ltd.	50,000.43	50,000.43
Other payables	Dalian Jingda International Freight Forwarding Co., Ltd.	45,000.00	–
Other payables	China United International Rail Containers (Dalian) Co., Ltd.	43,603.77	20,000.00
Other payables	Sinopec Harbour Oil Sales (Dalian) Co., Ltd.	30,200.00	717,120.74
Other payables	Liaoning Harbour Engineering Technology Co., Ltd.	30,078.20	–
Other payables	Yingkou Port Tank Cleaning Co., Ltd.	30,000.00	30,000.00
Other payables	Xingyun Digital Clustering (Beijing) Technology Co., Ltd.	21,261.55	–
Other payables	Yingkou Port Gaizhou Logistics Co., Ltd.	20,000.00	–
Other payables	Sinotrans Northeastern Co., Ltd.	20,000.00	20,000.00
Other payables	Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司)	17,400.01	–
Other payables	Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧沈哈紅運物流有限公司)	15,000.00	–
Other payables	Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	10,000.00	–
Other payables	Yingkou Haihui Shipping Agency Co., Ltd. (營口海德船務代理有限公司)	10,000.00	–
Other payables	Yingkou Ocean Shipping Agency Co., Ltd.	10,000.00	–
Other payables	Yingkou COSCO Shipping Agency Co., Ltd. (營口中遠海運船務代理有限公司)	10,000.00	–
Other payables	China United Tally (Dalian) Co., Ltd.	6,400.00	139,609.00
Other payables	Yingkou Ocean Shipping Tally Co., Ltd.	6,000.00	–
Other payables	Dalian Creative Industry Project Development Co., Ltd.	5,000.00	–
Other payables	Dalian Automobile Terminal Co., Ltd.	3,200.00	540.00
Other payables	Yingkou Duty Free Foreign Supply Port Service Company Limited (營口中免對外供應港口服務有限責任公司)	2,000.00	–

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Other payables	Dalian Hongyu Building Co., Ltd.	1,104.11	75,453.05
Other payables	Dalian Port Wantong Logistics Co., Ltd.	1,000.00	–
Other payables	Dalian Singamas International Container Co., Ltd.	700.00	700.00
Other payables	Sinotrans Container Lines Co., Ltd.	–	250,000.00
Other payables	Dalian Changxing Island Port Investment and Development Co., Ltd.	–	63,600.00
Other payables	Dalian Wanpeng Port Engineering Testing Co., Ltd.	–	40,000.00
Other payables	Dalian PetroChina Marine Fuel Transportation & Sales Co., Ltd.	–	5,000.00
Total		4,624,268,124.85	124,717,183.16
Long-term payables	PDA Group	–	19,000,000.00
Long-term payables	China Merchants Bank Co., Ltd.	–	4,500,000.00
Total		–	23,500,000.00
Lease liabilities	Dalian Port PetroChina International Terminal Co., Ltd.	1,696,574,986.13	1,669,178,465.49
Lease liabilities	Yingkou Port Group	1,418,566,463.50	3,510,234,045.40
Lease liabilities	PDA Group	1,215,162,623.44	1,212,351,812.99
Lease liabilities	Dalian FTZ Yongdexin Real Estate Development Co., Ltd.	41,633,879.21	37,439,609.56
Lease liabilities	Dalian Harbour Building Co., Ltd.	18,911,500.49	19,220,163.90
Lease liabilities	Dalian Automobile Terminal Co., Ltd.	706,156.58	712,551.31
Lease liabilities	Dalian Changxing Island Port Co., Ltd.	22,911.67	69,442.22
Lease liabilities	Dalian Equipment Finance Lease Co., Ltd.	–	773,621.70
Total		4,391,578,521.02	6,449,979,712.57

Notes to the Financial Statements (continued)

2021
In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(2) Balances of major claims and debts (continued)

Items	Name of related parties	31 December 2021	31 December 2020 (Restated)
Long-term payables due within one year	PDA Group	–	25,057,811.11
Long-term payables due within one year	China Merchants Bank Co., Ltd.	4,500,000.00	4,500,000.00
Total		4,500,000.00	29,557,811.11
Lease liabilities due within one year	Yingkou Port Group	77,425,194.67	127,423,433.83
Lease liabilities due within one year	PDA Group	20,051,065.26	19,165,802.41
Lease liabilities due within one year	Dalian Port PetroChina International Terminal Co., Ltd.	16,880,450.19	15,648,772.97
Lease liabilities due within one year	Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	1,412,465.49	1,255,403.34
Lease liabilities due within one year	Dalian Equipment Finance Lease Co., Ltd.	1,027,826.32	1,522,661.86
Lease liabilities due within one year	Dalian Harbour Building Co., Ltd.	901,315.66	861,422.53
Lease liabilities due within one year	Dalian Changxing Island Port Co., Ltd.	21,872.74	40,000.00
Lease liabilities due within one year	Dalian Automobile Terminal Co., Ltd.	14,635.20	13,796.57
Total		117,734,825.53	165,931,293.51

Except for short-term borrowings, long-term borrowings, lease liabilities, non-current liabilities due within one year, related party borrowings in long-term payables, other non-current assets due within one year and long-term receivables, other amounts due to and due from related parties were interest free, unsecured and with no fixed maturity date.

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(3) Leasing with related parties

The Group as the lessor

Name of lessee	Type of the leased assets	Pricing method and decision-making procedure of related transactions	Leasing income recognised in the current year	Leasing income recognised in the previous year (Restated)
Yingkou Container Terminals Company Limited	Berth and stock yard/ Buildings/Equipment	Agreement	90,389,833.06	105,760,869.67
China Oil Dock Management (Dalian) Co., Ltd.	Berth and stock yard	Agreement	14,260,000.00	14,260,000.00
Dalian Port Yidu Cold Chain Co., Ltd.	Yard cranes/Stock yard	Agreement	4,062,587.35	3,919,599.20
China United International Rail Containers (Dalian) Co., Ltd.	Warehouse/Equipment	Agreement	4,786,479.87	4,786,479.87
Dalian Sinotrans Logistics Co., Ltd.	Stock yard/Buildings	Agreement	1,809,523.80	1,206,349.22
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Equipment	Agreement	1,655,028.09	155,339.81
Yingkou Port Group	Equipment/Buildings	Agreement	1,443,227.00	1,428,571.44
Yingkou Hui Feng Logistics Co., Ltd. (營口滙豐物流有限公司)	Buildings	Agreement	1,146,036.19	–
Liaoning Shenha Hongyun Logistics Co., Ltd. (遼寧沈哈紅運物流有限公司)	Equipment	Agreement	966,368.22	1,312,155.81
Liaoning Harbour Engineering Technology Co., Ltd.	Vessels	Agreement	921,106.01	948,361.47
Dalian Port Industrial Co., Ltd.	Buildings/Automobile	Agreement	710,024.41	960,902.31
Yingkou Port Vessel Fuel Supply Co., Ltd. (營口港船舶燃料供應有限責任公司)	Port and terminal facilities	Agreement	602,400.00	–
Jilin Inland Port Logistics Co., Ltd.	Buildings	Agreement	242,201.83	314,285.71
Dalian North Oil Petroleum Logistics Co., Ltd.	Oil pipe and tank	Agreement	222,500.00	211,904.76
Dalian Port Wantong Logistics Co., Ltd.	Stock yard	Agreement	107,485.71	107,485.71
China United Tally (Dalian) Co., Ltd.	Buildings/Vehicles	Agreement	102,193.08	103,197.93
Dalian Port Logistics Technology Co., Ltd.	Automobile	Agreement	82,800.00	–

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(3) Leasing with related parties (continued)

The Group as the lessor (continued)

Name of lessee	Type of the leased assets	Pricing method and decision-making procedure of related transactions	Leasing income recognised in the current year	Leasing income recognised in the previous year (Restated)
Dalian Wantong Ronghai Shipping Co., Ltd.	Buildings	Agreement	65,714.29	65,714.29
Dalian CITIC Harbour Investment Co., Ltd.	Buildings	Agreement	21,551.72	43,103.39
Dalian Jilong Logistics Co., Ltd.	Stock yard	Agreement	-	1,217,626.47
Dalian Harbour City Construction Development Co., Ltd.	Buildings	Agreement	-	624,045.18
Total			123,597,060.63	137,425,992.24

The Group as the lessee

Name of lessee	Type of the leased assets	Pricing method and decision-making procedure of related transactions	Leasing expenses paid in the current year	Leasing expenses paid in the previous year (Restated)
Yingkou Port Group	Terminal facilities/Stock yard/Automobile/Land	Agreement	355,217,961.98	332,827,435.83
Dalian Port PetroChina International Terminal Co., Ltd.	Terminal facilities	Agreement	104,285,714.30	104,571,428.59
PDA Group	Land/Buildings/Office equipment	Agreement	84,838,018.30	94,062,206.41
Dalian Port Wantong Logistics Co., Ltd.	Vessels	Agreement	10,197,787.58	10,174,311.94
Huaneng Yingkou Port Co., Ltd. (華能營口港務有限責任公司)	Equipment	Agreement	5,619,469.03	5,619,469.00

Notes to the Financial Statements (continued)

2021
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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(3) Leasing with related parties (continued)

The Group as the lessee (continued)

Name of lessee	Type of the leased assets	Pricing method and decision-making procedure of related transactions	Leasing expenses paid in the current year	Leasing expenses paid in the previous year (Restated)
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	Buildings	Agreement	4,879,509.68	2,820,000.00
Dalian Port Industrial Co., Ltd.	Equipment	Agreement	4,308,814.92	3,874,203.00
Dalian FTZ Yongdixin Real Estate Development Co., Ltd.	Buildings	Agreement	3,626,943.75	3,684,001.30
Dalian Harbour Building Co., Ltd.	Buildings	Agreement	2,001,498.70	2,023,818.93
Dalian Equipment Finance Lease Co., Ltd.	Office equipment	Agreement	1,389,203.52	1,273,436.56
Liaoning Gangfeng Logistics Co., Ltd. (遼寧港豐物流有限公司)		Agreement	1,073,394.51	4,293,578.04
Dalian Hongyu Building Co., Ltd.	Buildings	Agreement	686,346.76	702,588.72
Yingkou Gangtong E-Commerce Co., Ltd. (營口港通電子商務有限公司)	Stock yard	Agreement	91,742.89	–
Dalian Automobile Terminal Co., Ltd.	Buildings	Agreement	79,683.82	60,237.12
Dalian Taiping Bay Sunshine Real Estate Co., Ltd.	Buildings	Agreement	42,285.72	7,328.57
Dalian Changxing Island Port Co., Ltd.	Buildings	Agreement	24,000.00	48,000.00
Dalian Port North Shore Investment and Development Co., Ltd.	Land	Agreement	7,339.45	–
Liaoning New Silk Road International Logistics Co., Ltd. (遼寧新絲路國際物流有限公司)	Container	Agreement	6,296.69	6,348.72
Yingkou Yinlong Port Co., Ltd. (營口銀龍港務股份有限公司)	Oil tank	Agreement	–	2,143,357.16
Total			578,376,011.60	568,191,749.89

Notes to the Financial Statements (continued)

2021
In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(4) Guarantees from related parties

Guarantees from related parties

Guarantor	Guaranteed amount	Commencement date	Termination date	Fully performed or not
2021				
PDA Group (Note)	2,350,000,000.00	23/5/2011	22/11/2021	Yes
2020 (Restated)				
PDA Group	2,350,000,000.00	23/5/2011	22/11/2021	No

Note: Under Regulatory Permission [2011] No. 699 approved by China Securities Regulatory Commission, the Company issued corporate bonds on 23 May 2011, which were secured with an unconditional and irrevocable guarantee provided by PDA Group, the parent company of the Company. As at 22 May 2021, the Company has repaid these bonds as detailed in Note IX.36.

(5) Borrowings with lending from/to related parties

Borrowings from related parties

2021

The Group did not have any borrowings from related parties for this year.

2020

Related party	Borrowing amount	Commencement date	Maturity date
PDA Group	44,000,000.00	17/3/2020	8/9/2022

Repayment of borrowings from related parties

Item	2021	2020 (Restated)
PDA Group	44,000,000.00	–
Dalian Port Yidu Cold Chain Co., Ltd.	–	163,350,000.00
Dalian Port Group Financial Co., Ltd.	–	44,000,000.00
Dalian United International Shipping Agency Co., Ltd.	–	15,000,000.00
Total	44,000,000.00	222,350,000.00

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(5) Borrowings with lending from/to related parties (continued)

Borrowings from related parties (continued)

Interest expenses on borrowings from related parties

Item	2021	2020 (Restated)
Dalian Port Yidu Cold Chain Co., Ltd.	–	2,288,350.51
Dalian United International Shipping Agency Co., Ltd.	–	320,625.00
Dalian Port Group Financial Co., Ltd.	–	447,027.77
PDA Group	656,824.99	2,659,972.30
Total	656,824.99	5,715,975.58

The borrowings from above related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

Borrowings to related parties

2021

The Group did not have any borrowings to related parties for this year.

2020 (Restated)

Related parties	Borrowing amount	Commencement date	Maturity date
Dalian Puji Storage Facility Co., Ltd.	54,700,000.00	6/1/2020	6/1/2023
Dalian Changxing Island Port Co., Ltd. (Note 1)	26,500,000.00	17/8/2019	17/8/2022
Dalian Vanguard International Logistics Co., Ltd. (Note 2)	23,000,000.00	28/6/2020	28/6/2021

Note 1: As at 13 March 2020, Asia Pacific Ports (Dalian) Co., Ltd., a subsidiary of the Company, signed a borrowing extension agreement with Dalian Changxing Island Port Co., Ltd. for extending the term of borrowing of RMB26,500,000.00 to 17 August 2022, with interest rate of 5.655% per annum.

Note 2: Jifa Logistics, a subsidiary of the Group, signed a borrowing extension agreement with Dalian Vanguard International Logistics Co., Ltd. in the year for extending the term of borrowing of RMB23,000,000.00 to 28 June 2021, with interest rate of 4.35% per annum.

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(5) Borrowings with lending from/to related parties (continued)

Borrowings to related parties (continued)

Repayment on borrowings to related parties

Item	2021	2020 (Restated)
Dalian Puji Storage Facility Co., Ltd.	50,000,000.00	–
Dalian Automobile Terminal Co., Ltd.	–	25,000,000.00
Total	50,000,000.00	25,000,000.00

Interest income on borrowings to related parties

Related parties	2021	2020 (Restated)
Dalian Changxing Island Port Co., Ltd.	1,433,385.39	1,146,727.57
Dalian Vanguard International Logistics Co., Ltd.	956,977.23	959,599.08
Dalian Puji Storage Facility Co., Ltd.	585,690.18	2,703,786.91
Dalian Automobile Terminal Co., Ltd.	–	928,991.71
Total	2,976,052.80	5,739,105.27

The borrowings to related parties bear interest rates mutually agreed between the parties by reference to the interest rates of the same type of bank loans as stipulated by the People's Bank of China.

(6) Transfer of assets of related parties

Acquisition of assets

Related parties	Content of transactions	2021	2020 (Restated)
Yingkou Port Group (Note)	Purchase of Land/Vessels/ Buildings etc.	6,182,331,240.81	328,548,521.60
Dalian Port Machinery and Electric Co., Ltd.	Purchase of softwares/ Engineering construction	36,986,518.67	17,481,375.80
Dalian Harbour Engineering Co., Ltd.	Purchase of equipment	15,831,414.62	6,872,960.80
China Merchants International Technology Company Limited (招商局國際科技有限公司)	R&D of intangible assets	13,695,980.00	–
China Merchants International Technology Company Limited (招商局國際科技有限公司)	Engineering construction	11,943,012.97	–

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(6) Transfer of assets of related parties (continued)

Acquisition of assets (continued)

Related parties	Content of transactions	2021	2020 (Restated)
Dalian Port Design and Research Institute Co., Ltd.	Engineering construction	6,687,832.11	620,587.74
Dalian Port Logistics Technology Co., Ltd.	Engineering construction	6,571,361.52	–
Dalian Port Rixing Boiler Installation Co., Ltd.	Engineering construction	6,249,422.97	8,305,317.32
Dalian Port Machinery Co., Ltd.	Purchase of equipment/ Engineering construction	5,408,355.59	3,593,881.42
Dalian Portsoft Technology Co., Ltd.	Engineering construction	2,461,766.59	–
Dalian Portsoft Network Co., Ltd.	Engineering construction	1,833,116.14	–
Yingkou Port Engineering Design and Research Institute Co., Ltd.	Engineering construction	1,715,709.82	–
Dalian Port Xingang Construction Engineering Co., Ltd.	Engineering construction	1,498,497.55	894,610.30
Yingkou Gangxin Technology Co., Ltd.	Engineering construction	1,341,881.65	1,973,756.05
Yingkou Port Engineering Supervision Consulting Co., Ltd.	Engineering construction	944,936.29	288,113.21
Dalian Port Logistics Network Co., Ltd.	Engineering construction	906,603.76	–
Yingkou Port Group Construction and Installation Engineering Co., Ltd. (營口港務集團建築安裝工程有限公司)	Engineering construction	488,439.45	496,437.52
Dalian Wanpeng Port Engineering Testing Co., Ltd.	Engineering construction	253,728.27	393,278.80
Dalian Port Landscape Engineering Co., Ltd.	Engineering construction	236,134.00	511,820.97
Shenzhen China Merchants Daojiahui Technology Co., Ltd.	Engineering construction	86,703.23	190,937.14
Yingkou Gangxin Technology Co., Ltd.	Purchase of equipment	–	1,274,723.06
Hoi Tung (Shanghai) Company Limited	Purchase of equipment	–	11,256,637.16
Shenzhen China Merchants Property Management Co., Ltd.	Engineering construction	–	11,052.22
Total		6,297,472,656.01	382,714,011.11

Note: As mentioned in Note VIII.3, Yingkou Ltd., a wholly-owned subsidiary of the Company, acquired from Yingkou Port Group the assets relating to its coal business, barging business and hydropower business and other assets such as land in Bayuquan Port Area at a cash consideration of RMB8,524,108,000, of which the consideration for the assets relating to the coal business, barging business and hydropower business was RMB2,341,777,000 based on appraisal. The consideration for the other non-business assets was RMB6,182,331,000.

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(7) Remuneration of key management

Item	2021	2020 (Restated)
Remuneration of key management	8,942,590.12	7,626,469.82

(8) Commitment between the Group and related parties

Leases

Related parties	31 December 2021	31 December 2020 (Restated)
As lessee		
Shenyang Sinotrans & CSC Logistics Development Co., Ltd.	4,476,614.39	–
PDA Group	125,006.70	10,277,047.63
Dalian Harbour Building Co., Ltd.	45,551.04	–
Yingkou Port Group	–	461,562.96
Total	4,647,172.13	10,738,610.59
As lessor		
Dalian Port Petroleum & Chemical Co., Ltd.	4,289,915.96	–
Dalian Dagang China Shipping Container Terminal Co., Ltd.	1,422,018.35	1,422,018.35
Dalian Port Yidu Cold Chain Co., Ltd.	753,104.56	114,563.10
Liaoning Harbour Engineering Technology Co., Ltd.	357,539.69	–
Dalian Port Industrial Co., Ltd.	–	339,414.54
PDA Group	–	66,666.67
Total	6,822,578.56	1,942,662.66

Notes to the Financial Statements (continued)

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XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(8) Commitment between the Group and related parties (continued)

Capital commitments

Related parties	31 December 2021	31 December 2020 (Restated)
Acquisition of assets		
China Merchants International Technology Company Limited (招商局國際科技有限公司)	129,639,165.96	–
Dalian Harbour Engineering Co., Ltd.	10,496,529.00	6,876,844.30
Dalian Port Logistics Technology Co., Ltd.	1,350,409.08	–
Total	141,486,104.04	6,876,844.30

(9) Centralized fund management

Related parties	31 December 2021	31 December 2020 (Restated)
China Merchants Bank Co., Ltd.	748,495,361.95	49,208,153.00
China Merchants Group Finance Co., Ltd.	1,696,167,234.53	2,993,590,485.63
Total	2,444,662,596.48	3,042,798,638.63

The annual interest rate for the above deposits in 2021 was 0.30%-2.85% (2020: 0.30%-4.125%). The Group obtained deposit interest income of RMB67,289,253.96 (2020: RMB72,682,774.30) from the related parties.

As at 31 December 2021, the cash on hand and at bank deposited with the related parties included accrued interest of RMB8,953,749.99 (31 December 2020: RMB32,147,506.94).

(10) Equity transaction and business acquisition

Please refer to Note VIII for equity transaction and business acquisition between the Group and related parties in the year.

Notes to the Financial Statements (continued)

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In RMB

XI. Relationships and transactions with related parties (continued)

5. Significant related transactions between the Group and the above related parties during the year are as follows: (continued)

(11) Other connected transactions

Some related parties of the Group are engaged in port freight forwarding business, that is, the related parties are entrusted by the third-party freight companies to arrange cargo handling in the port area, including signing contracts with the Group and settlement of port charges, etc. Such related parties are the agents of the third parties, so the Group didn't recognize the income arising from port handling in such businesses as the connected transactions income with the related parties.

The Group's related party China Merchants Gangrong is an e-commerce platform for port and shipping industry comprising port, shipping and third-party e-commerce platform businesses, through which some customers of the Group conduct businesses with the Group. The Group received business receivables totaling RMB2,424,797,444.95 through China Merchants Gangrong in 2021 (2020: RMB2,440,222,624.06), of which the amount of invoices issued by the Group to China Merchants Gangrong for container business was RMB697,371,798.10 (excluding tax) (2020: RMB698,476,115.40 (excluding tax)).

XII. Financial instruments and risk management

The major financial instruments of the Group primarily include cash at bank and on hand, financial assets held for trading, notes receivable, accounts receivable, receivables financing, other receivables, non-current assets due within one year, long-term receivables, investments in other equity instruments, short-term borrowings, accounts payable, other payables, non-current liabilities due within one year, bond payable, long-term borrowings, long-term payables, etc. For detailed descriptions of various financial instruments, please refer to the notes to the abovementioned items. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are summarized as follows. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited scope.

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

1. Classification of financial instruments

Financial assets

	Financial assets at fair value through current profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
31 December 2021				
Cash at bank and on hand	-	4,682,837,844.76	-	4,682,837,844.76
Notes receivable	-	382,699,154.88	-	382,699,154.88
Accounts receivable	-	2,484,558,788.25	-	2,484,558,788.25
Receivables financing	-	-	40,454,782.00	40,454,782.00
Other receivables	-	418,964,033.51	-	418,964,033.51
Non-current assets due within one year	-	25,705,000.00	-	25,705,000.00
Long-term receivables	-	4,706,562.92	-	4,706,562.92
Investments in other equity instruments	-	-	179,291,854.27	179,291,854.27
Total	-	7,999,471,384.32	219,746,636.27	8,219,218,020.59
31 December 2020 (Restated)				
Cash at bank and on hand	-	7,419,447,281.30	-	7,419,447,281.30
Financial assets held for trading	903,950,958.91	-	-	903,950,958.91
Notes receivable	-	409,666,882.28	-	409,666,882.28
Accounts receivable	-	1,913,470,160.89	-	1,913,470,160.89
Other receivables	-	442,948,729.54	-	442,948,729.54
Long-term receivables	-	80,486,851.34	-	80,486,851.34
Investments in other equity instruments	-	-	204,067,639.27	204,067,639.27
Total	903,950,958.91	10,266,019,905.35	204,067,639.27	11,374,038,503.53

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

1. Classification of financial instruments (continued)

Financial liabilities

	31 December 2021 Financial liabilities at amortised cost	31 December 2020 (Restated) Financial liabilities at amortised cost
Short-term borrowings	–	150,142,083.34
Accounts payable	299,243,621.90	325,276,634.53
Other payables	5,211,704,627.42	702,588,201.79
Non-current liabilities due within one year	1,317,029,437.70	2,739,874,519.62
Long-term borrowings	1,020,537,454.00	1,132,693,298.00
Bonds payable	2,486,907,371.14	3,547,236,158.87
Lease liabilities	4,479,123,277.25	6,557,286,700.42
Long-term payables	17,500,000.00	44,070,000.00
Total	14,832,045,789.41	15,199,167,596.57

2. Transfer of financial assets

Financial assets transferred but not fully derecognized

On 31 December 2021, the Group endorsed suppliers a bank acceptance for settlement of accounts payable with carrying amount of RMB8,687,135.95 (31 December 2020: RMB3,779,998.22). The Group is of the opinion that the Group retains nearly all the risks and rewards, including default risk related to it. Therefore, such other payables and related payables settled will continuously be recognized in full. Subsequent to the endorsement, the Group will no longer retain use right, including the rights for selling, transferring or pledging such assets to other third parties. As at 31 December 2021, carrying amount of accounts payable settled by the Group totaled at RMB8,687,135.95 (31 December 2020: RMB3,779,998.22).

