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

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

The board of directors (the “**Board**”) of Liaoning Port Co., Ltd.\* (the “**Company**”) is pleased to announce the audited financial results of the Company and its subsidiaries (the Company and its subsidiaries, collectively referred to as the “**Group**”) prepared pursuant to China Accounting Standards for Business Enterprises for the year ended 31 December 2023. The Group’s financial results for the reporting period have been audited by Ernst & Young Hua Ming LLP (Special General Partnership).

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023**

(All amounts in RMB unless otherwise stated)

<b>ASSETS</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>Consolidated</b>	<b>Consolidated</b>
<b>Current assets</b>		
Cash at bank and on hand	<b>5,228,415,449.28</b>	5,285,807,017.68
Financial assets at fair value through profit or loss	–	–
Financial assets held for trading	–	–
Notes receivable	<b>310,015,462.53</b>	369,840,570.06
Accounts receivable	<b>3,304,178,653.31</b>	2,934,952,392.90
Financing receivable	<b>244,381,797.52</b>	154,213,980.23
Advances to suppliers	<b>64,467,545.03</b>	54,625,520.45
Other receivables	<b>470,919,335.20</b>	416,421,026.73
Inventories	<b>133,306,714.38</b>	135,591,127.32
Contract assets	–	–
Non-current assets due within one year	<b>13,200,000.00</b>	13,250,000.00
Other current assets	<b>347,699,193.06</b>	363,942,466.61
<b>Total current assets</b>	<b><u>10,116,584,150.31</u></b>	<u>9,728,644,101.98</u>
<b>Non-current assets</b>		
Long-term receivables		
Long-term equity investments	<b>3,530,415,710.93</b>	3,779,473,566.20
Investments in other equity instruments	<b>171,327,899.72</b>	156,869,646.60
Investment properties	<b>191,466,945.47</b>	168,475,898.11
Fixed assets	<b>29,754,229,616.57</b>	30,709,976,636.96
Construction in progress	<b>1,811,375,985.83</b>	2,242,690,024.15
Right-of-use assets	<b>4,743,745,845.35</b>	4,976,014,486.45
Intangible assets	<b>5,350,090,830.48</b>	5,491,744,452.35
Development expenditure	–	12,684,691.00
Goodwill	<b>225,929,504.67</b>	225,929,504.67
Long-term prepaid expenses	<b>74,095,620.53</b>	56,562,308.24
Deferred income tax assets	<b>334,014,506.22</b>	314,432,336.66
Other non-current assets	<b>49,663,112.76</b>	12,551,780.38
<b>Total non-current assets</b>	<b><u>46,236,355,578.53</u></b>	<u>48,147,405,331.77</u>
<b>Total assets</b>	<b><u><u>56,352,939,728.84</u></u></b>	<b><u><u>57,876,049,433.75</u></u></b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>31 December 2023 Consolidated</b>	31 December 2022 Consolidated
<b>Current liabilities</b>		
Short-term borrowings	<b>1,000,718,055.55</b>	–
Financial liabilities at fair value through profit or loss	–	–
Notes payable	–	–
Accounts payable	<b>322,512,777.37</b>	343,941,855.80
Advances from customers	<b>3,340,244.41</b>	4,508,721.75
Contract liabilities	<b>219,678,903.96</b>	306,195,780.05
Employee benefits payable	<b>365,477,587.55</b>	350,703,906.84
Taxes payable	<b>163,783,519.31</b>	140,158,900.25
Other payables	<b>715,251,442.84</b>	946,047,358.10
Non-current liabilities due within one year	<b>2,378,384,323.74</b>	4,478,103,496.21
Other current liabilities	<b>12,042,348.71</b>	14,329,926.71
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<b>Total current liabilities</b>	<b>5,181,189,203.44</b>	6,583,989,945.71

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>31 December 2023</b> <b>Consolidated</b>	31 December 2022 Consolidated
<b>Non-current liabilities</b>		
Long-term borrowings	<b>566,000,000.00</b>	716,000,000.00
Bonds payable	<b>1,997,206,461.11</b>	2,495,906,235.36
Lease liabilities	<b>4,966,735,156.50</b>	5,117,187,307.19
Long-term payables	<b>17,500,000.00</b>	17,500,000.00
Estimated liabilities	<b>160,358,538.56</b>	170,708,538.56
Deferred income	<b>520,881,481.69</b>	571,197,128.39
Deferred income tax liabilities	<b>157,140,810.64</b>	259,568,410.54
Other non-current liabilities	<b>56,737,436.20</b>	41,606,945.81
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<b>Total non-current liabilities</b>	<b>8,442,559,884.70</b>	9,389,674,565.85
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<b>Total liabilities</b>	<b>13,623,749,088.14</b>	15,973,664,511.56
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<b>Shareholders' equity</b>		
Share capital	<b>23,987,065,816.00</b>	23,987,065,816.00
Capital surplus	<b>9,012,945,301.26</b>	9,092,394,552.49
Other comprehensive income	<b>86,548,575.40</b>	72,364,171.03
Specific reserve	<b>180,604,889.52</b>	147,235,048.25
Surplus reserve	<b>1,599,751,522.71</b>	1,472,702,801.34
Undistributed profits	<b>4,734,941,958.54</b>	4,020,050,298.62
Total equity attributable to shareholders of the parent company	<b>39,601,858,063.43</b>	38,791,812,687.73
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Minority interests	<b>3,127,332,577.27</b>	3,110,572,234.46
<b>Total shareholders' equity</b>	<b>42,729,190,640.70</b>	41,902,384,922.19
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<b>Total liabilities and shareholders' equity</b>	<b>56,352,939,728.84</b>	57,876,049,433.75
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## CONSOLIDATED INCOME STATEMENT FOR 2023

(All amounts in RMB unless otherwise stated)

Item	For the 12 months ended 31 December 2023	For the 12 months ended 31 December 2022
	Consolidated	Consolidated
<b>I. Revenue</b>	<b>12,219,878,814.79</b>	12,167,471,648.38
Less: Cost of sales	<b>8,829,783,585.69</b>	8,989,869,893.11
Taxes and surcharges	<b>146,584,440.90</b>	127,926,882.55
Selling expenses	<b>1,787,276.41</b>	–
Administrative expenses	<b>735,736,896.11</b>	814,673,311.85
Research and development expenses	<b>39,294,670.66</b>	53,126,381.44
Financial expenses	<b>432,164,611.61</b>	465,639,190.54
Including: Interest expenses	<b>501,452,869.60</b>	542,913,822.50
Interest income	<b>75,403,616.14</b>	95,849,133.75
Add: Other income	<b>184,527,016.95</b>	160,690,852.30
Investment income	<b>97,079,157.84</b>	196,696,980.45
Including: Investment income from associates and joint ventures	<b>79,338,157.47</b>	182,569,390.84
Gains on changes in fair value	–	–
Credit impairment losses	<b>-211,038,143.00</b>	-157,322,064.43
Asset impairment losses	<b>-99,940,178.96</b>	-11,658,563.63
Gains on disposals of assets	<b>194,692.55</b>	5,051,232.80
<b>II. Operating profit</b>	<b>2,005,349,878.79</b>	1,909,694,426.38
Add: Non-operating income	<b>35,487,918.80</b>	45,445,937.27
Less: Non-operating expenses	<b>5,845,097.56</b>	15,353,310.67
<b>III. Total profit</b>	<b>2,034,992,700.03</b>	1,939,787,052.98
Less: Income tax expenses	<b>527,741,508.94</b>	467,167,918.02
<b>IV. Net profit</b>	<b>1,507,251,191.09</b>	1,472,619,134.96
Including: Net profit from continuing operations Classified by ownership of the equity	<b>1,507,251,191.09</b>	1,472,619,134.96
Net profit attributable to shareholders of the parent company	<b>1,343,109,072.73</b>	1,317,655,267.29
Gains or losses of minority interests	<b>164,142,118.36</b>	154,963,867.67

<b>Item</b>	<b>For the 12 months ended 31 December 2023 Consolidated</b>	<b>For the 12 months ended 31 December 2022 Consolidated</b>
<b>V. Earnings per share</b>		
Basic earnings per share	<b>0.06</b>	0.05
Diluted earnings per share	<b>0.06</b>	0.05
<b>VI. Other comprehensive income, net of tax</b>	<b>13,958,914.03</b>	15,551,394.62
Other comprehensive income, net of tax, attributable to shareholders of the parent company	<b>14,184,404.37</b>	14,689,874.52
Other comprehensive income that may not be reclassified to profit or loss	<b>11,069,180.18</b>	-7,258,509.85
Changes in fair value of investments in other equity instruments	<b>11,069,180.18</b>	-7,258,509.85
Other comprehensive income that will be reclassified to profit or loss	<b>3,115,224.19</b>	21,948,384.37
Other comprehensive income convertible to profit or loss under equity method	-	-
Changes in fair value of available-for-sale financial assets	-	-
Exchange differences on translation of foreign currency financial statements	<b>3,115,224.19</b>	21,948,384.37
Other comprehensive income, net of tax, attributable to minority interests	<b>-225,490.34</b>	861,520.10
<b>VII. Total comprehensive income</b>	<b><u>1,521,210,105.12</u></b>	<b><u>1,488,170,529.58</u></b>
Including: Attributable to shareholders of the parent company	<b>1,357,293,477.10</b>	1,332,345,141.81
Attributable to minority interests	<b><u>163,916,628.02</u></b>	<u>155,825,387.77</u>

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

(All amounts in RMB unless otherwise stated)

### I. GENERAL INFORMATION

Liaoning Port Co., Ltd. (formerly known as “Dalian Port (PDA) Company Limited” and hereinafter referred to as the “Company”) is a joint stock limited liability company incorporated in Liaoning Province, the People’s Republic of China. It was approved by Dazheng [2005] No. 153 of the People’s Government of Dalian City, Liaoning Province, and was jointly established by Dalian Port Corporation Limited (“PDA Group”), Dalian Rongda Investment Co., Ltd., Dalian Haitai Holdings Co., Ltd., Dalian DETA Holdings Co., Ltd. and Dalian Bonded Zhengtong Co., Ltd. on 16 November 2005. The Company has been approved by the Dalian Administration for Industry and Commerce of Liaoning Province, with the enterprise unified social credit code: 91210200782451606Q. The H shares and RMB ordinary shares (A-shares) 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.

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

As considered and approved at the 2020 second extraordinary general meeting of the Company convened on 25 September 2020, the 2020 first A Shareholders class meeting, the 2020 first H Shareholders class meeting, and approved by the Reply on Approval of Dalian Port (PDA) Company Limited’s Merger with Yingkou Port Liability Co., Ltd. by Absorption and Fundraising (Zheng Jian Xu Ke [2020] No. 3690) issued by China Securities Regulatory Commission, the Company completed the merger by absorption through share swap on 4 February 2021. 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 Co., Ltd. (hereinafter referred to as “Yingkou Port Group”) has 30.57% equity interests. On 9 February 2021, the 9,728,893,454 A shares newly issued to the original shareholders of Yingkou Port involved in this merger by share swap were listed for trading. In accordance with the Reply by Zheng Jian Xu Ke [2020] No. 3690 to the Fundraising of the Company, the Company issued 1,363,636,363 RMB ordinary shares (A shares) to eight specific investors including Anshan Iron & Steel Co. Ltd. on 17 November 2021. Total share capital of the Company increased from 22,623,429,453 to 23,987,065,816, in which Yingkou Port Group has 28.83% equity interests.

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

The principal operating 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, etc.; providing facilities and services for passenger waiting, embarking and disembarking; tallying and tugging services for vessels sailing on international and domestic lines; towage; port logistics and port information technology consultation services; engaging 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), etc.

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 financial statements were approved by the Company’s Board of Directors on 28 March 2024.