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

2. Transfer of financial assets (continued)

Financial assets transferred and derecognized fully but with continuous involvement

On 31 December 2021, carrying value of the bank acceptance endorsed to suppliers for settlement of accounts payable amounted to RMB406,648,391.67 (31 December 2020: RMB369,619,352.08). On 31 December 2021, the bank acceptance is due within 1 to 12 months. If acceptance banks dishonored the notes, endorses shall have the right to turn to the Group for recourse (“Continuous Involvement”) according to the Law of Bill. The Group considered that substantially all the risks and rewards of the notes have been transferred. Therefore, the Group has derecognised carrying amounts of the notes and the related accounts payable that have been settled. The maximum loss and the undiscounted cash flow of Continuous Involvement and repurchase are equal to the carrying amounts of the notes. The Group believes that the fair value of Continuous Involvement is insignificant.

In 2021, the Group did not recognise gains or losses on the date of its transfer. The Group had no current or accumulated income or expense related to Continuous Involvement of financial assets which had been derecognised. Endorsement is recorded evenly during the period.

3. Objectives and policies of risk management

The Group is exposed to risks from various financial instruments in day-to-day operation, mainly including market risk (including foreign exchange risk, interest rate risk and price risk of investment in equity instruments), credit risk and liquidity risk. The major financial instruments of the Group primarily include cash at bank and on hand, equity investments, debt investments, borrowings, notes receivable and accounts receivable, and accounts payable. Risks in connection with such financial instruments, and the risk management strategies adopted by the Group to mitigate such risks are summarized as follows.

The Board of Directors is responsible for planning and establishing the risk management structure for the Group, and developing risk management policies and the related guidelines across the Group, and supervising the performance of risk management measures. The Group has developed risk management policies to identify and analyze risks affecting the Group. These risk management policies have clear regulations over specific risks, covering various aspects of market risk, credit risk and liquidity risk. The Group will evaluate the market environment and changes of the Group’s operating activities on a regular basis to decide whether it is needed to update the risk management policies and systems. Risk management of the Group is carried out by the Risk Control Department based on the policies as approved by the Board of Directors. Risk Management Committee identifies, evaluates and mitigates related risks by working closely with other business divisions of the Group. Internal Audit Department of the Group will review the risk management control and process regularly, and submit the review results to Audit Committee of the Group.

The Group diversifies risks of financial instruments through appropriate diversified investment and business portfolio, and mitigates concentration risk in any single sector, specific region or certain counterparties by formulating corresponding risk management policies.

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk

1) Foreign exchange risk

The Group is exposed to trading exchange risk. Such risk arises from operating units carrying outsales or purchases with currency other than their functional currency. Approximately 3% of sales of the Group (2020: 2%) are denominated in currency other than the functional currency of operating units, while around 4% (2020: 2%) of cost is denominated in currency other than the functional currency of operating units.

The table below is a sensitivity analysis of exchange rate risk. It reflects the impact on net profit or loss and other comprehensive income net of tax when a reasonably possible change in exchange rate of foreign currency occurs, with all other variables held constant.

Item	Change in exchange rate	2021		2020	
		Impact on profit	Impact on shareholders' equity	Impact on profit	Impact on shareholders' equity
RMB	Strengthens by 1% against USD	-498,309.68	-498,309.68	-134,730.78	-134,730.78
RMB	Weakens by 1% against USD	498,309.68	498,309.68	134,730.78	134,730.78
RMB	Strengthens by 1% against JPY	-103.15	-103.15	-31,727.87	-31,727.87
RMB	Weakens by 1% against JPY	103.15	103.15	31,727.87	31,727.87
RMB	Strengthens by 1% against KRW	-1,750.01	-1,750.01	-1,523.25	-1,523.25
RMB	Weakens by 1% against KRW	1,750.01	1,750.01	1,523.25	1,523.25

2) Risk of change in exchange rate

Risk of changes in market interest rate exposed to the Group is primarily related to liabilities at variable interest rate.

In terms of management of interest rate exposures, the Group's policy is to manage its interest cost using a mix of fixed and variable rate debts to avoid interest rate risks.

The table below is a sensitivity analysis of interest rate risk. It reflects the impact on net profit or loss (through the impact on floating rate borrowings) and shareholders' equity when a reasonably possible change in interest rates occurs, with all other variables held constant.

Notes to the Financial Statements (continued)

2021
In RMB

XII. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk (continued)

2) Risk of change in exchange rate (continued)

Item	Increase of basis points	2021		2020 (Restated)	
		Increase of net profit or loss	Increase of shareholders' equity	Increase of net profit or loss	Increase of shareholders' equity
RMB	50.00	-3,900,013.73	-3,900,013.73	-4,832,892.08	-4,832,892.08
RMB	-50.00	3,900,013.73	3,900,013.73	4,832,892.08	4,832,892.08

3) Price risk of investment in equity instruments

Price risk of investment in equity instruments is the risk that fair value of equity securities is reduced due to change of stock index and value of individual stock. On 31 December 2021, the Group is exposed to price risk of investment in equity instruments arising from individual equity instrument investment classified as equity instrument investment at fair value through current profit or loss and equity instrument investment at fair value through other comprehensive income.

The following table demonstrates the sensitivity of net profit or loss and other comprehensive income net of tax to every 1% increase in the fair values (based on the carrying amount on the balance sheet date) of the equity instrument investments of the Group, with all other variables held constant.

	Carrying amount of equity instrument investments	Increase in net profit or loss	Increase in other comprehensive income net of tax	Total increase in shareholders' equity
31 December 2021				
Equity instrument investments				
Unlisted equity instrument investments at fair value				
– equity instrument investment at fair value through other comprehensive income	179,291,854.27	-	1,344,688.91	1,344,688.91
31 December 2020 (Restated)				
Equity instrument investments				
Unlisted equity instrument investments at fair value				
– equity instrument investment at fair value through other comprehensive income	204,067,639.27	-	1,530,507.29	1,530,507.29

The valuation of unlisted equity investment companies decreased at the end of the year due to the ongoing impact of the COVID-19 epidemic, resulting in a corresponding decrease in the carrying value of investments in other equity instruments.

Notes to the Financial Statements (continued)

2021
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XII. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(1) Market risk (continued)

4) Capital management

The Group's capital management mainly aims to ensure the Group's ability of operating as a going concern, and maintain healthy capital ratio to support business development and maximise shareholders' value.

The Group changes and adjusts the capital management structure based on changes of economic situation and risk characteristics of related assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements. In the year of 2021 and the year of 2020, the objective, policies or process of capital management are not changed.

The Group manages its capital using the leverage ratio, which is calculated by dividing net liabilities by the sum of adjusted capital and net liabilities. Net liabilities include short-term borrowings, non-current liabilities due within one year, long-term borrowings, bonds payable, long-term payables, lease liabilities less cash at bank and on hand and financial assets held for trading. The Group's leverage ratio on the balance sheet date is as follows:

Item	31 December 2021	31 December 2020 (Restated)
Short-term borrowings	–	150,142,083.34
Non-current liabilities due within one year	1,317,029,437.70	2,739,874,519.62
Long-term borrowings	1,020,537,454.00	1,132,693,298.00
Bonds payable	2,486,907,371.14	3,547,236,158.87
Long-term payables	17,500,000.00	44,070,000.00
Lease liabilities	4,479,123,277.25	6,557,286,700.42
Other non-current liabilities	61,401,012.91	69,655,256.65
Less: Cash at bank and on hand	4,682,837,844.76	7,419,447,281.30
Financial assets held for trading	–	903,950,958.91
Net liabilities	4,699,660,708.24	5,917,559,776.69
Shareholders' equity	41,053,741,620.35	40,501,654,325.60
Capital and net liabilities	45,753,402,328.59	46,419,214,102.29
Leverage ratio	10.27%	12.75%

Notes to the Financial Statements (continued)

2021
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XII. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk

The Group only has trade with recognized third party with good credit standing. Based on the Group's policies, customers who conduct credit transaction will be subject to credit review. In addition, the Group will continuously monitor balance of accounts receivable to ensure that the Group will not be exposed to significant risk of bad debts. In respect of the transactions not settled in the functional currency of related business division, the Group will not offer credit transaction conditions unless otherwise approved by the credit control department of the Group.

Since counterparties of cash at bank and on hand and bank acceptance notes receivables are banks and the related parties with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

Other financial assets of the Group comprise of accounts receivable, receivables financing, other receivables, non-current assets due within one year and long-term receivables. Credit risk from such financial assets is from default of counterparties, and its maximum risk exposure is equivalent to the carrying amount of such instruments.

The Group's maximum credit risk exposure at each balance sheet date is the total amount charged to customers less the amount of impairment allowances.

Since the Group only trades with recognized third parties with good credit standing, no guarantee is required. Credit risk concentration is managed based on customers. As of 31 December 2021, the Group is exposed to certain credit risk concentration, as 56% (31 December 2020: 52%) and 62% (31 December 2020: 74%) of accounts receivables are respectively from the customer with the largest balance of account receivable and top five customers. Save as the amount of RMB2,019,280,004.00 (31 December 2020: RMB1,430,051,551.00) due from Dalian Enaisikai International Trading Co., Ltd., the Group does not hold any security or other credit increment over balance of other receivables.

Notes to the Financial Statements (continued)

2021
In RMB

XII. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Criteria for determining significant increase in credit risk

The Group will evaluate whether credit risk in connection with financial instruments is increased significantly from initial recognition on each balance sheet date. When determining whether credit risk is increased significantly after initial recognition, the Group will consider obtaining reasonable information with supporting basis without paying extra cost or efforts, including qualitative and quantitative analysis over the historical data of the Group, external credit risk ratings and forward-looking information. Based on a single financial instrument or group of financial instruments with similar credit risk characteristics, the Group will determine estimated changes in default risks of financial instruments during the period of existence, by comparing the default risk of financial instruments on the balance sheet date and that upon initial recognition.

When one or more of the following quantitative and qualitative standards is triggered, credit risk in connection with financial instrument is increased significantly:

- (1) For quantitative standards, the probability of default in the remaining existence period after the reporting date is increased to a certain proportion as compared with that upon initial recognition;
- (2) For qualitative standards, there are significant adverse changes in operation or financial position of debtors and early-warning customer list.

Definition of assets with credit impairment

To determine whether there is credit impairment, the defining standards adopted by the Group are consistent with the objective of internal credit risk management for related financial instruments, by reference to the quantitative and qualitative indicators. When debtors are evaluated for credit impairment, the following factors will be taken into account:

- (1) significant financial difficulty of issuers or debtors;
- (2) breach of contract by debtors, such as default or overdue payment in interest or principal repayment;
- (3) a concession granted by the creditor to the debtor due to economic or contractual considerations related to the debtor's financial difficulty, which will not be granted under any other circumstances;
- (4) possible bankruptcy or other financial reorganization of the debtors;
- (5) disappearance of an active market for the financial asset due to financial difficulty of the issuer or the debtor;
- (6) purchase or creation of a financial asset at significant discount reflecting the fact of credit loss.

Credit impairment of financial assets may be a joint result of multiple events, rather than a single identifiable event.

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Parameters for measurement of expected credit losses

Impairment loss provision for different assets is measured based on 12 months or the whole existence period depending on whether there is a significant increase in credit risk and whether credit impairment is provisioned. Key parameters for measurement of expected credit losses include loss rate and risk exposure. The Group will take into account qualitative analysis on historical statistical data, such as counterparty rating, way of guarantee and types of collaterals and way of repayment, etc. and forward-looking information to build loss rate and risk exposure model.

Related definitions are as follows:

- Counterparty rating is to regularly study the counterparty's expected credit risk and assess its credit rating by giving consideration to relevant information of the counterparty's industry influence, the nature of company, operating indicators and deduction points indicators, which are divided into Grade A (high-quality enterprise), Grade B (common enterprise), Grade C (enterprise with bad credit) and Grade D (enterprise with significant risk) in order from good to bad;
- Loss rate is the expectation made for the degree of estimated loss suffered by the Group. Loss rate of the Group is adjusted based on the migration rate of historical aging model with reference to forward-looking information. The loss rate varies depending on the counterparty rating, method and priority for recourse and way of guarantee. Loss rate is the percentage of estimated loss of risk exposure, and calculated based on a period of next 12 months or the whole period of existence;
- Risk exposure is the amount that the Group should be compensated in the next 12 months or the remaining existence period upon default.

Forward-looking information will be involved in both the evaluation of significantly increased credit risk and the calculation of expected credit losses. By analysis of historical data, the Group identified the key economic indicators affecting the credit risk and the expected credit loss of each business type.

Notes to the Financial Statements (continued)

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In RMB

XII. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(2) Credit risk (continued)

Credit risk exposure

Risk exposure of accounts receivable classified based on internal rating of credit risk:

31 December 2021

	Unsecured			Secured		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Accounts receivable	796,617,608.48	97,471,040.18	699,146,568.30	2,019,280,004.00	233,867,784.05	1,785,412,219.95
Including: Portfolio A	642,641,030.12	72,110.87	642,568,919.25	-	-	-
Portfolio B	25,605,127.86	63,945.25	25,541,182.61	-	-	-
Portfolio C	33,717,988.34	2,755,826.97	30,962,161.37	2,019,280,004.00	233,867,784.05	1,785,412,219.95
Portfolio D	94,653,462.16	94,579,157.09	74,305.07	-	-	-
Other receivables	506,451,867.28	87,487,833.77	418,964,033.51	-	-	-
Including: Portfolio A	353,010,816.32	2,740,849.73	350,269,966.59	-	-	-
Portfolio B	31,163,873.75	24,603.87	31,139,269.88	-	-	-
Portfolio C	69,343,889.11	33,411,438.46	35,932,450.65	-	-	-
Portfolio D	52,933,288.10	51,310,941.71	1,622,346.39	-	-	-

31 December 2020 (Restated)

	Unsecured			Secured		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Accounts receivable	718,567,383.00	117,467,138.25	601,100,244.75	1,430,051,551.00	117,681,634.86	1,312,369,916.14
Including: Portfolio A	522,610,521.12	101,335.89	522,509,185.23	-	-	-
Portfolio B	42,148,867.03	55,173.96	42,093,693.07	-	-	-
Portfolio C	38,308,482.92	3,248,137.69	35,060,345.23	1,430,051,551.00	117,681,634.86	1,312,369,916.14
Portfolio D	115,499,511.93	114,062,490.71	1,437,021.22	-	-	-
Other receivables	513,024,765.53	70,076,035.99	442,948,729.54	-	-	-
Including: Portfolio A	353,522,574.11	21,925.12	353,500,648.99	-	-	-
Portfolio B	37,322,257.45	56,433.67	37,265,823.78	-	-	-
Portfolio C	84,156,809.35	34,111,476.83	50,045,332.52	-	-	-
Portfolio D	38,023,124.62	35,886,200.37	2,136,924.25	-	-	-

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

3. Objectives and policies of risk management (continued)

(3) Liquidity risk

When managing the liquidity risks, the management of the Group believes that sufficient cash and cash equivalents should be maintained and monitored to meet the operating needs of the Group and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements.

The maturity analysis of the Group's financial liabilities at undiscounted contractual cash flows is as follows:

31 December 2021

Item	Book balance	Within 1 year	1 to 5 years	Over 5 years	Total
Non-derivative Financial Assets and Liabilities					
Accounts payable	299,243,621.90	299,243,621.90	-	-	299,243,621.90
Other payables	5,211,704,627.42	5,211,704,627.42	-	-	5,211,704,627.42
Non-current liabilities due within one year	1,317,029,437.70	1,776,020,082.90	-	-	1,776,020,082.90
Long-term borrowings	1,020,537,454.00	84,219,947.81	979,288,768.69	164,158,874.63	1,227,667,591.13
Lease liabilities	4,479,123,277.25	-	1,912,281,749.57	6,346,475,103.93	8,258,756,853.50
Bonds payable	2,486,907,371.14	16,604,054.80	2,694,930,136.98	-	2,711,534,191.78
Long-term payables	17,500,000.00	-	-	17,500,000.00	17,500,000.00
Total	14,832,045,789.41	7,387,792,334.83	5,586,500,655.24	6,528,133,978.56	19,502,426,968.63

31 December 2020 (Restated)

Item	Book balance	Within 1 year	1 to 5 years	Over 5 years	Total
Non-derivative Financial Assets and Liabilities					
Short-term borrowings	150,142,083.34	150,713,424.66	-	-	150,713,424.66
Accounts payable	325,276,634.53	325,276,634.53	-	-	325,276,634.53
Other payables	702,588,201.79	702,588,201.79	-	-	702,588,201.79
Non-current liabilities due within one year	2,739,874,519.62	3,142,441,702.69	-	-	3,142,441,702.69
Long-term borrowings	1,132,693,298.00	48,279,493.97	907,484,323.84	377,169,019.51	1,332,932,837.32
Lease liabilities	6,557,286,700.42	-	1,780,616,038.05	8,154,704,541.16	9,935,320,579.21
Bonds payable	3,547,236,158.87	88,949,260.28	3,866,670,575.34	-	3,955,619,835.62
Long-term payables	44,070,000.00	-	26,570,000.00	17,500,000.00	44,070,000.00
Total	15,199,167,596.57	4,458,248,717.92	6,581,340,937.23	8,549,373,560.67	19,588,963,215.82

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

4. Fair value

(1) Assets and liabilities measured at fair value

31 December 2021

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Receivables financing	-	-	40,454,782.00	40,454,782.00
Investments in other equity instruments	-	-	179,291,854.27	179,291,854.27
Total	-	-	219,746,636.27	219,746,636.27

31 December 2020 (Restated)

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous fair value measurement				
Financial assets held for trading				
Debt instrument investments	-	-	903,950,958.91	903,950,958.91
Investments in other equity instruments	-	-	204,067,639.27	204,067,639.27
Total	-	-	1,108,018,598.18	1,108,018,598.18

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

4. Fair value (continued)

(2) Assets and liabilities disclosed at fair value

31 December 2021

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial liabilities				
Long-term borrowings	-	-	971,612,824.44	971,612,824.44
Bonds payable	-	-	2,517,346,476.07	2,517,346,476.07
Total	-	-	3,488,959,300.51	3,488,959,300.51

31 December 2020 (Restated)

Item	Input used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial liabilities				
Long-term borrowings	-	-	1,119,326,470.72	1,119,326,470.72
Bonds payable	-	-	3,570,482,468.51	3,570,482,468.51
Total	-	-	4,689,808,939.23	4,689,808,939.23

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

4. Fair value (continued)

(3) Fair value of financial instruments

The followings are the carrying amount and fair value of financial instruments except for the financial instruments that the difference between the carrying amount and fair value is immaterial:

Item	Carrying amount		Fair value	
	31 December 2021	31 December 2020 (Restated)	31 December 2021	31 December 2020 (Restated)
Financial liabilities				
Long-term borrowings	1,020,537,454.00	1,132,693,298.00	971,612,824.44	1,119,326,470.72
Bonds payable	2,486,907,371.14	3,547,236,158.87	2,517,346,476.07	3,570,482,468.51

Management has assessed the cash at bank and on hand, notes receivable, accounts receivable, other receivables, short-term borrowings, accounts payable, together with non-current liabilities due within one year, etc. Their fair values approximate to their carrying amounts as the residual maturities of these instruments are not long.

The financial department of the Group is led by the financial manager and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial director and the Audit Committee. At each balance sheet date, the financial department analyses the movements in the fair value of the financial instrument and determines the major input applicable to the valuation. The valuation must be reviewed and approved by the financial manager. For the purposes of preparing interim and annual financial statements, the financial department discusses the valuation process and results with the Audit Committee twice a year.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used in the estimate of fair value.

The fair value of long-term and short-term borrowings, is calculated by discounting the future cash flows using the market yield currently available for other financial instruments with similar contract terms, credit risk and residual term as the discount rate. As at 31 December 2021 and 31 December 2020, the Group's exposure to non-performance risk associated with the long-term and short-term borrowings is assessed as insignificant.

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

4. Fair value (continued)

(3) Fair value of financial instruments (continued)

The fair value of unlisted equity instrument investments is estimated using the valuation model. The assumptions used are not supported by the observable market price. The Group needs to make estimate for related assumptions and parameters. The Group believes that the fair value estimated using valuation techniques and its change are reasonable, and is the most applicable value on the balance sheet date.

For the fair value of the unlisted equity instrument investment, the Group estimated and quantified the potential impact of adopting other reasonable and possible assumptions as input in the valuation model: with the use of less favorable assumptions, the fair value decreased by approximately RMB20,262,501.90; with the use of more favorable assumptions, the fair value increased by approximately RMB20,262,501.90.