The scope of consolidation of the consolidated financial statements is determined on the basis of control. The change of the scope of consolidation as of 31 December 2023 is as below:

#### Companies excluded from the scope of consolidation during the period

Name of enterprise	Place of registration	Nature of business	Percentage of total shareholding held by the Group (%)	Percentage of total voting right of the Group (%)	Reason for not being a subsidiary
Asia Pacific Ports (Dalian) Co., Ltd.	Dalian	Logistics services	100	100	<i>Note</i>
Yingkou Port Bulk Cargo Terminal Co., Ltd. (營口港散貨碼頭有限公司)	Yingkou	Terminal services	100	100	<i>Note</i>

*Note:* Asia Pacific Ports (Dalian) Co., Ltd. and Yingkou Port Bulk Cargo Terminal Co., Ltd., the subsidiaries of the Group, completed the deregistration in August 2023 and December 2023, respectively. The deregistration of these companies had no material impact on either the Group’s consolidated and the company’s financial positions as at 31 December 2023, or the consolidated and the company’s operating results and cash flows for the year of 2023.

#### Companies newly included in the scope of consolidation during the period

Name of the company	Consolidation date	Book value of net asset	De facto controller	Status from the beginning of the year to the consolidation date			Net cash flows from operating activities
				Revenue	Net profit	Net increase in cash	
Dalian Port Logistics Network Co., Ltd. ( <i>Note 1</i> )	3 November 2023	54,812,316.10	China Merchants Group	82,755,103.88	-17,234,169.59	-59,819,477.36	-52,921,746.74
Yingkou Gangxin Technology Co., Ltd. ( <i>Note 2</i> )	27 October 2023	27,187,091.79	China Merchants Group	61,346,296.08	12,176,765.40	-22,498,514.71	5,353,137.65

*Note 1:* Pursuant to the consideration and approval at the 2023 third (extraordinary) meeting of the seventh session of the Board of Directors of the Company held on 26 September 2023, the Company acquired 79.03% equity interest of Dalian Port Logistics Network Co., Ltd.\* (大連口岸物流網股份有限公司) from China Merchants International Technology Company Limited\* (招商局國際科技有限公司) at a cash consideration of RMB63,716,000, and the Equity Transfer Agreement stipulates that “the date on which all the shares involved under the Agreement are registered for change with the administration for industry and commerce shall be the closing date of the shares”, therefore, the consolidation date of such business combination is determined to be 3 November 2023, i.e. the date of the change of industrial and commercial registration. Through this transaction, the added subsidiaries of the Group were Dalian Port Logistics Network Co., Ltd., Dalian Port Logistics Technology Co., Ltd., Dalian Portsoft Technology Co., Ltd. and China Merchants Port and Shipping Digital Technology (Liaoning) Co., Ltd.\* (招商港航數字科技(遼寧)有限公司). As the Company and Dalian Port Logistics Network Co., Ltd. were under the control of China Merchants Group, the ultimate controlling party, both before and after the business combination, and that control is not transitory, therefore, such business combination was business combinations involving entities under common control. In accordance with the accounting treatment principles for business combinations under common control, the Group incorporated the assets and liabilities of Dalian Port Logistics Network Co., Ltd. into the consolidated financial statements based on their carrying amount in the financial statements of the ultimate controller 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.

*Note 2:* Pursuant to the consideration and approval at the 2023 third (extraordinary) meeting of the seventh session of the Board of Directors of the Company held on 26 September 2023, the Company acquired 100% equity interest of Yingkou Gangxin Technology Co., Ltd.\* (營口港信科技有限公司). from China Merchants International Technology Company Limited at a cash consideration of RMB19,311,500, and the Equity Transfer Agreement stipulates that “the date on which all the shares involved under the Agreement are registered for change with the administration for industry and commerce shall be the closing date of the shares”, therefore, the consolidation date of such business combination is determined to be 27 October 2023, i.e. the date of the change of industrial and commercial registration. As the Company and Yingkou Gangxin Technology Co., Ltd. were under the control of China Merchants Group, the ultimate controlling party, both before and after the business combination, and that control is not transitory, therefore, such business combination was business combinations involving entities under common control. In accordance with the accounting treatment principles for business combinations under common control, the Group incorporated the assets and liabilities of Yingkou Gangxin Technology Co., Ltd. into the consolidated financial statements based on their carrying amount in the financial statements of the ultimate controller 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.

## **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” issued by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations and other relevant regulations subsequently issued and revised (collectively “Accounting Standards for Business Enterprises” or “ASBEs”). In addition, the financial statements disclose relevant financial information in accordance with the “Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15-General Provisions on Financial Reporting”.

The financial statements are presented on a going concern basis.

## **III. TAXES**

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

Value-added tax (VAT)—The Group’s revenues from port operation, sales of goods, transport service, interests on related party borrowings, revenues from project construction, property leasing and labour dispatch are subject to output VAT at a tax rate of 6%, 13%, 9%, 6%, 9%, 5% and 6%, respectively, which is levied after deducting deductible input VAT for the current year.

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

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

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

Corporate income tax—It is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations.

## 2. Tax preferences

### *Property tax and land use tax*

According to the Tentative Regulations of the People’s Republic of China on Urban Land Use Tax and the Regulations on Land Use Tax Exemption of Port Land of Transport Department (Guo Shui Di [1989] No. 123), certain land used for dock is exempted from land use tax. Accordingly, the lands held by the Group used for dock are exempted from land use tax.

According to the Tentative Regulations of the People’s Republic of China on Urban Land Use Tax, the land reclaimed from hill excavating and offshore filling and the reclaimed waste land will be exempted from land use tax for 5 to 10 years starting from the month of use. Accordingly, all lands reclaimed from offshore filling held by the Group were exempted from land use tax for the period.

According to the Tentative Regulations of the People’s Republic of China on Urban Land Use Tax and the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of the Preferential Policies for Urban Land Use Tax Regarding the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (Cai Shui [2023] No. 5), from 1 January 2023 to 31 December 2027, the urban land use tax on the lands for bulk commodity storage facilities owned by the logistics enterprises (including for self-use and lease purposes) shall be calculated based on 50% of the applicable tax for the relevant grade of the land. Accordingly, the land use tax on the lands for bulk commodity storage facilities held by the Group is calculated at half of the relevant tax rate.

### *VAT*

According to the Notice on Policies Related to Deepening Value-Added Tax Reform issued by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Notice No. 39 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019), and the Announcement of the Ministry of Finance and the State Taxation Administration on the Clarification of the VAT Exemption Policy and Other Policies for Small-scale VAT Taxpayers (Announcement of the Ministry of Finance and the State Administration of Taxation, [2023] No. 1) (《財政部稅務總局關於明確增值稅小規模納稅人減免增值稅等政策的公告》(財政部稅務總局公告 2023 年第 1 號)), the Company and some of its subsidiaries, from 1 January 2023 to 31 December 2023, were granted an additional 5% of current deductible input tax to offset the tax payable on producer services.

### *Corporate income tax*

Dalian Jifa South Coast International Logistics Co., Ltd., Yingkou Gangxin Technology Co., Ltd., Dalian Port Logistics Technology Co., Ltd., the subsidiaries of the Group, obtained in 2021, the Certificate of High and New Technological Enterprise (Certificate No. GR202121200628, No. GR202121002022, No. GR202121200468, respectively); in 2023, Dalian Port Logistics Network Co., Ltd., a subsidiary of the Group, obtained the Certificate of High and New Technological Enterprise (Certificate No. GR202321200350, respectively), and the term of validity of the certificate is three years. Under Article 28 of the Corporate Income Tax Law of the People’s Republic of China, for the current year, the income tax rate applicable to these companies is 15%.

Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Support of Tax Policies for Development of Small and Micro Enterprises and Individual Entrepreneurs (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 12), a small low-profit enterprise shall calculate its taxable income amount at a reduced rate of 25% and be subject to corporate income tax at 20% tax rate. This policy continues to be implemented until 31 December 2027. The above preferential tax policies were applicable for several subsidiaries of the Group, namely Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd., Qinhuangdao Jigang Shipping Agency Co., Ltd., Dalian Port Haiheng Ship Management Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd., Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd., Dalian Gangrun Gas Co., Ltd., Caofeidian Port Container Logistics Co., Ltd., Inner Mongolia Lugang Bonded Logistics Park Co., Ltd., Dalian Dilangsirui Tourism Development Co., Ltd., Dalian Portsoft Technology Co., Ltd. and China Merchants Port and Shipping Digital Technology (Liaoning) Co., Ltd.\* (招商港航數字科技(遼寧)有限公司) for the year.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Further Improvements to Policies for Weighted Pre-tax Deduction of Research and Development Expenses (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 7), an enterprise shall deduct 100% of the amount actually incurred as deductible expenses before tax in addition to the deduction allowed for the amount actually incurred since 1 January 2023, where the research and development expenses incurred by an enterprise do not form intangible assets and are included in current profit or loss. Where R&D expenses are recognised as intangible assets, starting from 1 January 2023, an enterprise shall calculate the amortisation of such assets as expenses before tax based on 200% of the costs of such assets. The above preferential tax policies were applicable for Dalian Jifa South Coast International Logistics Co., Ltd. and Dalian Container Terminal Co., Ltd. for the year.

#### ***“Six Taxes and Two Fees” Reduction Policy***

Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Support of Tax Policies for Development of Small and Micro Enterprises and Individual Entrepreneurs (Announcement [2023] No. 12 of the Ministry of Finance and the State Administration of Taxation), from 1 January 2023 to 31 December 2027, small-scale taxpayers, small low-profit enterprises and individual entrepreneurs are subject to half reduction in resource tax (excluding water resources tax), city maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities trading stamp tax), farmland occupation tax, educational surcharge, and local educational surcharge. The above preferential tax policies were applicable for several subsidiaries of the Group, namely Dalian Changxing Island Economic Zone Wanpeng Port Construction Supervision & Consultation Co., Ltd., Qinhuangdao Jigang Shipping Agency Co., Ltd., Dalian Port Haiheng Ship Management Co., Ltd., Dalian Ocean Shipping Tally Co., Ltd., Dalian ETDZ Jin Xin Petro-chemistry Co., Ltd., Dalian Gangrun Gas Co., Ltd., Caofeidian Port Container Logistics Co., Ltd., Inner Mongolia Lugang Bonded Logistics Park Co., Ltd., Dalian Portsoft Technology Co., Ltd. and China Merchants Port and Shipping Digital Technology (Liaoning) Co., Ltd.\* (招商港航數字科技(遼寧)有限公司) for the year.

## **IV. NOTES TO THE KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Notes receivable**

	<b>31 December 2023</b>	31 December 2022
Bank acceptance notes	<u><b>310,015,462.53</b></u>	<u>369,840,570.06</u>
Total	<u><b>310,015,462.53</b></u>	<u>369,840,570.06</u>

*Note:* The Group believes that the acceptor holding its bank acceptance notes has a high credit rating and there is no significant credit risk, so no provision for credit impairment was made.

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

	<b>31 December 2023</b>	
	<b>Derecognised</b>	<b>Not derecognised</b>
Bank acceptance notes	<u>23,592,685.15</u>	<u>1,400,000.00</u>

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

As at 31 December 2023, the Group had no discounted notes or notes that were converted into accounts receivable due to the drawer's inability to perform the contracts (31 December 2022: Nil).

## 2. Accounts receivable:

The credit terms of accounts receivable are usually 3 months. Accounts receivable are interest-free.