The following table summarises significant unobservable inputs for level 3 fair value measurement:

Item	Fair value at the end of the year	Valuation techniques	Unobservable inputs	Range (weighted average mean)
Debt instrument investments	31 December 2021:	Cash flows discount method	Prepayment rate	31 December 2021: 0%
	-	Cash flows discount method	Default probability	31 December 2021: 0%
		Cash flows discount method	Default loss rate	31 December 2021: 0%
	31 December 2020: (Restated)	Cash flows discount method	Prepayment rate	31 December 2020: 0%
	903,950,958.91	Cash flows discount method	Default probability	31 December 2020: 0%
		Cash flows discount method	Default loss rate	31 December 2020: 0%
Receivables financing	31 December 2021:	Cash flows discount method	Prepayment rate	31 December 2021: 0%
	40,454,782.00	Cash flows discount method	Default probability	31 December 2021: 0%
		Cash flows discount method	Default loss rate	31 December 2021: 0%
	31 December 2020: (Restated)	Cash flows discount method	Prepayment rate	31 December 2020: 0%
	-	Cash flows discount method	Default probability	31 December 2020: 0%
		Cash flows discount method	Default loss rate	31 December 2020: 0%
Equity instrument investments	31 December 2021: 179,291,854.27	Listed company comparison method	Liquidity discount	31 December 2021: 19-32%
	31 December 2020: (Restated) 204,067,639.27	Listed company comparison method	Liquidity discount	31 December 2020: 20-32%

Notes to the Financial Statements (continued)

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XII. Financial instruments and risk management (continued)

4. Fair value (continued)

(3) Fair value of financial instruments (continued)

The reconciliation of continuous fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

	Balance at the beginning of the year	Transfer into Level 3	Transfer out of Level 3	Total gain or loss for the year			Purchase	Issue	Sale	Settlement	Balance at the end of the year	Assets held at the end of year
				Included in profit or loss	Included in comprehensive income	In other						
												Change in unrealised gain or loss at the end of the period/ year included in profit or loss
31 December 2021												
Receivables financing	-	5,216,174.06	-	-	-	-	403,029,197.08	-	367,790,589.14	-	40,454,782.00	-
Equity instrument investments	204,067,639.27	-	-	-	-	-24,775,785.00	-	-	-	-	179,291,854.27	-
Debt instrument investments	903,950,958.91	-	-	-	25,965,850.49	-	3,500,000,000.00	-	4,429,916,809.40	-	-	-
31 December 2020 (Restated)												
Equity instrument investments	189,782,564.95	-	-	-	-	14,285,074.32	-	-	-	-	204,067,639.27	-
Debt instrument investments	303,229,643.83	-	-	-	31,821,683.06	-	5,500,000,000.00	-	4,931,100,367.98	-	903,950,958.91	3,950,958.91

Notes to the Financial Statements (continued)

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XIII. Contingencies

1. As of 31 December 2021, the status of the Group's pending lawsuits and arbitrations

The status of pending lawsuits and arbitrations of Yingkou Ltd. (營口有限), a subsidiary of the Group

On 19 August 2015, Kunlun International Trading Limited (昆侖國際貿易有限公司) (hereinafter referred to as "Kunlun International") filed a lawsuit with Dalian Maritime Court against Yingkou Port on the rejection of its application for delivery of goods, requesting Yingkou Port to compensate for a loss of RMB285.60 million and accrued interest. On 28 December 2018, Dalian Maritime Court issued the first instance judgment titled (2015) Da Hai Shang Chu Zi No. 517 ((2015)大海商初字第517號), ruling that Yingkou Port shall pay Kunlun International short delivery losses of RMB50.46 million, and the interest thereon at the loan interest rate set by the People's Bank of China for the same period from 20 August 2015 to the date of actual payment. The court ruled that Yingkou Port shall pay Kunlun International a net compensation of RMB32.76 million after taking into full account of the storage fees and other fees of RMB25.88 million payable to Yingkou Port by Kunlun International. At the same time, the equity interests in Xingang Ore and Sinograin Yingkou Storage and Transportation Co., Ltd. held by Yingkou Port were frozen for a period of 3 years. Yingkou Port made provisions for estimated liabilities of RMB32.76 million as at the end of 2018 based on the above ruling.

Both Yingkou Port and Kunlun International refused to accept the judgment and filed a second instance to the Higher People's Court of Liaoning Province in January 2019. The Higher People's Court of Liaoning Province issued a civil ruling ((2019) Liao Min Zhong No. 685 ((2019)遼民終 685 號)) on 6 November 2019, ruling that: 1) the civil judgment titled (2015) Da Hai Shang Chu Zi No. 517 ((2015)大海商初字第 517 號) issued by Dalian Maritime Court be revoked; 2) the case be remanded to Dalian Maritime Court.

On 31 August 2020, Yingkou Port offered Dalian Maritime Court with a bank guarantee of RMB216.11 million as equivalent guarantee asset for a guarantee period from 31 August 2020 to 30 August 2022. On 1 September 2020, Dalian Maritime Court made a ruling that the equity interests in Xingang Ore and Sinograin Yingkou Storage and Transportation Co., Ltd. held by Yingkou Port shall be released. Kunlun International filed with Dalian Maritime Court for a review of the ruling. On 7 September 2020, Dalian Maritime Court issued a civil ruling (the first (2020) Liao 72 Min Chu No. 27 ((2020)遼 72 民初 27 號之一)), rejecting Kunlun International's request for a review.

On 10 June 2021, Dalian Maritime Court issued a civil ruling ((2020) Liao 72 Min Chu No. 27 ((2020)遼 72 民初 27 號)), rejecting all of the claims of Kunlun International. Kunlun International refused to accept the ruling, and filed a second instance to the Higher People's Court of Liaoning Province in June 2021. On 18 March 2022, the Higher People's Court of Liaoning Province issued a civil ruling ((2021) Liao Min Zhong No. 2583 ((2021)遼民終 2583 號)), rejecting all of the claims of Kunlun International and upholding the original judgment.

Notes to the Financial Statements (continued)

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XIII. Contingencies (continued)

1. As of 31 December 2021, the status of the Group's pending lawsuits and arbitrations (continued)

The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group

From January 2020 to February 2021, seven companies including 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 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 seven 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 by which the Import Agents agreed to license Shunde's imported goods and open of letter of credit in the name of the Import Agents for the payment of imported goods, and the risks and liabilities of related imported goods shall be borne by Shunde. Meanwhile, the Import Agent signed a Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement with DCT Logistics Co., Ltd. (hereinafter referred to as "DCT Logistics"), a subsidiary of the Group, agreeing that DCT Logistics handles import goods customs declaration, goods warehousing and custody services for the Import Agents.

In actual business, the costs incurred under the Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement shall be settled by Shunde in accordance with 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, the Seven 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 six Warehousing Clients amounted to RMB1.06 billion.

On 24 November 2021, Ningbo Maritime Court issued a first instance judgement regarding the lawsuit case of Chengtong against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB109.69 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.

Notes to the Financial Statements (continued)

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In RMB

XIII. Contingencies (continued)

1. As of 31 December 2021, the status of the Group's pending lawsuits and arbitrations (continued)

The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group (continued)

On 30 December 2021, Ningbo Maritime Court issued a first instance judgement regarding the lawsuit case of Zhejiang Metals against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB10.26 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 31 December 2021, Dalian Maritime Court issued a first instance judgement regarding the lawsuit case of Qingdao Kaitou against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB299.38 million to Qingdao Kaitou and the interest, based on the amount, to be calculated at benchmark borrowing rate 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 27 January 2022, Dalian Maritime Court issued a first instance judgement regarding the lawsuit case of Rongjiang against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB336.08 million to Rongjiang 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 7 April 2021 up to the date of actual payment, DCT Logistics should compensate Rongjiang for liability insurance fees of preservation of RMB254,800. Other litigation claims from Rongjiang were dismissed.

Based on the evidence that the Group has already obtained and the professional opinions of legal advisor, 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 of the delivery of goods by DCT Logistics. For the relevant lawsuits of first instance judgement issued by the court, the Group and the solicitors considered that the court of first instance was unclear or erroneous in its determination of the basic facts of the case, and therefore DCT Logistics had filed appeals. On 9 December 2021 and 28 February 2022, DCT Logistics appealed to the Higher People's Court of Zhejiang Province against the first instance judgment regarding the case of Chengtong and the case of Zhejiang Metals, respectively. As at the approval date of the financial statements, the hearing has been initiated but the judgment has not yet been made. On 28 February 2022 and 1 March 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Qingdao Kaitou and the case of Rongjiang, respectively. As at the approval date of the financial statements, the Higher People's Court of Liaoning Province has not accepted such 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 six Import Agents including Chengtong are in the process of negotiating a settlement plan with Shunde, including applying for withdrawal of their cases after signing the settlement agreement.

Notes to the Financial Statements (continued)

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XIII. Contingencies (continued)

1. As of 31 December 2021, the status of the Group's pending lawsuits and arbitrations (continued)

The status of pending lawsuits and arbitrations of DCT Logistics, a subsidiary of the Group (continued)

Having fully considered the amount of claims involved by DCT Logistics, the judgement issued by the court and the opinions of internal and external legal advisors, and taking into account that DCT Logistics is a limited company, and the Company and its other subsidiaries do not have guarantee liability or joint and several liability over any such liability of DCT Logistics, the Company has made provisions for estimated liabilities of RMB180 million which was the recoverable amount of the book value of the net assets of DCT Logistics as of 31 December 2021.

Except for the above contingencies, as of 31 December 2021, the Group has no other major guarantees and other contingencies required to be specified.

XIV. Non-adjustment events after the balance sheet date

1. Proposed issuance of corporate bonds

In accordance with the resolution of the seventh meeting of the sixth session of the Board of Directors in 2021 held by the Company in October 2021, the Company proposed to register and issue corporate bonds of not more than RMB8 billion by way of public issuance to professional investors. The term of the bonds shall be no more than 5 years (inclusive), and the bonds may be products with a single term or hybrid products with multiple terms. The specific term of the corporate bonds for this issuance and the issuance scale of each variety of such corporate bonds shall be determined by the persons authorised by the Board within the scope permitted by laws and regulations, based on the Company's capital needs and specific market conditions. The issuance of corporate bonds has been considered and approved at the general meeting held by the Company on 14 December 2021. On 4 March 2022, the Shanghai Stock Exchange approved the bond issuance. As of the date of this financial statements, the issuance of corporate bonds has not yet completed, pending for completion of the registration procedures the China Securities Regulatory Commission.

2. Profit distribution after the balance sheet date

In accordance with the resolution approved at the Board meeting of the Company dated on 29 March 2022, the profit distribution plan for 2021 will be made based on 23,987,065,816 shares and a cash dividend of RMB0.27 (tax inclusive) per 10 shares is proposed to be distributed to all shareholders. Total amount of dividend to be distributed will be RMB647,650,777.03. The resolution is pending for approval at the general meeting of the Company.

Notes to the Financial Statements (continued)

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XV. Capital commitments

Item	31 December 2021	31 December 2020 (Restated)
Capital commitments contracted but not yet recognized in the financial statements		
– Acquisition of assets	247,067,053.29	17,796,603.57
– Intangible assets	60,896,349.31	1,350,409.08
Approved by the Board but uncontracted		
– Acquisition of assets	11,977,700.00	21,006,600.00
– Intangible assets	–	3,700,000.00
Total	319,941,102.60	43,853,612.65

XVI. Emoluments of directors, supervisors and senior management

Item	2021	2020 (Restated)
Director's fee	650,000.00	650,000.00
Other emoluments:		
Salaries and allowances	9,810,382.08	8,483,592.70
Pension plan contribution	356,241.60	224,597.76
Total	10,816,623.68	9,358,190.46

1. Independent non-executive directors

The fees paid to independent non-executive directors are as follows:

	2021	2020 (Restated)
Wang Zhifeng*	–	100,000.00
Sun Xiyun*	–	100,000.00
Law Man Tat	250,000.00	250,000.00
Li Zhiwei	200,000.00	100,000.00
Liu Chunyan	200,000.00	100,000.00
Total	650,000.00	650,000.00

* Wang Zhifeng had been serving as an independent non-executive director of the Company from January to June 2020 and has been an independent supervisor of the Company since June 2020; Sun Xiyun retired as an independent non-executive director of the Company at the expiration of his term in June 2020.

Notes to the Financial Statements (continued)

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XVI. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors

	2021	2020 (Restated)
Salaries and allowances:		
Executive directors:		
Wei Minghui *	1,332,568.45	1,369,577.55
Qi Yue***	-	-
Sun Dequan ***	932,722.12	1,012,131.55
Zhang Yi**	-	-
Non-executive directors:		
Na Danhong***	-	-
Zhou Qinghong**	-	-
Xu Song**	-	-
Li Jianhui	-	-
Cao Dong ***	-	-
Si Zheng**	-	-
Yuan Yi *	-	-
Yang Bing**	-	-
Supervisors:		
Jia Wenjun***	-	-
Kong Xianjing	-	50,000.00
Jiao Yingguang	-	-
Lu Yongkui	-	-
Jia Ming***	-	-
Wang Zhifeng	100,000.00	50,000.00
Zhang Hong	553,568.45	437,209.42
Liu Xianfeng***	507,437.75	505,122.42
Li Shichen**	-	-
Yuan Yi *	-	-
Ma Yingzi**	-	-
Total	3,426,296.77	3,424,040.94

Notes to the Financial Statements (continued)

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XVI. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors (continued)

	2021	2020 (Restated)
Pension plan contribution:		
Executive directors:		
Wei Minghui *	32,883.84	23,151.12
Qi Yue***	-	-
Sun Dequan***	30,143.52	23,151.12
Zhang Yi**	-	-
Non-executive directors:		
Na Danhong***	-	-
Zhou Qinghong**	-	-
Xu Song**	-	-
Li Jianhui	-	-
Cao Dong ***	-	-
Si Zheng**	-	-
Yuan Yi *	-	-
Yang Bing**	-	-
Supervisors:		
Jia Wenjun ***	-	-
Kong Xianjing	-	-
Jiao Yingguang	-	-
Lu Yongkui	-	-
Jia Ming***	-	-
Wang Zhifeng	-	-
Zhang Hong	32,883.84	19,694.40
Liu Xianfeng***	30,143.52	19,694.40
Li Shichen**	-	-
Yuan Yi *	-	-
Ma Yingzi**	-	-
Total	126,054.72	85,691.04

Notes to the Financial Statements (continued)

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XVI. Emoluments of directors, supervisors and senior management (continued)

2. Executive directors, non-executive directors and supervisors (continued)

- * Wei Minghui had been serving as the chairman, an executive director of the Company from January to November 2021 and has been an executive director and the general manager of the Company since November 2021; Yuan Yi had been serving as a non-executive director of the Company from January to November 2021 and has been a supervisor since November 2021.
- ** Zhang Yi has been the chairman, an executive director of the Company since November 2021; Zhou Qinghong, Xu Song, Yang Bing and Si Zheng have been non-executive directors of the Company since November 2021; Li Shichen has been the chairman of the supervisory committee of the Company since November; Ma Yingzi has been an employee representative supervisor of the Company since November 2021.
- *** Qi Yue retired as the vice chairman, an executive director and the vice general manager of the Company in November 2021; Sun Dequan retired as an executive director, the general manager of the Company in November 2021; Na Danhong retired as a non-executive director of the Company in November 2021; Cao Dong retired as the vice chairman and a non-executive director of the Company in November 2021; Jia Wenjun retired as the chairman of the supervisory committee of the Company in October 2021; Jia Ming retired as a supervisor of the Company in October 2021; Liu Xianfeng retired as an employee representative supervisor of the Company in November 2021.

3. Senior management

	2021	2020 (Restated)
Salaries and allowances:		
Wei Minghui	1,332,568.45	1,369,577.55
Zhang Yi	-	-
Sun Dequan*	932,722.12	1,012,131.55
Wang Ping	617,568.45	513,471.55
Wang Huiying	553,568.45	522,011.38
Lee, Kin Yu Arthur	1,277,397.00	1,292,908.80
Tai Jingang	731,668.45	724,320.38
Yin Kaiyang	731,668.45	680,495.55
Luo Dongxi	731,668.45	656,687.55
Zhang Tie	731,668.45	669,656.55
Cao Yingfeng*	1,008,877.61	-
Qi Yue *	-	-
Cao Dong*	-	-
Total	8,649,375.88	7,441,260.86

Notes to the Financial Statements (continued)

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XVI. Emoluments of directors, supervisors and senior management (continued)

3. Senior management (continued)

	2021	2020 (Restated)
Pension plan contribution:		
Wei Minghui	32,883.84	23,151.12
Zhang Yi	-	-
Sun Dequan*	30,143.52	23,151.12
Wang Ping	32,883.84	23,151.12
Wang Huiying	32,883.84	23,151.12
Lee, Kin Yu Arthur	-	-
Tai Jingang	32,883.84	23,151.12
Yin Kaiyang	32,883.84	23,151.12
Luo Dongxi	32,883.84	23,151.12
Zhang Tie	32,883.84	23,151.12
Cao Yingfeng *	32,883.84	-
Qi Yue *	-	-
Cao Dong*	-	-
Total	293,214.24	185,208.96

During the year, there was no agreement for a director, supervisor or senior management to waive or agree to waive the emoluments for the year (2020: Nil).

* Sun Dequan retired as an executive director and the general manager of the Company in November 2021; Cao Yingfeng has been an executive deputy general manager of the Company since November 2021; Qi Yue retired as the vice chairman, an executive director and the vice general manager of the Company in November 2021; Cao Dong retired as the vice chairman and a non-executive director of the Company in November 2021.

Notes to the Financial Statements (continued)

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XVI. Emoluments of directors, supervisors and senior management (continued)

4. The top five highest paid individuals

The top five highest paid individuals of the Group in 2021 include two directors (the top five highest paid individuals of the Group in 2020 include 2 directors). The aggregate emoluments are as follows:

	2021	2020 (Restated)
Salaries and allowances	5,154,201.00	5,142,084.35
Social security	372,302.62	295,330.68
Total	5,526,503.62	5,437,415.03

Emolument bands

	2021	2020 (Restated)
RMB0 – RMB1,000,000	2 persons	2 persons
RMB1,000,000 – RMB1,500,000	3 persons	3 persons

XVII. Notes to key items in the parent company's financial statements

1. Accounts receivable

(1) General information on accounts receivable

Item	31 December 2021	31 December 2020
Accounts receivable	2,253,071,233.33	1,661,836,746.98
Less: Credit loss provision	274,542,128.72	183,175,964.77
Total	1,978,529,104.61	1,478,660,782.21

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

1. Accounts receivable (continued)

(2) Overall aging of accounts receivable

Item	31 December 2021			31 December 2020		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	779,799,140.16	34.61	68,421,983.87	801,400,805.26	48.23	54,790,479.75
1 to 2 years (including 2 years)	635,899,419.45	28.22	73,736,979.00	674,076,848.36	40.56	58,958,903.86
2 to 3 years (including 3 years)	671,519,435.36	29.80	79,013,322.95	132,669,740.20	7.98	16,259,235.00
Over 3 years	165,853,238.36	7.37	53,369,842.90	53,689,353.16	3.23	53,167,346.16
Total	2,253,071,233.33	100.00	274,542,128.72	1,661,836,746.98	100.00	183,175,964.77

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

	Balance as at the beginning of the year	Provision for the year	Recovery or reversal during the year	Write-off during the year	Balance as at the end of the year
2021	183,175,964.77	113,080,735.81	18,324,250.00	3,390,321.86	274,542,128.72
2020	57,883,280.43	125,292,684.34	-	-	183,175,964.77

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

1. Accounts receivable (continued)

(4) Details of accounts receivable of which provision for bad debts is made are as follows:

As at 31 December 2021, details of the Company's accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rating	Book balance of estimated default	Expected credit loss	Expected credit loss for the entire duration
Portfolio A	187,370,687.16	0.00%-0.10%	19,069.40
Portfolio B	-	0.10%-0.30%	-
Portfolio C	2,025,964,400.45	0.30%-50.00%	234,861,218.67
Portfolio D	39,736,145.72	50.00%-100.00%	39,661,840.65
Total	2,253,071,233.33		274,542,128.72

As at 31 December 2020, details of the Company's accounts receivable of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

Rating	Book balance of estimated default	Expected credit loss	Expected credit loss for the entire duration
Portfolio A	160,611,169.86	0.00%-0.10%	18,203.97
Portfolio B	1,165,414.00	0.10%-0.30%	1,165.41
Portfolio C	1,434,041,574.40	0.30%-50.00%	118,319,283.58
Portfolio D	66,018,588.72	50.00%-100.00%	64,837,311.81
Total	1,661,836,746.98		183,175,964.77

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

1. Accounts receivable (continued)

(5) Information on the top five entities by the amounts of accounts receivable

Name of entity	Relationship with the Group	Amount	Aging	Provision for credit loss	Percentage of total accounts receivable (%)
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司)	Customer	2,019,280,004.00	Within 4 years	233,867,784.05	89.62
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	Related party	39,012,215.00	Within 1 year	3,901.22	1.73
Vale International SA	Customer	36,431,881.00	Within 1 year	3,643.19	1.62
Shenyang Oriental Steel Co., Ltd.	Customer	30,530,514.10	Within 5 years	30,530,514.10	1.36
Dalian Port Yidu Cold Chain Co., Ltd.	Customer	19,946,150.30	Within 1 year	1,994.62	0.89
Total		2,145,200,764.40		264,407,837.18	95.22

2. Other receivables

Item	31 December 2021	31 December 2020
Dividends receivable	2,554,243,121.92	1,320,010,477.44
Other receivables	69,081,378.91	69,542,756.97
Total	2,623,324,500.83	1,389,553,234.41

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(1) Dividends receivable

1) Presentation of dividends receivable

Investee	31 December 2021	31 December 2020
Dalian Port Container Development Co., Ltd.	1,306,050,300.27	1,307,896,116.50
Yingkou Ltd.	1,235,880,554.13	–
Dalian Automobile Terminal Co., Ltd.	11,200,000.00	9,600,000.00
China United Tally (Dalian) Co., Ltd.	1,112,267.52	371,505.94
Taicang Xinggang Tug Co., Ltd.	–	2,142,855.00
Total	2,554,243,121.92	1,320,010,477.44
Less: Provision for credit loss	–	–
Carrying amount	2,554,243,121.92	1,320,010,477.44

The Company's management believed that provision for impairment of dividends receivable as at balance sheet date was not necessary.

As at 31 December 2021, the Company had no significant dividends receivable aged over one year (31 December 2020: RMB1,110,120,390.16).

(2) Other receivables

1) Analysis by nature

Nature of amount	31 December 2021	31 December 2020
Receivables from income of entrusted management services	85,232,416.60	88,076,780.52
Others	26,502,019.88	23,178,723.08
Sub-total	111,734,436.48	111,255,503.60
Less: Credit loss provision	42,653,057.57	41,712,746.63
Total	69,081,378.91	69,542,756.97

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

2) Analysis by aging

Item	31 December 2021			31 December 2020		
	Book balance	Percentage (%)	Provision for credit loss	Book balance	Percentage (%)	Provision for credit loss
Within 1 year (including 1 year)	30,010,133.83	26.86	1,492,509.94	32,749,196.31	29.44	980,887.11
1 to 2 years (including 2 years)	10,983,622.70	9.83	1,276,226.13	4,255,029.09	3.82	3,408,690.31
2 to 3 years (including 3 years)	2,093,595.48	1.87	1,539,602.42	64,444,683.42	57.93	27,824,279.43
Over 3 years	68,647,084.47	61.44	38,344,719.08	9,806,594.78	8.81	9,498,889.78
Total	111,734,436.48	100.00	42,653,057.57	111,255,503.60	100.00	41,712,746.63

3) Details of the Company's other receivables of which provision for bad debts is made according to its credit risk rating portfolio are as follows:

31 December 2021

Rating	Book balance of estimated default	Expected credit loss	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
Portfolio A	36,344,820.01	0.00%-0.10%	4,578.43	-
Portfolio B	-	0.10%-0.30%	-	-
Portfolio C	61,795,262.00	0.30%-50.00%	-	30,560,124.67
Portfolio D	13,594,354.47	50.00%-100.00%	-	12,088,354.47
Total	111,734,436.48		4,578.43	42,648,479.14

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

3) Details of the Company's other receivables of which provision for bad debts is made according to its credit risk rating portfolio are as follows: (continued)

31 December 2020

Rating	Book balance of estimated default	Expected credit loss	Expected credit loss over the next 12 months	Expected credit loss for the entire duration
Portfolio A	31,013,746.99	0.00%-0.10%	3,149.59	–
Portfolio B	100,000.00	0.10%-0.30%	50.00	–
Portfolio C	61,912,684.80	0.30%-50.00%	–	24,650,475.23
Portfolio D	18,229,071.81	50.00%-100.00%	–	17,059,071.81
Total	111,255,503.60		3,199.59	41,709,547.04

4) Movements in provision for bad debts of expected credit loss in relation to other receivables over the next 12 months and the entire duration are as follows:

31 December 2021

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	3,199.59	24,650,475.23	17,059,071.81	41,712,746.63
Provision in the year	1,378.84	5,909,649.44	2,064,000.00	7,975,028.28
Write-off during the year	–	–	-7,034,717.34	-7,034,717.34
Closing balance	4,578.43	30,560,124.67	12,088,354.47	42,653,057.57

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

- 4) *Movements in provision for bad debts of expected credit loss in relation to other receivables over the next 12 months and the entire duration are as follows: (continued)*

31 December 2020

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	3,294.48	18,438,204.40	12,028,887.47	30,470,386.35
Opening balance in the current year				
- Transfer to stage III	-24.02	-2,101,306.27	2,101,330.29	-
Provision in the year	-	8,313,577.10	2,928,854.05	11,242,431.15
Reversal in the year	-70.87	-	-	-70.87
Closing balance	3,199.59	24,650,475.23	17,059,071.81	41,712,746.63

In 2021, the provision for bad debts amounted to RMB7,975,028.28 (2020: RMB11,242,431.15), and no recovery or reversal of bad debt provision has occurred (2020: RMB70.87).

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

5) Movements in book value of other receivables

31 December 2021

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	31,113,746.99	61,912,684.80	18,229,071.81	111,255,503.60
Increased in the year	5,231,073.02	-	2,400,000.00	7,631,073.02
Derecognised in the year	-	-117,422.80	-7,034,717.34	-7,152,140.14
Closing balance	36,344,820.01	61,795,262.00	13,594,354.47	111,734,436.48

31 December 2020 (Restated)

	Stage I Expected credit loss over the next 12 months	Stage II Expected credit loss for the entire duration (no credit impairment occurred)	Stage III Expected credit loss for the entire duration (credit impairment occurred)	Total
Opening balance	28,762,351.95	69,385,113.60	13,174,854.47	111,322,320.02
- Transfer to stage III	-240,240.00	-6,794,477.34	7,034,717.34	-
Increased in the year	2,591,635.04	-	-	2,591,635.04
Derecognised in the year	-	-677,951.46	-1,980,500.00	-2,658,451.46
Closing balance	31,113,746.99	61,912,684.80	18,229,071.81	111,255,503.60

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

5) Movements in book value of other receivables (continued)

31 December 2021

Name of entity	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)	Provision for credit loss	Nature or description
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	85,232,416.60	Within 4 years	76.28	30,041,723.52	Income receivable for entrusted management service
Dalian Changxing Island Port Co., Ltd.	Related party	13,320,000.00	Over 5 years	11.92	11,814,000.00	Others
Dalian Port Pilotage Station	Third party	7,128,371.74	Within 1 year	6.38	712.84	Others
Dalian Commodity Exchange	Third party	1,900,000.00	Within 2 years	1.70	380.00	Others
Dalian Port Machinery Co., Ltd.	Related party	1,718,262.00	Within 1 year	1.54	521,624.67	Others
Total		109,299,050.34		97.82	42,378,441.03	

31 December 2020

Name of entity	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)	Provision for credit loss	Nature or description
Dalian Changxing Island Port Investment and Development Co., Ltd.	Related party	77,156,780.52	Within 3 years	69.35	24,032,507.98	Income receivable for entrusted management service
Dalian Changxing Island Port Co., Ltd.	Related party	10,920,000.00	Over 5 years	9.82	9,750,000.00	Others
Dalian Steel Logistics Park Co., Ltd.	Subsidiary	7,034,717.34	Within 5 years	6.32	7,034,717.34	Others
PDA Group	Related party	6,000,000.00	Within 1 year	5.39	600.00	Others
Dalian Port Pilotage Station	Third party	3,408,748.58	Within 1 year	3.06	340.87	Others
Total		104,520,246.44		93.94	40,818,166.19	

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

3. Long-term receivables

Item	31 December 2021			31 December 2020		
	Book value	Credit loss provision	Carrying amount	Book value	Credit loss provision	Carrying amount
Loan to a subsidiary	1,791,917,694.53	179,191.77	1,791,738,502.76	630,925,861.19	63,092.59	630,862,768.60
Less: Current portion of long-term payables	110,234,694.57	11,023.47	110,223,671.10	-	-	-
Long-term payables due after 1 year	1,681,682,999.96	168,168.30	1,681,514,831.66	630,925,861.19	63,092.59	630,862,768.60

4. Long-term equity investments

(1) Breakdown of long-term equity investments

Item	Opening balance	Increase in the year	Decrease in the year	Other increase / (decrease)	Impact of change in scope of combination	Closing balance
Investment in subsidiaries	4,842,837,334.94	15,821,491,793.59	-50,000,000.00	-	-	20,614,329,128.53
Investment in joint ventures	1,100,256,607.66	-	-1,302,758.86	-489,670.45	-	1,098,464,178.35
Investment in associates	1,344,180,703.87	-	-	25,401,012.08	-	1,369,581,715.95
Total	7,287,274,646.47	15,821,491,793.59	-51,302,758.86	24,911,341.63	-	23,082,375,022.83

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

4. Long-term equity investments (continued) (2) Breakdown of long-term equity investments

2021

Investee	Changes in the year										
	Opening balance	Impact of change in consolidation scope	Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Declaration of distribution of cash dividend and profit	Provision for impairment	Closing balance	Closing balance of impairment provision
Subsidiaries	-	-	15,821,491,793.59	-	-	-	-	-1,235,890,554.13	-	15,821,491,793.59	-
Yingkou Ltd.	-	-	-	-	-	-	-	-	-	-	-
Dalian Port Container Development Co., Ltd.	3,201,948,622.38	-	-	-	-	-	-	-109,741,328.52	-	3,201,948,622.38	-
Asia Pacific Ports (Dalian) Co., Ltd.	260,619,525.68	-	-	-	-	-	-	-	-	260,619,525.68	-
Asia Pacific Ports Company Limited	76,155,000.00	-	-	-	-	-	-	-	-	76,155,000.00	-
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	6,629,301.65	-	-	-	-	-	-	-3,378,100.72	-	6,629,301.65	-
Dalian Jifa Shipping Management Co., Ltd.	419,011,554.73	-	-	-	-	-	-	-	-	419,011,554.73	-
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	-	-	-	-	-	-	14,259,172.03	-
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	-	-	-	-	-	-	-	18,278,125.97	-
Dalian Port Telecommunications Engineering Co., Ltd.	6,137,212.61	-	-	-	-	-	-	-4,165,110.00	-	6,137,212.61	-
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	-	-	-	-	-	-26,340,822.35	-	53,156,426.75	-
Dalian Port Lushun Harbour Service Co., Ltd.	217,580,000.00	-	-	-	-	-	-	-	-	217,580,000.00	-
Dalian Harbour ECL Logistics Co., Ltd.	31,931,668.81	-	-	-	-	-	-	-1,229,834.39	-	31,931,668.81	-
Dalian Port Grain and Oil Trading Co., Ltd.	25,000,000.00	-	-	-	-	-	-	-	-	25,000,000.00	-
Dalian Steel Logistics Park Co., Ltd.	8,000,000.00	-	-	-8,000,000.00	-	-	-	-	-	-	-
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	-	-	-	-	-	-	-	5,100,000.00	-
Dalian Haijia Automobile Terminal Co., Ltd.	200,000,000.00	-	-	-	-	-	-	-	-	200,000,000.00	-
Dalian Diangniu Caravan Co., Ltd.	51,000,000.00	-	-	-	-	-	-	-	-	51,000,000.00	-
Dalian Port Group Zhuanghe Terminal Co., Ltd.	42,000,000.00	-	-	-42,000,000.00	-	-	-	-	-	-	-
Dalian Zhuanghe Gangying Investment Co., Ltd.	80,000,000.00	-	-	-	-	-	-	-	-	80,000,000.00	-
Dalian Port Haiheng Ship Management Co., Ltd.	4,825,626.54	-	-	-	-	-	-	-807,145.73	-	4,825,626.54	-
Dalian Port Power Supply Co., Ltd.	121,205,097.79	-	-	-	-	-	-	-6,665,283.47	-	121,205,097.79	-
Sub-total	4,842,837,334.94	-	15,821,491,793.59	-50,000,000.00	-	-	-	-1,390,208,179.31	-	20,614,329,128.53	-

Notes to the Financial Statements (continued)

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XVII. Notes to key items in the parent company's financial statements (continued)

4. Long-term equity investments (continued) (2) Breakdown of long-term equity investments (continued)

2021 (continued)

Investee	Opening balance	Impact of change in consolidation scope	Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Declaration of distribution of cash dividend and profit	Provision for impairment	Others	Closing balance	Closing balance of impairment provision
Joint ventures												
Dalian Port Tongli Shipping Agency Co., Ltd.	1,101,914.01	-	-	-	169,740.18	-	-	-	-	-	1,271,654.19	-
Odjial Terminals (Dalian) Co., Ltd.	188,159,960.71	-	-	-	26,003,515.16	-	-	-10,000,000.00	-	-	184,159,475.87	-
Dalian Port PetroChina International Terminal Co., Ltd.	236,630,040.06	-	-	-	29,447,599.04	-	-	-30,000,000.00	-	-	236,277,638.10	-
China United Italy (Dalian) Co., Ltd.	3,906,906.83	-	-	-	-1,359,472.88	-	45,680.63	-1,112,267.52	-	-	1,480,827.06	-
China Oil Dock Management (Dalian) Co., Ltd.	30,477,086.78	-	-	-	10,708,406.14	-	-	-17,804,039.90	-	-	23,381,453.02	-
Dalian Changqing Island Port Co., Ltd.	134,440,061.48	-	-	-	859,351.83	-	399,912.45	-	-	-	135,699,325.76	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	16,138,619.57	-	-	-	8,002,366.29	-	37,786.03	-	-	-	24,178,763.89	-
Odjial Dalian Port Consulting Co., Ltd.	1,326,583.72	-	-	-1,302,738.86	-23,834.86	-	-	-	-	-	-	-
Dalian Changqing Island Port Investment and Development Co., Ltd.	370,620,606.87	-	-	-	-12,827,261.02	-	509,088.77	-	-	-	358,302,444.62	-
Odjial Changqing Terminals (Dalian) Co., Ltd.	7,985,145.40	-	-	-	-82,913.95	-	-	-	-	-	7,902,231.45	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	35,815,332.61	-	-	-	-1,969,048.80	-	-	-	-	-	33,846,283.81	-
China Shipping Gang Lian Co., Ltd.	93,454,339.82	-	-	-	-1,524,259.04	-	-	-	-	-	91,930,080.88	-
Sub-total	1,100,256,607.66	-	-	-1,302,738.86	57,434,207.09	-	992,429.88	-58,916,307.42	-	-	1,093,464,178.35	-
Associates												
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	39,564,912.51	-	-	-	11,007,670.12	-	625,444.46	-4,400,000.00	-	-	46,828,027.11	-
Taichang Xinggang Tug Co., Ltd.	12,681,717.99	-	-	-	4,619,048.43	-	-	-5,999,994.00	-	-	11,300,772.42	-
National Pipe Network Group Dalian Liquefied Natural Gas Co., Ltd. (国家管网集团大连液化天然气有限公司)	672,600,617.82	-	-	-	112,587,584.97	-	171,503.78	-87,246,056.73	-	-	698,113,647.84	-
Dalian North Oil Petroleum Logistics Co., Ltd.	77,461,299.24	-	-	-	5,808,088.54	-	-7,457.57	-8,000,000.00	-	-	75,261,880.21	-
Sino Rail Binhai Train Ferry Co., Ltd.	241,523,908.68	-	-	-	-9,035,319.51	-	-	-	-	-	232,488,589.17	-
COC International Logistics Co., Ltd.	122,342,691.02	-	-	-	2,220,668.84	-	-	-	-	-	124,563,359.86	-
Dalian Automobile Terminal Co., Ltd.	178,005,556.61	-	-	-	13,384,067.92	-	189,915.34	-11,200,000.00	-	-	180,379,539.87	-
Liaoning Electronic Port Co., Ltd.	-	-	-	-	301,229.11	-	-	-	-	344,670.36	645,899.47	-
Sub-total	1,344,180,703.87	-	-	-	140,922,989.42	-	979,406.03	-116,846,052.73	-	-	1,369,581,715.95	-
Total	7,287,274,646.47	-	15,621,491,783.59	-51,302,738.86	196,357,195.51	-	1,971,835.91	-1,555,970,539.46	-	344,670.36	23,082,375,022.83	-

Notes to the Financial Statements (continued)

2021
In RMB

XVII. Notes to key items in the parent company's financial statements (continued)

4. Long-term equity investments (continued) (2) Breakdown of long-term equity investments (continued)

2020

Investee	Changes in the year										Closing balance of impairment provision
	Opening balance	Impact of change in consolidation scope	Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity	Declaration of distribution of cash dividend and profit	Provision for impairment	Closing balance	
Subsidiaries											
Dalian Port Container Development Co., Ltd.	3,201,948,622.38	-	-	-	-	-	-	-197,715,726.34	-	3,201,948,622.38	-
Asa Pacific Ports (Dalian) Co., Ltd.	-	-	260,619,525.68	-	-	-	-	-	-	260,619,525.68	-
Asa Pacific Ports Company Limited	76,155,000.00	-	-	-	-	-	-	-	-	76,155,000.00	-
Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd.	6,629,301.65	-	-	-	-	-	-	-2,328,068.11	-	6,629,301.65	-
Dalian Jia Shipping Management Co., Ltd.	419,011,554.73	-	-	-	-	-	-	-	-	419,011,554.73	-
Dalian Ocean Shipping Tally Co., Ltd.	14,259,172.03	-	-	-	-	-	-	-6,919,126.13	-	14,259,172.03	-
Dalian Port Construction Supervision & Consultation Co., Ltd.	18,278,125.97	-	-	-	-	-	-	-	-	18,278,125.97	-
Dalian Port Telecommunications Engineering Co., Ltd.	6,137,212.61	-	-	-	-	-	-	-3,312,405.00	-	6,137,212.61	-
Dalian Golden Bay Grain Logistics Co., Ltd.	53,156,426.75	-	-	-	-	-	-	-	-	53,156,426.75	-
Dalian Port Lishun Harbour Service Co., Ltd.	217,580,000.00	-	-	-	-	-	-	-	-	217,580,000.00	-
Dalian Harbour ECL Logistics Co., Ltd.	-	31,931,668.81	-	-	-	-	-	-1,022,236.24	-	31,931,668.81	-
Dalian Port Grain and Oil Trading Co., Ltd.	25,000,000.00	-	-	-	-	-	-	-	-	25,000,000.00	-
Dalian Steel Logistics Park Co., Ltd.	8,000,000.00	-	-	-	-	-	-	-	-	8,000,000.00	-
Dalian Gangrun Gas Co., Ltd.	5,100,000.00	-	-	-	-	-	-	-	-	5,100,000.00	-
Dalian Haijia Automobile Terminal Co., Ltd.	200,000,000.00	-	-	-	-	-	-	-	-	200,000,000.00	-
Dalian Diliangshui Caravan Co., Ltd.	51,000,000.00	-	-	-	-	-	-	-	-	51,000,000.00	-
Dalian Port Group Zhuanghe Terminal Co., Ltd.	42,000,000.00	-	-	-	-	-	-	-	-	42,000,000.00	-
Dalian Zhuanghe Gangxing Investment Co., Ltd.	80,000,000.00	-	-	-	-	-	-	-	-	80,000,000.00	-
Dalian Port Haiheng Ship Management Co., Ltd.	4,825,626.54	-	-	-	-	-	-	-741,900.64	-	4,825,626.54	-
Dalian Hongyang International Logistics Co., Ltd.	10,000,000.00	-	-	-10,000,000.00	-	-	-	-	-	-	-
Dalian Port Power Supply Co., Ltd.	121,205,097.79	-	-	-	-	-	-	-6,594,103.66	-	121,205,097.79	-
Sub-total	4,560,286,140.45	31,931,668.81	260,619,525.68	-10,000,000.00	-	-	-	-2,18,693,561.32	-	4,842,837,334.94	-

Notes to the Financial Statements (continued)

2021
In RMB

XVII. Notes to key items in the parent company's financial statements (continued)

4. Long-term equity investments (continued)

(2) Breakdown of long-term equity investments (continued)

2020 (continued)

Investee	Opening balance	Impact of change in consolidation scope	Changes in the year					Closing balance	Closing balance of impairment provision		
			Increase in investment	Decrease in investment	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Change in other equity			Declaration of distribution of cash dividend and profit	Provision for impairment
Joint ventures											
Dalian Port Tongli Shipping Agency Co., Ltd.	1,213,114.02	-	-	-	238,739.99	-	-	-350,000.00	-	1,101,914.01	-
Dalian Harbour ECL Logistics Co., Ltd.	31,943,748.61	-31,931,668.81	-	-	-	-	-12,074.80	-	-	-	-
Oufell Terminals (Dalian) Co., Ltd.	165,965,277.50	-	-	-	24,694,693.21	-	-	-22,500,000.00	-	168,159,970.71	-
Dalian Port PetroChina International Terminal Co., Ltd.	236,533,790.29	-	-	-	29,276,249.77	-	-	-29,000,000.00	-	236,830,040.06	-
China United Tally (Dalian) Co., Ltd.	3,150,876.54	-	-	-	1,109,029.28	-	-	-371,505.93	-	3,906,906.83	-
China Oil Dock Management (Dalian) Co., Ltd.	19,843,325.61	-	-	-	19,121,225.16	-	-	-8,487,465.19	-	30,477,086.78	-
Dalian Changyong Island Port Co., Ltd.	138,942,816.08	-	-	-	-4,954,714.60	-	-	451,980.00	-	134,440,061.48	-
Dalian Port Bulk Cargo Logistics Center Co., Ltd.	14,828,483.72	-	-	-	10,053,254.93	-	-	-18,436.42	-	16,138,619.57	-
Oufell Dalian Port Consulting Co., Ltd.	921,128.78	-	-	-	405,464.94	-	-	-	-	1,326,593.72	-
Development											
Dalian Changyong Island Port Investment and Development Co., Ltd.	394,017,406.66	-	-	-	-24,691,548.78	-	-	1,294,748.99	-	370,620,606.87	-
Oufell Changyong Terminals (Dalian) Co., Ltd.	8,081,200.67	-	-	-	-96,055.27	-	-	-	-	7,985,145.40	-
Dalian Port Xiangyu Grain Logistics Co., Ltd.	37,317,843.08	-	-	-	-1,502,510.47	-	-	-	-	35,815,332.61	-
China Shipping Gang Lian Co., Ltd.	96,861,319.00	-	-	-	-3,406,979.38	-	-	-	-	93,454,339.62	-
Sub-total	1,149,640,325.76	-31,931,668.81	-	-	50,246,699.78	-	-	1,734,704.71	-	1,100,256,607.66	-
Associates											
Dalian PetroChina International Warehousing and Transportation Co., Ltd.	44,505,541.15	-	-	-	15,059,371.36	-	-	-20,000,000.00	-	39,564,912.51	-
Taizang Xinggang Tug Co., Ltd.	10,144,666.43	-	-	-	4,679,905.56	-	-	-2,142,855.00	-	12,681,717.99	-
PetroChina Dalian LNG Co., Ltd.	702,722,083.30	-	-	-	97,338,249.17	-	-	-462,467.77	-	672,600,617.82	-
Dalian North Oil Petroleum Logistics Co., Ltd.	73,291,607.84	-	-	-	8,029,909.41	-	-	139,781.99	-	77,461,299.24	-
Sino Pail Bohai Train Ferry Co., Ltd.	242,861,827.81	-	-	-	-1,337,919.13	-	-	-	-	241,523,908.68	-
CDC International Logistics Co., Ltd.	138,072,756.88	-	-	-	-15,730,065.86	-	-	-	-	122,342,691.02	-
Dalian Port Group Financial Co., Ltd.	892,291,798.16	-	-	-	-929,982,963.00	-	-	-	-	-	-
Dalian Automobile Terminal Co., Ltd.	172,700,578.63	-	-	-	14,973,659.80	-	-	-68,681.02	-	178,005,556.61	-
Sub-total	2,276,590,650.40	-	-	-	-929,982,963.00	-	-	-391,366.80	-	1,344,180,703.87	-
Total	7,986,517,316.61	-	260,619,525.68	-	-939,982,963.00	210,931,184.93	-	1,343,337.91	-	7,287,274,646.47	-

Notes to the Financial Statements (continued)

2021
In RMB

XVII. Notes to key items in the parent company's financial statements (continued)

5. Revenue

Item	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal operations	3,390,491,641.44	2,442,078,013.42	3,473,590,285.48	2,224,437,025.09
Other operations	268,729,346.15	166,141,810.40	304,212,941.31	174,745,678.44
Total	3,659,220,987.59	2,608,219,823.82	3,777,803,226.79	2,399,182,703.53

6. Investment income

Item	2021	2020
Investment income from long-term equity investments under the cost method	1,390,208,179.31	218,693,561.32
Investment income from long-term equity investments under the equity method	198,357,195.51	210,931,184.93
Investment income from disposal of long-term equity investments	-17,858,136.43	-3,438,131.87
Investment income from held-for-trading financial assets during the period of holding	-	53,190.00
Investment income from disposal of held-for-trading financial assets	25,965,850.49	31,878,450.06
Others	27,336,501.63	26,034,916.44
Total	1,624,009,590.51	484,153,170.88

There are no material restrictions on the repatriation of investment income of the Company.

Notes to the Financial Statements (continued)

2021
In RMB

XVII. Notes to key items in the parent company's financial statements (continued)

7. Supplementary information to the statement of cash flows of parent company

Item	2021	2020
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,763,491,916.98	781,550,971.83
Add: Provision for credit impairment	102,847,613.27	136,598,137.21
Depreciation of fixed assets	646,668,640.70	538,395,937.64
Depreciation of right-of-use assets	89,621,076.60	85,766,668.97
Amortisation of intangible assets	21,000,005.42	21,824,435.11
Amortisation of long-term prepaid expenses	5,207,795.44	4,864,969.88
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gain)	838,263.95	-2,070,687.68
Losses on obsolescence of fixed assets ("-" for gain)	16,254,705.81	723,312.69
Financial expenses ("-" for gain)	382,010,193.43	459,651,359.11
Losses on investment ("-" for gain)	-1,624,009,590.51	-484,153,170.88
Losses on changes in fair value ("-" for gain)	-	323,118.00
Decrease in deferred income tax assets ("-" for increase)	-29,981,548.99	-44,603,591.30
Increase in deferred income tax liabilities ("-" for decrease)	-1,710,427.10	-
Amortisation of deferred income	-36,714,440.73	-35,246,618.25
Decrease in inventories ("-" for increase)	-5,830,381.12	350,336.84
Increase in special reserve ("-" for decrease)	2,790,513.03	9,093,655.30
Decrease in operating receivables ("-" for increase)	-591,953,857.41	-718,211,866.96
Increase in operating payables ("-" for decrease)	-70,675,288.58	94,733,587.34
Net cash flows from operating activities	669,855,190.19	849,590,554.85
2. Net changes in cash and cash equivalents:		
Cash at the end of the year	2,081,788,417.72	2,890,267,651.51
Less: Cash at the beginning of the year	2,890,267,651.51	2,666,892,626.45
Net increase in cash and cash equivalents	-808,479,233.79	223,375,025.06

XVIII. Approval of financial statements

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Supplementary Information to the Financial Statements

2021
In RMB

I. Statement of non-recurring profit or loss

In accordance with “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit/Loss (2008)” issued by China Securities Regulatory Commission, the non-recurring profit or loss for 2021 of the Group are set out as follows:

Item	2021	2020
Profit or loss on disposal of non-current assets	111,457,712.28	9,120,803.74
Government grants charged to profit or loss for the current period (other than government grants which are closely related to corporate business and granted based on a fixed amount or a fixed quantity unified by the state on an ongoing basis)	28,092,249.95	43,387,925.93
Except for the effective hedging activities related to the Company’s ordinary operation, profit or loss arising from changes in fair value of financial assets at fair value through current profit or loss and financial liabilities at fair value through current profit or loss, and investment income from disposal of financial assets at fair value through current profit or loss and financial liabilities at fair value through current profit or loss	25,965,850.49	31,555,332.06
Profit or loss from outward entrusted loans	–	1,462,082.72
Capital occupation fee charged to non financial enterprises included in current profits and losses	2,976,052.80	4,277,022.55
Non-operating income and expenses other than aforesaid items	-210,959,199.64	-17,917,030.93
Current net profit and loss of subsidiaries from the beginning of the period to the combination date arising from business combinations involving entities under common control	471,795,901.00	1,279,235,071.84
Other profit or loss item under the definition of non-recurring profit or loss	19,655,106.60	13,548,342.78
Sub-total	448,983,673.48	1,364,669,550.69
Effect of income tax	-7,735,801.71	15,832,928.85
Effect of minority interests (after tax)	9,002,735.92	44,278,355.01
Total	447,716,739.27	1,304,558,266.83

Supplementary Information to the Financial Statements (continued)

2021
In RMB

II. Return on net assets and earnings per share

The calculation form of the return on net assets and earnings per share is prepared in accordance with the relevant provisions of the Compilation Rules No. 9 for Information Disclosures by Companies Offering Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised in 2010) issued by the China Securities Regulatory Commission.