An ageing analysis of accounts receivable based on the recording date is as follows:

	<b>31 December 2023</b>	31 December 2022
Within 1 year (including 1 year)	<b>1,177,666,220.46</b>	1,261,521,543.50
1 to 2 years (including 2 years)	<b>643,618,983.69</b>	630,736,140.63
2 to 3 years (including 3 years)	<b>611,354,293.58</b>	644,215,684.87
Over 3 years	<b>1,503,403,544.36</b>	857,359,064.94
Sub-total	<b>3,936,043,042.09</b>	3,393,832,433.94
Less: Provision for credit loss	<b>631,864,388.78</b>	458,880,041.04
Total	<b><u>3,304,178,653.31</u></b>	<u>2,934,952,392.90</u>

Movements in the provision for bad debts of accounts receivable are as follows:

	Balance as at the beginning of the period/year	Provision for the period/year	Other changes	Reversal during the period/year	Disposal of subsidiaries during the period/year	Reversal/ write-off during the period/year	Balance as at the end of the period/year
2023	458,880,041.04	167,901,081.34	8,149,633.27	-2,800,000.00	-	-266,366.87	631,864,388.78
2022	333,955,835.35	160,162,578.14	-	-35,082,051.53	-	-156,320.92	458,880,041.04

As at 31 December 2023, details of accounts receivable of which provision for bad debts is made according to its credit risk rating by the Group are as follows:

	<b>Book balance of estimated default</b>	<b>Expected credit loss rate</b>	<b>Expected credit loss for the entire duration</b>
Portfolio A	514,267,001.51	0.00%-0.10%	55,938.88
Portfolio B	85,291,671.90	0.10%-0.30%	91,322.93
Portfolio C	3,241,897,316.32	0.30%-50.00%	539,579,201.34
Portfolio D	94,587,052.36	50.00%-100.00%	92,137,925.63
	<u>3,936,043,042.09</u>		<u>631,864,388.78</u>

As at 31 December 2023, a summary of the top five accounts receivable was as follows:

	<b>Balance</b>	<b>Provision for credit loss</b>	<b>Percentage of total accounts receivable (%)</b>
Total balances of top five accounts receivable	<u>3,369,953,108.07</u>	<u>537,221,038.55</u>	<u>85.62</u>

### 3. Financing receivable

	<b>31 December 2023</b>	31 December 2022
Bank acceptance notes measured at fair value	<u>244,381,797.52</u>	<u>154,213,980.23</u>
Total	<u>244,381,797.52</u>	<u>154,213,980.23</u>

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

As at 31 December 2023, the Group's receivables financing which have been endorsed or discounted but not mature yet as at the balance sheet date are as follows:

	<b>31 December 2023</b>	
	<b>Derecognised</b>	<b>Not derecognised</b>
Bank acceptance notes	<u>44,579,136.38</u>	<u>—</u>

#### 4. Other receivables

Item	31 December 2023	31 December 2022
Interest receivable	4,842,630.35	3,323,273.19
Borrowings from related parties	4,842,630.35	3,323,273.19
Less: Provision for credit loss	1,342,470.30	633,356.08
Sub-total	<u>3,500,160.05</u>	<u>2,689,917.11</u>
Dividends receivable	156,452,807.01	113,848,201.48
Dalian Port Yidu Cold Chain Co., Ltd.	72,617,796.35	72,617,796.35
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23
Dalian Automobile Terminal Co., Ltd.	16,000,000.00	11,200,000.00
Dalian Singamas International Container Co., Ltd.	3,479,188.75	5,467,472.88
China United Tally (Dalian) Co., Ltd.	–	1,112,267.52
Dalian Dagang China Shipping Container Terminal Co., Ltd.	1,112,481.65	943,125.50
VTTI Terminals Dalian Co., Ltd.	15,000,000.00	–
China Merchants International Technology Company Limited (招商局國際科技有限公司)	25,735,801.03	–
Less: Provision for credit loss	21,030,742.83	17,566,022.66
Sub-total	<u>135,422,064.18</u>	<u>96,282,178.82</u>
Other receivables	454,132,538.07	405,920,763.90
Government subsidies receivable	225,369,954.70	140,177,900.52
Receivables from income of entrusted management services	93,249,985.77	86,437,627.26
Receivables from project payment and guarantee deposit	4,721,938.13	32,393,896.69
Settlement to be transferred	21,234,658.22	25,639,033.71
Borrowings from related parties	23,000,000.00	23,000,000.00
Advances receivable	11,903,622.22	22,894,406.75
Receivables from deposit and security deposit	20,299,252.88	22,622,425.29
Public infrastructure maintenance expenses	10,100,888.22	8,170,749.02
Port miscellaneous expenses	3,605,011.76	2,969,906.20
Others	40,647,226.17	41,614,818.46
Less: Provision for credit loss	122,135,427.10	88,471,833.10
Sub-total	<u>331,997,110.97</u>	<u>317,448,930.80</u>
Total	<u><u>470,919,335.20</u></u>	<u><u>416,421,026.73</u></u>

The ageing analysis of other receivables is as follows:

	31 December 2023	31 December 2022
Within 1 year (including 1 year)	169,722,205.16	169,624,955.55
1 to 2 years (including 2 years)	83,396,601.14	74,568,944.16
2 to 3 years (including 3 years)	54,180,605.83	20,694,264.96
Over 3 years	146,833,125.94	141,032,599.23
Sub-total	<u>454,132,538.07</u>	<u>405,920,763.90</u>
Less: Provision for credit loss	<u>122,135,427.10</u>	<u>88,471,833.10</u>
Total	<u><u>331,997,110.97</u></u>	<u><u>317,448,930.80</u></u>

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:

	<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	<b>Total</b>
	<b>Expected credit loss over the next 12 months</b>	<b>Expected credit loss for the entire duration (without credit impairment)</b>	<b>Expected credit loss for the entire duration (with credit impairment)</b>	
Opening balance	2,126,997.11	32,534,345.96	53,810,490.03	88,471,833.10
Opening balance in the current year				
— Transfer to stage II	-6,520.57	6,520.57	—	—
— Transfer to stage III	—	-30,333,500.00	30,333,500.00	—
— Reverse to stage I	15,865.60	—	-15,865.60	—
Provision in the year	—	8,505,604.13	33,468,223.87	41,973,828.00
Reversal in the year	-160,600.73	—	—	-160,600.73
Other changes	-12,953.43	-1,130,035.16	-7,006,644.68	-8,149,633.27
Closing balance	<u>1,962,787.98</u>	<u>9,582,935.50</u>	<u>110,589,703.62</u>	<u>122,135,427.10</u>

As at 31 December 2023, details of other receivables of which provision for bad debts is made according to the credit risk rating by the Group are as follows:

<b>Provision for credit loss</b>	<b>Book balance of estimated default</b>	<b>Expected credit loss rate</b>	<b>Expected credit loss over the next 12 months</b>	<b>Expected credit loss for the entire duration</b>
Portfolio A	269,323,579.59	0.00%-0.10%	43,937.91	—
Portfolio B	49,628,661.52	0.10%-0.30%	1,918,850.07	—
Portfolio C	23,774,093.34	0.30%-50.00%	—	9,582,935.50
Portfolio D	111,406,203.62	50.00%-100.00%	—	110,589,703.62
	<u>454,132,538.07</u>		<u>1,962,787.98</u>	<u>120,172,639.12</u>

As at 31 December 2023, a summary of the top five debtors by other receivables was as follows:

	<b>Balance</b>	<b>Provision for credit loss</b>	<b>% of total other receivables</b>
Total balances of top five other receivables	<u>340,302,301.68</u>	<u>80,250,023.73</u>	<u>74.93</u>

## 5. Inventories

Item	Book balance	Closing balance		Book balance	Opening balance	
		provision for impairment of inventories	Carrying amount		provision for impairment of inventories	Carrying amount
Raw materials	96,517,984.51	1,444,631.23	95,073,353.28	94,189,095.07	1,442,701.98	92,746,393.09
Inventories (finished goods)	17,175,511.99	2,697,873.64	14,477,638.35	20,081,745.83	2,697,873.64	17,383,872.19
Turnover materials	17,359,002.25	18,014.10	17,340,988.15	14,459,147.19	18,014.10	14,441,133.09
Contract performance cost	6,414,734.60	–	6,414,734.60	10,315,427.88	–	10,315,427.88
Others	704,301.07	704,301.07	–	704,301.07	–	704,301.07
Total	<u>138,171,534.42</u>	<u>4,864,820.04</u>	<u>133,306,714.38</u>	<u>139,749,717.04</u>	<u>4,158,589.72</u>	<u>135,591,127.32</u>

For the contract performance cost, the amortisation amount of RMB81,856,037.18 was recognised during the year.

Movements in the provision for impairment of inventories are as below:

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	1,442,701.98	1,929.25	–	–	–	1,444,631.23
Inventories (finished goods)	2,697,873.64	–	–	–	–	2,697,873.64
Turnover materials	18,014.10	–	–	–	–	18,014.10
Others	–	704,301.07	–	–	–	704,301.07
Total	<u>4,158,589.72</u>	<u>706,230.32</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,864,820.04</u>

## 6. Investments in other equity instruments

Item	Cost	Changes in fair value accumulated in other comprehensive	Fair value	Current dividend income	
				Equity instruments derecognised in the current period	Equity instruments still held
Jinzhou New Age Container Terminal Co., Ltd.	52,843,634.00	49,703,644.58	102,547,278.58	–	7,729,770.10
Qinhuangdao Port Xingangwan Container Terminal Co., Ltd.	60,000,000.00	-15,580,537.52	44,419,462.48	–	–
Dalian Port Design and Research Institute Co., Ltd.	634,600.00	4,926,351.44	5,560,951.44	–	533,600.00
Da-In Ferry Co., Ltd.	1,900,057.50	9,232,944.43	11,133,001.93	–	–
Dalian Xin Beiliang Co., Ltd.	16,184,400.00	-8,517,194.71	7,667,205.29	–	726,378.46
Total	<u>131,562,691.50</u>	<u>39,765,208.22</u>	<u>171,327,899.72</u>	<u>–</u>	<u>8,989,748.56</u>

## 7. Accounts payable

Accounts payable are interest-free and are usually settled within 3-6 months.

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

<b>Item</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Within 1 year (including 1 year)	<b>286,724,364.82</b>	312,175,559.12
1 to 2 years (including 2 years)	<b>9,403,164.90</b>	7,190,677.04
2 to 3 years (including 3 years)	<b>1,841,768.28</b>	3,600,844.03
Over 3 years	<b>24,543,479.37</b>	20,974,775.61
Total	<b>322,512,777.37</b>	343,941,855.80

As at 31 December 2023, major accounts payable with ageing over one year are as follows:

	<b>Amount payable</b>	<b>Reason for outstanding amount</b>
Dalian Enesky International Trade Co., Ltd. (大連恩埃斯凱國際貿易有限公司)	<b>8,000,000.00</b>	The condition for payment is unsatisfied
Yingkou Lianfeng Logistics Co., Ltd. (營口聯豐物流有限公司)	<b>6,822,092.44</b>	The condition for payment is unsatisfied
Total	<b>14,822,092.44</b>	

## 8. Contract liabilities

<b>Item</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Port miscellaneous expenses	<b>192,412,972.66</b>	259,761,974.35
Freight	<b>2,831,972.40</b>	23,741,208.71
Others	<b>24,433,958.90</b>	22,692,596.99
Total	<b>219,678,903.96</b>	306,195,780.05

## 9. Other payables

Item	31 December 2023	31 December 2022
<b>Interest payable</b>		
Interest payable on short-term borrowings	–	–
Interest payable on bonds	–	–
Interest of long-term borrowings with instalment payments and principal due upon maturity	–	–
<b>Dividends payable</b>		
Singapore Dalian Port Investment Pte. Ltd.	<b>187,078,249.46</b>	133,169,817.19
China Merchants International Technology Company Limited (招商局國際科技有限公司)	<b>55,669,254.71</b>	54,436,724.71
China Shipping Terminal Development Co., Ltd.	<b>54,486,470.51</b>	–
Nippon Yusen Kabushiki Kaisha	<b>23,530,965.74</b>	23,009,984.79
Dalian City Construction Investment Group Co., Ltd.	<b>14,666,707.48</b>	14,341,983.23
COSCO SHIPPING Ports (Dalian) Limited	<b>11,648,655.69</b>	3,527,787.23
COSCO SHIPPING Ports Development Co., Ltd.	<b>9,313,894.54</b>	9,107,682.79
Dalian Bonded Zhengtong Co., Ltd.	<b>7,836,518.16</b>	7,663,015.86
United States Sankyo Holdings Limited	<b>5,779,554.22</b>	5,779,554.22
NYK Bulk & Projects Carriers Ltd.	<b>2,036,793.56</b>	2,704,681.98
China Ocean Shipping Tally Co., Ltd.	<b>1,629,434.85</b>	2,163,745.59
Anshan Iron & Steel Co. Ltd.	<b>480,000.00</b>	–
	–	10,434,656.79
<b>Other payables</b>		
Project expenses and guarantee deposit	<b>528,173,193.38</b>	812,877,540.91
Land compensation	<b>256,274,609.09</b>	290,045,158.47
Deposit and security deposit	<b>7,500,000.00</b>	7,500,000.00
Freight	<b>113,318,513.93</b>	113,734,661.00
Demurrage charge	<b>5,777,909.38</b>	6,072,329.18
Last payment for assets acquisition	–	4,979,198.95
Others	–	139,144,304.85
	<b>145,302,160.98</b>	251,401,888.46
<b>Total</b>	<b>715,251,442.84</b>	<b>946,047,358.10</b>

As at 31 December 2023, major other payables of the Group with ageing over one year are as follows:

<b>Item</b>	<b>Amounts</b>	<b>Reason for outstanding amount</b>
Ocean Harvest Container Co., Ltd.	<b>49,853,842.62</b>	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)	<b>14,006,954.00</b>	The condition for payment is unsatisfied
Dalian Beiliang Enterprise Group Co., Ltd.	<b>7,500,000.00</b>	The condition for payment is unsatisfied
Dalian Port Rixing Boiler Installation Co., Ltd.	<b>6,471,854.30</b>	The condition for payment is unsatisfied
China Railway Port and Channel Engineering Group Co., Ltd. (中鐵港航局集團有限公司)	<b>5,950,535.00</b>	The condition for payment is unsatisfied
Total	<b><u>83,783,185.92</u></b>	

#### 10. Revenue and cost of sales

Revenue is as follows:

<b>Item</b>	<b>For the 12 months ended 31 December 2023</b>	<b>For the 12 months ended 31 December 2022</b>
Revenue from principal operations	<b>11,796,067,601.17</b>	11,731,070,851.26
Revenue from other operations	<b>423,811,213.62</b>	436,400,797.12
Total	<b><u>12,219,878,814.79</u></b>	<u>12,167,471,648.38</u>

Cost of sales is as follows:

<b>Item</b>	<b>For the 12 months ended 31 December 2023</b>	<b>For the 12 months ended 31 December 2022</b>
Cost of principal operations	<b>8,476,211,625.17</b>	8,581,674,937.86
Cost of other operations	<b>353,571,960.52</b>	408,194,955.25
Total	<b><u>8,829,783,585.69</u></b>	<u>8,989,869,893.11</u>

Revenue is as follows:

	<b>For the 12 months ended 31 December 2023</b>	For the 12 months ended 31 December 2022
Revenue from contracts with customers	<b>11,980,322,830.12</b>	11,949,597,687.69
Revenue from leasing services	<b>239,555,984.67</b>	217,873,960.69
<b>Total</b>	<b><u>12,219,878,814.79</u></b>	<b><u>12,167,471,648.38</u></b>

Breakdown of revenue is as follows:

2023

<b>Major operating region</b>	<b>Commodity</b>	<b>Labour services or services</b>	<b>Others</b>	<b>Total</b>
Within China	159,983,224.20	11,658,113,262.96	401,782,327.63	12,219,878,814.79
<b>Total</b>	<b><u>159,983,224.20</u></b>	<b><u>11,658,113,262.96</u></b>	<b><u>401,782,327.63</u></b>	<b><u>12,219,878,814.79</u></b>

Breakdown of revenue is as follows:

<b>Major business segment</b>	<b>Commodity</b>	<b>Labour services or services</b>	<b>Others</b>	<b>Total</b>
Container terminal and related logistics services	3,115,075.54	3,770,652,662.79	103,343,120.99	3,877,110,859.32
Oil/liquefied chemicals terminal and related logistics services	27,038,238.82	1,592,393,171.50	30,845,722.16	1,650,277,132.48
Bulk and general cargo terminal and related logistics services	352,938.47	4,209,327,667.63	8,736,120.91	4,218,416,727.01
Bulk grain terminal and related logistics services	–	658,621,937.85	15,577,546.02	674,199,483.87
Passenger and roll-on/roll-off terminal and related logistics services	3,888,673.28	208,282,872.07	16,036,685.58	228,208,230.93
Port value-added and ancillary services	125,588,298.09	1,108,127,382.55	123,600,227.32	1,357,315,907.96
Automobile terminal and related logistics services	–	59,829,746.72	3,657,999.35	63,487,746.07
Others	–	50,877,821.85	99,984,905.30	150,862,727.15
<b>Total</b>	<b><u>159,983,224.20</u></b>	<b><u>11,658,113,262.96</u></b>	<b><u>401,782,327.63</u></b>	<b><u>12,219,878,814.79</u></b>

Major business segment	Commodity	Labour services or services	Others	Total
<b>Time of revenue recognition</b>				
Recognised at a certain point of time				
Revenue from sales of goods	159,983,224.20	–	–	159,983,224.20
<b>Recognised over a certain period</b>				
Revenue from logistics services	–	765,767,562.24	–	765,767,562.24
Revenue from project construction and inspection services	–	146,482,590.08	–	146,482,590.08
Revenue from transportation	–	1,377,086,519.72	–	1,377,086,519.72
Revenue from port operation services	–	8,802,258,538.88	–	8,802,258,538.88
Revenue from port management services	–	344,102,245.64	–	344,102,245.64
Revenue from tallying services	–	53,516,181.19	–	53,516,181.19
Revenue from information services	–	168,899,625.21	–	168,899,625.21
Others	–	–	162,226,342.96	162,226,342.96
<b>Others</b>				
Revenue from leasing services	–	–	239,555,984.67	239,555,984.67
Total	<u>159,983,224.20</u>	<u>11,658,113,262.96</u>	<u>401,782,327.63</u>	<u>12,219,878,814.79</u>

The income recognised for the year and included in the book value of contract liability at the beginning of the year is as follows:

	<b>For the 12 months ended 31 December 2023</b>	For the 12 months ended 31 December 2022
Port miscellaneous expenses	<b>244,837,177.40</b>	349,456,567.23
Freight	<b>23,577,151.68</b>	22,425,867.06
Others	<b>19,183,684.71</b>	18,159,185.95
Total	<b><u>287,598,013.79</u></b>	<u>390,041,620.24</u>

## 11. Financial expenses

<b>Item</b>	<b>For the 12 months ended 31 December 2023</b>	<b>For the 12 months ended 31 December 2022</b>
Interest costs	<b>501,452,869.60</b>	542,913,822.50
Less: Amounts capitalised on interest	<b>–</b>	–
Interest expenses	<b>501,452,869.60</b>	542,913,822.50
Less: Interest income	<b>75,403,616.14</b>	95,849,133.75
Net exchange losses (net gain is represented by “-”)	<b>4,993,183.05</b>	17,654,965.66
Others	<b>1,122,175.10</b>	919,536.13
Total	<b><u>432,164,611.61</u></b>	<b><u>465,639,190.54</u></b>

## 12. Credit impairment losses

<b>Item</b>	<b>For the 12 months ended 31 December 2023</b>	<b>For the 12 months ended 31 December 2022</b>
Impairment losses on accounts receivable	<b>-165,101,081.34</b>	-125,080,526.61
Impairment losses on other receivables	<b>-45,987,061.66</b>	-19,787,478.57
Impairment losses on non-current assets due within 1 year	<b>50,000.00</b>	-12,454,059.25
Total	<b><u>-211,038,143.00</u></b>	<b><u>-157,322,064.43</u></b>

### 13. Other income

Item	For the 12 months ended 31 December 2023	For the 12 months ended 31 December 2022	Related to assets/income
Relocation compensation	25,211,946.56	25,330,148.46	Related to assets
Transport junction passenger station project	11,418,327.70	5,884,100.72	Related to assets
Sea-railway combined transport subsidies	1,364,522.76	1,364,522.76	Related to assets
Production safety fund	1,271,978.56	1,271,978.56	Related to assets
Energy conservation and emission reduction special fund	939,395.81	939,466.64	Related to assets
Others related to assets	714,638.61	931,491.66	Related to assets
Equipment reconstruction subsidies	9,140,453.38	8,800,884.64	Related to assets
Operation subsidies	106,229,231.42	58,413,841.13	Related to income
Others related to income	54,201.32	1,483,315.70	Related to income
Stable position subsidies	4,869,500.04	4,270,204.57	Related to income
Container subsidies	78,260.00	33,310.00	Related to income
Refund of commission for paying individual income tax	966,814.95	873,780.56	Related to income
Additional deduction of VAT	22,267,745.84	51,093,806.90	Related to income
<b>Total</b>	<b>184,527,016.95</b>	<b>160,690,852.30</b>	

### 14. Investment income

Item	For the 12 months ended 31 December 2023	For the 12 months ended 31 December 2022
Income from long-term equity investments under equity method	79,338,157.47	182,569,390.84
Investment income from disposal of subsidiaries	-	-
Investment income from disposal of long-term equity investments	6,360,918.83	64,191,66
Investment income during the holding period of financial assets at fair value through profit or loss	-	-
Investment income during the holding period of financial assets held for trading	-	-
Dividend income from other investments on hand in equity instruments	8,989,748.56	11,569,087.67
Investment income from disposal of financial assets at fair value through profit or loss	-	-
Investment income from disposal of financial assets held for trading	-	-
Investment income from wealth management products and entrusted investments	-	-
Others	2,390,332.98	2,494,310.28
<b>Total</b>	<b>97,079,157.84</b>	<b>196,696,980.45</b>

## 15. Income tax expenses

Item	For the 12 months ended 31 December 2023	For the 12 months ended 31 December 2022
Current income tax expenses	653,365,841.68	568,335,542.12
Deferred income tax expenses	<u>-125,624,332.74</u>	<u>-101,167,624.10</u>
Total	<u><u>527,741,508.94</u></u>	<u><u>467,167,918.02</u></u>

The relationship of the total profit to the income tax expenses is as follows:

Item	For the 12 months ended 31 December 2023	For the 12 months ended 31 December 2022
Total profit	<u>2,034,992,700.03</u>	<u>1,939,787,052.98</u>
Income tax calculated at applicable tax rates	508,748,175.01	484,946,763.25
Effect of different tax rates applicable to certain subsidiaries	-4,095,416.56	-10,354,625.71
Adjustments for current income tax of prior period	787,921.25	2,630,507.85
Income not subject to tax	-28,414,513.62	-54,867,156.74
Expenses not deductible	15,979,023.16	18,359,248.51
Utilisation of deductible losses in previous years	-3,080,994.67	-15,467,894.77
Effect of unrecognised deductible temporary differences and deductible losses	39,759,548.47	42,708,236.57
Others	<u>-1,942,234.10</u>	<u>-787,160.94</u>
Income tax expenses	<u><u>527,741,508.94</u></u>	<u><u>467,167,918.02</u></u>

## 16. Earnings per share (“EPS”)

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

Item	For the 12 months ended 31 December 2023	For the 12 months ended 31 December 2022
Consolidated net profit attributable to ordinary shareholders of the parent company	1,343,109,072.73	1,317,655,267.29
Weighted average number of ordinary shares in issue of the Company	<u>23,987,065,816.00</u>	<u>23,987,065,816.00</u>
Basic earnings per share	<u><u>0.06</u></u>	<u><u>0.05</u></u>

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

## 17. Dividend

	2023	2022
Proposed distribution of final dividend-RMB1.91 cents per share (tax included) (2022: RMB1.74 cents per share (tax included))	<u><u>458,152,957.09</u></u>	<u><u>417,374,945.20</u></u>

The proposal is subject to approval at the forthcoming annual general meeting of the Company and the dividend is expected to be distributed before 30 August 2024.