2021

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	5.02%	0.08
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	4.17%	0.07

2020 (Restated)

	Weighted average return on net assets	Basic earnings per share
Net profit attributable to ordinary shareholders of the Company	5.53%	0.09
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3.90%	0.06

No dilutive potential ordinary shares have been issued by the Company.

Financial Highlights for the Past Five Financial Years

RMB'000	2021	2020	2019	2018	2017
Revenue and Profit					
Revenue	12,347,555	12,124,932	6,645,907	6,754,445	9,031,643
Gross profit	3,829,224	4,246,494	1,990,967	1,612,710	1,463,441
Operating profit	2,865,175	2,857,287	1,136,490	859,396	711,284
Total profit	2,654,437	2,836,145	1,162,173	875,480	727,158
Net profit	2,078,196	2,230,052	894,932	681,981	574,292
Net profit attributable to shareholders of the parent company	1,916,076	2,053,091	718,230	523,316	500,780
Basic earnings per share (RMB)	0.083852	0.090751	0.056	0.041	0.039
Assets and Liabilities					
Cash and bank balances	4,682,838	7,419,447	4,051,413	5,757,831	7,507,917
Current assets	8,683,979	11,305,543	6,890,986	9,559,480	10,439,083
Non-current assets	49,129,271	46,145,812	28,207,289	25,756,103	26,146,192
Borrowings	4,692,337	7,228,841	8,220,756	12,124,862	13,415,605
Current liabilities	7,689,659	4,634,988	2,377,417	5,701,990	9,193,179
Non-current liabilities	9,069,849	12,314,713	11,316,442	8,753,277	6,772,298
Total assets	57,813,250	57,451,355	35,098,275	35,315,583	36,585,276
Net assets	41,053,742	40,501,654	21,404,416	20,860,316	20,619,798
Capital and Equity					
Share capital	23,987,066	12,894,536	12,894,536	12,894,536	12,894,536
Equity attributable to shareholders of the parent company	37,946,034	37,234,475	18,769,790	18,276,366	18,059,929
Minority interests	3,107,707	3,267,179	2,634,626	2,583,950	2,559,869
Shareholders' equity	41,053,742	40,501,654	21,404,416	20,860,316	20,619,798
Net assets per share (RMB)	1.58	1.55	1.46	1.42	1.4

Environmental, Social and Governance Report

About the Report

The report is a true reflection of Liaoning Port Co., Ltd. active implementation of its Environmental, Social and Governance (“ESG”) responsibilities to achieve comprehensive and coordinated sustainability. The forward-looking statements described herein such as the business plans or development strategies shall not constitute any substantial commitment to investors.

Reporting Period

Unless otherwise stated, the report covers information for the period from 1 January 2021 to 31 December 2021.

Scope of the Report

Unless otherwise stated, the report covers ESG-related information of the domestic operations of Liaoning Port Co., Ltd. and its main subsidiaries.

Sources of Data

All data and information included in the report were collected from the relevant data collection and statistics system of Liaoning Port Co., Ltd., the qualitative and quantitative information collection tools used in the report preparation, and ESG practice cases reported by the main subsidiaries operating in China.

Basis of the Report

The report strives to highlight its characteristics in the industry in compliance with the widely-adopted standards for ESG reporting. This ESG report is prepared in accordance with the *ESG Reporting Guide* set out in Appendix 27 to the *Listing Rules of The Stock Exchange of Hong Kong Limited* and strictly complies with the requirements of the *ESG Reporting Guide* on the four principles of “General Disclosure”, “Materiality”, “Quantitative”, “Balance” and “Consistency” as well as “Directors’ Responsibilities”. The report aims to systematically introduce to readers the Company’s performance on ESG in 2021. It is advised to read the content pertaining to governance together with the *Corporate Governance Report* in the annual report.

Notes on Names

For the sake of convenience, Liaoning Port Co., Ltd. is also referred to as “Liaoning Port”, the “Company”, or “We” in this report. Liaoning Port Co., Ltd. is formed from the merger of Dalian Port (PDA) Company Limited and Yingkou Port Co., Ltd. under Liaoning Port Group. In this report, Dalian Port (PDA) Company Limited is referred to as “Dalian Port” and Yingkou Port Co., Ltd. is referred to as “Yingkou Port”.

Formats of the Report

The report is written in both Chinese and English and can be downloaded at <http://www.hkexnews.hk>.

Environmental, Social and Governance Report

1. ESG Management System

Liaoning Port adheres to the concept of sustainable development and improves its corporate governance capabilities. By upgrading the ESG management system, it has effectively understood and maintained the expectations and demands of stakeholders, strengthened the fostering of integrity in the Company, and built a dynamic, streamlined, efficient and smoothly functioning institutional mechanism for the continuous enhancement of the Company's value.

1.1 ESG Statement of the Board

Liaoning Port recognizes the importance of ESG to the Company's long-term and stable operation, and has thus established an effective ESG management mechanism and governance mechanism. Liaoning Port develops its operation and management advantages by taking advantage of its superior natural conditions, accelerates deployment and functional structure adjustment in the port area, and explores a new model of sustainable development that integrates environment, society and governance into the Company's business.

As the highest decision-making body on environmental, social and governance matters of Liaoning Port, the Board of Directors of the Company is responsible for supervising, approving and making decisions on the Company's ESG strategies, policies, objectives, risks and related ESG matters, so as to ensure the integration of ESG concepts and Company strategies. Under the leadership of the Board of Directors, Liaoning Port has established an ESG report preparation committee led by the Company's executive leaders and composed of staff from each preparation department. Members of the committee jointly participate in the management and collection of daily ESG-related information, annual ESG information disclosure and review, etc.

In 2021, the Company continued to promote its standardized governance in accordance with the law, actively built a green and ecological port, and strived to improve the quality of products and services. It paid attention to the health and career development of employees and took initiatives to carry out social welfare. Liaoning Port regards environmental, social and governance work as an important part of the Company's strategy formulation. The Company will actively respond to climate change risks in the "14th Five-Year Plan" stage, promote the "carbon peaking and neutrality" strategy, and actively comply with the government's policy orientation. With reform and innovation as the fundamental driving force, Liaoning Port will further promote the concrete action for "port integration", and strive to build it into a top one in the world.

This report, which exhaustively discloses the progress and effectiveness of ESG of Liaoning Port in 2021, was reviewed and approved by the Board of Directors on March 29, 2022. The Board of Directors and all Board members of the Company guarantee that the contents of this report do not contain any false records, misleading statements or major omissions, and assume joint and several liability for the authenticity, accuracy and completeness of the contents.

Environmental, Social and Governance Report

1.2 ESG Governance and Management

In adherence to the ESG concept of “green and sustainable development”, Liaoning Port proactively assumes its responsibilities for customers, employees, the society and the environment while pursuing economic benefits and protecting the interests of shareholders. While working to maintain the fast growth of the port, we fulfil the mission of “developing through the port and contributing to the country”. The Company puts people, customers and responsibilities first, which are its core values, and fosters the corporate culture of virtue, honesty and self-improvement; we operate in an honest, value-producing, safe and environmentally-friendly fashion, and creates value for shareholders, customers, employees and the society and commit ourselves to the target of win-win development for the Company, the society and the environment.

In 2021, the Company actively carried out ESG management and took related actions, and the implemented its ESG philosophy with greater intensity. The Company thoroughly implemented the social responsibility supervision and management mechanism with the management system that integrates quality, occupational health and safety, and environment as the main framework, and continuously improved the ESG management structure led by the Board of Directors and involving various functional departments and subsidiaries; these actions ensure that the standardized management work is always up to the latest standards, provide standardized management support for the Company’s management, quality, safety, occupational health, and environmental protection and a strong safeguard for the fulfilment of its social responsibilities, and efficiently promote the implementation of ESG management.

1.3 Communication with Stakeholders

Communication with stakeholders is an important part for achieving sustainable development. While expanding its business operations, Liaoning Port is committed to enhancing the Company’s long-term value. The Company attaches great importance to the concerns of stakeholders to protect the interests of all stakeholders. It highly values communication with stakeholders and do so through diversified channels; it invites all stakeholders to offer advice on our governance and development, respects and listens to their opinions on projects and key matters to be improved and actively responds.

Environmental, Social and Governance Report

Communication with and Responses to Stakeholders

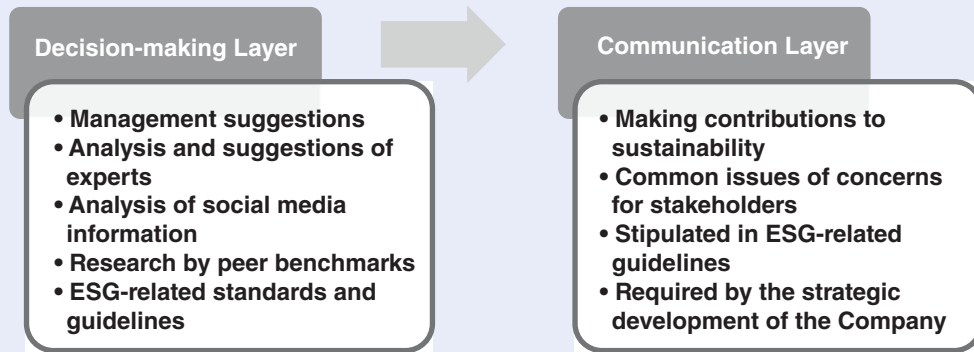
Stakeholders	Key Issues	Response Channels
Government and regulators	<ul style="list-style-type: none"> • Implementation of national laws, regulations and policies • Local economic development • Local employment • Industrial development • Emissions compliance • Energy conservation • Environmental protection 	<ul style="list-style-type: none"> • Document submitting • Policy consultation • Issue reporting • Collaborative negotiation • Information disclosure
Shareholders & investors	<ul style="list-style-type: none"> • Investment returns • Operational compliance 	<ul style="list-style-type: none"> • Regular announcements • Issue reporting • Shareholders' meeting
Clients & partners	<ul style="list-style-type: none"> • Responsibility fulfillment • Integrity • Product and service quality 	<ul style="list-style-type: none"> • Business communication • Customer feedback • Seminars
Employees	<ul style="list-style-type: none"> • Protection of rights and interests • Production safety • Occupational health • Remuneration and welfare • Career development 	<ul style="list-style-type: none"> • Staff representative meetings • Complaint mailbox
Suppliers	<ul style="list-style-type: none"> • Green procurement • Operational compliance • Product responsibility 	<ul style="list-style-type: none"> • Supplier assessment • Phone calls and emails
Media and non-government organizations	<ul style="list-style-type: none"> • Emissions • Energy conservation • Environmental protection • Local economic development • Local employment • Industrial development 	<ul style="list-style-type: none"> • Press conferences and exchanges • Social media • Official websites
Community and the public	<ul style="list-style-type: none"> • Community environment • Public welfare projects • Information disclosure 	<ul style="list-style-type: none"> • Official websites • Community interaction and public welfare activities • Social media

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1.4 Compliance with the Principles in the ESG Reporting Guide

Materiality: To clarify the key areas of ESG practice and information disclosure, Liaoning Port identified its key ESG issues based on the *ESG Reporting Guide* and conducted a materiality assessment to ensure that the well-directed report covered all material topics that are of concern to Liaoning Port and its stakeholders.

The Company invited all stakeholders to participate in the identification and materiality assessment of ESG topics. Through employee interviews, on-site visits and questionnaire surveys, the Company fully understands the issues and concerns of employees and other stakeholders. In 2021, taking the internal and external environment into consideration, the Company conducted a comprehensive evaluation of work opinions on the Company's ESG management collected from various stakeholders during daily production and operation, and decided after discussion that the 2021 ESG materiality remain the same as those of 2020.



The Selection of ESG Topics



2021 Materiality Matrix of ESG Topics

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Quantitative: The Company created collecting tools for ESG indicators of its domestic subsidiaries and regularly collects quantitative key indicators of all major environmental aspects and some social aspects listed in the *ESG Reporting Guide*, which is summarised and disclosed in this report. For detailed information, please refer to each chapter of this report.

Balance: The report was reviewed and confirmed by the Board of Directors of the Company, and the contents of the report are objective and open. The contents disclosed can be accessed via our official information disclosure channels and public social media.

Consistency: The Company standardised the disclosure standards, specified ESG indicators listed in the *ESG Reporting Guide* and created tools for collecting data from domestic subsidiaries, providing a basis for consistency in subsequent report disclosures and laying a foundation for the disclose of comparative data over the years.

1.5 Integrity

We strictly abide by the Guidelines for Integrity and Self-discipline of Communist Party of China (CPC), Regulations on Disciplinary Actions of CPC, Regulations on Party Accountability, Working Rules for Handling Reports and Accusations by Disciplinary Supervision Organs, Work Regulations of the CPC Central Commission for Discipline Inspection, Regulations on Internal Supervision of CPC and other laws and regulations. On the basis of this, the Company formulated relevant integrity rules and regulations. The Company continued to strive to improve Party conduct and foster integrity and carry out anti-corruption and integrity-boosting activities, in order to create a culture of integrity and a standardized and law-based operational environment.

To further strengthen the management of whistleblowing and reporting, smooth reporting channels, standardize procedures, strengthen supervision, and promote honest and clean party and anti-corruption work, the Company's Commission for Discipline Inspection has set up the reporting hotline, e-mail and other channels for the petition and reporting to further standardize related procedures for preventing corruption.

In 2021, the total number of corruption lawsuits that occurred in the Company and had been closed is 1. The Company expelled personnel involved in the case from the Party, adjusted the internal workflow process, and strengthened the management and control mechanism to prevent the occurrence of similar cases.

To further strengthen the Company's anti-corruption training and effectively enhance employees' anti-corruption awareness, the Commission for Discipline Inspection of Liaoning Port organizes multiple integrity risks investigations and actively organizes anti-corruption education. In 2021, the average training hours was 2 for Board members and 10 for employees; the training ensured that the values of abiding by discipline and law and advocating integrity are deeply rooted in the hearts of all in the Company.

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Case: Dalian Port launched a series of anti-corruption initiatives

In 2021, Dalian Port utilized a variety of online and offline publicity and education methods and gave full play to the synergy of departments in carrying out a series of anti-corruption education and publicity activities with an aim to embed the concept of integrity into every employee's heart.

- Organizing staff to watch anti-corruption warning educational films

To effectively enhance the awareness of all party members to resist corruption, and to make full use of the cases to specify discipline, give warnings, promote governance and facilitate rectification, the Commission for Discipline Inspection of Dalian Port organized staff to watch the admonitory educational films such as *Betrayal*, *The Changed Original Aspiration*, and *The Change Soul*, and special TV program *Righteousness and Anti-Corruption By Your Side*. All these have created a strong culture of integrity.

- Organizing the solicitation of integrity-themed cultural works

On September 2, Dalian Port launched a solicitation of integrity cultural works with the theme of "Learning Party History, Being Reasonable, Honest and Disciplinary, Improving Working Style, and Keeping Incorruptibility". Through such innovative manners of strengthening integrity culture construction, Dalian Port raised the awareness of integrity and self-discipline among all employees.

- Organizing an admonitory educational conference and "Study Week" activities for the discipline inspection system

From December 15 to 22, Dalian Port organized an admonitory education conference and "Study Week" activities for the discipline inspection system.



Picture of the Admonitory Education Conference and "Study Week" for the Discipline Inspection System

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Case: Dalian Port launched special supervision such as risk inspection activities for integrity

In 2021, the Commission for Discipline Inspection of Dalian Port successively carried out four special supervisions, namely, “Using one’s authority in a company for personal gains”, “Shadow Company”, “employees running businesses and enterprises”, and inspection of integrity risks, to further create an atmosphere of integrity and a continuously improving political ecology so as to strengthen the awareness of anti-corruption.

- Organized inspection and self-examination of “shadow companies” and “shadow shareholders”, covering 2,185 employees (supervisor level and above);
- Organized 26 directly affiliated Party branches to carry out special supervision and inspection of employees’ business ventures, covering 7,105 employees, and 43 letters of pledges to integrity in business ventures were signed.
- Investigation and rectification of integrity risks were carried out. During the process, subordinate branches raised 76 problems, another 65 improvement measures, and 35 additional integrity risks by referring to the description of the 2020 integrity risks information database and prevention and control measures.

2. Sustainable Operation

Liaoning Port is dedicated to providing customers with high-quality products and services. We continue to improve our awareness of responsibility and construction of systems for products as well as R&D and innovation capabilities, actively communicate with customers and improve our performance, and manage the supply chain with the industry’s sustainable development and operation philosophy of building a responsible and sustainable enterprise.

2.1 Product Responsibility

Facing the complex and changing market environment, the Company believes that providing more value for our customers is our responsibility and offer the best services as our standard; we always put customers’ demand first and seek to improve service quality and efficiency, in a bid to build a brand full of development potential and international competitiveness.

Institutional Development

The Company operates strictly in line with laws and regulations including the Law of the People’s Republic of China on Safeguarding Consumer Rights and Interests, Advertising Law of the People’s Republic of China, Railway Law of the People’s Republic of China, and Regulations of the People’s Republic of China on Transportation. We also specified and developed internal regulations based on our operational characteristics including Regulations on the Management of Special Goods Transportation, Regulations on Freight Service Quality and Regulations on Information Safety Management.

The Company strictly standardizes all operational workflows and improves the construction of a product responsibility system. The relevant responsibility systems standardize our procedures for improving services, maintaining customer relations, respecting intellectual property rights, and protecting customers’ privacy and information security. In 2021, all major subordinate production and operation branches of the Company obtained certification of the ISO9001 management system.

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Business Innovation

Liaoning Port continues to seek business innovation and diversify products and services. We proactively responded to the Belt and Road Initiative, dual circulation strategy, construction of Liaoning Free Trade Zone and other national strategies. We continue to explore the opportunities in international markets such as the East Asia, Central Asia and America and further extended the international shipping service network despite the influence of the pandemic and port congestion.

In 2021, we enhanced the diversity of products and services by further tapping into our advantages in ports, deepening cooperation in the international market and strengthening our business innovation capabilities.

2021 Business Innovations of Liaoning Port

“Bonded screening + international transit” business

Based on the successful operation experience of “bonded mixed ore”, the Company and its partners innovated the business of “bonded screening + international transit” and successfully shipped 62,000 tons of iron ore “bonded screening” to Pohang Iron and Steel Company in South Korea, further enriching and perfecting the function of iron ore processing at the port.

Commodity vehicle transit transportation business

The Company actively promotes the diversified development of the foreign trade business of commercial vehicles and adds the transit transportation business of commercial vehicles. In January, Japanese commercial vehicles were unloaded at the Dalian Automobile Terminal and then transported to Kazakhstan by railway cages, which successfully went through the first “East Asia-Central Asia” transit transport channel for commercial vehicles in China, and achieved a breakthrough from “zero” in east-west transit transportation of commercial vehicles in China.

Ro-Ro foreign trade export liner routes to America

The Company opened the first Ro-Ro foreign trade export liner routes to America from Liaoning Port. In October, the first batch of more than 2,000 square meters of Airbus aircraft MAFI cargo was successfully loaded and shipped at the Dalian Automobile Terminal. This route further extends the international route service network and enhances the Company’s influence in the international hub.

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2.2 Research and Innovation

Following the strategic principle of “taking a long-term view, seizing the present, leading with technology and embracing changes” and driven by innovation, Liaoning Port has been actively following the national strategies. The Company developed the *Rules on the Management of Scientific and Technological Innovation Projects* and the *Rules on the Management of Scientific and Technological Innovation Incentives* based on the *Law of the People’s Republic of China on Progress of Science and Technology* and updated both documents in 2021, where require each branch to allocate a certain amount of funds every year for scientific and technological innovation projects based on business and development needs and implement an incentive and reward system for innovative projects.

Intellectual Property Management

Liaoning Port attaches great importance to intellectual property rights and shows sincere respect for all intellectual achievements. The Company strictly abides by the *Patent Law of the People’s Republic of China*, *Trademark Law of the People’s Republic of China* and other laws and regulations regarding intellectual property rights, and strictly regulates compliance procedures such as for patent application, authorisations and transfers as well as the use of external intellectual property rights. In addition, through training and publicity, the Company promotes employee awareness of protecting intellectual property rights, standardizes the workflow and improves intellectual property right management efficiency. In 2021, the Company filed 32 new intellectual property applications such as patents, trademarks and copyrights, and 22 were granted approval.

R&D Innovation

Liaoning Port carried out a great number of product technology innovation and research projects, where the focus was given to the transformation of results after project implementation, creating a leap in productivity through innovation. The Company “sets up benchmarks and models” for outstanding projects, actively encourages all branches to enhance their technological innovation achievements, and facilitates them to apply such achievements in real-life production and operations to improve quality and efficiency. The innovative ore blending process developed by the Company for the first time adopted the “two-in-one” direct ore blending shipment approach, where the ore blending was extended from within the stacking yard to direct on-board blending, saving about 45% of operating costs and greatly improving the turnover rate of mixed ore. This technology is in the leading position in the industry both home and abroad. In 2021, the Company carried out a total of six ongoing research projects and R&D spending amounted to RMB1.009 million.

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A Partial List of Ongoing Research Projects of Liaoning Port in 2021

Project name	Project Description
Feasibility study of fiber optic low-coherence sedimentation sensor in oil tank sedimentation monitoring	The research looks into technologies of fiber optic low-coherence sedimentation sensors in the monitoring direction of uneven sedimentation to explore the possibility of applying this technology in online monitoring of uneven sedimentation of oil storage tanks and to perform online monitoring and real-time analysis of storage tank sedimentation to realize hidden danger warning.
Research on the application of multifunctional detective and fire emergency robot in terminal hazardous chemicals enterprises	The research looks into the technologies and solutions of multifunctional detective and fire emergency robots to offer an integrated solution through advanced digital technology, including inspection of dangerous goods, accident investigation and emergency response, change traditional emergency methods and approaches, and help emergency management become digital, intelligent and unmanned.
Research on the testing platform on the dedicated circuit board of the drive of container cranes	The project developed a testing platform for the dedicated circuit board of container crane drive. After the drive's circuit board and main components are damaged and repaired offline, the testing platform is used to ensure that the circuit board is in good condition and can be directly installed into the device for use, which eliminates the secondary loss of drive caused by insufficient testing methods and reduces equipment downtime.
Development of the automatic repair device for the bridge crane trolley line	The project developed an automatic repairing device for the trolley line. Automatic grinding is carried out during the operation of the equipment trolley, and finally the arc burn is completely eliminated. Once the arc burn has been eliminated, replace the device with the original graphite slider to prevent excessive grinding.
Design renovation on the log grapple wireless remote control rotary device	The project designed a log grapple rotary device that is controlled by wireless remote control to drive grapple to rotate, quickly and effectively align the log grappling direction for loading and unloading.