## 18. Segment information

### Operating segments

For management purposes, the Group is organised into business units based on its products and services and has seven reportable segments as follows:

- (1) Oil/liquefied chemicals terminal and related logistics services, which are responsible for loading and discharging, storage and transshipment of oil products and liquefied chemicals, port management services;
- (2) Container terminal and related logistics services, which are responsible for loading and discharging, storage and transshipment of containers, leasing of terminals and various container logistics services and sales of properties;
- (3) Bulk and general cargo terminal and related logistics services, which are responsible for loading and discharging of ore, general cargo and provision of related logistics services;
- (4) Bulk grain terminal and related logistics services, which are responsible for loading and discharging of grains and provision of related logistics services;
- (5) Passenger and roll-on/roll-off terminal and related logistics services, which are responsible for passenger transportation, general cargo roll-on and roll-off and provision of related logistics services;
- (6) Port value-added and ancillary services, which are responsible for tallying, tugging, transportation, power supply, information technology and construction services;
- (7) Automobile terminal and related logistics services, which are responsible for loading and discharging of automobile and provision of related logistics services.

Management monitors the operating results of each of the business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for revenue and expenses attributable to headquarters. Segment assets and liabilities exclude assets and liabilities attributable to headquarters of the Company as these assets and liabilities are uniformly managed by the Group.

The above reportable segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the reportable segments.

Reportable inter-segment revenue is eliminated on consolidation. Reportable inter-segment sales and purchases are conducted by the relevant companies in accordance with the terms mutually agreed between the parties.

Segment information for 2023 is as follows:

Item	Oil/liquefied chemicals terminal and related logistics services		Container terminal and related logistics services		Bulk and general cargo terminal and related logistics services		Bulk grain terminal and related logistics services		Passenger and roll-on/roll-off terminal and related logistics services		Port value-added and ancillary services		Automobile terminal and related logistics services		Others		Elimination		Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	1,650,277	3,877,111	4,218,417	674,199	228,208	1,357,316	63,488	150,863	-	-	-	-	-	-	-	12,219,879	-	-	-	-
Inter-segment revenue	29,412	171,650	32,602	4,165	1,624	143,294	271	124,688	-507,706	-	-	-	-	-	-	-	-	-	-	-
Cost of sales	1,045,202	2,681,037	2,980,123	522,496	173,851	1,003,725	48,237	375,113	-	-	-	-	-	-	-	8,829,784	-	-	-	-
Taxes and surcharges	22,590	21,727	47,070	3,007	3,692	6,650	2,542	39,306	-	-	-	-	-	-	-	146,584	-	-	-	-
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,787	-	-	-	1,787
Administrative expenses	47,933	171,690	90,295	34,284	28,148	178,889	14,321	170,177	-	-	-	-	-	-	735,737	-	-	-	-	735,737
Research and development expenses	-	3,657	-	-	-	35,600	-	38	-	-	-	-	-	-	39,295	-	-	-	-	39,295
Financial expenses	75,281	18,492	99,930	1,974	-865	7,738	-2,409	232,024	-	-	-	-	-	-	432,165	-	-	-	-	432,165
Asset impairment losses	-3,373	-96,567	-	-	-	-	-	-	-	-	-	-	-	-	-99,940	-	-	-	-	-99,940
Credit impairment losses	-158,100	-8,897	-126	-	194	-4,663	-6,227	-33,219	-	-	-	-	-	-	-211,038	-	-	-	-	-211,038
Investment income	43,748	47,155	-14,056	-20,117	-6,028	19,554	25,390	1,433	-	-	-	-	-	-	97,079	-	-	-	-	97,079
Including: Investment income from associates and joint ventures	43,748	32,108	-14,056	-20,844	-6,028	19,021	25,389	-	-	-	-	-	-	-	79,338	-	-	-	-	79,338
Gains on disposals of assets	-7	172	-	21	-	14	-	-5	-	-	-	-	-	-	195	-	-	-	-	195
Other income	29,448	104,908	3,284	531	12,479	4,005	787	29,085	-	-	-	-	-	-	184,527	-	-	-	-	184,527
Operating profit	370,987	1,027,279	990,101	92,873	30,027	143,624	20,747	-670,288	-	-	-	-	-	-	2,005,350	-	-	-	-	2,005,350
Non-operating income	19,467	2,649	7,607	1,144	206	2,383	2	2,030	-	-	-	-	-	-	35,488	-	-	-	-	35,488
Non-operating expenses	354	1,235	3,764	20	38	403	53	-22	-	-	-	-	-	-	5,845	-	-	-	-	5,845
Total profit	390,100	1,028,693	993,944	93,997	30,195	145,604	20,696	-668,236	-	-	-	-	-	-	2,034,993	-	-	-	-	2,034,993
Income tax	90,933	288,085	273,265	28,942	8,611	24,907	1,453	-188,454	-	-	-	-	-	-	527,742	-	-	-	-	527,742
Net profit	299,167	740,608	720,679	65,055	21,584	120,697	19,243	-479,782	-	-	-	-	-	-	1,507,251	-	-	-	-	1,507,251
Total assets	10,682,722	11,819,625	13,814,542	2,887,490	1,450,420	3,408,681	863,177	15,164,451	-3,738,168	-	-	-	-	-	56,352,940	-	-	-	-	56,352,940
Total liabilities	1,649,573	3,376,230	975,499	260,544	242,117	1,178,341	11,224	9,668,389	-3,738,168	-	-	-	-	-	13,623,749	-	-	-	-	13,623,749
Supplementary information																				
Depreciation and amortisation expenses	352,071	486,848	705,994	141,083	52,122	267,227	13,393	258,655	-	-	-	-	-	-	2,277,393	-	-	-	-	2,277,393
Long-term equity investments in associates and joint ventures	1,454,441	892,443	110,302	249,520	291,100	213,596	319,014	-	-	-	-	-	-	-	3,530,416	-	-	-	-	3,530,416
Capital expenditures (i)	56,709	132,665	83,352	61,089	28,517	37,512	3,995	226,025	-	-	-	-	-	-	629,804	-	-	-	-	629,804

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

## **19. Non-adjustment events after the balance sheet date**

### ***Profit distribution after the balance sheet date***

In accordance with the resolution considered and approved at the Board meeting of the Company convened on 28 March 2024, the profit distribution plan for 2023 will be made based on 23,987,065,816 shares and a cash dividend of RMB0.191 (tax inclusive) per 10 shares is proposed to be distributed to all shareholders. The total amount of cash dividend to be distributed will be RMB458,152,957.09. The resolution is pending for approval at the general meeting of the Company.

### ***Issuance of corporate bonds***

As approved by the Document Zheng Jian Xu Ke [2022] No. 658 issued by China Securities Regulatory Commission, the Company is approved to publicly issue corporate bonds with a total amount of not more than RMB8 billion (including) to professional investors. The bonds are issued in tranches. On 12 January 2024, the Company publicly issued the 2024 first tranche of corporate bonds of RMB1 billion in aggregate to professional investors, type I bonds of which with par value of RMB700 million is issued for a term of three years, with interest payable annually to be calculated by the simple interest method on an annual basis at a fixed annual interest rate of 2.81% and type II bonds of which with par value of RMB300 million is issued for a term of five years, with interest payable annually to be calculated by the simple interest method on an annual basis at a fixed annual interest rate of 3.05%.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **SUMMARY**

In 2023, the global economy remained in a downward cycle, and the world trade has grown slowly. With the impact of factors including high inflation and the Russia-Ukraine conflict, the economic recovery remained weak. China's economy was resilient, resulting in the annual gross domestic product (GDP) reaching RMB126.06 trillion, with a year-on-year growth of 5.2%. Against such a backdrop, the Group accelerated the implementation of reform and integration to ensure steady and orderly production and operation.

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

### **ANALYSIS OF THE INDUSTRY IN WHICH THE GROUP OPERATED DURING THE REPORTING PERIOD**

In the shipping industry, the leading shipping enterprises continued to enhance their capabilities to control the industry chain and supply chain, and continued to strengthen the layout of shipping capacity and the entire supply chain. In the port industry, the competition among ports was increasingly intensifying in Bohai Rim region, and evolving towards clustering and channelisation.

### **OVERALL RESULTS REVIEW**

In 2023, the Group's net profit attributable to shareholders of the parent company amounted to RMB1,343,109,072.73, representing an increase of RMB25,453,805.44 or 1.9% as compared with the net profit of RMB1,317,655,267.29 in 2022.

In 2023, the steady growth in the business volume of the Group's containers, oil products and passenger and ro-ro, and the effectiveness of cost control measures were the main reasons resulting in the increase in profit. However, the decrease in the business volume of bulk and general cargo, the decline in the results of the joint venture and associates engaging in the oil/liquefied chemicals, cold chain, grain and other businesses, and the increase in impairment losses limited the growth of profit. On a consolidated basis, the Group's net profit attributable to the parent company reported a year-on-year increase of 1.9%.

In 2023, the Group's basic earnings per share amounted to RMB5.60 cents, representing an increase of RMB0.11 cent or 1.9% year-on-year as compared with RMB5.49 cents in 2022.

## Changes in the principal component items of net profit are as follows:

Item	2023 (RMB)	2022 (RMB)	Changes (%)
Net profit attributable to shareholders of the parent company	1,343,109,072.73	1,317,655,267.29	1.9
Including:			
Revenue	12,219,878,814.79	12,167,471,648.38	0.4
Cost of sales	8,829,783,585.69	8,989,869,893.11	-1.8
Gross profit	3,390,095,229.10	3,177,601,755.27	6.7
Gross profit margin	27.7%	26.1%	Up by 1.6 percentage points
Administrative expenses	735,736,896.11	814,673,311.85	-9.7
Sales expenses	1,787,276.41	–	100
Research and development expenses	39,294,670.66	53,126,381.44	-26.0
Financial expenses	432,164,611.61	465,639,190.54	-7.2
Asset impairment losses	99,940,178.96	11,658,563.63	757.2
Credit impairment losses	211,038,143.00	157,322,064.43	34.1
Other income	184,527,016.95	160,690,852.30	14.8
Investment income	97,079,157.84	196,696,980.45	-50.6
Net non-operating income (Note 1)	29,642,821.24	30,092,626.60	-1.5
Income tax expenses	527,741,508.94	467,167,918.02	13.0

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

In 2023, the Group's revenue increased by RMB52,407,166.41 or 0.4% year-on-year, mainly due to the increase in the volume of containers, oil products, passenger and ro-ro and other businesses. However, as a result of the impact of the continued losses in the steel industry, the decline in the volume of bulk and general cargo business such as ores and steels, and the decrease in the container logistics service business such as shipping export agency and automobile imported parts and components, the increase in revenue was restrained.

In 2023, the Group's cost of sales decreased by RMB160,086,307.42 or 1.8% year-on-year, mainly due to the decrease in the cost of container logistics services in tandem with a decrease in revenue, as well as the decrease in labour costs, labour expenses and depreciation and amortisation expenses.

In 2023, the Group's gross profit increased by RMB212,493,473.83 or 6.7% year-on-year. The gross profit margin was 27.7%, representing an increase of 1.6 percentage points. The increase was mainly due to the growth in the business volume of container and oil products with high margins, and the recovery growth in the passenger and ro-ro business, which together contributed to the growth in revenue, as well as the decline in costs such as labour costs, labour expenses and depreciation and amortisation expenses.

In 2023, the Group's administrative expenses decreased by RMB78,936,415.74 or 9.7% year-on-year, mainly due to the decrease in labour costs.

In 2023, the Group's sales expenses increased by RMB1,787,276.41 or 100% year-on-year, mainly due to the business promotion activities carried out during the year.

In 2023, the Group's research and development expenses decreased by RMB13,831,710.78 or 26% year-on-year, mainly due to the decrease in research and development projects of the information companies during the year.