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Construction of Smart Ports

The Company continues to work on the construction of smart ports to improve efficiency. In December 2021, the Company launched “Smart Port 2.0 for Dayao Bay” Phase 1 into trial operation. For this project, we will strive for smart operation, smart business, smart chain ecosystem and smart sensing and utilize digital means to connect logistics channels, promote the economic and trade development of the hinterland and the development of regional marine economy, and facilitate the Company to work towards the goal of building Dalian into the international shipping center for Northeast Asia.

Case: “DCT Smart Port” made important progress

The “DCT Smart Port” project is an important step for Dalian Container Terminal (DCT) to transform from a traditional terminal to a smart port. In 2021, multiple tasks, including remote control reconstruction for 1 quayside crane, development and testing of the facility intelligent inspection system, three-zone smart tallying quay crane construction and integration of remotely-controlled quay cranes, and CTOS docking. The project created the application scenarios of smart business, smart chain ecosystem, and smart sensing and completed supporting digital infrastructure construction. The trial operation of the project marks an important progress in the construction of the smart port.

2.3 Customer Service

Quality service is the foundation of the Company’s sustainable development and its everlasting mission. While strengthening epidemic prevention and control, Liaoning Port has improved its level of service assurance, service capabilities and operational efficiency, enhanced customer satisfaction, and at the same time reinforced privacy protection to ensure the security of customer information.

Customer Service Satisfaction Management

In order to improve the management of external services, Liaoning Port has formulated the *Rules on the Management of Major Customer Relationship Maintenance* and *Rules on Customer Satisfaction Evaluation* to improve service functions and customer satisfaction. The Company’s customer satisfaction evaluation management is mainly based on customer satisfaction questionnaires, which are supplemented by customer opinions via complaint calls, where major customer complaints are reported and handled in accordance with the *Freight Service Quality Management Regulations*. The Company encourages all branches to improve the coverage of customer satisfaction surveys through online interaction, emails, onsite informal interviews, etc. The cloud call platform was built by the customer service center in 2021 and the “Micro Port System” was launched to collect customer feedback and suggestions more comprehensively.

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The Company's customer service center has effectively played the role of service coordination and supervision. On the one hand, it has strengthened business consultation and communication with branches, releases regular customer service reports and provide guidance to all branches on handling customer complaints and improving the service quality. On the other hand, it has strengthened the everyday supervision of the call platform itself by conducting random inspections to ensure work efficiency. The customer service center has enhanced the awareness of service, solicited customer opinions and suggestions proactively, and strove to improve customer recognition. In 2021, the customer service center strengthened the effective coordination with public service platforms such as Dalian 12345 Citizen Hotline and Liaoning Province 8890, which improved the efficiency of internal coordination and processing, avoided major public opinion events and protected the public image of the enterprise. Within the Reporting Period, the Company received a total of 165 complaints. With fact-based and effective service philosophy and careful understanding and satisfaction of customer needs, the Company reached 99% in its annual customer satisfaction rate.

Case: Improvement of the cloud calling platform and expansion of the service functions of "Micro Port System"

The Company's customer service center completed the cloud call platform development in 2021, realizing coordinated use of the systems, allocation of resources, permission management, and data analysis for the call service at Liangning Port and achieving full coverage in Dalian, Yingkou, Panjin, Suizhong, and Dandong port areas. The cloud call platform and repository have been gradually built and improved, laying a solid foundation for building a service-centered brand and implementing an efficient service strategy.

In terms of expanding the functions of "Liangning Port Micro Port System", new functions, including "Full Port Tidal Query", "Vessel Tracking and Query", "Yingkou Port Dynamic Query" have been added with a focus on meeting the digital service requirements of customers, which integrated data resources of terminals and the logistical data of Yingkou Port. At the end of November, all the functions of this round were developed and put into trial operation, and the number of followers of "Micro Port System" exceeded 7,900.

Case: Dalian Port wins customer satisfaction with high-quality service

In 2021, a great number of branches in Dalian Port strengthened customer service management and carefully understood and met customer needs through an extensive collection of customer feedback and advice. The annual customer satisfaction rates have all reached 100%.

- Dalian Port Ferry Company formulated the *Rules for Implementation on the Customer Service Office of the Ferry Company* to enhance the service philosophy and standardize customer service handling;
- The Liangang Port Logistics Services Branch welcomed customer supervision by setting up a complaint phone in a prominent position, and required that all customer complaints should be accepted within 3 working days and provided with timely feedback;
- Dalian Port Ferry Company and its subordinate branches extensively collected feedback and advice from customers through visits, questionnaires, telephone communication and online communication either at the end of the year or every month. Their customer satisfaction rates have all reached 100%.
- There were no customer complaints or service quality accidents in the marine service in and outside the port throughout the year, and the customer satisfaction rate reached 100%.

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Privacy Protection

Liaoning Port attaches great importance to the protection of customer privacy. We identified our own business segments, identified business sectors with higher privacy risks, and adopted privacy protection measures. For the passenger transport business, the Company requires all branches to follow the *Regulations on Real-Name Management for Waterway Passenger Transport* issued by the Ministry of Transport and preserve confidentiality on passengers' personal information collected through the real-name method.

In 2021, in order to ensure the safe and stable operation of the Company's official website and Internet business, a third-party cloud-based security protection service was introduced, which connected websites published by the Company on the Internet to the cloud-based website security protection platform; the Company did its best for security protection of its Internet applications and ensured website security without major security incidents.

To boost employees' awareness of protecting personal information security, the Company released the *Note on the Protection Against Social Engineering Attacks* and encouraged subordinate branches to strengthen targeted security management against environmental penetration, inveigle, phishing, persuasion and intimidation and other others of attacks, and informed employees that they must be vigilant against unknown information and social engineering attacks.

In 2021, the Company launched the "Intensive Publicity Month for Combating and Controlling Telecom and Internet Fraud Crimes" campaign, and organized subordinate branches to vigorously carry out publicity activities. The branches, through the Company's internal multimedia rolling display, email, WeChat groups, Company websites and other means, spread knowledge about preventing online fraud and distributed the National Anti-Fraud Center's *Manual for Preventing Telecom and Internet Fraud* to effectively enhance employees' awareness of fraud prevention and maintain personal safety, rights and interests.

Case: Liaoning Port' official website was connected to cloud-based website security protection platform

In 2021, the Company signed the Cloud-based Website Protection Service Purchase Contract to access third-party cloud-based website security protection services, such as anti-DDoS, anti-attack and anti-tampering, to fend off all types of cybersecurity attacks, striving for the strongest possible security protections of Internet applications.

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2.4 Supply Chain Management

To improve supplier management, the Company formulated the Management Rules for the Procurement of Commodities and Services, Management Rules for the Procurement of Construction Projects and Guidelines on the Authorisation and Approval of Financial Activities, among other internal systems, and achieved whole-process supplier management from approval, admission, supervision to evaluation. In 2021, the Company updated the Procurement Management Measures of Liaoning Port, regulated procurement activities of subordinate branches and improved its procurement management system featuring level-by-level restraint and supervision.

The Company specifically requires that suppliers of materials and equipment directly used for on-site production at hazardous chemical branches (including hazardous cargo operations branches) have certification of the Occupational Health and Safety Management System and Quality Management System as a condition of eligibility. The Company adopted an integrity management system for both suppliers and procurement personnel and asked all business branches to develop methods to assess the performance of suppliers. Meanwhile, a complaint hotline was set up, through which employees can report non-compliance behaviors in the procurement process. Dalian Port strictly requires employees report businesses owned by them and sign a letter of pledge to promise that those businesses shall not engage in business dealings with the Company and the branches illegally.

The Company formulated the *Agreement on the Management of Safe Production, Occupational Health, and Environmental Protection*, a document about suppliers' environmental and social risks management. While selecting product and service suppliers, we factor in suppliers' environmental and social risk management and exclude those who fail to meet our requirements on ESG management. In our daily work, we also actively publicize and enhance the concept of environmental and risk management among suppliers and pay close attention to their performance in environmental and social risk management, seeking win-win cooperation with responsible partners and promoting sustainable development in the industry.

Table 2021 Company Supplier Breakdown by Region

By region	Quantity
Total number of suppliers	588
Suppliers in China	587
Overseas suppliers	1

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Requirements for Environmental and Social Risk Management of Suppliers

- Suppliers, especially suppliers of engineering services, should take the initiative to learn and abide by the laws and regulations regarding environmental protection and properly balance production and environmental protection. They should advocate clean production and material recycling, eliminate pollution from the source and implement the principle of “whoever pollutes shall clear it up”.
- Suppliers should attach importance to the prevention and control of pollution caused by wastewater, waste gas and solid wastes to protect the environment. They should also include environmental protection, an important element, in their daily production and management and pay equal attention to production and environmental protection.
- Suppliers must strictly follow the environmental protection management systems and shall be held accountable for accidents caused by violations of the systems.
- Suppliers should prevent pollution caused by hazardous wastes. In case of any pollution incidents or other sudden pollution incidents in the process of collection, transportation, storage, utilisation and disposal of hazardous waste, the supplier shall immediately take measures to prevent or reduce the harm of such incidents, timely report them to the management of the Company and the local environmental protection department.
- Suppliers should not overload their vehicles when transporting pollutants.

3. Green Operation and Environmental Protection

The national goals of “Carbon peaking” and “Carbon neutrality” put forward higher requirements for the Company’s path towards a high-quality development. The Company will continue to follow the philosophy of prioritizing ecological environment and green development, protect the environment in accordance with the law, actively advance the ecological civilization at ports, and continue to develop green ports.

3.1 Environmental Management

To strengthen the management of ecological environment and fulfill the responsibility for environmental protection, the Company has formulated regulations including the *Regulations on Environmental Protection Accountability*, and the *Rules for the Management of Ecological and Environmental Protection* in accordance with the *Law of the People’s Republic of China on Environmental Protection*, and the *Law of the People’s Republic of China on Environmental Impact Assessment*. In 2021, the Company managed environment in a system-based way. It issued the *Key Points of Environmental Protection Management in 2021* and the detailed rules for target management evaluation, and achieved precision-oriented management and orderly progress in strengthening environmental monitoring, enhancing emergency response to environmental accidents, and further improving the environmental protection system, which helps ensure the environmental quality of every individual port. In 2021, the Company’s overall investment in environmental protection amounted to RMB27.4568 million.

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Environmental Goals of Liaoning Port

Target Category	Overall Goals
Environmental management	<ul style="list-style-type: none">• Establish a top-down ecological environmental protection responsibility system with assessment and accountability• Establish ecological and environmental protection rules and regulations where each environmental protection task has rules to follow• Create complete environmental emergency plans, supported by filing procedures
Environmental pollutant discharge	<ul style="list-style-type: none">• Establish regulations on the operation and maintenance management of various pollution prevention and control facilities, and ensure that requirements for up-to-standard discharge and source control are met.• Guarantee 100% compliant discharge of wastewater, waste gas, solid waste and hazardous waste throughout the year• Formulate an environmental monitoring plan and strengthen pollutant discharge data management
Energy use and greenhouse gas emissions	<ul style="list-style-type: none">• Further increase the proportional usage of clean energy• Enhance the implementation of green energy-saving technical transformation projects• Minimize corporate greenhouse gas emissions• Maximize the efficiency of the use of resources
Water resources	<ul style="list-style-type: none">• Minimize water use in business operations

Environmental Protection System

The Company adopts a two-level management policy for ecological and environmental protection, namely, one at the headquarters and another at subordinate branches. All branches implement their responsibilities in environmental protection in line with relevant laws and regulations. The Company integrates the performance of ecological environmental protection into its safety production assessment of each branch. It also sets the ecological environmental protection task as the annual work goal for each branch. By realizing the level-specific assessment of the assigned goals, the Company ensures that the division of responsibilities is crystal-clear among all hired employees.

In 2021, Dalian Port newly established a leadership body to organize ecological and environmental protection work and a steering group for the Company's energy conservation and environmental protection efforts. By clearly defining work and responsibilities, the Company sticks true to the principles of "undertaking responsibility for both of the Party and the government" and "one position, dual duties" and carries out green, low-carbon and sustainable growth. With the environmental protection system of Liaoning Port as guidance, Yingkou Port issued 1 management regulation and 20 management measures throughout the year to improve the port ecological environmental protection system on a constant basis and ensure that efforts in environmental protection are well based on rules and regulations.

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Leaders' Responsibilities of Environmental Protection Management

CPC and executive leaders at each branch (Chairman and GM)	Overall responsibility as the Chief Officer for environmental protection
Leaders in charge of environmental protection (Safety Director)	Direct leadership and overall supervision of environmental protection work
Other leaders (Deputy Secretaries and Secretary of the Disciplinary Committee of CPC)	Direct leadership of environmental protection work in businesses in his or her charge
Functional departments (heads of the departments)	Management of environmental protection in all duties of the department

Environmental Monitoring and Inspection

To advance the fight against pollution smoothly and make breakthroughs, the Company formulates and releases the *Work Plan for Environmental Monitoring* every year, in which clear requirements are put forward for standardizing pollutant emission or discharge management and monitoring methods for various pollution sources. The Company and its subordinate branches complete the effective monitoring of various environmental pollution sources and make detailed records to reflect the current status and ecology and environment changes at the Port in real time and help the Company meet emission or discharge targets of all pollutants throughout the year.

For branches that should be managed by classified emission permits of fixed pollution sources, the Company applies for emission permits to the ecological and environmental authority following national, provincial and municipal time limits and forms. The Company also regularly reports the implementation status for data review and filing. In 2021, branches of the Company which needed to apply for emission permits had all obtained the permit, and 10 of them are in Dalian Port and 13 in Yingkou Port.

In 2021, Liaoning Port continued to strengthen the implementation of pollutant emission permit inspection, environmental account management, and self-monitoring at its subordinate ports to ensure that environmental protection work is free of any failure. Among them, Dalian Port launched a special inspection on its subordinate units holding pollutant emission permits. During the inspection process, 29 risk issues including the inconsistency between the emission permit and the actual situation and the low quality of the implementation report were exposed and rectified within the year. Yingkou Port has carried out environmental monitoring and information disclosure covering both land and sea areas formulated the *Environmental Monitoring Plan* for the Port Area within Bayuquan District of Yingkou Port and promoted the development of "sea-land integration" environmental monitoring system within the management scope of the port area.

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Environmental Emergency Management

In line with regulations on environmental emergency management, the Company incorporates environmental risk management into daily management, and identify and assess risks to improve response capabilities for environmental emergencies. All subordinate branches develop their own emergency plans in accordance with the requirements for enterprises on environmental emergency plan management and report incidents to local authorities.

In 2021, to further enhance the environmental emergency management system and to refine the response measures, the Company improved the emergency response system in the port area based on the new environmental protection standards and management models. Yingkou Port hired a professional third party to formulate the *Environmental Emergency Preparedness and Response Plan*, which clarified the responsibilities of each department and unit in environmental emergency management. Dalian Port has completed the preparation and filing of emergency plans for heavy pollution weather for oil chemicals and bulk cargo units in the port area to ensure that in the case of heavily polluted weather, the safety and environmental protection team can accurately implement the instructions of the steering group of the Dalian Blue Sky Project to launch an emergency response.

The Company has made emergency drill plans and clearly instructed each port to strictly carry out emergency drill activities in accordance with the formulated emergency plan. In 2021, the Company carried out 9 emergency drills, 4 in Dalian Port and 5 in Yingkou Port, with more than 1,000 participants. The team's ability to deal with crises in emergency situations has been significantly enhanced.

Case: Dalian Port organized emergency drills for oil spills at sea

Throughout 2021, Dalian Port organized a total of 4 offshore oil spill emergency drills, including a joint drill with the Dalian Municipal Government. Through the exercises of numerous drills, the multi-party coordination and response capacity of the Dalian Port Environmental Emergency Team has been examined and its real-life capabilities in the environmental accident scenarios have been improved.



Dalian Port Emergency Drills for Oil Spills at Sea

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3.2 Emission Management

Liaoning Port has established a regular, standardized, and detail-oriented management mechanism on pollutant emission. It carried out environmental pollution and waste discharge control in the port area, strictly followed environmental protection approvals, and inspected the disposal of major pollutants, including wastewater, exhaust gas and solid waste. Various effective environmental protection measures have been adopted to reduce pollution emissions, and the quality of the ecological environment in the port area has been continuously improved. In 2021, the Company had no major environmental pollution incidents with all environmental pollutant emissions meeting the standards.

Wastewater Discharge

The Company has strictly regulated the wastewater discharge in compliance with the Water Pollution Prevention and Control Law of the People's Republic of China and the Marine Environmental Protection Law of the People's Republic of China. The discharge units at each port of the Company have implemented relevant internal management requirements, and the effective collection and treatment mechanism for domestic and production wastewater, which clearly identifies where the wastewater goes, makes wastewater discharge up to standard, and standardizes relevant records. In 2021, the Company strengthened the management of the safe wastewater discharge in the port area. Dalian Port has upgraded the online monitoring equipment of oil terminals in Dalian Port, and Yingkou Port has invested in the construction of an underground pipeline network in the wastewater treatment plant. The Company has reached the goals of "discharging wastewater into the treatment plant and reducing discharge into sea".

Waste Gas Emissions

In accordance with the Law of the People's Republic of China on Air Pollution Prevention and Control, and the Comprehensive Emission Standards on Air Pollutants, the Company has formulated documents such as the Measures for the Management of Air Pollution Prevention and Control, and the Measures for the Management of Emergency Response to Heavily Polluted Weather, and strictly required its ports to strengthen waste gas emission management. In 2021, the Company emitted waste gas in compliance with standards, strictly managed exhaust emissions of vehicles, cargo ships and machinery, and actively responded to the steady advancement of the fourth-phase emission standards for vehicles in the port area as requested by the state. In addition, Dalian Port has further improved the management and control measures of dust in the stock yards by increasing the covering rate of bulk cargo and empty space for bulk cargo, and realized the whole-process dust prevention and control in production operations and construction sites. Yingkou Port actively promoted the prevention and control of air pollution in autumn and winter, issued 7 heavily polluted weather warnings throughout the year, and implemented the prevention measures such as increasing the frequency of water spraying and road cleaning, fully covering all cargo piles, closing all reverse trucks, and reducing and limiting production during important periods.

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Case: Comprehensive VOCs treatment

In response to the government's in-depth rectification of volatile organic compounds (VOCs) in key industries in 2021, Dalian Port urged petrochemical units in the port area to implement the comprehensive VOCs treatment plan featuring "One Policy for One Factory", and applied professional gas detection instruments such as FID and PID in regular LDAR (leak detection and repair) and VOCs detection in the port area in strict accordance with the requirements of the documents. Yingkou Port implemented the "Oil and Gas Recovery" project in the loading yards of the tank farms in Bayuquan and Xianrendao port areas, and reduced VOCs by installing "Oil and Gas Recovery Devices". At present, it has invested about RMB60 million in the port area.



LDAR in Dalian Port

Solid Waste

In strict compliance with relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the Company has reduced, recycled and treated solid wastes generated in port operations in accordance with the principle of classified collection and comprehensive utilization, and taken measures to prevent dispersion, loss and leak during the collection, storage, transportation, utilisation and disposal of solid wastes. In 2021, Yingkou Port carried out special rectification initiatives such as "Management of Domestic Garbage along the Coast" and "Illegal Dumping of Marine Debris". Two problems were found during the initiatives and have been rectified. In order to strengthen the management of solid waste, Dalian Port has carried out multiple special inspections, and has also implemented and improved various management and control measures for classified collection to ensure timely, orderly, efficient and harmless disposal of solid wastes of all types in the port area.

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To consolidate and improve the management of hazardous wastes, prevent environmental damage caused by hazardous wastes, and safeguard the health of employees and the public, the Company has updated the *Measures for Management of Hazardous Wastes* in accordance with the *Law of the People's Republic of China on Environmental Protection*, the *Regulations on Environmental Protection of Dalian*, the *Regulations on Environmental Protection of Yingkou*, the *Measures for the Prevention and Control of Environmental Pollution by Hazardous Wastes of Dalian*, and the *Measures for the Prevention and Control of Environmental Pollution by Hazardous Wastes of Yingkou*, and based on the actual situation of the Company. The updated measures are to facilitate the standardized management in production, storage, recording and transfer of hazardous wastes.

In 2021, Yingkou Port improved the treatment of medical waste during the epidemic, implemented the “daily zero” policy of medical waste in the port area, and conducted harmless treatment of medical wastewater from centralized closed points. Dalian Port carried out a special inspection on the non-up-to-standard construction of hazardous waste storage facilities in the port area, which found out 10 unqualified units. Up to now, 6 subsidiaries have completed the renovation, and 4 units have the pre-design of renovation in full swing.



Newly renovated hazardous waste storage facilities

Noise Pollution

The Company has established a strict system for noise pollution management in the port area in compliance with the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, and taken effective measures to control the noise at the port area and from the traffic. The Company has installed shock absorbers and silencers on vibratory and loud equipment to control the equipment noise and the environmental noise at the port area within the upper limits of environmental noise emission as stipulated by environmental protection regulations.

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Table 2021 Emissions/Discharges and Wastes of Liaoning Port

Types of pollutants	Indicators	Units	Total amount emitted or discharged
Wastewater	Total wastewater discharge	10,000 Tonnes	176,951
	COD emission	Tonnes	12
	Petroleum wastewater	Tonnes	0
Waste gas	Total exhaust gas emissions	Cubic meters	70,857
	SOx emission	Tonnes	39
	NOx emission	Tonnes	134
	Particulate matter emissions	Tonnes	21,500
Harmless waste	Total amount of general industrial solid waste generated	Tonnes	74,332
	Total amount of harmless waste generated per unit of revenue	kg/RMB 10,000	60
Hazardous waste	Hazardous waste generated	Tonnes	910
	Total amount of hazardous waste generated per unit of revenue	kg/RMB 10,000	1

Note: Exhaust gas emissions include exhaust gas emissions from the combustion of fuels such as gasoline and in boilers etc.

3.3 Energy Conservation and Reduction in Emission

The Company has strictly followed the *Law of the People's Republic of China on Energy Conservation*, and formulated the *Energy Conservation Management Measures* to ensure the orderly progress in energy conservation and consumption reduction. In 2021, the Company improved the *Energy Management System* to further consolidate the basic management of energy and strengthen the management and control of energy consumption. The Company has put the construction of green and low-carbon ports at the core, taken carbon emission reduction and energy structure optimization as the major goal, and taken such measures as improving the energy-saving system, promoting the implementation of energy-saving technical upgrading projects, and strengthening the awareness of energy conservation and environmental protection.

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Energy Conservation System

To meet the energy management needs of the governments of the regions where the ports are located and the port industry, and to better standardize energy management, the Company has established a special leading group for energy conservation and environmental protection in each unit to achieve tiered management of energy conservation of the Company.

In the evaluation of energy conservation and consumption reduction indicators, the Company adopted a three-in-one governance model that integrates the control on total energy consumption, comprehensive energy consumption per unit of production and total carbon dioxide emissions. At the beginning of each year, the Company notifies each lower-level unit of the energy consumption index plan and the management and control requirements for key energy-saving projects, and each lower-level unit completes the energy consumption control task in strict accordance with the indicators.

In 2021, Dalian Port strengthened the management on the original records of energy measurement for all energy-consuming units in the port, standardized energy consumption statistical standards and related statistical systems, encouraged all subordinate branches to improve energy management through digital means, and strengthened the guidance and application of energy data analysis in production processes.

Transformation for Energy Conservation

The Company has implemented the strategy of combining the potential tapping of the existing equipment and the source control in the energy-saving technical upgrading. On the one hand, it taps the potential of energy saving of existing equipment through technical upgrading and management, and on the other hand, it pays close attention to source control, and realizes the goal of emission reduction at source through rational planning and structure adjustment.

The Company continues to carry out the low-carbon transformation of the energy structure, vigorously adopts low-carbon technical upgrading plans, and makes full use of the geographical advantages of the ports, as well as new energies including centralized heating, solar energy, and water-source (air-source) heat pumps. It built photovoltaic power generation systems in Dalianwan Port and Dayao Bay Port on the roof of warehouses, and applied at the Dalianwan Comprehensive Transportation Hub the seawater-source heat pump technology that uses seawater as the heat pump's cold and heat source for cold and heat exchange. In 2021, the Company's cumulative photovoltaic power generation reached 7.723 million kWh, of which 7.392 million kWh was for self-use.

Meanwhile, to speed up the construction of green and eco-friendly ports, the Company has vigorously promoted new energy-saving technologies to replace high-energy-consuming technologies. In 2021, Dalian Port implemented such key energy-saving technical upgrading measures as automatic power collection of on-site equipment, replacement of lamps with LED energy-saving ones, transformation of high-pole lighting systems, installation of photovoltaic street lamps, seawater wells and supporting projects, and development of shore power at the 17# berth of the container terminal, with a total investment of RMB10.04 million in energy saving and consumption reduction.

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Case: Dalian Port launched a research project on gas as a clean heat source

In August, 2021, the oil terminal company under Dalian Port submitted a feasibility study on gas as a clean heat source replacement, which looks into the feasibility of maximizing the utilization of the current coal-fired steam boiler rooms, equipment and facilities in the port by transforming them into gas-fired steam boiler rooms. This points out a new direction for the energy-saving technical upgrading in the port area.

Case: Dalian Port promoted the “switch from oil to electric power” and “hybrid power” for yard cranes

In 2021, Dalian Port actively applied low-energy-consumption technologies and equipment, continued to promote the “Switch from Oil to Electric Power” and the “Upgrading into Hybrid Power” movement of yard cranes in the port. The high-power fuel-fired generator sets of traditional equipment was replaced by lithium battery packs and low-power fuel-fired generator sets, which not only ensures the all-weather operation of yard cranes powered by lithium battery packs, but also achieves excellent energy-saving performance. Five yard cranes have been transformed into hybrid powered ones in 2021.

Energy Conservation Publicity

To further enhance the energy conservation awareness of all employees and deepen their understanding of the national Dual Carbon Strategy, the Company has implemented the green office policy, enthusiastically carried out energy conservation promotion activities, and urged the environmental management team to continuously improve the professional quality.

The Company's measures for green offices

- Lowering the processing temperature of the air conditioning system and turning on or off the system anytime based on weather conditions;
- Switching off the hot water circulation pump during daytime;
- Advocating E-Office working style to reduce printing and paper consumption

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In 2021, in response to the call of the National Development and Reform Commission (NDRC), Dalian Port held the “National Energy Conservation Publicity Week” under the theme of “Energy Conservation and Carbon Reduction, Green Development” and the National Low Carbon Day under the theme of “A Low-carbon Life, A Green Future”. Through a variety of innovative activities, low-carbon behavior has become a widespread practice in Dalian Port.

Case: Dalian Port participated in the “Tell a Good Story about Energy Conservation” micro-video, photography and article contest

In 2021, Dalian Port took the initiative to participate in the 4th “Tell a Good Story about Energy Conservation” micro-video, photography and article contest organized by the National Energy Conservation Center (NECC). An array of micro-videos, photos and articles which speak volumes about the Company’s energy conservation culture were submitted by the enthusiastic employees either individually or collectively, 23 of which entered the contest.

Case: Dalian Port organized a training program to improve the energy-saving and carbon-reduction capacity under the goal of “Carbon Peaking and Carbon Neutrality”

On October 22, 2021, Dalian Port held an online class to improve the energy-saving and carbon-reduction management capacity of port under the goal of “Carbon Peaking and Carbon Neutrality”, where experts from China Waterborne Transport Research Institute of the Ministry of Transport were invited and delivered an in-depth interpretation of the “corporate response path”, “requirements on capacity enhancement”, “construction of energy management system” and other aspects to the 76 technicians involved in energy management, who gave rave reviews to the training.

Table 2021 Energy and Resource Consumption of the Company

Indicators	Unit	Total amount
Total comprehensive energy consumption (tce)	tce	117,016
Total comprehensive energy consumption per unit of revenue	tce/RMB 10,000	0.095
Raw coal	Tonnes	39,427
Electricity purchased	10,000 kWh	29,364
Usage of renewable energy	10,000 kWh	739
Gasoline	Tonnes	461
Diesel	Tonnes	28,337
Steam	Tonnes	114,790
Water	Tonnes	2,707,747
Water consumption per unit of revenue	Tonnes/RMB 10,000	2

Note: the total amount of energy consumption includes direct and indirect energy consumption, which is calculated according to the conversion factor of the national standard of the *People’s Republic of China – General Rules for Calculation of Comprehensive Energy Consumption (GB/T2589-2020)*.

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3.4 Responding to Climate Change

Against the backdrop of global warming, there is an increase in the frequency and destructiveness of extreme weather events such as snowstorm, rainstorm and typhoon. In light of the characteristics of port business and the geographical location, Liaoning Port has been attaching great importance to the possible repercussions of climate change. In 2021, the Company conducted systematic identification and assessment of the risks and opportunities that may result from this issue with an operation-oriented approach to strengthen its resilience against climate change.

Table Climate Change Risks Identification for Liaoning Port

Risk type		Risk name	Risk description	Countermeasures
Transition risks	Policy risks	Energy structure and energy use	The goals of “carbon peaking” and “carbon neutrality” promote the adjustment of energy use structure, and raise the standards for greenhouse gas emission control	Actively adjust the existing business with high carbon emissions and high energy consumption, and actively carry out technical upgrading, such as the use of shore power and new energy.
		Requirements for environmental information disclosure	International and domestic regulatory agencies and capital markets continue to raise higher requirements for corporate environmental information disclosure	Pay close attention to national laws and regulations related to environmental protection, pollutant emissions and energy consumption
Physical risks	Acute risks	Typhoon	Damage the facilities and equipment, ships, cargo, etc. in the port area; threaten the life of employees and the asset security; impede the smooth passing of cargo ships;	Closely follow the meteorological information according to the internal Typhoon and Flood Prevention Work Plan, and have a clear picture of the risks posed by natural disasters such as typhoons and extreme weather.
		Extreme precipitation/flooding	Extreme precipitation may easily lead to safety accidents and threaten the life safety of employees; and inflict losses on facilities, equipment, ships and goods in the port area	
		Extreme cold weather	Freezing caused by extremely cold weather will increase the health and safety risks of employees, and have a substantial impact on shipping business; increase the operating costs of temperature control of various facilities, and generate facility maintenance costs	In freezing weather, the Company will release the notice on ice conditions. The port is equipped with icebreakers to ensure the safe sailing of ships. The Company will analyze the historical data of extreme cold weather and consider more comprehensive protective measures according to the frequency of extreme cold weather.
	Chronic entity risks	Sea-level rise	Sea-level rise will cause damage to equipment and facilities;	Considering that subordinate ports of the Company are all located in high latitude areas, the Company has assessed that the possible substantial impact caused by the rise in average temperature and sea level is very limited. Up to now, no response mechanism and countermeasures have been established for such chronic risks.
		Continuous rise in mean temperature	Increase maintenance costs of facilities and equipment; and reduce operational efficiency due to high temperature in summer	

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Table 2021 Greenhouse Gas Emissions of Liaoning Port

Indicator	Unit	Total amount
Greenhouse gas emissions	tCO ₂ e	420,440
Scope 1 – direct greenhouse gas emissions	tCO ₂ e	182,106
Scope 2 – direct greenhouse gas emissions	tCO ₂ e	238,334
Greenhouse gas emissions per unit of revenue	tCO ₂ e/RMB10,000	0.34

Note: The calculation of greenhouse gas emissions is based on the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Other Industrial Enterprises*, which is a conversion from the consumption of gasoline, diesel, coal and steam. Scope 2 electricity consumption is converted in accordance with the *Notice on Properly Carrying out Key Tasks Related to the Management of Corporate Greenhouse Gas Emissions Reporting in 2022*.

3.5 Environment Protection

Liaoning Port is speeding up the transformation into an ecology-friendly green port by integrating the environment-friendly concept of green development into the operation process. In 2021, the ecological quality of all the ports run by the Company achieved continuous improvement, and the goal of safeguarding the red line of environmental protection was accomplished consistently. In the case of Yingkou Port, the focus was placed on the zero-tolerance removal of “illegal aquaculture” and “fishing equipment” in the waters near the terminal to protect the environment of Yingkou Port.

Meanwhile, the Company has been striving to enhance the educational training on ecological protection by holding special training programs and lectures on a regular basis. In 2021, the Company has also deepened the environmental management specialists’ understanding of environmental protection laws and regulations. Yingkou Port has conducted 11 special training sessions on various topics such as “the new solid waste law, pollutant discharge permit management, environmental tax accounting, volatile organic compounds management and environmental emergencies”, with nearly 10,000 attendances.

Case: “June 5th Environment Day” Publicity Campaign

In 2021, on the “June 5th Environment Day”, the Company organized a variety of ecological publicity campaigns under the theme of “Harmonious Coexistence of Humans and Nature”. In Dalian Port, where publicity banners and campaign posters were hung up in every corner, publicity campaigns about the basic knowledge of low-carbon life and green mobility were delivered to employees and residents in the neighborhood, which has also broadened the vision of environmental management personnel in the subordinate branches.



“June 5th Environment Day” publicity campaign

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Case: Yingkou Port created a publicity video about environment protection, titled “Shine in the Ecosystem”

During the period around the World Environment Day in June 2021, to reinforce the concept of ecological and environmental protection, Yingkou Port filmed a short video titled “Shine in the Ecosystem”, which showed the beauty of the blue sky and blue sea in the port and the harmony between man and nature. The short video won the second prize in Liaoning Provincial Green Environmental Protection Activities.



“Shine in the Ecosystem” Publicity Video of Yingkou Port

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4. Guarantee of Health and Safety

Safety management is the most important part of the daily operation of Liaoning Port. We are committed to improving the management, strictly controlling the stable operation of production, instilling the safety awareness into employees and forming a good safety culture, so that the safety of all the staff working in the port will be guaranteed.

4.1 Safety Management System

Liaoning Port complies with *Production Safety Law of the People's Republic of China*, *Emergency Response Law of the People's Republic of China*, *Regulations on Work Safety of Liaoning Province*, *Dalian City Production Safety Accident Emergency Plan*, *Yingkou City Emergency Responses Management Measures* and other laws and regulations applicable at the national level and in the locality of the operation and accordingly builds its own safety management system. Guided by the "Comprehensive Safety Concept" and the "Five-Suitables Management and Control Approach" and centering its efforts around the annual safety production goals and tasks, the Company constantly improves its fulfillment of responsibilities for production safety as an enterprise and implements a system of responsibility for safety in production for all employees, and has effectively implemented various safety management measures. In 2021, the Company achieved the management goals of zero accident in production and zero occurrence of occupational diseases.

The Company has formulated the *Safety Production Responsibility Guidance* according to the on-site operation which clarifies the subject of safety responsibility and ensures that the responsibility for land and equipment management is assigned to individuals. The Company continues to enhance the safety system by improving the content and standards of the responsibility system list regarding job operation procedures, risk control and emergency response, setting the responsibility for safety production as one of the performance indicators, and strengthening the supervision and assessment of responsibilities in implementation.

The Company assumes macro-supervisory responsibilities for the safety production in Dalian Port and Yingkou Port, and it provides guidelines on the duties of management and safety committee in safety management. Dalian Port and Yingkou Port have formulated internal policies and built their own production safety responsibility systems in accordance with their respective actual conditions. In 2021, the Company established a safety committee which further improved the safety responsibility management system of Liaoning Port. In Dalian Port, a safety production committee, a fire safety committee and a transport safety committee have been established with the Chairman and GM of the Company as the directors. The responsibilities of the safety committees at all levels, their members and leaders in charge were further clarified. Yingkou Port also set up a safety production committee with the GM as the director, the safety director as the executive deputy director, the deputy GM of the Company as the deputy director, and the heads of various departments of the headquarters as members, and the committee is responsible for studying, deploying, guiding and coordinating the safety production in Yingkou Port.

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4.2 Production Safety Management

In adherence to the basic principle of “if it is not safe, there is no production”, Liaoning Port strives to improve the management system, fully implement safety management measures, and continuously increase the supervision of safety production to form a long-term mechanism of safety supervision and create a good safety culture for the Company.

Safety Risks Management

In compliance with the Production Safety Law of the People’s Republic of China and Interim Regulations on the Investigation and Treatment of Hidden Hazards in Work Safety, the Company has established a dual risk prevention mechanism covering risk grading and control, investigation and treatment of hidden hazards, as an information-based approach to manage and control risks in work safety, effectively prevent accidents and manage safety risks.

In terms of risk grading and control, the *Implementation of Safety Commitment Announcement (Interim Measures)* and *Safety in Production Conference Guidance* issued by the Company have stipulated that all producing and operating subsidiaries in the port should establish a mechanism for the level-by-level judgment of safety risks and a level-by-level reporting and escalation system, implement risk assessment and formulate specific management and control plans for major safety risks.

As for investigation and treatment of hidden hazards, the Company has introduced a number of management regulations such as *Safety Production Responsibility Guidance*, *Regulations on the Safety Management of Major Hazards*, *Regulations on the Inspection and Management of Potential Hazards in Work Safety Accidents*, *Measures for the Management of Work Safety Targets*, *Measures for Work Safety Rewards and Punishments*, *Company Team Safety Management Measures*, so that hidden dangers can be discovered and rectified in time. The Company has also formulated an annual safety inspection work plan, and all the subordinate companies have conducted special inspections based on the plan to nip hidden hazards in the bud. In 2021, Dalian Port carried out 50 special inspections for more than 600 times, with a total of 2,426 hidden hazards identified, all of which were rectified; Yingkou Port carried out 23 special inspections and more than 300 daily inspections, which identified and rectified 153 hidden hazards.

In 2021, Dalian Port formed a risk management and control list, clarified the responsibility of hazard investigation at each level, and promoted the implementation of risk and hidden hazard reporting mechanism and daily safety commitment announcement mechanism, which have strengthened its capability of controlling and handling risk sources. Yingkou Port, with an investment of RMB1.95 million, hired a third-party assessment agency and built up a double prevention mechanism covering the port and its 15 major production branches, so that the system of investigation and treatment of hidden hazards will be enhanced and risks can be accurately classified and mitigated.

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To improve the information-based management and control of production safety risks, the Company is speeding up the construction of a safety management smart cloud platform to oversee the safety risks throughout the process. By leveraging the basic platform supported by a video surveillance system and the application of remote monitoring solutions, the Company is able to oversee all hazardous factors online including key sources and key positions, etc. Meanwhile, the Company is also actively connecting the investigation and governance systems of hidden hazards, which has not only improved the efficiency of identifying and removing any hazards, but also deepened the integration of information technology with safety management.

Case: Yingkou Port integrated information technology into the investigation and governance systems of potential hazards

In 2021, Yingkou Port actively connected the investigation and governance systems of hidden hazards in applications and improved its efficiency. The Fourth Branch of Yingkou Port realized real-time monitoring of the operation status of pumps by deploying a temperature and vibration measurement wireless monitoring system, which has reduced the risk of faulty operation. Meanwhile, Yingkou Port First Branch launched a project which installed mobile monitoring devices in hatch on foreign trade vessels, which has solved the problem of inconvenient boarding and inspection by management personnel due to pandemic prevention and control.



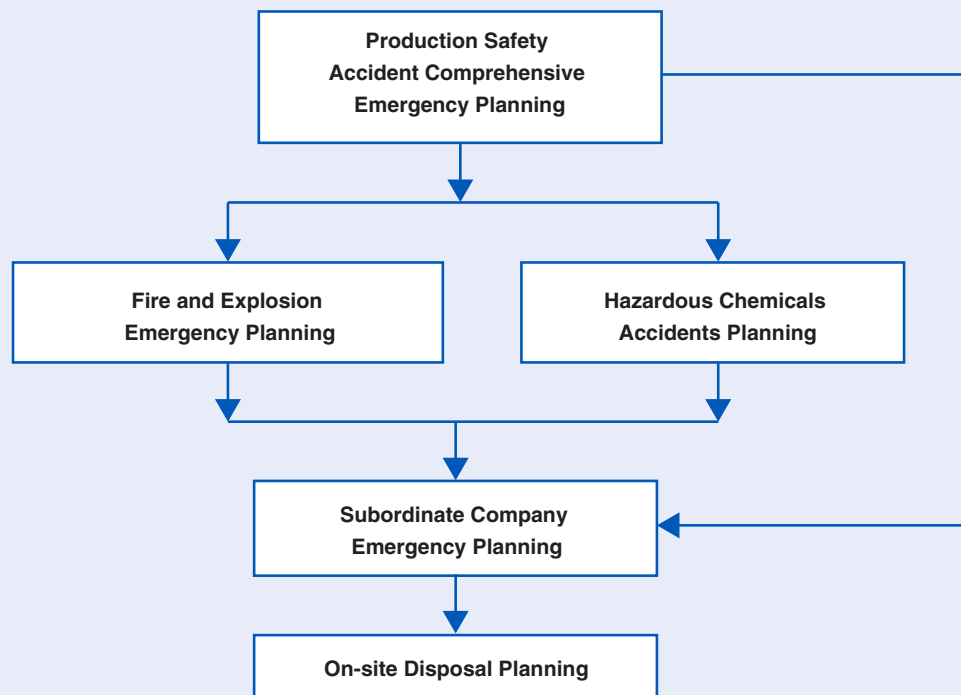
Pump temperature and vibration measurement wireless monitoring system

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Safety Emergency Management

To effectively respond to emergencies, we keep improving our safety emergency management capabilities to prepare ourselves for all kinds of emergencies. Based on the internal policies such as the *Management Measures for the Accountability of Production Safety Accidents* and the *Comprehensive Emergency Planning for Production Safety Accidents*, the Company standardizes emergency procedures and carries out targeted emergency drills to continuously improve the emergency plan according to the characteristics of the port.

Based on the main types of accidents in the Company's production and operation, we formulated an emergency planning system for production safety accidents, and give full play to the emergency response principles of putting people in the first place and reducing harm. Such principles are practiced with unified leadership and multi-level responsibility. Meanwhile, the Company has formed an emergency headquarters composed of emergency offices and expert teams, and amassed professional capabilities. All the resources are gathered in five aspects: production commanding, rescue, alert evacuation, technical support, and logistics support to specify the emergency management work to ensure safety.



Production Safety Accident Emergency Planning System

To improve its emergency response capability, the Company carried out “double-blind” drills and allocated various emergency rescue resources. In 2021, Dalian Port organized 3,595 emergency drills with 38,730 attendances, invested more than RMB3 million in emergency supplies and RMB570,000 in emergency drills. Yingkou Port hired professional institutions and formulated 20 comprehensive emergency plans, 102 special emergency plans and 129 on-site emergency response plans. 1,932 emergency drills were conducted in Yingkou Port with 16,899 attendances and an investment of RMB2.3 million to purchase oil spill emergency environmental protection services.

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Case: Dalian Port conducted safety emergency drills to improve emergency response capability

In June 2021, Dalian Port conducted emergency drills in selected real-life scenarios which covered multiple aspects including accident detection, implementation of emergency plans, dispatchment of rescue teams based on the potential safety issues that the port staff may encounter in daily production. By such means, the emergency plans were verified and the rescue mechanism was strengthened, which has improved the port's self-protection and self-rescue capability for safety.



Emergency Drills in Dalian Port

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Safety Rectification of Hazardous Chemicals

The Company regards the management of major hazards as the top priority of safety management, and steadfastly strengthens the daily management, supervision and inspection of major hazards. The Company strictly abides by the *Production Safety Law of the People's Republic of China*, *Port Law of the People's Republic of China*, *Regulations on Safe Management of Hazardous Chemicals*, *Regulations on Safe Management of Hazardous Cargo in Port*, *Regulations on Supervision and Management of Major Hazards in Port Dangerous Cargo*, *Interim Regulations on Supervision and Management of Major Hazards in Hazardous Chemicals*, *Identification of Major Hazards of Hazardous Chemicals* and other relevant laws, regulations and normative documents. In 2021, the Company revised the *Regulations on Supervision and Management of Hazardous Goods* to strengthen the safety supervision and management of major hazards and prevent dangerous chemical accidents in ports.

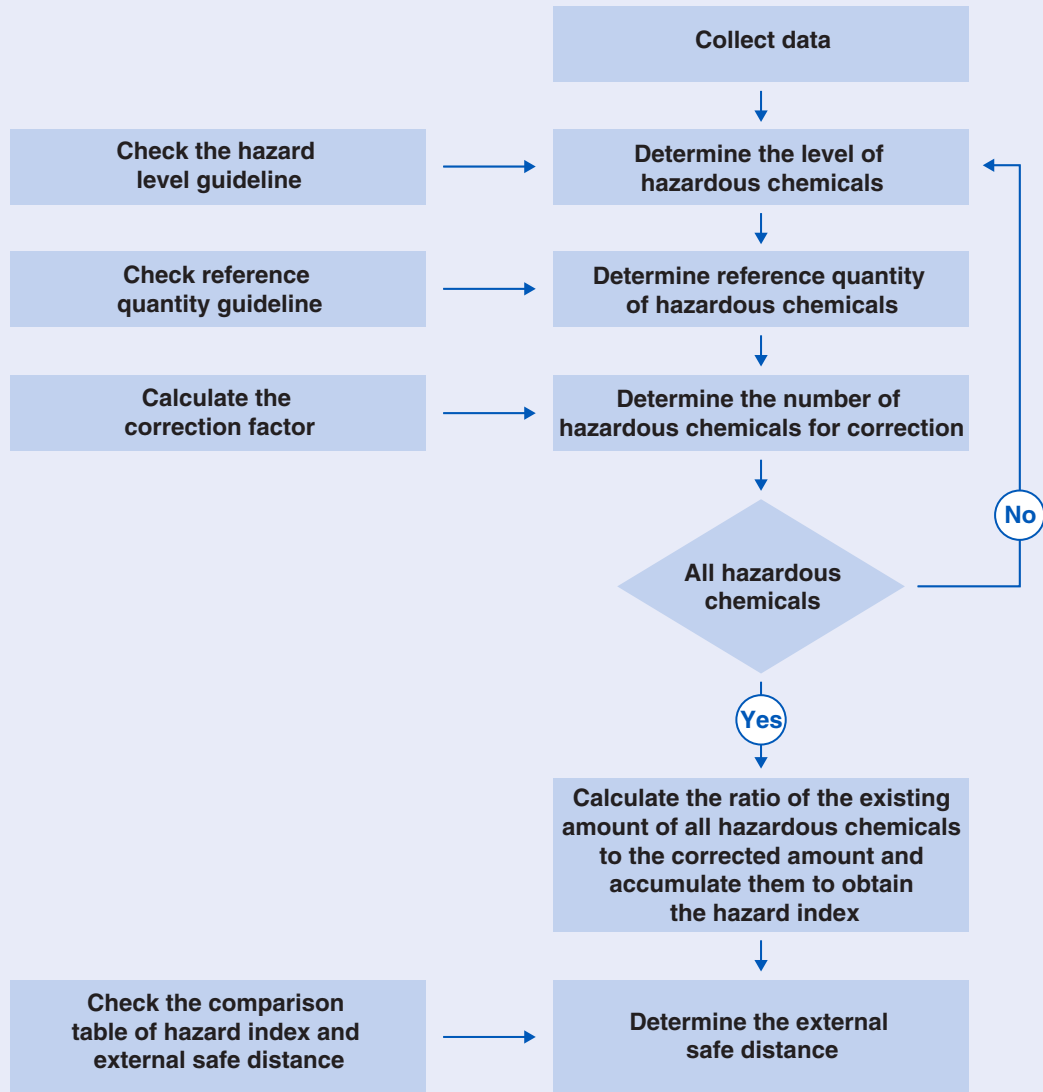
The Company implements hierarchical management for the supervision of major hazards and specifies the division of responsibilities for management at all levels. The Company also assists its subsidiaries in identifying and evaluating major hazards and registering them according to the *Regulations on Safety Supervision and Management*.