In 2023, the Group's financial expenses decreased by RMB33,474,578.93 or 7.2% year-on-year, mainly due to the decrease in the amounts of the interest-bearing liabilities.

In 2023, the Group's asset impairment losses increased by RMB88,281,615.33 or 757.2% year-on-year, mainly due to the provision for impairment of construction in progress by the subsidiaries in 2023.

In 2023, the Group's credit impairment losses increased by RMB53,716,078.57 or 34.1% year-on-year, mainly due to the combined effect of the ageing of some receivables in the current year and the collection of long outstanding balances from bulk and general cargo customers in 2022.

In 2023, the Group's other income increased by RMB23,836,164.65 or 14.8% year-on-year, which was mainly due to the increase in revenue of subsidy of China-Europe cross-border train lines.

In 2023, the Group's investment income decreased by RMB99,617,822.61 or 50.6% year-on-year, mainly due to the decrease in the results of joint ventures and associates operating cold chain business, LNG business and grain business.

In 2023, the Group's net non-operating income decreased by RMB449,805.36 or 1.5% year-on-year, basically remaining at a stable level.

In 2023, the Group's income tax expenses increased by RMB60,573,590.92 or 13% year-on-year, mainly due to the increase in taxable income caused by the changes in operating profit.

## ASSETS AND LIABILITIES

As of 31 December 2023, the Group's total assets and net assets amounted to RMB56,352,939,728.84 and RMB42,729,190,640.70, respectively. The net asset value per share was RMB1.65, increasing slightly compared with the net asset value of RMB1.62 per share as of 31 December 2022.

As of 31 December 2023, the Group's total liabilities amounted to RMB13,623,749,088.14, of which total outstanding borrowings amounted to RMB5,797,536,591.61 (this part of the borrowings carries a fixed interest rate). The gearing ratio was 24.2% (the total liabilities of RMB13,623,749,088.14/the total assets of RMB56,352,939,728.84), representing a decrease of 3.4 percentage points as compared with 27.6 % as at 31 December 2022, which was mainly due to the repayment of the matured bonds during the current year.

## FINANCIAL RESOURCES AND LIQUIDITY

As of 31 December 2023, the Group had a balance of cash and cash equivalents of RMB5,199,599,767.48, representing a decrease of RMB46,486,665.17 as compared to that of 31 December 2022.

As at 31 December 2023, the Group's net cash inflows generated from operating activities amounted to RMB3,339,177,768.02, net cash outflows for investment activities amounted to RMB349,145,819.00, and net cash outflows for financing activities amounted to RMB3,028,533,968.00.

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

As of 31 December 2023, the Group's outstanding borrowings amounted to RMB5,797,536,591.61 (this part of the borrowings carries a fixed interest rate), in which RMB3,216,830,130.50 were borrowings repayable within one year, and RMB2,580,706,461.11 were borrowings repayable after one year.

The Group's net debt-equity ratio was 13.5% as of 31 December 2023, as compared with 18.1% as at 31 December 2022, mainly due to the decrease in the debt scale as a result of the repayment of bonds. The Group ensured that there was no solvency risk and continued to improve its overall financial structure.

As of 31 December 2023, the Group's unutilised bank line of credit amounted to RMB17.5 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 Company Limited, being an external rating agency, has assigned an issuer credit composite rating of AAA to the Group with stable credit rating outlook, indicating the Group's sound condition in capital market financing.

The Group closely monitored its interest rate risk and exchange rate risk. As of 31 December 2023, the Group had not entered into any foreign exchange hedging contracts. Please refer to the annual report to be disclosed for further details about the interest rate and exchange rate risks.

## CONTINGENCIES

### *Pending Litigations and Arbitrations*

*Pending litigation and arbitration concerning DCT Logistics Co., Ltd. (hereinafter referred to as “DCT Logistics”), a subsidiary of the Group*

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

In actual business, the expenses incurred under the Customs Declaration Logistics Warehousing Agreement or Import Freight Forwarding Agreement shall be settled by Shunde in accordance with the agreed rates under the Packing and Unpacking (Packing up) Agreement it signed with DCT Logistics. Given that both the ultimate owner of the imported goods in these businesses and the relevant warehousing cost settler was Shunde, DCT Logistics released the relevant goods under the instructions of Shunde, the ultimate cargo owner. As Shunde failed to repay part of the import letter of credit payment to the Import Agents as scheduled, these Import Agents filed lawsuits against DCT Logistics in Dalian Maritime Court and other people’s courts, respectively, requesting DCT Logistics and Shunde to 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 arrangement did not involve any compensation obligation for DCT Logistics. The total claims of the other Warehousing Clients amounted to RMB1.06 billion.

On 24 November 2021, Ningbo Maritime Court issued a first instance judgement (Ningbo Maritime Court (2021) Zhe 72 Min Chu No. 1428) regarding the lawsuit case of Chengtong against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB109.6946 million to Chengtong and the interest, based on the amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 23 March 2021 up to the date of actual payment. Other litigation claims from Chengtong were dismissed. On 9 December 2021, DCT Logistics appealed to the Higher People's Court of Zhejiang Province against the first instance judgment regarding the case of Chengtong. On 1 April 2022, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Zhong No. 21), rejecting all of the claims of DCT Logistics. On 19 October 2022, DCT Logistics filed an application for retrial with the Higher People's Court of Zhejiang Province. On 6 March 2023, the Higher People's Court of Zhejiang Province issued a civil ruling ((2022) Zhe Min Shen No. 6364), rejecting the retrial application. On 12 October 2022, Dalian Jifa Port Logistics Co., Ltd. received the assistance execution notice ((2022) Zhe 72 Zhi No. 286) issued by the Ningbo Maritime Court, requiring to deposit the lease payment payable to DCT Logistics into the account designated by Ningbo Maritime Court. In this year, Dalian Jifa Port Logistics Co., Ltd. paid the lease payments of RMB10.35 million in total to the account designated by Ningbo Maritime Court. On 26 January 2024, Dalian Jifa Port Logistics Co., Ltd. paid the lease payments of RMB2.07 million to the account designated by Ningbo Maritime Court.

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

On 31 December 2021, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2021) Liao 72 Min Chu No. 352) regarding the lawsuit case of Qingdao Kaitou against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB299.3826 million to Qingdao Kaitou and the interest, based on the amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 27 March 2021 up to the date of actual payment. Other litigation claims from Qingdao Kaitou were dismissed. On 28 February 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Qingdao Kaitou. On 16 August 2022, the Higher People's Court of Liaoning Province issued a civil ruling ((2022) Liao Min Zhong No. 715) as follows: 1) the civil judgment of Dalian Maritime Court (2021) Liao 72 Min Chu No. 352 was revoked; 2) the case was referred back to Dalian Maritime Court for retrial. On 22 December 2023, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2022) Liao 72 Min Chu No. 1348 I) regarding the lawsuit case of Qingdao Kaitou against DCT Logistics, rejecting the litigation of Qingdao Kaitou. On 11 January 2024, Qingdao Kaitou appealed to the Higher People's Court of Liaoning Province against the first instance judgment.

On 27 January 2022, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2021) Liao 72 Min Chu No. 372) regarding the lawsuit case of Rongjiang against DCT Logistics. The judgement ruled that DCT Logistics should compensate Rongjiang for the loss of goods of RMB336.0810 million and the interest, based on the amount, to be calculated at prime rate as announced by the National Interbank Funding Center from 7 April 2021 up to the date of actual payment, and DCT Logistics should compensate Rongjiang for liability insurance fees of litigation preservation of RMB254,800. Other litigation claims from Rongjiang were dismissed. On 1 March 2022, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Rongjiang. On 4 August 2022, the Higher People's Court of Liaoning Province issued a civil ruling ((2022) Liao Min Zhong No. 642) as follows: 1) the civil judgment of Dalian Maritime Court (2021) Liao 72 Min Chu No. 372 was revoked; 2) the case was referred back to Dalian Maritime Court for retrial. On 22 December 2023, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2022) Liao 72 Min Chu No. 1189 I) regarding the lawsuit case of Rongjiang against DCT Logistics, rejecting the litigation of Rongjiang. On 9 January 2024, Rongjiang appealed to the Higher People's Court of Liaoning Province against the first instance judgment.

On 19 June 2023, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2022) Liao 72 Min Chu No. 808) regarding the lawsuit case of Qingdao Zhong Yan against DCT Logistics. The judgement ruled that DCT Logistics should compensate Qingdao Zhong Yan for the loss of goods of RMB169.2464 million and the interest, based on the amount, to be calculated at prime rate as announced by the National Interbank Funding Center from 9 April 2021 up to the date of actual payment, and DCT Logistics should compensate Qingdao Zhong Yan for liability insurance fees of litigation preservation of RMB134,700. Other litigation claims from Qingdao Zhong Yan were dismissed. On 3 July 2023, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Qingdao Zhong Yan. As of the date of approval of the financial statements for issue, the Court conducted a trial of the case, but has not yet given a judgment.

On 30 December 2022, Dalian Maritime Court issued a first instance judgement (Dalian Maritime Court (2022) Liao 72 Min Chu No. 1041) regarding the lawsuit case of Xinwen Mining Group Material Supply and Marketing Co., Ltd. (新汶礦業集團物資供銷有限責任公司) (hereinafter referred to as "Xinwen Mining") against DCT Logistics. The judgement ruled that DCT Logistics should pay RMB12.5291 million and RMB2.3585 million for the loss of goods and other losses respectively to Xinwen Mining, and the interest, based on RMB12.5291 million and RMB2.3585 million, to be calculated at prime rate as announced by the National Interbank Funding Center from 6 May 2021 and 7 June 2021 respectively up to the date of actual payments, and DCT Logistics should pay RMB45,000 to Xinwen Mining for liability insurance fees of preservation. Other litigation claims from Xinwen Mining were dismissed. On 18 January 2023, DCT Logistics appealed to the Higher People's Court of Liaoning Province against the first instance judgment regarding the case of Xinwen Mining. On 17 August 2023, the Higher People's Court of Liaoning Province issued a civil ruling ((2023) Liao Min Zhong No. 881) as follows: the civil judgment of Dalian Maritime Court (2022) Liao 72 Min Chu No. 1041 was changed to "rule that DCT Logistics should pay RMB11.8276 million and RMB2.3585 million for the loss of goods and other losses respectively to Xinwen Mining, and the interest, based on RMB11.8276 million and RMB2.3585 million, to be calculated at prime rate as announced by the National Interbank Funding Center from 6 May 2021 and 7 June 2021 respectively up to the date of actual payments", and the original judgment was upheld for other matters.

In May 2022, Chongqing Yu Feng Imp. & Exp. Co., Ltd. (重慶渝豐進出口有限公司) (hereinafter referred to as “Chongqing Yu Feng”) filed a lawsuit with Wuhan Maritime Court against DCT Logistics, demanding DCT Logistics to compensate for a loss of RMB120.2513 million and the loss of interest on that capital amount. On 6 September 2022, Wuhan Maritime Court issued a first instance judgement (Wuhan Maritime Court (2021) E 72 Min Chu No. 820) regarding the lawsuit case of Chongqing Yu Feng against DCT Logistics. The judgement ruled that DCT Logistics should pay to Chongqing Yu Feng RMB120.2513 million and the loss of interest, based on that amount, to be calculated at prime rate for the corresponding period as announced by the National Interbank Funding Center from 20 March 2021 up to the date of actual performance of the effective judgement. Other litigation claims from Chongqing Yu Feng were dismissed. On 16 September 2022, DCT Logistics appealed to Higher People’s Court of Hubei Province against the first instance judgment regarding the case of Chongqing Yu Feng. On 16 May 2023, the Higher People’s Court of Hubei Province issued a civil ruling ((2022) E Min Zhong No. 1361), rejecting all of the claims of DCT Logistics.