Major Hazards Tiered Management of Liaoning Port

Management Focal point	Management Responsibilities
Division of Safety and Environmental Protection of the Company	Responsible for the comprehensive safety supervision and management of major hazards of the Company as the comprehensive supervision and management department for the safe management of major hazards.
Other functional departments of the Company	Responsible for supervising and inspecting matters involving major hazards within the scope of their duties, offering business guidance and urging the rectification of problems and hidden issues spotted in inspections, and taking on other safety production supervision and management duties.
Units where the major hazards are identified	The unit where a major hazard is identified is the main body responsible for the major hazard, and its main person in charge is fully responsible for the safe management of the major hazard.

The Company, according to the assessment process of hazard index, quantified the risk criteria of hazardous chemicals and decided on the external safety protection distance, comprehensively incorporated the personal and socially acceptable risk standards of chemical production and storage devices into normalized management, improved our management capabilities of hazardous chemicals to ensure the safety of personnel, production, equipment and the environment.

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Assessment Process of Hazard Index Method

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4.3 Ensuring the Occupational Health of Employees

The Company complies with the Law of the *People's Republic of China on the Prevention and Control of Occupational Diseases*, *National Occupational Hygiene Standards of the People's Republic of China*, *Occupational Health Surveillance Management Measures*, *Classification Catalogue of Occupational Disease Hazard Factors* and other laws or regulations, and formulated internal occupational health management regulations based on its own business characteristics, such as *Occupational Disease Hazard Management Measures*, *the Three Simultaneous Supervision and Management Regulations for Occupational Disease Protection Facilities in Construction Projects*, and *the Labour Protection Products Management Regulations*. The subordinate branches, according to the Company's systems and guidance, carry out various kinds of tasks for occupational health and safety.

We incorporated the prevention and control of occupational disease hazards into the management assessment of safety in production goals; implemented a management model with clear management, clear responsibilities, and thorough investigation; and as a responsible Company, actively prevented and reduced the damage or impact of occupational disease hazards to workers' health through daily follow-up management of occupational disease prevention.

The Company annually issues the key points of occupational health work and the occupational health inspection work plan, carries out self-examination and risk assessment for occupational disease prevention, declares occupational disease hazards and carries out occupational disease hazard factor detection and occupational health examinations on schedule, and advances occupational health management. In 2021, Dalian Port improved occupational health monitoring files for employees, completed occupational health examinations of 2,617 people, and transferred and re-settled 13 people with workplace taboos. Yingkou Port entrusted a qualified technical service agency to conduct occupational health inspections at 383 inspection points, which all passed, and 2,974 people took the occupational health examination.

Table 2019-2021 Work-related Deaths of Liaoning Port

Indicators	Unit	2021	2020	2019
Work-related deaths	Persons	0	0	0
Percentage of work-related deaths	%	0	0	0

Table 2021 Liaoning Port Performance on Occupational Health and Safety

Indicators	Unit	2021
Workdays lost to work-related injuries	Days	3,464
Percentage of physical examination	%	100
Percentage of occupational health examination	%	100

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4.4 Creating a Safety Culture

Improving employees' safety awareness and skills is an important part of the Company's safety management practices. Liaoning Port and its subordinate companies have held a variety of publicity campaigns and trainings about safety and occupational health under different themes every year to reinforce safety culture and enhance safety awareness. In 2021, the Company organized an array of trainings about work safety and safety skills, such as compliance safety training, Work Safety Month, Occupational Disease Prevention and Control Law Publicity Week, training of registered safety engineers and internal trainers, attendances of which totalled 200,902 and training duration 526,604 training hours.

Case: Dalian Port conducted the pre-examination training and internal trainer training for registered safety engineers

In 2021, Dalian Port thoroughly implemented the spirit of the *Three-year Action Plan for National Work Safety Special Rectification*, continuously strengthened the building of a professional and technical personnel team for production safety, and organized the pre-examination training for registered safety engineers to improve the safety management personnel's expertise and understanding of theories, which involved around 600 trainees, 29 of whom were certified as intermediate registered safety trainers.

To empower the growth of internal safety trainers and improve their capabilities, Dalian Port held trainings, in which 65 people participated, and the good performers among them were selected as the internal intermediate safety trainers. In Dalian Port, there are 496 internal safety trainers at three levels: branch, station and shift.

5. Contributing to Employee Development

Driven by its people-oriented and employee-focused company values, Liaoning Port is devoted to providing employees with an employment environment promoting diversity and equality, clear promotion and growth paths, and industry-leading remuneration and benefits, to work side by side with them for a bright future.

5.1 Employee Hiring

Liaoning Port strictly abides by Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China and other laws and regulations related to employment and keeps improving Labour Contract Management Measures and Collective Contract Regulations and other internal regulations. During the Report Period, it adjusted employee salaries based on multiple factors, which provides the institutional and salary and compensation safeguards for smooth employment.

The Company follows the principle of equal and diversified employment, encourages talents from different backgrounds to apply, and provides equal opportunities for every employee by eliminating any discrimination and vicious competition on the basis of gender, age, cultural background, religion and geography. The Company also strictly abides by the relevant provisions stipulated by the *Law of the People's Republic of China on the Protection of Minors*, and scrutinizes the identity of applicants to steer clear of child labor and forced labor. Should any violation be found, strict measures will be taken in accordance with the Company's policies, regulations and laws.

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During the Reporting Period, there are 11,227 employees working in Liaoning Port and no employee departed.

Table 2021 Staff Employment Statistics of Liaoning Port

Category		Quantity
Total		11,227
By employee type	Management employees	1,534
	Technical employees	1,810
	Production employees	6,842
	Service employees	272
	Others	769
By gender	Male	9,263
	Female	1,964
By age	<=30	1,199
	31-50	7,443
	>=51	2,585

One of the key contributors to Liaoning Port's achievement and talent acquisition and retention rate is our industry-leading remuneration system. In line with the actual operation of the Company, we have established and keep improving a remuneration structure composed of monthly salary and annual performance bonus based on the employee's position and ability, so as to further incentivize employees and provide institutional guarantee for achieving the Company's strategic goals. In 2021, after benchmarking against the salary standards in the local labor market, salaries were adjusted according to the Company's efficiency and the assessment results of employees' performance.

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5.2 Employee Fostering

The Company understands that talents are the driving force for its sustainable development and always attaches great importance to staff training. With the *Regulations on Staff Training Management* as the cornerstone, the Company has carried out a variety of trainings during the Reporting Period to improve the overall capability of the talents.

The Company divides management responsibilities in line with “unified leadership, multi-level responsibility, separated implementation and full participation”. Furthermore, the Company follows the three principles of training management and has established a scientific and standardized training system to better leverage talents for future growth.

Strategic development principles	<ul style="list-style-type: none">• The training should be conducted in line with the Company's strategy and meet the needs of the long-term development.
Systematic and standardized principles	<ul style="list-style-type: none">• The training should be based on a standardized and systematic training system.
Differentiated treatment principles	<ul style="list-style-type: none">• The Company should allocate training resources reasonably based on different training groups and training targets, and devote more training resources to key employees while taking into account the development of all employees.

Liaoning Port's three principles in training management

The Company carries out different types of regular trainings such as pre-job training, professional training, job level training and self-initiated training that accommodate differences in trainers, locations, course contents and trainees. In this process, the Human Resources Department of Liaoning Port will organize and supervise the training throughout the year in strict accordance with the training plan to ensure the effective implementation of employee training.

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Employee Training System of Liaoning Port

Training format and category	Training contents
Pre-job training	<ul style="list-style-type: none">• Carrying out onboarding training for newly hired employees and for newly appointed employees according to their specific role and position to help them settle in and adapt to the workplace.• Onboarding training for newly hired employees: introducing the new hires to the Company profile, culture, safety requirements, staff rules, on-job training, and providing career path planning and guidance.• Onboarding training for newly appointed employees: offering training to employees who have been transferred to a new position, so that their capability will match the job requirements.
Professional training	<ul style="list-style-type: none">• We provide department-specific training to employees according to the functional positioning determined by the headquarters, including professional skills training for career advance and job qualification training, to improve management and enhance work efficiency.
Job level training	<ul style="list-style-type: none">• Basic competency and management capability trainings offered to employees at different levels according to the Company's organizational structure and administrative ranking to make full use of the Company's resources, improve organizational management performance, and achieve organizational goals.
Self-initiated training	<ul style="list-style-type: none">• Trainings for further education, research and academic qualifications are carried out with varying course contents, formats and purposes to promote self-learning and self-improvement.

In 2021, Liaoning Port flexibly used information technology means such as mobile learning and virtual reality to carry out training activities with its own characteristics from two perspectives of professional talent training and operation talent training and combined it with the actual training situation of employees.

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Training activities carried out by Liaoning Port in 2021

- | | |
|------------------------------|---|
| Professional talent training | <ul style="list-style-type: none">• Six legal lectures were held on anti-monopoly, contract life cycle management, bidding compliance, civil code, etc., with more than 400 attendances.• The training was carried out on topics such as smart ports, digital transformation of ports, carbon neutrality, artificial intelligence and robotics, digital port logistics, and terminal handling processes to transform and upgrade the port.• Vocational Qualification Training Course for Certified Safety Engineer was held, with 340 people participating in 17 shifts and completing 170 hours of training.• Training on production safety laws and regulations, basic knowledge of safety management, the professional ability of teachers, training methods, application of technology, etc. |
| Operation talent training | <ul style="list-style-type: none">• In order to continuously strengthen the foundation of primary-level team management, improve the comprehensive ability and quality of team leaders, cultivate team leaders into primary-level enterprise managers proficient in business, technology and management, four batches of team leader rotation training were carried out, and a total of 721 team leaders from 20 units participated in online and offline training. |

During the Reporting Period, the total number of trained employees of Liaoning Port was 9,425, with a coverage rate of 84% and the number of training hours per capita reached 67 hours.

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Table 2021 Employee Training at Liaoning Port

Category		Unit	Quantity
Total number of employees receiving training		persons	9,425
Percentage of employees receiving training		%	84
By gender	Male	%	84
	Female	%	84
By employee type	Management employees	%	92
	Technical employees	%	96
	Production employees	%	78
	Service employees	%	77
	Others	%	92
Average training hours		hours	67
By gender	Male	hours	68
	Female	hours	64
By employee type	Management personnel	hours	59
	Technical personnel	hours	67
	Production personnel	hours	77
	Service personnel	hours	25
	Others	hours	59

The Company attaches great importance to the satisfaction of employees' needs for realizing self-worth. While promoting on-the-job academic education and cultivating in-house lecturers in a comprehensive, systematic and in-depth training method, the Company encourages and organizes employees to participate in various municipal, provincial and national skill competitions, awards winners with corresponding rewards, and commends them as the model employees of Liaoning Port. In 2021, employees of Yingkou Port won the top three in forklift driver and heavy-duty vehicle maintenance skills competition of the Liaoning Province, took the second, third and sixth places in mechatronics skill competition of the Liaoning Province, and won the group second place in lifting and loading/unloading machinery operator skills competition of the port industry of the province. Dalian Port won the top five prizes in the Company-organized 2021 Liaoning Province workers skills competition and the provincial skills competition for lifting and loading/unloading machinery operators, and won the top three prizes in the Third Dalian "Craftsmanship Cup" Workers Skills Competition organized by the Company.

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Prize winners of the provincial skills competition for lifting and loading/unloading machinery operators

5.3 Care for Employees

Liaoning Port greatly values the opinions and physical and mental health of employees. With a sound employee communication mechanism and welfare care system as the core, the Company works hand in hand with its employees to create a new future. In 2021, the Company further strengthened the construction of the trade union system and the workers' congress system and carried out a series of care activities for employees based on their actual needs to further demonstrate the Company's humanistic care.

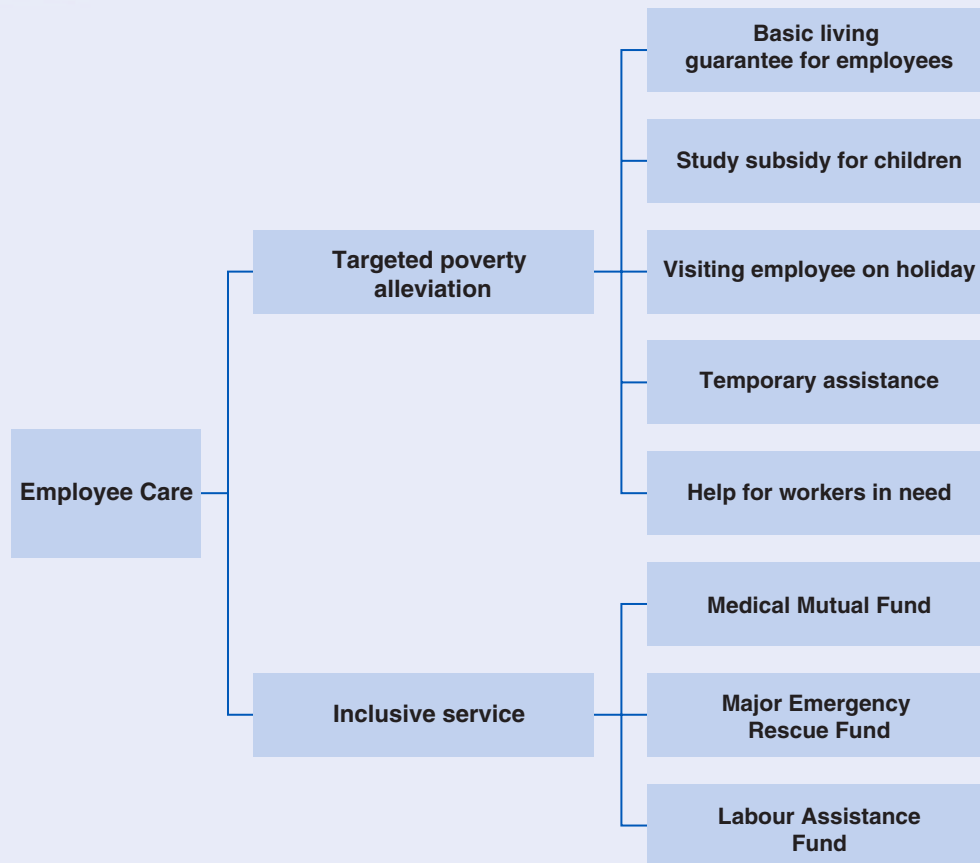
Communication with Employees

The Company gives full play to the advantages of enterprise democratic management and collects and feeds back staff suggestions promptly by building diversified communication channels. In 2021, factoring into requirements on the construction of "AAA-grade Home of Employees" and "Building of Home for Staff", the Company further improved the discussion and decision-making system and standardized management rules and procedures; meanwhile, we strengthened the construction of trade unions and urged three primary-level units to complete the general election to provide a clear institutional guarantee for staff communication. Based on the internal system of the *Workers' Congress System of Yingkou Port Group Co., Ltd*, Yingkou Port held a workers' congress to encourage employees to exercise their democratic rights.

Care for Employees

The Company pays endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund for employees on a regular basis in strict accordance with the regulations of the Human Resources and Social Security Bureau where it operates. It also provides employees with additional medical insurance, free physical examinations, birthday gifts, wedding gifts, holiday benefits, rental subsidies, epidemic subsidies and other benefits on the basis of the employee care and welfare system. In 2021, in the face of the sudden outbreak of the pandemic in Bayuquan area, Liaoning Port paid wages in strict accordance with the relevant provincial and municipal measures and fully considered the unique nature of port work and granted epidemic subsidies to the personnel who were quarantined at designated locations so as to protect their rights and interests.

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Liaoning Port Employee Care System

Devoted to striking a work-life balance for its employees, the Company has organized a selection of cultural activities related to the celebration of the 100th anniversary of the founding of the Communist Party of China (CPC) during the Reporting Period, including photography, calligraphy and painting contests, in order to continuously deepen the corporate culture.

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Case: Educational activity under the theme of “Learning the History of the Party, Staying True to Our Original Aspiration”

On February 26th, 2021, the Company held a lecture delivered by an external lecturer under the theme of “Learn the CPC’s History in Depth, Keep Our Original Aspiration and Mission Firmly in Mind” to lead the party members in the Company to dive into the history of CPC, learn the CPC’s spirit, and spark their motivation for learning. The Company believes that, by drawing on their knowledge of history, the party members will become more rational, confident, self-disciplined and active citizens.



Educational activity under the theme of “Learning the History of the Party, Staying True to Our Original Aspiration”

Meanwhile, it has always been high on the Company’s agenda to protect the basic rights and physical/mental health of female employees and disadvantaged groups. To this end, the Company has created the “Health Care Room for Female Employees” actively held women’s activities such as lectures and physical examinations. During the Reporting Period, over 1,900 female employees have received medical examinations for cervical cancer and breast cancer screening. Moreover, the Company invested RMB20,000 and set up a Care Room for female employees.

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Case: The Company organized a lecture for female workers

On March 8th, 2021, International Women's Day, Dalian Port Education and Training Center invited Zheng Huichun, director of Dalian Port Hospital, a national level 2 psychological counselor, and held a health lecture under the theme of "Caring for Women, We're Together" for all female employees, to raise their health awareness, provide knowledge of disease prevention and ease their work pressure.



Lecture on March 8th, the Women's Day

The Company provides support for disadvantaged groups and workers in need on a regular basis. For instance, the Company carries out the "Sending Warmth in Winter and Coolness in Summer" support program, and pays close attention to the working and living conditions of the disadvantaged groups, one of the many activities that demonstrate the Company's deep care for its employees' well-being. In 2021, we combined holiday and festival visits with targeted assistance; during the Spring Festival, we visited 21 households of employees in distress and provided them with monetary and in-kind donations worth RMB43,100, and we allotted RMB37,500 to help 15 employees in distress.

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Case: “Sending Warmth in Winter and Coolness in Summer” Support Program

In 2021, when carrying out the traditional “Sending Warmth in Winter and Coolness in Summer” Employee Support Program, the Company took the actual needs of the employees under consideration and allocated RMB1.775 million for the “Warmth in Winter” event. An additional RMB570,400 was allotted for the “Coolness in Summer” event, with RMB133,800 worth of in-kind donations.



The “Coolness in Summer” activity

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6. Giving Back to Society with Love

Liaoning Port actively practices the core value of “sharing a common destiny with the motherland and achieving joint development in the same era.” It mobilizes and guides employees to actively participate in public welfare projects, and contributes proactively to epidemic prevention through regular promotion of social welfare investment. This not only helps employees to raise their participation, understanding and recognition of corporate social responsibility but also enhances the brand value of the enterprise and creates social benefits.

6.1 Social Welfare

Liaoning Port has always adhered to the aspiration of “serving the society and giving back to the society”; it continuously contributes to poverty alleviation and education, environmental protection and care for the elderly and children, and facilitates a series of voluntary services and charity activities, which fully demonstrates its fulfillment of social responsibilities. By December 31, 2021, the Company devoted 35 hours to activities for public welfare and spent RMB30,000 on them.

Case: Dalian Port carried out sponsorship activities

In 2021, Dalian Port carried out a series of sponsorship activities

- The delegation of the “Youth Dream-Fulfilling Scholarship Welfare of Dalian Port” organized by the Youth League Committee of Dalian Port came to the No. 17 Middle School of Dalian to provide students with dream-fulfilling aids and corporate care.
- Dalian Port carried out a volunteer service activity themed “Enjoying the sunshine with love” in Deshen Central Primary School in Yangjia Manchu Town, Wafangdian to send living necessities to families in financial difficulty.
- In the activity of “Inheriting the tradition of revolution and passing on the spirit of revolutionary classics with love”, the Youth League Committee of Dalian Port collected more than 1,000 exquisite books and donated them to children in poverty-stricken areas in Inner Mongolia and the Volunteer Service Station in Jinpu New Area.



“Youth Dream-Fulfilling Scholarship Welfare of Dalian Port”

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6.2 Joint Efforts to Fight Against the Pandemic

In 2021, Liaoning Port thoroughly implemented the decisions and plans of the Party Central Committee and the State Council on work safety and epidemic prevention and control. The Company conscientiously performed its duties and responsibilities, made concerted efforts in management jointly with multiple parties, and reduced fees for profit sharing. It also donated materials and organized employees to support epidemic prevention and control work. Focusing on political standing, responsibility implementation, three-year action and risk prevention, Liaoning Port took solid steps in epidemic prevention and control to maintain the stable situation.

Case: Epidemic prevention and control training activities at Yingkou Port

In November 2021, to effectively prevent and control COVID-19, strictly prevent the import of the epidemic through water transportation, and strengthen the self-protection of operators, Yingkou Port Container Terminal Company carried out practical training on epidemic prevention and control for international yard operators. Meanwhile, Yingkou Port continues to innovate training forms and improves the capabilities of front-line employees in epidemic prevention with scientific manners so that neither epidemic prevention and control nor production and operation will be affected.

Case: Fight Against the Pandemic in Dalian Port

In November 2021 when the second wave of the pandemic broke out, Dalian Port quickly responded to the call of the state by fulfilling its social responsibility in the fight against the pandemic. Many young employees volunteered to join the battle in the community, society and enterprises. The anti-epidemic deeds of 49 young employees in Liaoning Port were recorded in the Company, and that of two Youth League Committees were broadcasted on Dalian Radio and TV Station. Moreover, one comrade was awarded the title of “Young Volunteer for Fighting Against the COVID-19 of Dalian City”.



Against the Pandemic in Dalian Port

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HKEX ESG Indicator Index

ESG Indicators		Location in the Report
Environmental		
A1 Emission	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P406-P412, P417
	A1.1 The types of emissions and respective emissions data.	P413
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P418
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P413
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P413
	A1.5 Description of emission target(s) set and steps taken to achieve them.	P407, P410-P412
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P407, P411-P412
A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	P413
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P416
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P416
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	P407, P414-P416
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P407, P410, P414-P415
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	NOT APPLICABLE

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ESG Indicators		Location in the Report
A3 The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	P418
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P406-P419
A4 Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P417
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P417
Social		
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P428-P429
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P429
	B1.2 Employee turnover rate by gender, age group and geographical region.	P429
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P420-P428
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P427
	B2.2 Lost days due to work injury.	P427
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P421-P427

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ESG Indicators		Location in the Report
B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P430-P434
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P433
	B3.2 The average training hours completed per employee by gender and employee category.	P433
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P428
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	P428
	B4.2 Description of steps taken to eliminate such practices when discovered.	P428
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	P405-P406
	B5.1 Number of suppliers by geographical region.	P405
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P405
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P406
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P406
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P398-P404

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ESG Indicators		Location in the Report
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	NOT APPLICABLE
	B6.2 Number of products and service related complaints received and how they are dealt with.	P402-P403
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P400
	B6.4 Description of quality assurance process and recall procedures.	P398
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P404
B7 Anti-corruption	General Disclosure Information on : (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P396-P398
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P396
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P396
	B7.3 Description of anti-corruption training provided to directors and staff.	P396-P398
B8 Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P439-P440
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P439-P440
	B8.2 Resources contributed (e.g. money or time) to the focus area.	P439



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