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

Having fully considered the amount of claims involved by DCT Logistics, the judgement issued by the court and the opinions of internal and external legal advisors, and taking into account that DCT Logistics is a limited company, and the Company and its other subsidiaries do not have guarantee liability or joint and several liability over any such liability of DCT Logistics, the Group had made provisions for estimated liabilities of RMB180 million which was equivalent to the recoverable amount of the book value of the net assets of DCT Logistics as of 31 December 2021. Due to the transfer of the bank deposits of DCT Logistics ordered by the court, the estimated liabilities for 2023 decreased by RMB10.35 million (2022: RMB8.8393 million). As of 31 December 2023, the Group had made provisions for estimated liabilities of RMB160 million in aggregate in respect of those lawsuits.

Save for the above contingencies, as at 31 December 2023, the Group did not have other major guarantees and other contingencies required to be specified.

## **CAPITAL EXPENDITURE**

As at 31 December 2023, the Group’s capital expenditure amounted to RMB629,863,806.64, which was mainly funded by the surplus cash generated from operating activities and other external financing.

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

### **Oil Segment**

The following table sets out the throughput completed by the Group's oil/liquefied chemicals terminal in 2023 as compared with 2022:

	<b>2023</b> <i>( '0,000 tonnes)</i>	2022 <i>( '0,000 tonnes)</i>	<b>Increase/ (decrease)</b>
Crude oil	<b>3,610.9</b>	3,341.4	8.1%
Liquefied chemicals	<b>128.4</b>	136.0	5.6%
LNG	<b>251.3</b>	270.5	(7.1%)
Others	<b>1,484.1</b>	1,544.9	(3.9%)
<b>Total</b>	<b>5,474.7</b>	5,292.8	3.4%

In 2023, the Group handled a total of 54.747 million tonnes of oil/liquefied chemicals throughput, representing a year-on-year increase of 3.4%.

In 2023, the Group's crude oil throughput was 36.109 million tonnes, representing a year-on-year increase of 8.1%, of which imported crude oil throughput was 21.323 million tonnes, representing a year-on-year increase of 4.4%. In 2023, the Group achieved an increase in crude oil throughput, as it strived to secure resources from Panjin North Asphalt Fuel Limited Company (盤錦北方瀝青燃料有限公司), leading to a growth in crude oil import and crude oil transshipment businesses.

In 2023, the Group's liquefied chemicals throughput was 1.284 million tonnes, representing a year-on-year decrease of 5.6%. Such decrease was mainly due to sluggish market demand, and suspension of production by certain customers to conduct maintenance.

In 2023, the Group's LNG throughput was 2.513 million tonnes, representing a year-on-year decrease of 7.1%. Such decrease was due to the impact of increased supply from China-Russia gas pipeline offsetting China's hinterland demand for seaborne LNG imports.

In 2023, the Group's other products throughput amounted to 14.841 million tonnes, representing a year-on-year decrease of 3.9%. The decrease in the Group's other products (mainly refined oil) throughput was mainly due to the impact of refinery maintenance in the hinterland, coupled with a decrease in refined oil shipped to South China given that the large refining and chemical integration projects in South China have been put into production.

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

<b>Item</b>	<b>2023</b> <b>(RMB)</b>	<b>2022</b> <b>(RMB)</b>	<b>Change (%)</b>
Revenue	<b>1,650,277,132.48</b>	1,648,092,381.72	0.1
Percentage of the Group's revenue	<b>13.5%</b>	13.5%	Stable
Gross profit	<b>605,074,769.81</b>	550,319,907.86	9.9
Percentage of the Group's gross profit	<b>17.8%</b>	17.3%	Up by 0.5 percentage point
Gross profit margin	<b>36.7%</b>	33.4%	Up by 3.3 percentage points

In 2023, the revenue from the Oil Segment increased by RMB2.18 million or 0.1% year-on-year, basically remaining at a stable level.

In 2023, the gross profit of the Oil Segment increased by RMB54.75 million or 9.9% year-on-year, and the gross profit margin increased by 3.3 percentage points year-on-year, mainly due to an increase in revenue driven by the increase in the Oil Segment with high gross profit margin, as well as the decrease in labour costs.

**Container Segment**

The following table sets out the throughput completed by the Group's container terminal in 2023 as compared with 2022:

	<b>2023</b> <b>('0,000 TEUs)</b>	<b>2022</b> <b>('0,000 TEUs)</b>	<b>Increase/ (decrease)</b>
Container	<b><u>1,026.3</u></b>	<b><u>939.8</u></b>	<b><u>9.2%</u></b>

In 2023, in terms of container throughput, the Group handled a total of 10.263 million TEUs, representing a year-on-year increase of 9.2%. The main reasons were as follows: First, the Group seized the opportunity from launching new vessels, strived to develop the shipping route market, continuously improved its shipping route service network configuration, and expanded 9 new container shipping routes throughout the year. Second, the Group continued to strengthen the construction of transshipment platform in branch lines of Bohai Rim region, and the branch line network covered 17 ports such as Liaoning, Hebei and Shandong, with a year-on-year increase of 17% in transshipment volume. Third, the Group actively strived for ad-hoc shipping call business to effectively supplement the port's direct shipping capacity. Fourth, by seizing the opportunity from launching large-scale vessels of domestic trade shipping companies, the Group actively strived for ad-hoc shipping calls of large-scale vessels, to improve the overall shipping capacity of the port. Fifth, the Group promoted the cooperation between the port and shipping companies, and carried out incremental businesses such as transshipment of domestic trade shipping companies and empty container allocation (distribution) business.

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

<b>Item</b>	<b>2023 (RMB)</b>	<b>2022 (RMB)</b>	<b>Change (%)</b>
Revenue	<b>3,877,110,859.32</b>	3,741,607,272.64	3.6
Percentage of the Group's revenue	<b>31.7%</b>	30.8%	Up by 0.9 percentage point
Gross profit	<b>1,196,074,223.94</b>	1,054,668,347.88	13.4
Percentage of the Group's gross profit	<b>35.3%</b>	33.2%	Up by 2.1 percentage points
Gross profit margin	<b>30.8%</b>	28.2%	Up by 2.6 percentage points

In 2023, the revenue from the Container Segment increased by RMB135.50 million or 3.6% year-on-year, mainly due to the increase in revenue from loading and discharging and port services driven by the increase in container volume, and the increase in shipping revenue arising from increasing shipping volume of Bohai Rim branch lines. However, the revenue from container logistics services such as shipping export agency and automobile imported parts and components decreased.

In 2023, the gross profit of Container Segment increased by RMB141.41 million or 13.4% year-on-year, and the gross profit margin increased by 2.6 percentage points year-on-year, mainly due to the impact of the growth of container business with high gross profit margin.

**Automobile Segment**

The following table sets out the throughput completed by the Group's automobile terminal in 2023 as compared with 2022:

		<b>2023</b>	<b>2022</b>	<b>Increase/ (decrease)</b>
Vehicles (units)	Foreign trade	<b>86,086</b>	70,185	22.7%
	Domestic trade	<b>722,135</b>	735,884	(1.9%)
	<b>Total</b>	<b>808,221</b>	<b>806,069</b>	0.3%
Equipment (tonnes)		<b>31,690</b>	32,513	(2.5%)

In 2023, the Group handled a total of 808,221 vehicles in automobile terminal, representing a year-on-year increase of 0.3%. The decrease in domestic trade business of commercial vehicle was due to multiple factors, such as insufficient ro-ro transportation capacity, while the foreign trade business of commercial vehicle recorded a significant increase, and the operation of liners and shipping routes for foreign trade remained stable. The Group actively promoted the diversified development of foreign trade business of commercial vehicle, and launched Russian Far East ro-ro export route for commercial vehicles, contributing to a year-on-year increase in international transshipment business.

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

<b>Item</b>	<b>2023 (RMB)</b>	<b>2022 (RMB)</b>	<b>Change (%)</b>
Revenue	<b>63,487,746.07</b>	60,620,149.81	4.7
Percentage of the Group's revenue	<b>0.5%</b>	0.5%	Stable
Gross profit	<b>15,251,235.72</b>	10,315,353.37	47.8
Percentage of the Group's gross profit	<b>0.4%</b>	0.3%	Up by 0.1 percentage point
Gross profit margin	<b>24.0%</b>	17.0%	Up by 7.0 percentage points

In 2023, the revenue from the Automobile Terminal Segment increased by RMB2.87 million or 4.7% year-on-year, mainly due to the increase in the business volume of Haijia Automobile.

In 2023, the gross profit of the Automobile Terminal Segment increased by RMB4.94 million or 47.8% year-on-year, and the gross profit margin increased by 7.0 percentage points year-on-year, mainly due to the increase in revenue from loading and discharging driven by the increase in the business volume of Haijia Automobile.

**Bulk and General Cargo Segment**

The following table sets out the throughput completed by the Group's Bulk and General Cargo Segment in 2023 as compared with 2022:

	<b>2023 ( '0,000 tonnes)</b>	<b>2022 ( '0,000 tonnes)</b>	<b>Increase/ (decrease)</b>
Steel	<b>2,340.4</b>	2,536.6	(7.7%)
Iron ore	<b>6,340.0</b>	6,789.8	(6.6%)
Others	<b>7,921.5</b>	7,678.4	3.2%
<b>Total</b>	<b><u>16,601.9</u></b>	<b><u>17,004.8</u></b>	(2.4%)

In 2023, the throughput of the Group's Bulk and General Cargo Segment amounted to 166.019 million tonnes, representing a year-on-year decrease of 2.4%.

In 2023, the throughput of the Group's steel segment amounted to 23.404 million tonnes, representing a year-on-year decrease of 7.7%. Such year-on-year decrease in steel throughput was due to the overall situation of "weak supply and demand" in the domestic steel market and the steel demand of downstream terminal was released slowly.

In 2023, the throughput of the Group's iron ore segment amounted to 63.400 million tonnes, representing a year-on-year decrease of 6.6%. Such year-on-year decrease in throughput was mainly due to the continuous loss of steel enterprises, the production limit and production reduction of some steel mills, and the reduction of imported ore consumption, coupled with some steel mills adjusting the proportion of using more domestic ore.

In 2023, the throughput of the Group's other cargoes amounted to 79.215 million tonnes, representing a year-on-year increase of 3.2%. Such year-on-year increase in throughput for the year was mainly due to the increase in foreign trade coal imports as a result of the adjustment of procurement strategies by enterprises such as steel mills and power plants in the hinterlands.

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

<b>Item</b>	<b>2023 (RMB)</b>	<b>2022 (RMB)</b>	<b>Change (%)</b>
Revenue	<b>4,218,416,727.01</b>	4,405,508,910.38	-4.2
Percentage of the Group's revenue	<b>34.5%</b>	36.2%	Down by 1.7 percentage points
Gross profit	<b>1,238,294,215.19</b>	1,240,391,558.28	-0.2
Percentage of the Group's gross profit	<b>36.5%</b>	39.0%	Down by 2.5 percentage points
Gross profit margin	<b>29.4%</b>	28.2%	Up by 1.2 percentage points

In 2023, the revenue from the Bulk and General Cargo Segment decreased by RMB187.09 million or 4.2% year-on-year, mainly due to the decrease in revenue from loading and discharging and port services as a result of the decrease in the business volume of ore and steel due to market impact.

In 2023, the gross profit of the Bulk and General Cargo Segment decreased by RMB2.10 million or 0.2% year-on-year, and the gross profit margin increased by 1.2 percentage points year-on-year, mainly due to the decrease in revenue as a result of the decrease in business volume of ore and steel, while the labour and service costs and depreciation expenses also decreased, but the amount of decrease in cost was higher than the amount of decrease in revenue.

**Bulk Grain Segment**

The following table sets out the throughput completed by the Group's bulk grain terminal in 2023 as compared with 2022:

	<b>2023 (<i>'0,000 tonnes</i>)</b>	<b>2022 (<i>'0,000 tonnes</i>)</b>	<b>Increase/ (decrease)</b>
Corn	<b>751.9</b>	737.2	2.0%
Soybean	<b>362.2</b>	242.3	49.5%
Others	<b>413.9</b>	505.2	(18.1%)
<b>Total</b>	<b>1,528.0</b>	<b>1,484.7</b>	<b>2.9%</b>

In 2023, the throughput of the Group's bulk grain terminal amounted to 15.280 million tonnes, representing a year-on-year increase of 2.9%.

In 2023, the Group completed the corn throughput of 7.519 million tonnes, representing a year-on-year increase of 2.0%. The domestic breeding industry continued to recover with the scale of pig breeding has been restored to the level before the African Swine Fever epidemic. Although the breeding profit declined, relevant enterprises still had rigid demand for corn, which promoted the recovery of domestic corn market and increased corn throughput year-on-year.

In 2023, the Group completed the soybean throughput of 3.622 million tonnes, representing a year-on-year increase of 49.5%. In the current year, the import cost of raw materials declined as a result of the abundant supply of international soybeans, and then the improvement of processing plant profits led to increased willingness of customers to purchase. Meanwhile, after the domestic pandemic situation improved, the lives of the residents gradually returned to normal, which promoted domestic consumption and further increased soybean throughput year-on-year.

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

Item	2023 (RMB)	2022 (RMB)	Change (%)
Revenue	<b>674,199,483.87</b>	673,239,656.09	0.1
Percentage of the Group's revenue	<b>5.5%</b>	5.5%	Stable
Gross profit	<b>151,703,681.83</b>	135,452,829.63	12.0
Percentage of the Group's gross profit	<b>4.5%</b>	4.3%	Up by 0.2 percentage point
Gross profit margin	<b>22.5%</b>	20.1%	Up by 2.4 percentage points

In 2023, the revenue from the Bulk Grain Segment increased by RMB0.96 million or 0.1% year-on-year, basically remaining at a stable level.

In 2023, the gross profit of the Bulk Grain Segment increased by RMB16.25 million or 12% year-on-year, and the gross profit margin increased by 2.4 percentage points year-on-year, mainly due to the decrease in labour and service costs and energy costs.

### Passenger and Ro-Ro Segment

The following table sets out the throughput completed by the Group's passenger and roll-on/roll-off terminal in 2023 as compared with 2022:

	2023	2022	Increase/ (decrease)
Passengers throughput ('0,000 persons)	<b>352.3</b>	144.1	144.5%
Ro-Ro throughput ('0,000 units) (Note 1)	<b>98.1</b>	80.1	22.5%

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

In 2023, the throughput of the Group's passengers segment was 3.523 million persons, representing a year-on-year increase of 144.5%, while the throughput of the Group's ro-ro segment was 0.981 million units, representing a year-on-year increase of 22.5%. With the stable operation of large passenger and ro-ro shipping capacity, and the rising demand in the "Liaoning-Shandong sea-crossing" freight market, the ro-ro vehicle business grew year-on-year.

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

<b>Item</b>	<b>2023 (RMB)</b>	<b>2022 (RMB)</b>	<b>Change (%)</b>
Revenue	<b>228,208,230.93</b>	149,752,673.03	52.4
Percentage of the Group's revenue	<b>1.9%</b>	1.2%	Up by 0.7 percentage point
Gross profit	<b>54,357,051.89</b>	-11,915,905.96	556.2
Percentage of the Group's gross profit	<b>1.6%</b>	-0.4%	Up by 2.0 percentage points
Gross profit margin	<b>23.8%</b>	-8.0%	Up by 31.8 percentage points

In 2023, the revenue from the Passenger and Ro-Ro Segment increased by RMB78.46 million or 52.4% year-on-year, mainly due to the launch of large passenger and ro-ro shipping capacity and the recovery growth of the business.

In 2023, the gross profit of the Passenger and Ro-Ro Segment increased by RMB66.27 million or 556.2% year-on-year, and the gross profit margin increased by 31.8 percentage points year-on-year, mainly due to the increased revenue driven by the recovery growth of the passenger business.

**Value-added Services Segment**

***Tugging***

The Group completed a tugging volume of 51,000 times.

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

<b>Item</b>	<b>2023 (RMB)</b>	<b>2022 (RMB)</b>	<b>Change (%)</b>
Revenue	<b>1,357,315,907.96</b>	1,342,949,687.65	1.1
Percentage of the Group's revenue	<b>11.1%</b>	11.0%	Up by 0.1 percentage point
Gross profit	<b>353,590,885.83</b>	205,998,472.59	71.6
Percentage of the Group's gross profit	<b>10.4%</b>	6.5%	Up by 3.9 percentage points
Gross profit margin	<b>26.1%</b>	15.3%	Up by 10.8 percentage points

In 2023, the revenue from the Value-added Services Segment increased by RMB14.37 million or 1.1% year-on-year, mainly due to the increase in revenue driven by the growth in the tugging business volume and engineering projects, as well as the decreasing railroad revenue as a result of the decrease in the loading and discharging business volume of ore, steel and grain, and the decrease in revenue from electricity fee.

In 2023, the gross profit of the Value-added Services Segment increased by RMB147.59 million or 71.6% year-on-year, and the gross profit margin increased by 10.8 percentage points year-on-year, mainly due to the impact of the decrease in the labour and service costs, depreciation expenses and safety production expenses.

## **ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

In 2023, the Group focused on improving quality and efficiency as well as innovation and collaboration while extending the scope and functions of its services, as a result of which it has achieved stable growth in its production and its business operations remained highly competitive in the port industry.

### **1. *Advantages in terms of logistics system***

In 2023, the Group took advantage of its locations and berths to integrate logistics resources of ports and formulate overall integrated logistics service solutions for customers. At the same time, the Group will continue to improve the integrated logistics system of three-channel and four-dimension with the guidance of market demand.

### **2. *Advantages in terms of value-added services***

The Group attached significant importance to cultivating the value-added services for the port and shipping industries such as whole-process logistics, port information services and bonded warehousing, and cooperated with railway authorities, shipping companies and the Port Customs to actively extend its port service chain, expand port functions and improve its value-added service capabilities.

## **DISCUSSION AND ANALYSIS BY THE BOARD OF DIRECTORS ON THE FUTURE DEVELOPMENT OF THE COMPANY**

### **(I) Competitive landscape and development trend in the industry**

In terms of the international economic situation, the global economy is in recession and the growth rate of world trade has declined. The growth is expected in emerging markets and developing economies in Asia. In terms of the domestic economic situation, the economy continues to improve, a new development pattern is gaining momentum, the market vitality continues to release, and the IMF's forecast for China's economic growth in 2024 goes up to 4.6%. In terms of the economic situation in the hinterland, the CPC Central Committee and the State Council attach great importance to the revitalisation of Northeast China; with the new round of Northeast China revitalisation policies being introduced successively, the China-Russia trade continues to be deepened, and the bright outlook of the economic development in Northeast China will bring incremental growth to the port business.

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

## **(II) Possible risk exposures**

2024 will see more uncertainties in the development of the world economy. The international economy and trade situation is extremely severe. Large port facilities in Bohai Rim will be further improved. Port integration in Hebei will be accelerated and the integration effect of Shandong ports will continue to be enhanced. While strengthening the internal synergy, the port groups in Bohai Rim will, through transshipment, and layout of sea-rail inter-modal transport, increase efforts in land-sea two-way securing of goods supply in hinterlands. As a result, port competition is intensifying in Bohai Rim region. The production and operation of ports will face challenges posed by imbalanced development, lack of a diversified industrial structure, and weak economic growth in Northeast China.

## **(III) The Company's development strategy**

In 2024, the Group will adhere to the working principle of “integrating strategies, expanding incremental growth, improving weak links, strengthening services, consolidating foundation and implementing decisions”, insist on the market-oriented and customer-centric approach, compete for the market, take the initiative to serve, and innovate to enhance the core competitiveness of the port. The Group will make effort to build an integrated service system of “hub + channel + network” and fully promote the construction of “world-class” strong ports.

**In 2024, the Group's major initiatives for market development in its business segments are set out as follows:**

### **Oil Segment**

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

### **Container Segment**

The Group will strengthen the construction of route network system, focusing on expanding ocean routes to fill the market gaps, perfect routes connecting Japan and South Korea, refine Southeast Asia routes, so as to grasp the development opportunities of emerging regional markets, create high-quality routes, and continuously enhance the status of port hubs. We will strengthen the construction of the transshipment platform in Bohai Rim, make full use of the advantage of port resources, continuously optimise and improve the layout of feeder network in Bohai Rim to establish a “multi-linkage and focused support (多點聯通、重點餵給)” network system of container feeder lines. Guided by customer demand, the Group will enhance coordination with upstream and downstream enterprises across the industry, improve the development of integrated logistics business including whole-process logistics and bulk-to-container to enhance customer retention. We will strengthen the construction of smart ports and enhance the digital empowerment to boost the high-quality development of the container business.

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

The Group will make use of the opportunities from the stable operation of ro-ro shipping capacity in large passenger and cargo segment to actively secure ro-ro vehicle and passenger business, and strive to develop a golden waterway in Bohai Rim region. The Group will vigorously develop the ro-ro cargo ships as well as drop and pull transportation business. We will resume the passenger transportation services of international cruise ships and international liners.

## **Automobile Segment**

Leveraging the liner routes for foreign trade and export, we will further explore business opportunities in exported goods. We will seize the opportunity from high-speed growth of commercial vehicle exports and strengthen cooperation with shipping companies and automobile manufacturers to open new routes and new cargo sources for foreign trade. We will also seek support for the railway train lines program and expand the operation range of sea-land corridor.

## **Bulk and General Cargo Segment**

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

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

During the year ended 31 December 2023, save as disclosed below, the Company complied with the code provisions set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Pursuant to Rule 3.21 of the Listing Rules, the audit committee must comprise a minimum of three members. During the reporting period, following the resignation of Mr. Zhou Qinghong as a non-executive director and a member of the audit committee (the “Audit Committee”) of the Company, the number of members of the Audit Committee fell below the minimum number as required under Rule 3.21 of the Listing Rules. Following the appointment of Dr. Li Guofeng as a non-executive director and a member of the Audit Committee of the Company, the Audit Committee comprises of three members. Therefore, the Company has complied with the provisions in relation to the composition of the Audit Committee of Rule 3.21 of the Listing Rules.

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

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors (the “Code of Securities Transactions”) on terms no less exacting than the standards required under the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules. In reply to specific enquiries made by the Company, all directors and supervisors have confirmed that they complied with the provisions of the Code of Securities Transactions during the year ended 31 December 2023.

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

During the year ended 31 December 2023, no redemption of our Company’s listed securities was made by the Company. Neither the Company nor any of its subsidiaries purchased or sold the listed securities of the Company.

## **REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS**

The Company’s Audit Committee has reviewed the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 2023.

## **SCOPE OF WORK OF THE COMPANY’S AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s audited consolidated financial statements for the year.

## **FINAL DIVIDEND**

The Board proposed to distribute a final dividend of RMB0.0191 per share for the year ended 31 December 2023 (PRC withholding tax included), aggregating to a total dividend of RMB458,152,957.09. The proposal is subject to approval at the forthcoming annual general meeting of the Company and the dividend is expected to be distributed before 30 August 2024. The record date and closure of books for determining entitlement to the final dividend and attending the forthcoming annual general meeting will be announced in due course.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement for the year ended 31 December 2023 has been published on the Company's website at [www.liaoganggf.cn](http://www.liaoganggf.cn) and the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk). The 2023 annual report of the Company will be published on the above websites of the Company and the Stock Exchange in due course and will be dispatched to the Company's H shareholders by means of receipt of corporate communication they selected.

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

Dalian City, Liaoning Province, the PRC  
28 March 2024

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

*Executive Directors:* WANG Zhixian and WEI Minghui

*Non-executive Directors:* LI Guofeng, XU Xin, LI Yubin and YANG Bing

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

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

\* *For identification purposes only*